

## **Funzione Pubblica CGIL's Congress**

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### **Background**

Market-liberal currents began to flow into Norway at the end of the 1980s.

These forces perceived the public sector as being far too big, wasteful and bureaucratic. The answer was to carry out reforms in the public sector and, in part, to trim its size. Key elements of New Public Management in Norway have been:

- privatisation of public services
- outsourcing of public services
- commissioner-performer model
- decentralisation of power
- flat structures
- turning citizens into customers
- PPP - Public Private Partnerships

Fagforbundet (the Norwegian Union of Municipal and General Employees - NUMGE) was quick to resist these liberalistic initiatives and took up the fight against them, particularly as regards privatisation and outsourcing. This battle was waged on several levels:

- pressure on the political system
- assistance/guidance to local unions
- development of a knowledge bank - a central assistance unit in

Fagforbundet

- active information to and education of the members
- participation in the public debate
- development of alternatives to commercialisation

This fight was largely successful. There is little privatisation and outsourcing of public services in Norway, and the effort to promote this has not been a success.

Only slightly more than two per cent of public services are outsourced or privatised. The current Red-Green Government coalition has specifically stated that it does not want privatisation of key welfare benefits.

The battle against privatisation and outsourcing has been both important and challenging for Fagforbundet. Should we only fight in a reactive manner, to preserve what we have won and to resist Neoliberal campaigns, or should we also think proactively to develop the public sector? From a stance of thinking in conservative terms: to preserve, Fagforbundet had to start thinking progressively: to develop.

Fagforbundet instituted cooperation with the IMTEC Foundation, an organisation that has worked with change and development based on a high degree of employee participation. Fagforbundet wanted to carry out certain

experiments in change and development in selected municipalities, as an alternative to privatisation and outsourcing. Central elements of these experiments included:

- development of good quality services
- from below and up, a high degree of employee involvement, creativity
- organising the work in project form
- written contract between the municipality and Fagforbundet
- three-party collaboration between politicians, administration and employees
- exploit the flexibility and economies of scale in a municipality
- no privatisation or outsourcing during the trial period
- no employees to be let go during the trial period
- the experiments were to be inexpensive and non-bureaucratic

Three municipalities took part in a three-year experiment. Subsequently, seven other municipalities, including the third largest city in Norway, have signed agreements to participate in the Model Municipality Experiment. Many others municipalities have gained inspiration from the methodology.

An important basis for participation has been that the municipalities had to have strong, motivated trade unions. Because this experiment was initiated centrally by Fagforbundet, it was also important that there were local trade unions in the municipalities with sufficient competence to take on such a development responsibility.

Fagforbundet will continue to be an organisation that is prepared to do battle, and which fights for the collective wages and working conditions of its members. At the same time, Fagforbundet wants to be an important player in the development of Norway as a nation. We need two legs to stand on; both to stand strong and steady, but also to enable us to move forward. Our role as a major player in society is becoming more and more important as the pace of change in our society continues to increase.

## **What is the Model Municipality Methodology?**

In simplified terms, we can say that the Model Municipality Methodology is to change the balance in the municipality by giving the employees more influence and a say in what is to be changed and how the change will be effected.

Critics

have asserted that the Model Municipality Methodology takes power away from

the administration/politicians. This is true in a way, at least if one has the general impression that decisions traditionally have come from the top down, with little opportunity for the employees to have an impact.

So, what characterises the Model Municipality Methodology as an initiative for change and adjustment?

## **Three-party collaboration**

The main idea behind Fagforbundet's initiative was a collaboration between the parties. This means that the parties in the municipal sector are to stand as a united front behind the development tasks, and provide mutual support in the implementation of these tasks. A three-party collaboration entails an active and equal cooperation between politicians, administration and employee representatives. This cooperation will apply in both central and local decisions. The consensus principle constitutes the basis for the collaboration, i.e., joint decisions are achieved through dialogue and all parties support and commit themselves to these decisions. Some will object that the opportunity to engage in dialogue regarding important decisions has also existed in the past through codetermination agreements, and thus that this is not a new idea. The new aspect lies in equivalence. One party will not be invited to participate only when other parties have already completed their deliberation. Ideas, visions and suggestions for concrete measures will be a result of processes in which all parties have contributed. Another objection is that this represents a shift of power which disrupts an established balance of power. This applies particularly to a shift in power from the politicians to the trade unions. Some claim that this means that trade unions have gained a veto right vis-à-vis the politicians. The Model Municipality Methodology does not represent a desire to strip politicians of their right to govern, nor to abolish normal political decision processes. Consensus cannot apply as a principle for the work of a municipal council or a city council. Consensus can be applied in the work of a steering committee for a Model Municipality Experiment, or in the relationship between employees and supervisors in a workplace. There has been political representation in all of the management groups in the municipalities that have taken part in the project, both from the political parties that currently hold power, as well as from the opposition. Although the conservative parties have opposed the experiment, primarily because it was initiated by Fagforbundet and it addresses privatisation and outsourcing, political representatives from the Right have had very different experiences on the local scene. The first Model Municipality, as well as the most recent municipality to sign an agreement, both have mayors from the Conservative Party.

## **Involvement of employees**

For Fagforbundet, involvement of employees in the change work is a fundamental part of the reason for the Model Municipality Methodology. The argument was that; what you help create, you will support. People who feel that

they were involved in a decision will be able to implement that decision with greater enthusiasm. Involvement of employees was intended to release creativity, contribute to a willingness to change and increase commitment to decisions. Experience gained from the model municipalities confirms that this may be true. However, such involvement must be properly facilitated and everyone must have a genuine desire for this to occur. It is not a given that involving the employees will yield a desired benefit. If you can create a

foundation for such involvement, this will trigger creativity and expertise that has been hidden in the municipal organisation. To put it very simply, this is what it is all about: using all the experience, motivation, creativity and expertise in the municipal organisation. So easy, and yet so difficult.

## **User focus**

A common objection against trade unions is that they often put the interests of the employees ahead of the needs of the users. Through the change and adjustment work in the Model Municipality Methodology, Fagforbundet wanted to prove that it took the users seriously. It is a fact that many users want more competition because the public services provided by municipalities are perceived as not being good enough.

The Model Municipality Experiment was an initiative taken by Fagforbundet to show that the public sector could deliver quality and accommodate user needs.

One school that took part in a Model Municipality Experiment was planning a major organisational change in the educational work and wanted more participation by the students and greater parent involvement as part of the project. The plans for the fall semester were presented at a parents' meeting for the 8th and 9th grades (13 and 14 year-olds). A packed gymnasium and the many questions asked during the meeting indicated that the parents were indeed interested. When the principal concluded by thanking everyone for coming, he received the following spontaneous reaction from a father: *"I've had several children in school. The parents' meetings I have attended have been boring. You always told us what you wanted, but never asked us what we want. This meeting was different. Now I am looking forward to the continuation. And I promise you that I will be an active father."* His comments were met with resounding applause.

## **Use of resources**

Many projects have been implemented with concrete efficiency gains, particularly within the social services sector and the operations and engineering sector. These efficiency gains have not meant that people lost jobs or had to work more, but rather that they learned to work smarter. In several projects, this has led to lower sick leave, greater job satisfaction, more satisfied users and less consumption.

## **Development advisers**

Internal development advisers were trained in all of the model municipalities. These advisers were recruited from all over the municipality's organisation and no formal competence was required. These development advisers were to assist the various subprojects with active guidance. Projects in which employees provide the ideas and where the participants in the project have

little project experience need advice, both as regards establishing a project, implementing and evaluating it. As a point of departure, the advisers were to counsel projects outside of their own work area because the advisers were to concentrate more on the project process and less on the content. The idea behind this training is also that municipalities that possess this expertise become less dependent on external consultants. Experience shows that the advisers have become an important resource in the project period, both in relation to helping projects and in relation to promoting their own project ideas. Through the training program, these advisers have also become important ambassadors for the Model Municipality Methodology in their own municipality.

## **The Model Municipality Methodology viewed in relation to outsourcing**

Both the Model Municipality Methodology and outsourcing are tools to achieve increased efficiency and/or improved quality of services. Both methods require extensive processes. If the Model Municipality Methodology is to be an equivalent alternative to outsourcing, the requirement for increased efficiency must be included in the experiments before they get started. Assuming that this is done, increased productivity and cost savings *can* be achieved. The Model Municipality Methodology represents a somewhat slower change process than outsourcing, and it has the advantage that it can be implemented in all municipalities regardless of size and geographic location. A fundamental goal of the Model Municipalities has been to preserve municipal jobs. Therefore, financial results will not come through downsizing and cutbacks, but through higher quality and better - smarter - utilisation of the resources. Cooperation and a comprehensive view of the municipality are important.

## **Quality municipality program**

Our red-green government acknowledged Fagforbundets methodology and took the initiative to establish the quality municipality program in autumn 2006. The three main tools from the model municipality methodology were adopted:

- three-party collaboration
- involvement of employees
- users focus

The quality municipality program developed as an agreement between the Norwegian State (Ministry of Local Governments and Regional Development, Ministry of Education and Research and Ministry of Health and Care Services), the Norwegian Association of Local and Regional Authorities (KS) and four labour unions. The program has two goals. One is to improve service quality for elderly and disabled people and services in education and kindergartens. The other goal is to reduce absenteeism from work among municipality employees. The program should also achieve more general goals regarding organisational learning and improving the reputation of Norwegian municipalities.

The quality municipality program has gained considerable political attention. At national level the program is governed by an administrative steering group and run by a secretariat. At an even higher level, a body of politically elected leaders also meets now and then, including the Minister of Local governments and regional development, state secretaries representing the other two ministerial departments, the leader of the Association of Local and Regional Authorities (KS), and elected labour union representatives. The administrative steering group also includes highly ranked administrative leaders representing the state, KS, and labour unions. The program secretariat has organized seminars and conferences for participating municipalities. The strategy has changed over the program period toward locally organized assemblies as arenas for learning and dialog between the municipalities in place of larger assemblies teaching specific methodologies. The new strategy accords with the preferences expressed by a majority of the participating municipalities. The program has also developed a database over program activity and proposed methods for measuring service quality, not widely used though. Participating municipalities carry all expenses beyond participating in assemblies or conferences which is largely paid for by the state. Municipalities were expected to reduce sickness absence and to improve service quality but could otherwise outline their own projects and goals. In order to attract a large number of municipalities into the program, the municipalities were allowed to include a range of program activities targeting various local interests or challenges. Clarifying the appropriate understanding of various program elements, also took time, most specifically regarding the issue of how to organize assemblies.

## **Keywords**

- NPM vs humanistic form of change
- Success in reduction of sick leave dependent on a collaboration climate which is good, good working conditions and employees enjoying their work and good leaders
- Sickness leave reduced. 2009 expenses reduced by 300 mill NKR
- Many workplaces have reduced their sickness absence with 20-40 percent
- 70 percent of the municipalities claim that they will continue the three-party collaboration
- 138 participating municipalities
- Many new municipalities are eager to start
- The government has stated that the program shall continue
- Quality is improved - so is reputation
- Working environment has improved
- User's representatives in the steering groups
- Users surveys every second year
- Citizens academy/dialog meetings
- The longer the municipalities work by this method, the better results
- Empowerment a must for future recruitment of competent workers
- Fagforbudets methodology and focus gives us very many new members
- The battle against NPM must go on constantly
- Focus on management, cooperation with universities
- Education of our union reps and members a success factor