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LABOUR MARKET POLICY  
EVALUATION

# **Does cooperation improve implementation?**

## **Central-local government relations in active labour market policy in Sweden**

Martin Lundin

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# **Does cooperation improve implementation? Central-local government relations in active labour market policy in Sweden**

by

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## **Abstract**

Theory suggests that relations between authorities affect implementation. This article studies the link between central and local government agencies in the Swedish labour market sector. The analysis is based on new quantitative data. The results indicate that central and local government agencies have very different priorities, but they nonetheless cooperate to a considerable extent. However, cooperation and ‘good’ implementation only coincide under certain conditions. If the collaborative endeavours are explicitly designed to lead to implementation of a specific and demanding task, cooperation is positively related to implementation performance. Agencies that collaborate to a considerable extent at a general level do not, however, perform better than others. Thus, I argue that theories should be developed and tested to indicate *when* cooperation between public authorities will promote implementation, instead of assuming that cooperation, in general, is a ‘good thing’.

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# 1 Introduction

Many of the challenges facing modern societies – such as environmental protection, fighting poverty or reducing unemployment – are very difficult to manage within a single public authority. The virtues of interorganizational cooperation have therefore been emphasised in the implementation research literature. Pressman and Wildavsky's (1984) pioneering study of how a labour market programme was carried out in Oakland in the 1960s is often considered to provide a starting point.

Some scholars claim that cooperation between authorities is inherently good (e.g. Hudson *et al* 1999; Jones *et al* 2004). Furthermore, we learn from game theory that cooperation will usually lead to the best mutual solutions for actors involved (Ostrom 1990). The joint best solution for local agents is, however, not necessarily the same thing as central government intentions. Close cooperation between local actors might in fact lead to a higher priority for local goals – perhaps even at the expense of what the central government would like to attain. Time and other resources also have to be devoted to establishing and maintaining collaboration. This can in turn make implementation more difficult, *ceteris paribus*. The consequences of cooperation should therefore be examined empirically, rather than assumed.

This article studies how interorganizational cooperation influences implementation. The focus is on the relationship between Public Employment Service (PES) offices and municipalities at local level in Swedish active labour market policy. The PES offices – as central government agencies – are the main local labour market actors, but in recent years municipalities have become an increasingly important factor.

Three empirical questions are to be answered. The main question is whether the level of cooperation is linked to implementation performance: Does cooperation improve implementation? Prior to answering this question it is necessary to portray the relationship between the authorities concerned. Thus, I examine two issues related to the main question. Firstly, I investigate the actors' objectives. Is there some kind of tension between them that makes their relationship an empirically interesting topic for research? Secondly, I describe collaborative patterns. To what extent do the agencies in fact cooperate and is there variation in the level of cooperation?

There is a shortage of statistical evidence in the European implementation literature (Winter 2003b). Hence, this article employs a quantitative approach.

The analysis is based on recent data consisting of information from several sources, for example a questionnaire addressed to chief managers of the PES offices, and administrative data recorded by the Swedish National Labour Market Administration. By using large-*N* data, this article makes an important contribution to the ‘case-study’-dominated European implementation literature.

The results indicate that municipalities’ objectives are more locally focused than those of PES offices’. As a result, increased municipal involvement will probably imply more emphasis on local aims rather than central government objectives. Although the authorities have different agendas, they collaborate to a considerable extent. In this respect, the central government’s ambition is realised. Moreover, the empirical evidence reveals that cooperation will not automatically improve implementation. Only when the authorities have a co-operation contract explicitly designed to carry out a specific task, in an area in which the PES office’s obligation is especially demanding, there is a clear positive relationship between cooperation and implementation. Note that co-operation can be valuable for other reasons than those investigated here. But the results indicate that we should not assume that cooperative activities between central and local government agencies always have a positive impact on implementation.

The article is structured as follows. First, the theoretical discourse is outlined. An introduction of the empirical case comes next, followed by a section that discusses data and methodological issues. Then, empirical results are reported in three sections. Finally, I conclude by summing up the results and by discussing their possible implications.

## **2 Collaborative efforts and implementation theory**

The public administration’s local practices are not always the same as the intentions stated in official documents endorsed by politicians at the central level. In addition, performance frequently varies from one local context to another. As a result, it is wise not to assume that the study of statutes, government bills and regulations is enough to understand what political decisions imply ‘in the real world’. This story is convincingly documented in the implementation research literature (for an overview see Winter 2003b).

An implementation problem occurs when a political decision is not carried out in accordance with what the decision-maker wants. Thus, we assume that local practice should be in line with the elected officials' intentions, i.e. agents should follow the principal's instructions. This perspective is rather easy to endorse, based on normative democratic theory. In a modern democracy, citizens freely elect representatives who can be held to account at the ballot box. Politicians cannot implement a policy all by themselves; they have to rely on a civil service to do this. However, the citizens cannot replace the bureaucracy by casting their vote. Consequently, a prerequisite for satisfactory democracy is that politicians control and govern a civil service that respects their decisions (Sannerstedt 2001). The rule of law is another aspect that should be taken into account. In a liberal democracy we normally consider it desirable that similar cases are treated in a similar manner. Variation in the manner in which rules are applied is therefore obvious signal of unequal treatment (Keiser & Soss 1998).

There are also arguments in favour of another point of view, which argues that the local civil service is more receptive to local desires and needs. Discrepancies between a decision and its implementation might therefore in practice mean a 'better' policy and a greater responsiveness to citizens' wishes. Depending on which normative starting-point is assumed, variation in, or insufficient, implementation performance is thus not always necessarily a disadvantage (deLeon 1999). But, nonetheless, most scholars would concur that there is a problem if there is a gap between the law and practice (Keiser & Soss 1998). This paper uses a top-down approach to the question of implementation. If central government is intended to be the principal, with a popular mandate to make decisions in a certain policy area, deviation from the government's decisions is considered to be a problem of governance.

Some political decisions are quite easy to carry out and can be managed almost exclusively by a unitary public administration. A change in a tax rate or the level of a general welfare benefit is virtually self-implemented. But implementation is normally more complicated and involves several participants, who may be public or private. They may also be at different levels of government or in different policy areas. After reviewing the literature on inter-organizational settings in the implementation phase, O'Toole (2003, p 237) concludes:

It seems clear, therefore, that the topic of interorganizational relations will remain important for administrators tasked with helping to make policy implementation succeed. Accordingly, it is critical to understand how to make sense of such institutional settings for improving prospects for implementation success.

Hence, an important component in almost every contemporary framework explaining implementation success and failure has to do with interorganizational relationships (Bardach 1998; Goggin *et al* 1990; Hjern & Porter 1981; O'Toole & Montjoy 1984; O'Toole *et al* 1997; O'Toole 2003; Pressman & Wildavsky 1984; Winter 2003a).

Modern political systems comprise many levels of government.<sup>1</sup> This implies “that multiple levels of government are involved simultaneously in programs and policies and that a single level of government rarely has single power and influence over the way that programs are designed, funded, managed and delivered” (Radin 2003, p 608). When a central government agency carries out a political decision at local level, the policy or programme is put into practice in a context in which municipal administrations operate. Implementation often implies some sort of contact between the central government authority and the municipalities. In such cases, tensions could arise, since local authorities are based on separate geographical entities with dissimilar priorities. Intricate issues may arise: What goals should receive priority? What are the appropriate actions? Which level is responsible for what? Who should pay? This makes it interesting to find out more about how the level of cooperation between authorities from different levels of government affects implementation.

Before proceeding further, I must define what I mean by cooperation. There is some confusion about how cooperation should be defined and how it is related to concepts like collaboration, conflict, communication and coordination (Alexander 1995; Alter 1990). In this article, cooperation and collaboration is synonymously defined as all interactions among organizations aiming at solving public problems in some way or another. Thus, cooperation is

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<sup>1</sup> There is more than one level of government in almost every state, such as the central, regional and local levels. This paper focuses on central-local government relationships, but from a theoretical point of view the topic could be expanded to apply to links between authorities at any level of government. This includes the supranational level, such as the European Union.



a set of activities. At a minimum, cooperation implies information exchange, but it can also, for example, involve joint projects or joint decision making.

There are theoretical arguments asserting that the degree of cooperation between central government authorities and municipalities should have a positive impact on implementation. All else equal, one would expect a public administration with access to considerable resources – for example in the form of money, staff, expertise and information – to carry out a policy or programme better than an administration which lacks resources; see e.g. Keiser & Soss (1998) and Meier & McFarlane (1996). A local office of a central government authority that cooperates with a municipality may enhance its own capacity. For instance, municipalities might contribute information about local conditions and political development plans, and they could have staff, expertise, financial resources and premises that the central government's local office lacks. By cooperating, the authorities' activities can be coordinated and therefore they can avoid contradictory activities.

However, there is a tendency in the implementation literature to neglect possible negative aspects of collaboration. According to some authors cooperation is something good *per se*. Hudson *et al* (1999, p 238) write that, "while recognizing that there are other positions, this article takes the normative position that collaboration is generally a 'good thing' – a stance which is consistent with the rather long history of collaboration in organization theory and public administration." In many ways this might be true, but some caveats must be reported. First, when an office of a central government authority collaborates with a municipality it is possible that other goals than those of the central government are of primary importance. Local cooperation could imply that the principal's objectives are put on one side when the agents concerned are trying to reach their best joint solution. In other words, instead of pursuing central government directives, local actors may be working for local goals. This is a problem, especially if the policy area is intended to be a central government responsibility, since central government is accountable for the decisions arrived at. Secondly, cooperation may be a complicated process involving bargaining, and therefore calling for considerable time and other resources on the part of the agents concerned. If the authorities are obliged to

work together and agree on decisions it could even paralyse implementation. And perhaps the costs of cooperating might well outweigh the revenues?<sup>2</sup>

Cooperation can, of course, have important implications for other aspects of the welfare state. A public programme might, for example, become more *effective* if central and local government authorities cooperate, even if implementation is not enhanced.<sup>3</sup> Cooperation might also imply that a decision becomes more legitimate in the eyes of the target group for a certain policy. However, this study is confined to the question of implementation.

Central government authorities and municipalities, or for that matter organizations in general, can collaborate in different ways. In this article, a distinction between three sorts of cooperation is employed. *Communication* implies that the organizations communicate and exchange information. This does not mean that they join together and work as a team. Instead, they are clearly separate actors. An office of a central government authority can try to improve its access to information, and hence its capacity, by communicating with the municipality, for example in the form of meetings, phone calls and e-mails. *Contracting* is another way of cooperating. This means that an office of a central government authority makes some kind of agreement, perhaps in the form of a formal contract, with the municipality. As a result of this arrangement, the municipality acts on the behalf of the central government agency. But the organizations are still not operating as a team. The office of the central government authority seeks to improve performance by letting the municipality be responsible for certain distinct parts of the implementation. *Integration*, on the other hand, means that the authorities act jointly. For instance, they can arrange joint programmes, set up task groups and locate personnel in the same premises. The main feature is that they do things together.

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<sup>2</sup> In an overview article on cooperation (not specifically about implementation issues) Smith *et al* (1994, p 17) note that research usually has a positive attitude towards cooperative activities, although cooperation in some cases can have harmful consequences. The authors underscore that “additional research is needed on the potential drawbacks of cooperation and the conditions under which a very high degree of cooperation is not desirable.”

<sup>3</sup> Even if a decision is carried out perfectly in line with the politicians’ intentions, that does not entitle one to say that the policy is *effective*. The decision itself could be based on a causal theory that is accurate or not, i.e. it is not certain that desired outcomes are achieved by the formula the statute or regulation suggests. This article focuses exclusively on the question of how elected representatives can control the civil service to ensure that their decisions are implemented. In other words, the dependent variable is output, not outcome.

These three ways of cooperating – communication, contracting and integration – fit the definition of cooperation employed in this article (i.e. all interactions between authorities with the purpose of solving public problems). But, nonetheless, they are still distinct ways of collaboration. Thus, it is possible to specify three more specific questions to be investigated empirically: Does the level of *communication* between authorities affect implementation? Does a *cooperation contract* between authorities affect implementation? Does the degree of *integration* between authorities affect implementation?

### 3 The Swedish labour market case

High unemployment is a major problem in most OECD countries and the unemployment rate has, on average, doubled since 1973 (Martin & Grubb 2001). A government can use active labour market policies to reduce the number of persons without a job, i.e. “measures to raise employment that are directly targeted at the unemployed” (Calmfors *et al* 2002, p 5). This includes job broking activities and labour market programmes such as labour market training and subsidised employment. In Sweden, the National Labour Market Administration (*Arbetsmarknadsverket*) implements the policy and PES offices (*Arbetsförmedlingar*) carry out decisions at the local level. There is a PES in nearly all municipalities, and in larger cities there is more than one office.

One feature in recent years is increased involvement of the municipalities in implementation, although the overall responsibility is still retained at the central level, with the PES as the main local actor (Lundin & Skedinger 2001; Salonen & Ulmestig 2004). Various issues closely connected with labour market policy are a municipal responsibility in Sweden. For instance, municipalities are large employers – representing about 20 per cent of all employment. They are also responsible for local development. And finally, they provide inhabitants with a social safety net by paying welfare benefits to those in need. Municipalities have, perhaps because of the close connection between their traditional responsibilities and labour market issues, become involved in the implementation stage of the labour market policy. For instance, it is estimated that in 1999 around 80,000 persons were engaged in labour market programmes organized by the municipalities (but at least partly financed by central government). This accounts for about 40 per cent of the participants in all the National Labour Market Administration’s active measures (Lundin &

Skedinger 2001). In addition, municipalities arrange activities for persons who are not 'job ready' and who are living on welfare benefits – approximately 12,000 persons were activated in such measures at any given point in time in 2002 (Salonen & Ulmestig 2004). A majority of municipalities have special labour market administrations, while others incorporate these issues in their social services administration, for example.<sup>4</sup>

The trend towards increased municipal involvement is not solely a Swedish phenomenon. Municipalities have started to play a more active role in recent years in many European countries – for example in Denmark, Germany and the Netherlands (Larsen *et al* 2001). Moreover, the European Union has encouraged member countries to increase municipal participation in order to enhance policy efficiency (Commission of the European Communities 2001).

Two aspects of active labour market policy in Sweden are studied in this article: (i) actions to prevent long-term unemployment among young people, and (ii) a programme called the *Activity Guarantee*. In both areas, the central government encourages collaboration between the PES offices and the municipalities.

### 3.1 The youth policy

In 1994, the government declared that no young person should remain openly unemployed for more than 100 days. The government regarded long-term unemployment as devastating for future labour market prospects. Young people are defined as long-term unemployed if they are openly unemployed for more than 100 days. Thus, the ambition is that every individual of less than 25 years of age should be offered a labour market programme if they are unable to find a job within three months of registration at the PES. The central government has encouraged the municipalities to take part in actions to reduce long-term unemployment among young people in different ways. For instance, in 1995 the government introduced the Municipal Youth Programme (*Kommunala ungdomsprogrammet*) and three years later the UVG-guarantee (*Ungdomsgarantin*). The PES are expected to collaborate with the municipalities in both programmes (Carling & Larsson 2002).

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<sup>4</sup> There was an increase in the number of municipal labour market administrations in the 1990s, indicating an increased municipal involvement in Swedish labour market policy. Seven out of ten municipalities had a special department for labour market issues in 1998, compared to two out of 10 in 1995 (Swedish Association of Local Authorities 1999).

### 3.2 The Activity Guarantee

In August 2000, the Swedish government launched a new labour market programme called the Activity Guarantee (*Aktivitetsgarantin*). The target group was individuals who had been unemployed for a considerable period. By means of intense job-search assistance and close monitoring, persons who were, or who risked being, *registered* with the PES as long-term unemployed were to be given a place in the programme. Long-term registration involves a period of registration with the PES of at least two years without having a job. The central government ambition is that unemployed individuals should be enrolled in the programme after 27 months of unbroken PES registration, at the latest (Forslund *et al* 2004).

The Activity Guarantee is a programme within which includes all the ordinary labour market programmes, such as labour market training and subsidised employment. What distinguishes the Activity Guarantee from other labour market programmes is a very intense treatment. All activities within the Activity Guarantee are assumed to be full-time activities and the participants should meet their personal PES supervisor on a regular basis, and more frequently than before they entered the Activity Guarantee programme (Forslund *et al* 2004).

Since the persons participating in the guarantee are ‘hard cases’ and often have multiple problems, the government encourages PES offices to collaborate with other local actors (e.g. municipalities). According to Forslund *et al* (2004), the municipalities are, in practice, the PES offices’ most common cooperation partners.

There are distinct dissimilarities between the youth policy and the Activity Guarantee. The youth clients have not been unemployed for such a long time and they are probably more motivated than the participants in the Activity Guarantee. The Activity Guarantee is also a much more demanding assignment for PES offices, since it is more intense.

## 4 Research design and data

Whereas quantitative approaches have become increasingly common and more sophisticated in US literature, studies based on large-*N* data in the European context are rare. There are at least two problems in this context. Firstly, it is difficult to generalise the findings when only studying one or a couple of cases.

Secondly, it is extremely difficult to control for a large number of potential explanations in case studies; it is almost inevitably to wind up in a situation in which several variables account for the variation in the dependent variable equally well. Goggin (1986) pointed this out several years ago and Winter (2003b) continues to accentuate the importance of statistical approaches to implementation problems in a recent overview article in *Handbook of Public Administration*. Qualitative studies are still very important, but right now quantitative empirical research is probably more needed. That is the main reason why I draw on large- $N$  data in this article.<sup>5</sup> This article is an important step in moving from description towards causal inference, taking many of the shortcomings in case studies into account.

To test whether the level of cooperation is related to performance, new cross-sectional data covering 2003 was collected.<sup>6</sup> The PES offices are the unit of analysis. Questionnaires were distributed to the chief managers of all PES offices in February 2004. 268 managers answered the questionnaire, which implies a response rate of 75 per cent. Head managers from municipal labour market administrations and municipal politicians also answered questionnaires; the responses rates were around 85 per cent in both groups.<sup>7</sup> An analysis of the non-responses showed no significant difference between respondents and non-respondents on background characteristics. Register data from the National Labour Market Administration supplements the survey. Lastly, official statistics, in the form of municipal characteristics, are taken from the KFAKTA03 database. Variables are described in *Table A1* in *Appendix*.

The questionnaire makes it possible to analyse unique data not available elsewhere. There are, of course, potential problems with questionnaire data. Some managers might provide biased information, either because they would like to make their performance look better or because they do not have correct information. However, we should not over-estimate these problems: Most of the questions are not particularly sensitive and many are easy to answer. It is

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<sup>5</sup> Brehm & Gates (1997), Gill & Meier (2001), Keiser & Soss (1998), Meier & Keiser (1996) and Meier & McFarlane (1996) are examples of studies using large- $N$  US data.

<sup>6</sup> As always in research projects trying to explain phenomena in society, ideally an experimental, quasi-experimental or, at least, panel data research set-up should be employed. It is difficult to be sure that there is no unobserved heterogeneity – important variables we do not have information on – in an analysis only based on cross-sectional data. But research on implementation is far from having reached a state where cross-sectional studies are superfluous.

<sup>7</sup> In this article, the answers from municipal managers are used in *Table 1*. In other sections of the article, only data from the questionnaire addressed to the PES offices is utilised.

reasonable to assume that the managers do have accurate information – the offices are not that large and I encouraged them to check with their personnel if they were uncertain about their answers. The incentives to lie in an anonymous postal questionnaire that is to be used only for the research purposes are not that great either – I made it clear that we were not auditing the agencies concerned.

The empirical results are presented in the following three sections. First, I take a closer look at the authorities' objectives. Then, the level of cooperation is investigated. Finally, the link between cooperation and implementation is examined.

## 5 Diverging objectives?

The first question to address is whether the priorities of the PES offices and the municipalities are similar or if they diverge. If the objectives and working methods were very similar, the relationship between the authorities would not be particularly interesting. On the other hand, different priorities make the relationship a key question.

*Table 1* shows – by denoting the share of managers claiming that a certain goal has a 'very high' or 'fairly high' priority – how PES offices and municipal labour market administrations allocate priorities among different goals. The table clearly illustrates that the objectives diverge to a large extent; the percentage point differences are large overall. Other ways of merging categories or looking at mean values does not change interpretation of the results.

The PES offices put much more emphasis on formal directives and guidelines from the central government and on attaining the quantitative goals of the National Labour Market Administration than the municipalities. For instance, whereas 98 per cent of the PES managers said that central government rules and guidelines have high priority, only 58 per cent of the municipalities' labour market managers gave the same answer. Because subsidises are for the most part paid by central government, it is not surprising that shifting persons from subsidised to unsubsidised jobs is another objective primarily of concern for PES offices (compare 72 per cent with 52 per cent).

**Table 1.** Objectives of PES managers and managers from municipal administrations with responsibility for labour market issues (per cent claiming that a certain objective is given ‘very high’ or ‘fairly high’ priority by their organization)

Objective	PES Managers	Municipal Managers	Difference
Attaining the quantitative goals of the National Labour Market Administration	97	37	+ 60
Following central government rules and guidelines	98	58	+ 40
Monitoring clients	91	53	+ 38
Improving matching between available jobs and unemployed persons	97	70	+ 27
Shifting people from subsidised to unsubsidised jobs	72	52	+ 20
Ensuring that there are labour market programmes for groups of unemployed with severe problems in the labour market	94	80	+ 14
Ensuring that there are labour market programmes for young people under 25	98	92	+ 6
Reducing unemployment	91	89	+ 2
Taking clients’ own requests and needs into account	62	82	- 20
Improving municipal services for the local population	12	49	- 38
Activating unemployed persons living on social assistance in labour market programmes	29	79	- 50
Increasing or maintaining the local population	16	68	- 52
Reducing expenditure for social assistance	6	83	- 77

**Notes:** Data comes from questionnaires distributed to managers of PES offices and municipal labour market administrations. Formulation of question: “How are the following objectives prioritised at the PES / in the municipality’s labour market activities?” A scale of five categories was used: ‘Very high’, ‘Fairly high’, ‘Neither high nor low’, ‘Fairly low’, and ‘Very low or not at all’. The number of respondents for each item was between 258 and 264 among the PES offices and between 238 and 242 among municipalities.

Municipalities give priority to local objectives. Two examples underscore this. Among the PES 16 per cent regarded population goals as important. Almost 70 per cent of the municipalities answered that they give high priority to local population goals. This is to be expected, since a high proportion of municipal revenues consists of local income taxes. A decreasing population could be devastating for a municipality’s finances. Moreover, the PES offices do not pay



for social assistance. Therefore, decreasing expenditures and activating unemployed persons living on social assistance are objectives to which they do not give priority. Only 6 and 29 per cent, respectively, said that these goals are important. This can be compared with 83 per cent of municipal managers who claimed that reducing costs for social assistance and 79 per cent who said that activating unemployed individuals living on social assistance in programmes were important.

More thorough analyses of preference distances, and causes and the consequences of this are interesting topics that ought to be studied in the future. For this article it is, however, sufficient to conclude that there are obvious tensions between the authorities' objectives.

## 6 Do the authorities cooperate?

Given that the authorities' objectives are so dissimilar, the level of cooperation becomes an interesting question. Are the authorities at all capable of collaboration? To what extent does the level of cooperation vary? Data from the questionnaire is used in order to explore three modes of cooperation: communication, contracting and integration.

The PES office managers were asked how often their agency communicates with twelve types of labour market actors, grading the frequency on a five-category scale from 'daily contacts' to 'never'. The municipalities were one of these actors. *Table 2* displays the managers' answers. More than nine out of ten agencies communicate with the municipality at least on a weekly basis, and approximately every second agency has daily contacts. It is possible to compare the managers' answers for the twelve types of actors in order to get a better estimate of how much communication is going on between the authorities. The only actors the PES communicates with to a greater extent than the municipalities, on average, are private firms and other PES offices.<sup>8</sup> The municipalities are, for example, more often contacted than unions, employers'

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<sup>8</sup> The following types of actors were considered (the proportion of offices communicating on a 'daily basis' is reported in parentheses): Private firms (79 %), other PES offices (70 %), the municipality (51 %), the Regional Social Insurance office (49 %), the County Labour Board (35 %), unions (13 %), other stakeholder organizations (8 %), employers associations (3 %), the National Labour Market Board (2 %), the County Council (2 %), other public authorities (1 %), the County Administrative Board (0 %).

associations and the County Labour Board. This indicates that municipalities and PES offices communicate to a considerable extent.

However, municipalities have many different roles and responsibilities. When the managers answered the questionnaire they may have interpreted 'municipality' in different ways. Some perhaps focused on communication with the labour market administration, whereas others had a broad definition in mind (including several municipal branches). This makes the communication measurement somewhat problematic. Thus, another operationalisation is also reported in the table. The managers were asked how often the PES contacts municipal caseworkers responsible for municipal labour market activities. The level of communication is slightly lower if this operationalisation is studied, but the conclusion remains unchanged. In the forthcoming analyses, this second definition of communication will be utilised since it implies less ambiguity. The two communication variables are, however, strongly correlated and the conclusions do not depend on how I assess communication.

*Table 2* provides information about the other two modes of cooperation as well. PES offices and municipalities can sign cooperation contracts concerning youth policy and the Activity Guarantee. If the authorities agree on a contract, the municipality gets financial compensation when arranging activities for the target groups. Around 77 per cent of the PES offices have a cooperation contract related to the youth policy. This figure was about the same in 1999 (Carling & Larsson 2002). About 80 per cent have a contract concerning the Activity Guarantee, which is an increase in comparison with 2001 when, according to Forslund *et al* (2004), approximately 68 per cent of the PES offices had a collaboration contract. Contracting seems to be used to a relatively high extent today. Nevertheless, about 20 per cent do not have a contract, signifying some level of variation.

**Table 2.** The relationship between PES offices and municipalities: communication, contracting and integration

Variable name	Number of observations	Percentage
Communication (general level)		
Daily	137	51
Weekly	116	43
Monthly or more seldom	15	6
	N = 268	
Communication (with caseworkers at municipal labour market administrations)		
Daily	112	42
Weekly	129	49
Monthly or more seldom	24	9
	N = 265	
Contracting		
Youth policy contract	197	77
Activity Guarantee contract	193	80
	N = 256, 242	
Integration		
0 activities	12	5
1 activities	53	23
2 activities	109	46
3 activities	61	26
	N = 235	

The third mode of cooperation is integration. How should the level of integration be measured? In this article, an additive index from zero to three is employed. The managers were asked if (a) the PES and the municipality run joint programmes, (b) have located personnel from the two organizations in the same premises, and (c) have established task groups where caseworkers from the two organizations collaborate. What these items have in common is that they imply some sort of integration of work. A factor analysis confirms that the items form only one dimension and can be used to form an index measuring an underlying dimension (see *Table A2* in *Appendix* for details). If none of the activities were taking place in 2003, the score on the index will be zero, while one activity means a score of one and so on.<sup>9</sup>

<sup>9</sup> I do not use the factor scores to calculate the index, since a simple additive index is easier to interpret in substantive terms.

Some degree of integration is common. Only 5 per cent of the respondents had no joint projects, joint localisation or task groups. But the level of integration varies: at some locations all three cooperative acts existed in 2003, whereas in other places the authorities had not integrated at all.

In sum, the authorities seem to collaborate to a relatively high degree despite the dissimilarity of preferences, although it is evident that the ties between the PES offices and municipalities are not the same all over Sweden.<sup>10</sup>

## **7 Cooperation and implementation**

The main question remains to be answered – is there a connection between cooperation and implementation? That is what this section is devoted to.

### **7.1 Operationalisation of implementation**

Three measures of implementation are employed in the article. There are other aspects of the performance as well, but the variables included here concern vital parts of the policies. The directives to the administration are also relatively clear and, last but not least, quantitative data is available and reliable. These three factors make them suitable dependent variables.

The central government ambition for youth unemployment is clear-cut: if individuals under the age of 25 have not found a job after 100 days of unemployment the PES should activate them by applying labour market programmes. Using data from the National Labour Market Administration administrative system, I have investigated the stock of persons of 20-25 years of age, on four occasions<sup>11</sup> in 2003 for each PES office. The number of individuals openly unemployed for 110 days or more in sequence, without participating in any active measures, directly before the point of measurement, has been counted. By setting the point of calculation to 110 days instead of 100, I make sure that the results are not affected by a possible delay in registration. Because the agencies are of different sizes, one cannot focus on the absolute number of persons, although the government's ambition is that the number

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<sup>10</sup> Communication, contracting and integration are positively correlated. That is, a high value for one of the variables is associated with a high value for the others.

<sup>11</sup> The 15<sup>th</sup> of February, May, August and November.

should equal zero.<sup>12</sup> Hence, I have divided the number of young clients with at least 110 days of open unemployment in a row by the number of young clients registered at the PES for the same number of days. This is done for the four occasions mentioned above, and the average is used as a dependent variable. This normalisation is the most reasonable one. The variable is called *Youth Policy* and a value near zero implies a better implementation.

Two variables address the level of implementation of the Activity Guarantee. Unemployed persons are supposed to be enrolled in the Activity Guarantee after 27 months of unbroken registration. I calculate how large a proportion of the individuals with 835 days (27,5 months) of PES registration was activated in the programme on the same four occasions as when the variable *Youth Policy* was calculated.<sup>13</sup> The average value indicates how well the agency manages to enrol clients; this variable is named *AG Coverage*. The reason not to use precisely 27 months is, again, to avoid problems that a delay in registration might entail. This time, a higher score (maximum 1.00) implies a better implementation. Once again, the data comes from the National Labour Market Administration.

The Activity Guarantee is supposed to consist of intense counselling and the activities should be full time for all participants. In the questionnaire, the managers were asked if the PES arranges full-time activities for all (or almost all) of the participants in the Activity Guarantee. The information from the questionnaire is used as the second measurement of the implementation of the programme. This variable can have two values (0 = no, 1 = yes) and a higher value (i.e. organizing full-time activities) implies a better implementation. The variable is referred to as *AG Activity*.<sup>14</sup>

These three variables do not measure the *content* of the activities. Ideally, I would like to have variables that capture quality as well. However, it is not clear what ‘good quality’ implies, which makes measures of quality problematic, given a top-down perspective of implementation. Moreover, I do

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<sup>12</sup> For instance, a large PES office (e.g. 150 young people registered) has obviously performed better than a small PES office (e.g. 10 young people registered) if both have five clients with no activation.

<sup>13</sup> I have complied with the Swedish National Labour Market Administration’s (2004) definition of the way in which the registration period should be computed.

<sup>14</sup> This variable probably has the highest risk of measurement errors in this study. Hence, it is important not to draw far-reaching conclusions based solely on *AG Activity*. Taken together with the other dependent variables this aspect is, however, very valuable.

not have access to the relevant data. Thus, I have to restrict the study to the aspects of implementation mentioned above.

**Table 3.** Implementation of the youth policy and the Activity Guarantee

Variable name	Descriptive Statistics				
	Mean	Standard deviation	Min	Max	N
Youth Policy	0.34	0.14	0.05	0.90	256
AG Coverage	0.49	0.16	0.00	0.97	241
AG Activity	0.71	0.46	0.00	1.00	243

*Table 3* describes how the offices have succeeded in implementing the youth policy and the Activity Guarantee. It is evident that neither the youth policy nor the Activity Guarantee has been fully implemented. The agencies' mean share of young clients openly unemployed 110 days in a row or more, of those young people registered with the PES, is about 34 per cent. This figure is not especially close to the (perhaps unrealistic) ambition stipulated by central government (a value of zero). None of the agencies have managed to completely avoid having young people with 110 or more days of open unemployment registered.

Approximately half the clients registered for at least 835 days are, on average, enrolled in the Activity Guarantee. There are offices that have engaged almost all these clients in the programme, whereas, in other cases, none of them are taking part in the Guarantee programme. *Table 3* also reveals that seven out ten offices organize full-time activities for participants in the Activity Guarantee. Thus, there is also an obvious variation in the PES offices' implementation of the Activity Guarantee.

Before examine the link between cooperation and implementation, it is important to discuss what other variables need to be considered.

## 7.2 Control variables

Unfortunately, the implementation research discourse has not been able to develop a generally accepted theory that pinpoints the precise variables to include when explaining implementation. As O'Toole (2004, 310) puts it, "[t]heories about policy implementation have been almost embarrassingly plentiful, yet theoretical consensus is not on the horizon... After hundreds of empirical studies, validated findings are relatively scarce". However, there are

some broad categories of factors which merit attention. External and internal characteristics of an agency carrying out public policies may influence implementation (Gill & Meier 2001; Keiser & Soss 1998; Winter 2003a). Below, the control variables used in this study are briefly discussed. Details, including descriptive statistics, are reported in the *Appendix*.

*External* characteristics that should be taken into account are the client group treated and the implementation environment (Winter 2003a). A demanding clientele and a difficult labour market situation might affect implementation positively or negatively. On the one hand, the task becomes more challenging, which may make implementation more difficult. On the other hand, the incentives to arrange appropriate programmes are probably stronger, since it is less likely that clients can manage on their own. There should also be a greater demand for services when the labour market situation is problematical (cf Meier & Keiser 1996).

Three variables that describe clients' characteristics are used as control variables. Some offices are responsible for vocational rehabilitation of unemployed individuals. These agencies' clientele is quite different from the client group of the standard PES, and therefore a dummy variable for rehabilitation PES offices is incorporated in the analyses. The other two controls are the proportion of long-term unemployed clients and the proportion of clients who are not Nordic citizens. By including these variables, I am able to hold important clientele characteristics constant.

What characterises the PES offices' local context is measured by the following variables. The municipal unemployment rate, including participants in active labour market measures, provides an assessment of the local labour market situation. The size of the local population is added as a control variable in order to address other socio-economic factors (the local labour market is very different in a large, urban area in comparison with a thinly populated municipality with a small population). A dummy variable indicating the presence of a Social Democratic government or a non-socialist government captures the local political context. This political variable's importance for implementation has been stressed in earlier studies (Keiser & Soss 1998).

Performance could also vary due to factors *internal* to an agency. Keeping external circumstances constant, agencies which have employees who are more willing to carry out a policy and who have a high capacity to implement decisions will, on average, perform better (Sannerstedt 2001).

There is solid evidence that the incentives, preferences and attitudes of bureaucrats – i.e. the willingness – often affect performance (Brehm & Gates 1997). Implementation is likely to be improved if an agency gives a policy high priority. The questionnaire supplies data on the PES offices' willingness to implement. Among several labour market objectives, the PES managers rated the importance of arranging programmes for unemployed young people and for unemployed individuals with severe problems on the labour market (see *Section 5*). From this rating I have constructed a ranking of the objectives (1-13) for each PES office. A value of one implies that no other objective is given more priority, whereas a value of 13 implies that all other objectives are ranked higher.

It is difficult to get good indicators of an agency's capacity and the intensive case-study probably has an advantage over the quantitative approach here. However, staff and financial resources are the main factors influencing capacity. If the agencies do not have these resources they will certainly run into difficulties when policies are implemented (Gill & Meier 2001; Sannerstedt 2001). The National Labour Market Board allocates resources so that each agency receives an amount reflecting the local labour market situation and the client group (Nyberg & Skedinger 1998). Thus, if resources are allocated adequately, capacity should not vary due to staff and financial resources. Nevertheless, in the event that resources are distributed poorly, the number of clients per employee and the amount of financial resources per client reserved for benefits for participants in programmes are used as control variables.

Several organizational factors could shape the agency's capacity (Winter 2003a). Identifying the important organizational characteristics is difficult, and the capacity may impinge on various variables we cannot observe. In this article, organizational size is employed as a control variable. This is primarily motivated by the fact that large agencies have greater opportunities to co-operate with other organizations<sup>15</sup>, but also because size could be correlated with many organizational aspects that may affect implementation. The logarithm of the number of employees at the PES is utilised as a measure of organizational size. I use the logarithm, since it is reasonable to assume that a one unit change in the number of employees is more important when staff size is small than when it is large.

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<sup>15</sup> For instance, a large staff increases the chance that an agency communicates with the municipality on a daily basis.



### 7.3 Is there a link between cooperation and implementation?

In the following analysis, I investigate whether the degree of cooperation can account for the differences in implementation performance depicted in *Section 7.1*. The empirical results are reported in *Table 4*.<sup>16</sup> The upper part of the table presents the effects of communication, contract and integration, while control variables are reported in the lower section.<sup>17</sup> When discussing the results, I focus on the relationship between cooperation and implementation. Control variables are only commented upon briefly.

Linear regression models are estimated when *Youth Policy* and *AG Coverage* are used as dependent variables (the first two columns in *Table 4*). The level of activation within the Activity Guarantee is a dichotomous variable (*AG Activity*). Thus, the estimation method in the last column is binary logit. The logit model yields information about whether the relationship is positive or negative and if it is statistically significant, but the coefficients are not readily interpretable. Therefore, predicted probabilities, based on logit coefficients, are reported in *Figure 1*. Remember that communication is measured by dummy variables – ‘daily’ communication is the reference to ‘weekly’ and ‘monthly or less’ communication.

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<sup>16</sup> The number of observations is slightly below 200 in all three models in *Table 4*. The total number of respondents in the questionnaire was 268 (see *Section 4*), but because some agencies do not work with the two policies, and since there are internal missing values for some variables, the number of valid cases is reduced.

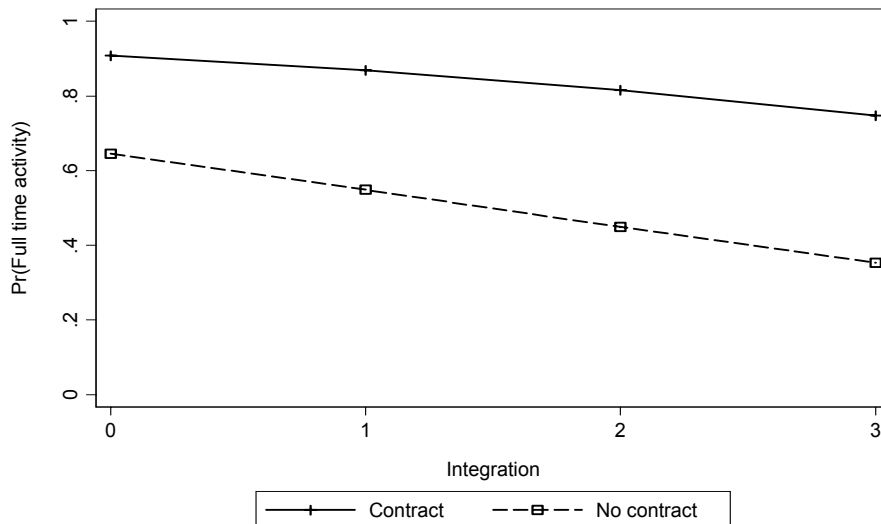
<sup>17</sup> Regression diagnostics have been conducted (e.g. examination of outliers and tests of multicollinearity and heteroscedasticity) and several model specifications have been tested to cope with problems that appear. The general impression in *Table 4* remains unchanged. There might be some problem of endogeneity regarding two control variables: the share of long-term unemployed clients and the unemployment rate. I have estimated models excluding these variables. Minor differences appear, but conclusions are not altered.

**Table 4.** Effects on the implementation of the youth policy and the Activity Guarantee (standard errors in parentheses)

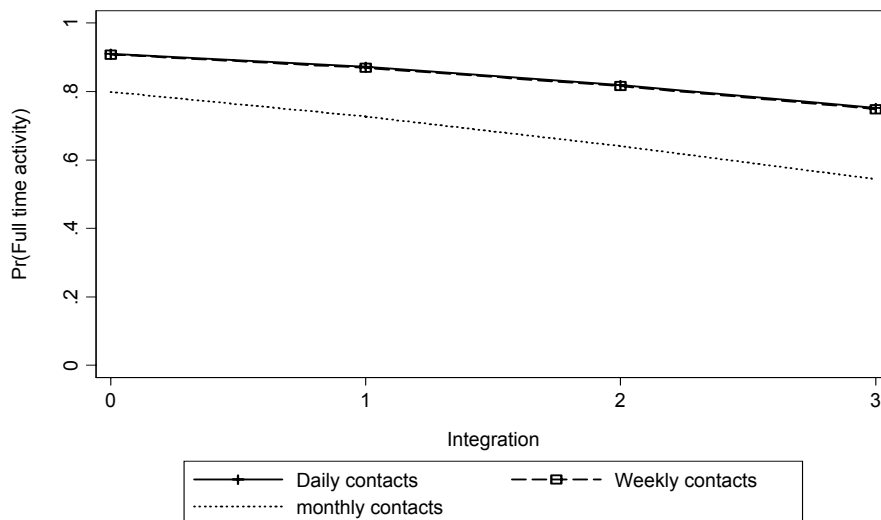
	Youth Policy	AG Coverage	AG Activity
Weekly communication	0.009 (0.018)	-0.008 (0.022)	-0.024 (0.423)
Monthly or less communication	-0.098** (0.042)	-0.077 (0.051)	-0.937 (0.931)
Youth contract	0.009 (0.019)	---	---
AG contract	---	0.095*** (0.027)	1.695*** (0.502)
Integration	-0.011 (0.010)	-0.016 (0.013)	-0.401 (0.255)
Rehabilitation office	0.027 (0.081)	-0.102 (0.076)	-2.001 (1.515)
Long-term unemployed clients	0.622*** (0.229)	0.493* (0.257)	-2.826 (4.963)
Non-Nordic clients	0.488*** (0.169)	-0.425** (0.184)	3.283 (4.429)
Unemployment	-0.020*** (0.004)	-0.020*** (0.005)	0.459*** (0.143)
Local population	0.000* (0.000)	0.000 (0.000)	-0.003* (0.002)
Socialist government	-0.014 (0.016)	-0.018 (0.023)	-0.221 (0.451)
Priority of youth clients	0.004 (0.006)	---	---
Priority of difficult clients	---	-0.003 (0.004)	-0.199*** (0.079)
Clients per staff member	0.023*** (0.006)	-0.013* (0.007)	-0.098 (0.138)
Financial resources	-0.042 (0.026)	0.071** (0.035)	0.206 (0.636)
Organizational size	0.022 (0.014)	-0.031* (0.018)	-0.257 (0.363)
Constant	0.200*** (0.060)	0.647** (0.074)	0.225 (1.385)
$R^2$	0.461	0.258	---
Adjusted $R^2$	---	0.200	---
Pseudo $R^2$	---	---	0.231

**Notes:** \* indicates significance at the 0.10 level, \*\* at the 0.05 level, and \*\*\* at the .01 level (two-tailed tests). Pseudo  $R^2$  is McFaddens  $R^2$  (see Long, 1997). The number of observations is 199, 194 and 189 in the three models respectively. The reference category to the dummy variables ‘weekly’ and ‘monthly or less’ communication is ‘daily’ communication. The first column reports results from a linear regression model with robust standard errors, due to heteroscedasticity (see Fox, 1991). The model in the second column is estimated by ordinary least squares, whereas the model in the third column is estimated by binary logit. The Log-likelihood in the third model is -87.6115. Definitions of variables and descriptive statistics are reported in Table A1 in Appendix.

*Panel A. Predicted probabilities of organizing full-time activities for offices with and without a cooperation contract with the municipality as the level of integration changes*



*Panel B. Predicted probabilities of organizing full-time activities for offices communicating with the municipality on a daily, weekly and monthly basis as the level of integration changes*



**Figure 1.** Predicted probabilities of organizing full-time activities within the Activity Guarantee (continuous control variables held at mean values and discrete control variables held at mode values)

The first column in *Table 4* concerns the implementation of the youth policy. Here, a negative coefficient implies a better performance. The general impression is that implementation and collaboration are not strongly related. All coefficients except one are statistically insignificant and substantially small.<sup>18</sup> Moreover, they are not robust to model specification.<sup>19</sup> Instead, traditional factors highlighted in the implementation literature – such as the client/staff ratio, client group characteristics and environmental conditions – appear to account for the variation in implementation. However, the proportion of youth without activation after 110 days of unemployment is, on average, 9.8 percentage points lower for agencies communicating with the municipality on a monthly basis (or more seldom) than agencies contacting municipalities on a daily basis, all else equal. The effect is statistically significant at the 0.05 level. Thus, communicating to a low extent seems to improve the implementation of the youth policy. However, the effect is somewhat dependent on model specification. Making far-reaching conclusions about the impact of communication on the implementation of the youth policy is therefore hazardous.

The results concerning the Activity Guarantee are reported in the last two columns in *Table 4*. Positive coefficients imply improved implementation. There is one particularly clear result – PES offices that have a collaborative contract manage to carry out the programmes' intentions to a greater extent than offices without such a contract. When controlling for internal and external characteristics, a contract has a positive and significant effect, both on enrolling clients and arranging full-time activities for participants. The coefficients are substantially large and are not sensitive to model specification.

Having a contract increases the predicted share of clients in the programme by 9.5 percentage points (among those with 835 days or more of registration). Knowing that PES offices, on average, engage 49 per cent of these individuals in the guarantee (see *Table 3* in *Section 7.1*), an increase of 9.5 percentage points is a relatively sizeable effect.

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<sup>18</sup> To exemplify that the coefficients are small, we can look at the integration coefficient. If the integration index (0-3) increases by one activity, the predicted proportion of young people unemployed for 110 days or more in a row not enrolled in a programme decreases only by 1.1 percentage points, all else equal. And since the effect is statistically insignificant it might just as well be zero.

<sup>19</sup> The direction of the coefficient changes, depending on exactly what control variables are added, and if influential outliers are excluded.

The logit coefficient (1.695) in the last column of *Table 4* tells us that there is a positive and significant relationship between having a contract and organizing full-time activities. To get a better understanding of the size of this effect we must turn to *Panel A* in *Figure 1*. This figure displays the probability of arranging full-time activities for offices with and without a cooperation contract, as the level of integration changes. The predicted probability of organizing full-time activities for agencies that have a contract is around 0.80-0.90. The probability is clearly below 0.70 at all levels of integration for offices without a contract, and when the score on the integration variable is at its maximum, the predicted probability is below 0.40.

What impact does integration and communication have on the implementation of the Activity Guarantee? Integration and communication do not affect the performance – the coefficients are statistically insignificant, holding everything else constant.<sup>20</sup>

A note on control variables is appropriate. Whereas a high priority of the client group seems to be important for organizing full-time activities, access to considerable financial resources, low client/staff ratio and a small organization imply that more clients can be enrolled in the Activity Guarantee. Thus, internal characteristics of the PES are important. The implementation literature is not clear on whether a demanding context and client group will be negatively or positively linked to implementation performance – there are reasonable motives for both views (see *Section 7.2*). This is also demonstrated in *Table 4*, where the unemployment rate, for example, affects the three aspects of implementation in various ways. It is also interesting to note that the type of local government (socialist or non-socialist) does not directly affect implementation.

A couple of important questions arise from the results in *Table 4* and *Figure 1*. Firstly, why is there a difference between the effects of cooperation on implementation for the youth policy and the Activity Guarantee? There are large differences between the two policies. The clients in the Activity Guarantee are probably more demanding than unemployed young people, since they have, on average, been unemployed for a much longer period. They are

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<sup>20</sup> Note that the sign of the coefficients indicate that a lot of communication has a positive impact on implementation and that integration and implementation are negatively related. In a couple of model specifications (not as restrict) some of these effects are, indeed, significant at the 0.05 level. Nevertheless, since the coefficients are not statistically significant in the main model, and since they are not robust to model specification, I conclude that communication and integration are of minor importance.

probably less motivated to engage in labour market activities and look for jobs. The Activity Guarantee is very intense and resource-demanding and therefore implies an appreciable workload for the PES offices (Forslund *et al* 2004). One explanation of the differing results could be that the assignment to accomplished in the Activity Guarantee is much more challenging. The PES offices need external assistance from the municipalities only under these conditions, otherwise they manage quite well on their own.

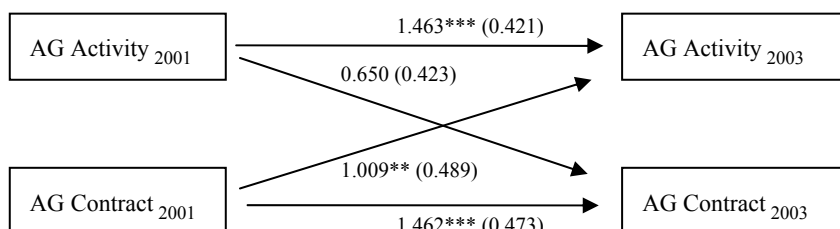
Secondly, why is the only clear positive association found in the analysis the effect of having a cooperation contract (on the implementation of the Activity Guarantee)? The explanation is probably that the contract is designed especially for a specific task, i.e. arranging activities under the Activity Guarantee. Communication and integration, on the other hand, involve cooperation at a general level. Hence, the results suggest that if collaboration is to improve implementation the cooperative activities should be organized for a specific purpose.

#### **7.4 A test of the time order between cooperation and implementation**

It is not implausible that the level of implementation affects the level of cooperation rather than the other way around, which I have assumed in *Section 7.3*. For example, if a PES office arranges full-time activities for clients in the Activity Guarantee, the need for external assistance may increase and/or municipalities may be more interested in collaborating with the PES. In turn, this will lead to more collaboration between the authorities. This is certainly a possibility, although the assumed time order is probably more likely. That is, it is likely that a considerable degree of cooperation increases the agency's capacity, which then affects implementation. However, this problem should not be ignored.

One way to test causal order is to check the timing. Cross-sectional data is limited in providing evidence of time precedence, whereas panel data has advantages (Finkel 1995). Some panel data is available for a smaller number of cases (137 agencies). I have information about whether the PES arranged full-time activities for the clients in the Activity Guarantee in 2001 and 2003. I also

know if a collaboration contract existed in 2001 and 2003.<sup>21</sup> This data can be utilised to estimate a two-wave cross-lagged effect model, which is a test of the time order between variables. The basic idea is to predict each variable (*AG Activity* and *AG Contract*) in 2003 by its previous value in 2001 (the lagged dependent variable), as well as the value of the other variable in 2001.<sup>22</sup>



**Notes:** Entries are logit coefficients with standard errors in parentheses (\* indicates significance at the 0.10 level, \*\* at the 0.05 level and \*\*\* at the 0.01 level, N = 137).

**Figure 2.** A cross-lagged effect model of the relationship between cooperation and implementation

The cross-lagged model cannot be regarded as a definite solution to the time order problem. Data exists only for a sub sample of agencies, with variables on one mode of cooperation (contracting) and one measure of implementation (full-time activities under the Activity Guarantee). I also have to assume that the causal lags are about two years. That is, signing a contract in 2001 affects implementation in 2003 (approximately). It is reasonable to assume that there is some time lag, although two years is rather on the high side. Nevertheless, the model provides information about which time order is most plausible. The sample size is acceptably large, and it is reasonable to assume that the time order between other sorts of cooperation and implementation is the same as that detected in this case.

<sup>21</sup> Data for 2001 comes from a research project at the Institute for Labour Market Policy Evaluation (IFAU); see e.g. Forslund *et al* (2004). The availability of panel data for contracting is valuable, since the clearest and most interesting relationship detected in the analysis in *Section 7.3* concerns this aspect of cooperation.

<sup>22</sup> The cross-lagged model is compatible with the “Granger test” for causality employed in time series analysis. Finkel (1995) describes the cross-lagged model and the underlying assumptions.

Logit coefficients from the cross-lagged model are reported in *Figure 2*.<sup>23</sup> As expected, the lagged dependent variables have positive and significant effects. The diagonal arrows in *Figure 2* are, however, of greater interest. Having a collaborative contract in 2001 significantly increases the propensity to organize full-time Activity Guarantee activities in 2003. The effect of arranging full-time activities in 2001 on the propensity to have a contract in 2003 is, on the other hand, not significant, even though it is positive.<sup>24</sup> This speaks clearly in favour of the time order assumed in the analysis in *Section 7.3*. That is, cooperation precedes implementation.

## 8 Concluding remarks

Contacts between central and local government authorities are inescapable in contemporary democratic states. Their relationships may be of major importance for the realisation of political ideas. This article has analysed collaborative efforts of Public Employment Service (PES) offices and municipalities in active labour market policy in Sweden.

There are three key findings. Firstly, I detect a considerable discrepancy between PES offices' and municipalities' priorities, although both authorities share the overall goal of reducing unemployment. The municipalities' objectives are more locally oriented (financial issues are often important). For instance, beneficial local population development and reduced expenditure for welfare benefits are essential goals in municipal labour market activities. In contrast, PES offices are more inclined to obey signals from the central government.

This implies that increased municipal involvement is likely to change the content of labour market policy in favour of local interests. This would be a step away from the traditional labour market policy model, which emphasises,

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<sup>23</sup> I have also estimated the model using Ordinary Least Squares (OLS) without any substantial change in results.

<sup>24</sup> As mentioned in *Section 7.3*, logit coefficients must be transformed before substantial interpretation is possible. Having a cooperation contract in 2001 increases the probability of arranging full-time activities in 2003 by 24 percentage points, given that full-time activities were not arranged in 2001. Similarly, the propensity to have a contract in 2003 increases by 15 percentage points if the office arranged full-time activities in 2001 (the effect is *not* significant at the 0.10 level), assuming that the PES did not have a collaboration contract in 2001.



for example, control by central government, geographical mobility and a uniform treatment of similar cases. One would expect more local elements in active measures in several countries, since local governments have been given a profound role in this policy area in many states.

Secondly, despite the dissimilarity in preferences the authorities cooperate to a relatively high extent. The central government encourages cooperation between PES offices and municipalities. Thus, the local activities reflect central government ambitions in this respect.

Thirdly, cooperation is only associated with a better implementation performance under certain conditions. I have investigated measures directed towards young people and persons who have been unemployed for a very long time. One feature which these policies share is that the central government encourages cooperation at the local level. But there are clear differences as well. One would assume that young clients call for less resources, for example. I do not find any noticeable impact of cooperation on the implementation of the youth policy. PES offices collaborating with municipalities to a limited extent perform just as well as agencies that cooperate to a considerable extent. The analysis of long-term unemployed individuals concentrates on a programme called the Activity Guarantee. Here, a clear positive association between signing a collaborative contract and implementation performance is detected, but other types of cooperation seem to be of minor importance. Thus, the results suggest that a positive relationship between cooperation and implementation can only be anticipated when collaborative efforts between central and local government authorities are *designed to carry out a specific and demanding task*. By all means, we cannot justify all sorts of cooperation by using the argument that this will promote implementation.

However, two points should be borne in mind. Cooperation can be worthwhile for other reasons than implementation, implying that as long as we do not find any significant negative effect we should encourage collaborative endeavours. On the other hand, there could also be negative effects on overall outcome measurements that are not detected in my analysis. The other thing we must remember is that more empirical research is required before it is possible to make clear causal statements about the relationship between cooperation and performance. Quantitative methods are rare in the implementation literature, especially in European research. Thus, I have followed Goggin's (1986) and Winter's (2003b) advice and used quantitative data and statistical research techniques. This allows for better tests of the link between cooperation and

implementation. Elaborated quantitative studies which make it possible to be more certain about causal relationships would make an important contribution to this research field in the future.

A key question which should be raised is whether the findings in this study can be generalised to other situations. Apparently, this is a very difficult question. Swedish labour market policy is characterised by clear links between central and local government responsibilities. There is also a great deal of external pressure for collaboration, for example central government exhortations. Probably, this means that labour market policy is an area in which we have good reasons for believing that cooperation is valuable. This case may therefore be seen as a 'critical case', meaning that here, if anywhere, we ought to expect that cooperation will improve implementation. Given that the study only indicates a positive relationship under certain circumstances, we should probably *not* anticipate general positive effects in policy areas in which links between central and local government authorities are not as evident.<sup>25</sup>

Finally, the idea of solving public problems by means of partnerships of actors is popular both in 'real life politics' and among academic scholars. For example, several researchers taking the 'governance' discourse as a point of departure praise the partnership model (see Pierre 2000 for an overview of governance literature). This model, based on the idea that several local actors should collaborate in order to improve the delivery of public policy, has had a pervasive breakthrough in recent years (Ehn 2001). The virtues and shortcomings of this model could certainly be discussed at length. But this is not the place to do this, although the empirical findings here might still contribute to the debate. Since the study shows that cooperation is only associated with better implementation under very special circumstances, we should not be too eager to praise the partnership model. Instead, it is more important to develop and test theories about *when* cooperation enhances implementation, rather than stipulating that collaboration is a 'good thing' in general.

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<sup>25</sup> However, the empirical evidence in the study shows large differences between the authorities' objectives. It is almost certainly easier to find a positive relationship between cooperation and implementation in a policy area in which the authorities' priorities are similar. This means that it is difficult to generalise the results for a situation in which there are clear links between the agencies' responsibilities *and* the priorities are in agreement. On the other hand, conflicting interests are probably very common.

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# Appendix

**Table A1.** Description of dependent and independent variables

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*Dependent variables*

AG Activity (questionnaire data)

A PES office arranging full-time activities for all (or almost all) clients participating in the Activity Guarantee (dummy variable)

*1 = full-time activity (0.71), 0 = otherwise (0.29)*

AG Coverage (register data, AMV)

Proportion of persons registered for a sequence of 835 days or more at the PES office who are enrolled in the Activity Guarantee; average of four different points of measurement (15<sup>th</sup> of February, May, August and December 2003)

*mean: 0.49 min: 0.00 max: 0.97 sd: 0.16*

Youth Policy (register data, AMV)

Young person aged 20 to 25 with at least 110 days of open unemployment in sequence, divided by the total number of young people registered at the PES for at least 110 days; average of four different points of measurement (15<sup>th</sup> of February, May, August and December 2003)

*mean: 0.34 min: 0.05 max: 0.90 sd: 0.14*

*Main independent variables*

Communication (questionnaire data)

Contact frequency between the PES office and the municipality's caseworkers responsible for municipal labour market activities (dummy variables)

*daily (0.42, reference), weekly (0.49), monthly or more seldom (0.09)*

Youth contract (questionnaire data)

The PES office and the municipality have signed a cooperation contract about youth programmes (dummy variable)

*1 = youth contract (0.77), 0 = no contract (0.23)*

AG contract (questionnaire data)

The PES office and the municipality have signed a cooperation contract about programmes in the Activity Guarantee (dummy variable)

*1 = AG contract (0.80), 0 = no contract (0.20)*

Integration (questionnaire data)

Index (0-3) measuring the number of integrative acts (joint localisation, joint projects and cooperative task groups) between the PES office and the municipality

*mean: 1.93 min: 0.00 max: 3.00 sd: 0.83*

*Control variables*

Long-term unemployed clients (register data, AMV)

Share of clients at the PES office unemployed for six months or more in 2003

*mean: 0.11 min: 0.00 max: 0.30 sd: 0.05*

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Table A1. Continued

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Non-Nordic clients (register data, AMV)
Proportion of clients at the PES office without Nordic citizenship in 2003
<i>mean: 0.07 min: 0.01 max: 0.62 sd: 0.07</i>
Rehabilitation office (information from the Internet homepage of AMV, <a href="http://www.ams.se">www.ams.se</a> )
PES office responsible for vocational rehabilitation (dummy variable)
<i>1 = rehabilitation PES (0.04), 0 = otherwise (0.96)</i>
Unemployment (official municipal statistics from KFAKTA03)
Local unemployment rate, including participants in measures, in the municipality where the PES office is located (April 2003)
<i>mean: 5.47 min: 1.90 max: 19.60 sd: 2.31</i>
Local population (official municipal statistics from KFAKTA03)
Number of inhabitants in the municipality (in 1,000's of persons) where the PES office is located (December 2002)
<i>mean: 95.56 min: 2.61 max: 758.15 sd: 192.14</i>
Socialist government (official municipal statistics from KFAKTA03)
The chairman of the municipal executive board represents the Social Democrats (dummy variable)
<i>1 = socialist government (0.67), 0 = otherwise (0.33)</i>
Priority of young clients (questionnaire data)
The PES manager's rank of the objective 'ensuring that there are labour market programmes for young people under 25' among 13 objectives (scale 1-13, where 1 means most and 13 least priority; objectives may be ranked equally important)
<i>mean: 1.78 min: 1.00 max: 10.00 sd: 1.86</i>
Priority of difficult clients (questionnaire data)
The PES manager's rank of the objective 'ensuring that there are labour market programmes for groups of unemployed with severe problems in the labour market' among 13 objectives (scale 1-13, where 1 means most and 13 least priority; objectives may be ranked equally important)
<i>mean: 2.78 min: 1.00 max: 12.00 sd: 2.46</i>
Clients per staff member (register data, AMV)
The average number of clients (measured in 10 clients) per week per employee at the PES office
<i>mean: 4.96 min: 0.26 max: 12.44 sd: 1.74</i>
Financial resources (questionnaire data)
The amount of financial resources at the PES office reserved for benefits to clients participating in active measures (in 1,000 Swedish crowns) per week divided by the number of clients per week
<i>mean: 0.66 min: 0.00 max: 3.01 sd: 0.35</i>
Organizational size (register data, AMV)
The logarithm of the number of employees at the PES office
<i>Mean: 2.63 min: 0.00 max: 4.65 sd: 0.78</i>

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**Notes:** AMV is the Swedish abbreviation for the Swedish National Labour Market Administration. KFAKTA03 is a Swedish database with several municipal variables gathered from different data sources.

**Table A2.** Principal component factor analysis

Cooperative behaviour	Factor loadings on the first dimension ('integration')
The PES and the municipality have located staff in the same premises	0.68
The PES and the municipality arrange joint labour market projects	0.72
The PES and the municipality have collaborative groups in which caseworkers from the two offices participate	0.54

**Notes:** Entries are factor loadings in a principal component analysis (n = 235). The retention of factors is based on the Kaiser criterion (i.e. eigenvalues greater than 1.0). The eigenvalue for the integration dimension is 1.27. The factor explains 42.3 per cent of the variance in the variables. Bartlett's Test of Sphericity indicates that we can reject the hypothesis that the correlation matrix is an identity matrix at the .05 level. Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is .54 (below .50 is usually considered unacceptable).

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