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# The Demise of an Agency Director – A Puzzling Saga of Political Control and Professional Autonomy

Tom Christensen<sup>a</sup> and Per Lægreid<sup>b</sup>

<sup>a</sup>Department of Political Science, University of Oslo, Oslo, Norway; <sup>b</sup>Department of Administration and Organization Theory, University of Bergen, Bergen, Norway

## ABSTRACT

This article aims at addressing the relationship between expertise and politics by examining a reorganization process of Statistics Norway. The puzzle is why a minor reorganization with low political salience, in a consensus-oriented political administrative setting with high level of trust between ministries and agencies, and high autonomy for agencies ended up as a major conflict resulting in the resignation of the agency director. Based on an instrumental, a cultural and a symbolic perspective the article examines the internal and external dynamics ensuing from conflicting views regarding the balance between political control and professional autonomy, and from reorganization proposals that represented a break with the cultural path the organization had followed. It adds insights into the tensions between different types of institutional logics, resulting in institutional hybridity.

## KEYWORDS

Political control; professional autonomy; central agency; change of CEO

## Introduction

A classical theme in public administration research is the tension and challenges in the relationship between politics and administration. Further, the relationship between politics, knowledge and expertise is also a widely addressed topic (Gora, Holst, & Warat, 2018). A central aspect of this is the balance between political control and professional autonomy. On the one hand, elected political leaders should be able to control the subordinated public bureaucracy and its civil servants (Weaver & Rockman, 1993). On the other hand, civil servants should have significant professional freedom, because professional competence forms the backbone of any public organization, both through factual and normative decision premises (Simon, 1957). Professional neutrality of the bureaucracy is crucial, because whereas political executives come and go, professional civil servants are expected to serve governments of any political stripe.

A related aspect is how the relationship between a superior ministry and a subordinate agency should be organized and how it functions in practice. Different countries have chosen quite different models, ranging from integrated agencies, through semi-dependent agencies to rather independent agencies, where the potential influence of the professional group is highest. With the New Public Management reform wave, the

tendency was towards ‘agencification’ with substantial agency autonomy; this became a fashionable reform template that has spread around the world (Pollitt, Bathgate, Caulfield, & Smullen, 2001). Agencies should have more managerial autonomy but not more policy autonomy, and managerial accountability should be strengthened without weakening political accountability (Lægreid, 2014). A wide variety of agency studies have shown that agencies may have a differentiated control and autonomy regime, where certain aspects are more autonomous than others (Verhoest, Van Thiel, Bouckaert, & Lægreid, 2012).

Autonomy for agencies is always relative, because most countries have a type of ministerial responsibility system where ministers are ultimately accountable to the legislative body/parliament for everything that goes on within their portfolio. This means that ministers are accountable for the activities of subordinate agencies. In contrast to the US spoil system, the agency directors in Western parliamentary systems are supposed to serve changing political masters. Adding to this, the West-Nordic tradition, encompassing Norway and Denmark, is typical for relative stronger hierarchical steering from the ministries (Greve, Lægreid, & Rykkja, 2016). Lack of congruence to a spoil system might reduce the external validity of this study while the strong ministerial responsibility

might improve the external validity also for a spoil system context.

Political executives in modern public organizations where subordinate levels have significant autonomy face several challenges. One is that political leaders are not fully informed about, nor can they always influence what goes on in subordinate units, while at the same time they get the blame if something goes wrong (Brunsson, 1989). In the aftermath of management reforms, there has been several prominent examples of resignation of agency heads, for example, in the UK (Polidano, 1999) and in New Zealand (Wallis, 2001). Studies show that broad and consensus-based reorganizations normally are the most successful (Greve et al., 2016).

The story told in this article starts in 2016 with an internal reorganization process at Statistics Norway (SSB), subordinated to the Ministry of Finance, and it ends with the resignation of its director in November 2017. It involves two differing narratives. The first, asserted by the director, was that her mandate as a new director was to reorganize the agency; that she had support in the agency and of the political and administrative leaders in the ministry to do so; and that it came as a surprise when the Minister of Finance opposed the reorganization and did not trust the director. The second narrative, maintained by the minister, was that the ministry had warned the director rather early in the process that her proposed changes in the Research Department in the agency would undermine the so-called ‘societal mission’ of the agency. This narrative was supported by the main employees’ and employers’ associations.

Accordingly, we will focus on the following research questions:

- The overall puzzle in this process is why a seemingly minor reorganization, with low political saliency, in a normally consensus-oriented political-administrative setting with a high level of trust between ministries and agencies and relatively high autonomy for executive agencies, ended up as a major conflict resulting in the resignation of agency director?
- How can we explain the thinking and actions of the main actors in the process? Was it an instrumental conflict over the balance between political control and institutional autonomy, a cultural conflict over the professional norms the statistics administration should build on, or was the process characterized by ambiguity and the use of strong symbols?

The article starts by some conceptual clarifications and outlining the theoretical framework. This is followed by some context about the agency system in Norway. We then tell the story leading up to the director’s resignation, tracing the two narratives. Finally, we analyze the findings based on the theoretical perspectives and formulate some conclusions and lessons.

### **Conceptual clarification – scientification, agencification and autonomy**

There is an increasing reliance on scientific expertise in policymaking and there is a claim of ‘scientification’ or ‘expertization’ of political life (Weingast, 1999, Turner, Fischer, 2009). Especially the role of economic expertise (Christensen, 2018) as well as the role of semi-independent agencies dominated by economists has been addressed (Marcussen, 2006). A core question has been the relationship between scientific expertise and political accountability. Weingast (1999) claims that the simultaneous scientification of politics and the politicisation of science has become delegitimized. Despite the loss of authority of scientific expertise, policymakers do not abandon their reliance on existing advisory arrangements, nor do experts adapt their ideas on science and its relations to politics. This article addresses this paradox and discusses how this stability can be achieved and institutionalized.

Expert bodies such as central agencies have increased their power and autonomy and a good example of this is the state agencies. The autonomy of central agencies has been a focus of many extensive public organization research efforts (Pollitt, Talbot, Caulfield, & Smullen, 2004; Verhoest, Roness, Verschuere, Rubecksen, & MacCarthaigh, 2010; Verhoest et al., 2012). The autonomy concept in public administration research is multi-faceted, multi-dimensional and ambiguous (Olsen, 2009; Verhoest, Guy Peters, Bouckaert, & Verschhuere, 2004). The core aim of bureaucratic autonomy is for civil servants to be able to translate their own preferences into authoritative actions without external constraints (Maggetti, 2007; Maggetti & Verhoest, 2014).

One can distinguish between formal autonomy, perceived autonomy and actual autonomy, and in general the subjective, dynamic and relative nature of autonomy needs to be acknowledged (Roness, Verhoest, Rubecksen, & MacCarthaigh, 2008). Agency executives will often act upon the autonomy that they perceive they have, rather than just following the formal affiliation of their organization (Yesilkagit & Van Thiel, 2008). Agency autonomy seems to be affected by a complex mixture of tasks, organizational forms and

national path dependencies (Maggetti & Verhoest, 2014). Agencification tends to reduce political control, but within the principle of ministerial responsibility. Based on these distinctions, is the process characterized by the director focusing on perceived autonomy and the minister on actual autonomy?

Agency autonomy is also linked to reputation. Carpenter (2001) sees it as political capacity forged over time through networks and reputation. More agency autonomy implies shifting decision-making competency from the parent ministry to the agency itself by reducing regulation and ex ante approval requirements. Verhoest et al. (2004) distinguish between managerial, policy and structural autonomy. An agency may have managerial autonomy with respect to organizational management but not policy autonomy regarding discretion in designing policy instruments and implementation. Structural autonomy is the extent to which the agency is shielded from ministerial influence through hierarchy and accountability. Is the process studied here characterized by the director focusing on managerial autonomy, while the minister tries to restrict policy and structural autonomy?

To see autonomy as detachment from politics and the apolitical dynamics of reformers has clear limitations (Maor, 1999; Olsen, 2009). There might be a dynamic interplay between political control and agency autonomy and it might be difficult to find a stable balance between democratic governance and autonomous agencies. Demands for more autonomy from the parent ministry might depend less on the scope of external interference than on which interventions are perceived as inappropriate or illegitimate (cf. March & Olsen, 1989).

### Theoretical perspectives – instruments, culture and symbol

We will address the tension between expert knowledge and political steering by applying three organization theory perspectives used as complementary explanations or interpretations (Christensen, Lægreid, Roness, & Røvik, 2007). An *instrumental perspective* on reorganizations regards the political and administrative leadership as rather influential in public decision-making processes, scoring high on both political-administrative control and rational calculation, i.e. clear means-end thinking. Leaders can either have hierarchical control and engage in negotiations and strike compromises (Allison, 1971; Cyert & March, 1963; March & Olsen, 1983).

Applying an instrumental perspective to our case would first be to analyze the actions and perceptions

of the executive leadership in the ministry and the director related to the autonomy question. Included in this is whether the ministry supported the director, or quite the opposite, warn her against the direction the reorganization was taking. Second, was there a negotiation process going on between the ministry and the director, leading the director to modify her proposals? What were the role of other internal and external stakeholders in the conflict?

According to a *cultural perspective*, change processes tend to be rather slow and evolutionary, where informal norms and values are developed as a result of adapting to both internal and external pressure (Selznick, 1957). The importance of path-dependency implies that cultural norms and values of change efforts have to be compatible with historical traditions (Yesilkagit & Christensen, 2009). Another and similar mechanism is the logic of appropriateness (March & Olsen, 1989). A public institution will develop over a long of period time a dominant view of what kind of action is culturally appropriate, and this is enacted in situations when situations and cultural identities are matched with certain decision-making rules.

Applying the cultural perspective to our case, some central questions are evident. First, did the director of the agency try to break with the cultural path of the agency, and what reactions did this lead to by potential veto players and supporters? Second, did the minister act in a culturally appropriate way towards the director and the agency?

Seen from a *symbolic perspective*, reorganization processes will mostly be about the social construction of reality, window-dressing and symbols (Meyer & Rowan, 1977). Leaders use symbols to convince their own organization or external stakeholders that their approach are the only way forward (Røvik, 2002). Often they use double-talk, meaning that they talk in one way and act in another (Brunsson, 1989). Symbols are used to provide flexibility and to increase support and legitimacy, and their use is made more easy by the existence of ambiguity in processes of change (March & Olsen, 1976).

Applying a symbolic perspective to our case raises questions such as what were the main symbols the director used in her campaign to implement the reorganization and convince the ministry, and what were the main symbols in the minister's actions or reactions? Are there signs of symbolic post-rationalization in their arguments related to the autonomy question? What were the main symbolic arguments of other internal and external stakeholders, and did those relate closely to the ones of the central actors?

Based on these perspectives we would expect the following:

- The minister is using her potentially strong power to trump the potential autonomy of the agency, including the agency director's intentions to control hierarchically the reorganization process in the agency.
- The historical-cultural path of the agency is important for the internal resistance in the agency towards the reorganization.
- The minister is supposed to use symbols of political urgency and broader societal interests, and the agency director uses symbols of autonomy, to further their case in public.

### Contextual features

Norway's policy-making style is consensus-based and is characterized by collaboration, consultation and the involvement of affected stakeholders and unions (Greve et al., 2016; Olsen, Roness, & Sætren, 1982). The central civil service is professional and meritocratic. There is a relatively high level of mutual trust between ministries and central agencies (Christensen & Læg Reid, 2005). The degree of perceived autonomy of central agencies is higher and the degree of politicization is lower among top civil servants in Norway than in many other European countries (Egeberg & Trondal, 2009; Greve et al., 2016). This is especially the case when it comes to managerial autonomy and politicians' acceptance of the professional competence of civil servants. In addition, politicians normally do not interfere in the appointment of top civil servants in ministries and central agencies (Christensen, Egeberg, Læg Reid, & Trondal, 2018).

Norway has a long tradition of central agencies (Christensen, 2003). There has been a tension on how to organize and balance ministerial responsibility with agency autonomy, and the trade-off between the two has varied over time, but within the overall principle of ministerial responsibility. This implies strong line ministries, resulting in departmentalization and 'silo' thinking with relatively good vertical coordination within each ministerial area. From the 1960s a main governance doctrine has been that the ministries should be a secretariat for the political executive, while the agencies should have assignments that are more professional, implementing public policy and providing services, regulation and surveillance. In recent decades an agencification process has been going on in Norway in which the agencies have become larger, more autonomous and influential (Christensen et al., 2018).

The central agencies are part of the central government administration and directly subordinate to the

ministries but structurally disaggregated from the ministries. They carry out public tasks on a permanent basis, are staffed by civil servants, are subject to public law procedures, and are financed mainly by the state budget. The central agencies are subject to general government regulatory frameworks (Læg Reid, Roness, & Rubecksen, 2012). They are semi-autonomous organizations without legal independence but with some managerial and professional autonomy (Van Thiel, 2012, p. 20). The top executives in the central agencies are appointed by the government for a fixed term. Most agencies have no executive board. Normally reorganization of central government is a prerogative for the government. Internal reorganizations in agencies are normally delegated to the agency if they are not too big or controversial.

Statistics Norway was established in 1876 and has over time had a strong professional reputation and autonomy. It is one of the largest central agencies in Norway with about 850 employees. It has seven departments, including three for statistics and one for research. It is subordinated to the Ministry of Finance, established in 1814 and the most influential ministry, and it also has an executive board appointed by the government. The board decides on the agency's program and budget, proposed by the director, and it has a scrutiny function. The board does not appoint the director and remains on the sidelines in the steering dialogue between the ministry and the director based on a performance management system.

All directors have historically been trained as macroeconomists, often from the University of Oslo. Most of them have had a long career with Statistics Norway and there have also been frequent mobility between Statistics Norway and the Ministry of Finance. The appointment of a new director in 2015 was a break with this tradition. The director had a background as a professor in strategy and management from the Norwegian School of Economics and came from outside after being director of the Competition Authority. The appointment was controversial. The lead economist at LO, the largest employees' organization, criticized the new director for lacking the necessary qualifications for the job, which mainly meant not being a macroeconomist. Like several of the predecessors, she also had a political career. She had been state secretary in the Ministry of Public Administration. In contrast to her predecessors, her political career was not in the Labour Party but in the Conservative Party.

From 2013, Norway has had a coalition government formed by the Conservatives and the Progress Party. It was supported in the parliament by the Liberals and the Christian People's Party. The leader of the Progress

Party, Siv Jensen, was the minister of finance in the period studied.

Summing up, the ministry–agency relations have overall been well defined, long lasting and stable. The relationship between the ministry and agency has been peaceful and constructive, with unambiguous role enactment. In this picture, the highly unusual conflict unfolding in the analyzed process, may lead to the question of whether one is dealing with a critical or crucial case (Levy, 2008), which have a broader analytical and empirical interest.

### **A short methodological note**

The study is based on extensive public documents, both internal and external on the reorganization process, detailed minutes from the public hearings as well as media coverage so it is very well documented. The Bye Committee (2017), based in SSB, discussed the development and functions/role of the agency and proposed changes. The director then based her proposals for internal reorganizations on the report, making it the basis for her views and later narrative.

Second, The Standing Committee on Scrutiny and Constitutional Affairs (SCSCA) in Parliament posed, in several rounds, a lot of questions to the Ministry of Finance about the process and got long and detailed answers, making the process more open for analysis than normally the case. There were also two open and broadcasted parliamentary hearings in 2018 about the case, where all the major actors gave detailed answers to the questions from the MPs, which makes the process even more open. The two main narratives described above were obvious in these proceedings. The handling from the committee ended up in a report (Innst.199 S (2017–2018), with opposing views of the process. There also existed sub-narratives, like between economists, but they aligned very much with the two main ones, and they are only briefly mention. Since the focus is on how the conflict between the minister and director played out in public, we did not collect data on eventual differences in views inside the ministries and agency, which would anyhow be difficult after such a strong conflict.

Third, a public commission on the new law on statistics (NOU, 2018: 7), discussed the more principle question of the relationship between the ministry and agency. Fourth, the case had very extensive media coverage, including press conferences given by both the minister and the director.

The strengths of the data are the quite open, unusual dense and extensive coverage of the process, which make the content analysis more thorough, both regarding the instrumental and cultural aspects. The widely spread oral

parts of it also give more insight into the symbols used. The only part of the process that is not documented much is the internal process in the ministry. One get a glimpse of that in internal ministerial notes from meetings with the director, partly corrected, that the parliamentary committee demanded. We decided, based on the depth of the data collected, not to conduct interviews on this, but interviews with central actors have been done for a master thesis and they confirm the main arguments in our analysis (Moseng, 2019).

### **Main events in the reorganization process**

The timelines of the main events in the case are summed up in Table 1.

The process started in 2016 when Statistics Norway appointed a committee to discuss the future research strategy of the agency. This committee's report submitted in January 2017, embraced by the director, proposed a radical reorganization of its research division (RD). The board was reluctant to accept the proposed changes, and so were allegedly also the ministry. But, the director continue to pursue and detailed the proposed change, spurring both internal and external resistance. In the late fall, the process became more intense, with several meetings between the director and the ministry, and it became more public with an intense debate between different views. Finally, the ministry put the process on hold and the director agreed to leave her position in November 2017 amidst strong conflicts over how to interpret the process. The process ended in 2018 by public hearings in the SCSCA followed by a general debate in the Parliament (2018a, 2018b, 2018c).

#### ***The Bye committee on reorganization***

In August 2016 the leadership of SSB appointed a committee headed by one of the research directors from SSB that formally started the internal modernization project of the director. It consisted of eight members, of whom five were professors of economics. The committee was supposed to judge whether it was important for SSB to conduct research and what the strategic goals for the agency should be, and to evaluate the activities of the Research Division in terms of the strategic goals and the implications for the future organization of the RD.

In its report, the committee concluded that the SSB should continue conducting research and that its research activities should be organized in a research division (Bye, 2017). It put forward two arguments to support the argument for RD's

**Table 1.** Timeline of the main events in the SSB case.

Time	Event
2015 September	A new director of Statistics Norway is appointed
2016 August	The Bye committee is appointed by SSB
September 9	The ministry appoint a public commission on a new law of statistics
2017 January 5	The Bye committee submit its report proposing major changes in the Research Department, which are supported by the director
January 26	Meeting between the ministry and SSB on the Bye report. Ministry expresses worries about securing the SSB's societal mission. Reiterated in a meeting on April 24 with the board and director
April 26	Board meeting with the director. The board expresses reservations about the direction of the process.
September 18, 19	Meetings with the ministry and director on the reorganization, including the criteria for allocating researchers to the RD
October 23, 24	Criteria and actual allocation of researchers revealed
October 30.	Meeting between the minister and director. Director announces that she will stop the reorganization until the next meeting.
November 8	Meeting between the minister and the director, between the administrative leadership and the director. A meeting scheduled for Nov. 10 did not happen because the director wanted to bring a lawyer with her.
November 10	The director gives a press conference attacking the minister, saying there is no reason to sack her and that SSB should not be dependent on the trust of the minister, but should be independent and not subject to political control. The minister gives a press conference, saying she does not trust the director.
November 12	Agreement between the director and the ministry that she should quit.
November 14	The first of many letters from the Scrutiny and Control Committee to the ministry about the reorganization. The Committee decides on Dec. 5 to hold an open hearing about the reorganization.
November 24	The director writes a letter to the college of European directors of statistical agencies saying she had to go because of conflicts over immigration statistics.
2018 January 10	Two public hearings in the Scrutiny and Constitution Committee and the final report from the committee including criticism of the minister from the majority of the Committee.
March 1, 20	
March 19	Report from the commission on a new law on statistics, clarifying and supporting political control.

organization and inclusion. First, the research in the RD supported the work in the statistical divisions and had an important function overall for economic research of this kind in Norway. Second, the committee argued that there was an increasing need for research-based knowledge about the empirical effects of Norwegian economic policy and changes in societal and economic constraints and that the SSB was a central provider of such knowledge.

The report established a modified definition of the research goal of the agency, adding the requirement that the research should be quality-assessed through publications in internationally renowned journals. The report concluded that current research was overall not of a high international standard. The renowned professors of economy in the committee argued that the macro-economic models used at SSB were old-fashioned, weak and not in tune with international top-level research, and should be renewed, a view shared by rather few of the economists in SSB.

Based on a goal of delivering high-quality, long-term research concentrated on selected areas, the report proposed that the staff of the RD should be reduced from around 80 to between 25 and 35 researchers and constitute a 'center of excellence'. It proposed moving the researchers who did not fulfill international quality requirements to the statistical divisions. Not much was said about the potential effects of reducing the capacity of the RD. The report also proposed various measures to improve working conditions for researchers in the RD and stressed that they continuously had to produce high-level research.

### ***Narrative 1 – the view of the agency's director***

Narrative 1, the one vigorously asserted by the director, even after she had quit (Meyer & Norman, 2019), was based on her contention that she had a clear mandate – an instrumental element – from the ministry from day one to reorganize the agency, since there was a clear need for internal change at SSB, both in the three divisions for statistics and in the RD, which alludes more to the need for breaking a cultural path. She pursued this mandate following up the report from the Bye Committee, proposing changes both in the statistics divisions and in the RD. The director also claimed to have the support of the internal employees in her effort to rapidly bring about change. However, when she heard – rather late in the process according to her – that the ministry was skeptical about the changes, she modified her proposal concerning staff reductions in the RD to 40 researchers, which she still thought was quite enough to cater to the needs of the ministry.

In a rather dramatic and symbol-ridden end to her narrative, the director claimed that her forced resignation was a democratic problem, and that the professional independence of the agency was at the heart of the matter. She also thought that the minister had departed from the normal rules in public matters when she said publically that she did not trust the director, which made her position untenable. The director argued in a letter to European colleagues in November 24, 2017 that the minister's resistance (she represents a right-wing anti-immigration party) to the reorganization was based on the fact that she had proposed moving the foremost expert on immigration statistics from the RD, and that this was because the director was seen as

liberal on immigration issues and had tried to stop the work on immigration statistics.

### ***Narrative 2 – the ministerial view***

This narrative was the one repeatedly espoused by the minister of finance after the conflict erupted, shown in both the open hearings and in numerous letters to the Parliament. It conceded that modernization of SSB was necessary, but that the ministry had been worried at least since January 2017 about the direction of the reorganization, i.e., an instrumental disagreement. The ministry believed that the reorganization of the RD failed to pay sufficient attention to the competence related to the ‘societal mission’ of SSB and all the contracts that the ministry was continuously signing with the agency about the research it needed, which alluded to cultural insensitivity. The minister asserted that this concern had been expressed over a long period of time in a ‘steering dialogue’, both formally and informally.

he minister also denied, using many symbols, that the lack of trust in the director had anything to do with her views on immigration or the potential removal of the immigration researcher from the RD. It was also argued strongly that the ministry had only used its superior instrumental position and steering right to try to interfere in the reorganization process, because it was of great political significance, and that the case had nothing to do either with violating democratic rights or with limiting the professional autonomy of the agency, which should stay firm.

### ***The views of other involved actors – joining up with the two narratives***

During the first hearing in SCSCA in 2018, the leader and the deputy leader of the board said repeatedly that they had warned the director about the direction of the proposed reorganization in the board meeting in April 2017. The director had written a memo about the reorganization and instead of accepting it, as was normal, the board had put it aside. The leader had then formulated a decision proposal which expressed a lot of reservations about the reorganization proposal; a view which was then accepted by the board. Therefore, the board apparently sided with narrative 2, even though the director said she had the support of the board at that time to continue the reorganization. The effect of this contrary account was, however, not significant at the time, because the board, surprisingly, had not had contact with the ministry until November 2017, while

the director was in close touch with the ministry during this period. This underlines the special role of the board, i.e. it seemed to be more on the sidelines.

In the hearing, the representatives from the unions at SSB said, again in a contrary statement to the director’s, that the director had not involved them much in the process, despite the unions having many concerns they were not really accepted by the director. So overall, the unions supported narrative 2. The unions were rather critical about many aspects of the process. The concern was that they thought that the Bye Committee was biased, having been initiated by the leadership. It turned out that the committee was composed mainly of a group of economists who were very skeptical about the macro-economic models used in the agency and wanted to have new models, partly informed by microeconomics. These views represented by some of the professors were also seen as the source for the proposal that the RD should contain a more limited group of top economic researchers. The committee’s report gave rise to a lot of internal tension in the agency, which the director tried to alleviate by saying that the potential for change and the speed of the process had been exaggerated, which the unions in retrospect said was not true. When the criteria were issued in October 2017 for deciding whether employees should stay at the RD or not, the unions and RD employees became even more worried.

The main external interest groups, the national organizations for employers and employees, which in the tripartite Norwegian system see themselves as heavily affected and interested in the activities of SSB, were consulted in the process. They were overall skeptical about the director’s proposals. Their concern, like the minister’s, was what would happen to the ‘societal mission’ tasks, meaning applied research that was useful to them. In the parliamentary hearing, they were very critical towards the director, which she responded to later by saying she had been bullied by them. So overall, these actors supported narrative 2.

A Statistical Law Commission was appointed by the ministry in September 2016 and delivered its report in March 2018 (NOU 2018: 7). It consisted of representatives from ministries, research, interest groups and businesses. The significance of the committee in this case was two-fold. First, the minister indicated that the internal reorganization of SSB should wait for the committee’s report. This was seen as a warning to the director to go easy on the proposed changes, but also seen by critics as obstruction, since they said that the committee’s work had little significance for the internal reorganization process. Second, the report clarified in the aftermath several questions related to conflict in the process, reflecting some of the effects of the internal process.



The commission was given an additional mandate by the minister in November 2017, based on the reorganization process and related to the ‘societal mission’, which touched the core of the question of political control versus professional autonomy. The committee said that the ministry should decide on the agency’s tasks in order to ensure that it delivered on societal mission, while professional autonomy should be related to how it enacted these tasks. This could be seen as stating the control of the ministry more clearly. The committee also proposed to replace the board with an advisory council, to make the line of command clearer. Overall, the committee’s report could be seen as supporting narrative 2.

The SCSCA had two hearings about the SSB case, in 2018, where all the actors questions supported one of the two main narratives. The report from the committee had a majority from the Labor Party, the Socialist Left Party, the Centre Party and the Christian Democratic Party, and a minority consisting of the two parties forming the cabinet, the Conservatives and the Progressive Party (Innst. 199 S (2017–2018)). The majority mainly supported narrative 1. Its critique of the minister was primarily related to its perception of the ministry offering support for the reorganization, rather than trying to stop it, and the alleged lack of written proof that the minister became skeptical towards the reorganization early on. Secondly, it criticized procedure, such as the minister saying she did not trust the director and allegedly amending memos from meetings after they had been agreed on.

The minority in the committee supported mainly narrative 2, arguing that although the minister had used her formal power to give signals and interfere in the process, this had not violated the professional autonomy of SSB. They argued that the board had likewise signaled its reservations early on, so it must have been obvious to the director that the reorganization was problematic. In the final vote in the parliament, the view of the majority in the SCSCA was supported by 54 votes to 49. At that point in time, the political drama of the case had mostly evaporated and the vote had little political importance for the minister.

## Discussion – the theoretical perspectives revisited

What are the insights in the process that one can gain from the *instrumental* perspective? First, this is a case related to a conflict over the balance between central political-administrative control by the ministry and professional autonomy of the agency. The minister was worried that political steering, defined as related to the agency’s ‘societal mission’ would be undermined by the reorganization of the RD at SSB. Hence, even

though the internal reorganization of the SSB normally would have been the prerogative of the director and board, the minister had to interfere because it had wider political implications. Many other actors – the internal and external unions, the employers’ association, the minority in the scrutiny committee and Parliament and the Statistical Law Committee, supported this view, the core of narrative 2.

As far as the director of SSB was concerned, seen in narrative 1, the central goal of the reorganization effort was to improve the ability of the agency to deliver good professional quality to the ministry, so the minister and director perceived the potential effects of the reorganization quite different. The director argued that she had the mandate and support from the ministry to enact the reorganization. Furthermore, she had close informal contact with the administrative leadership in the ministry during the reorganization, which she meant pointed in the same direction. So instrumentally, the director did not seem to oppose the overall balance between political control and professional autonomy, but her narrative was more related to what happened in this particular process.

Second, did the director have reason to believe that she had the support of the ministry in the reorganization process, or was the director immune to several warnings issued by the ministry and other actors concerning the direction of the process? The answer here seems to be mixed and somewhat ambiguous. There is reason to believe that the ministry had some concerns early on in the process, but they were not very clearly expressed. The fact that the close formal and informal contact between the director and the administrative leadership in the ministry did not lead to any action from the ministry until the process was put on hold in late October 2017, maybe seen primarily as a kind of passive acceptance. This appears more likely given that it was difficult later on for the ministry to produce written evidence to support its contention that the director had been warned repeatedly. The argument against this view would be that the director was on a mission and was therefore not very open to stopping the process. According to the leaders of the board, the director was warned in April 2017, but the board never informed the ministry about this, and the account given by the employees’ organizations also seem to contradict the director’s claim of having their support.

Third, the close contact between the director and the administrative leadership in the ministry during the process, including a late offer from the director to modify the size of the new RD and put the process on hold, illustrates negotiation aspects of the process (cf.

March & Olsen, 1983). The internal resistance at SSB did not for most of the process much influence the director. However, when the director realized the resistance from the ministry, the pressure from the opposing forces gained momentum, and she would like to negotiate, which was too late.

From a *cultural perspective*, first, the conflicts in the process represented a potential break with a cultural path for the agency (cf. Selznick, 1957). There seemed to be a double threat towards the traditional professional path of the agency. The director and the Bye Committee, on the other hand, consisting of some internal leaders and external experts, supported narrative 1 and a more thorough structural renewal of the agency and its professional models, i.e. breaking the traditional path. They opened the window-of-opportunity to changing the agency (cf. Kingdon, 1984).

But, this is leading to a second important institutional factor, there seems to have been strong veto possibilities in the process (cf. Tsebelis, 2002). The main veto player was the minister who late in the process had the authority to stop the process. She was strongly supported by two other potential veto players, the employers' and employees' main organizations, which are strong stakeholders in the Norwegian system in general and in economic policy more specifically, and the agreement between them is rather typical in a consensus-related tripartite system in questions like this. The unions within the agency were of less importance as veto players, but they defended the historical path both internally and externally. Historically, the agency have had high discretion in interpretation and enforcement of institutional change and the action of the leadership seems to be a result of institutional 'drift', meaning that they thought that it has not kept up with external changes and therefore needed substantial changes in profile and models, whether seen as 'displacement' or 'conversion' (Mahoney & Thelen, 2010). Their actions were, however, stopped by the main veto player, the minister, with no changes in the short term but more likely with adding minor changes in a 'layering' process in the long term.

Third, one might ask whether the minister balanced political control and professional autonomy in an appropriate way (cf. March & Olsen, 1989). She obviously had the authority to interfere in the process at SSB, but it is a more open question how easy it was for the director to interpret the ministry's will. It is rather difficult to conclude that this was undemocratic, however, as claimed by the director, in a system with individual ministerial responsibility (Christensen,

2003). The majority in the SCSCA claimed that the minister acted in an inappropriate way in the process concerning procedures, which could mostly be seen as reflecting traditional political norms expected from opposition parties, without revealing what they thought about the proposed substantial changes.

Another aspect is whether it was appropriate for the minister to say, late in the process, that she did not trust the director to adhere to the agency's societal mission in reorganizing the RD, which is what eventually led to the director's resignation. Historically, this is a rather unusual thing for a minister to say, but it is within her steering rights vis-à-vis the director in an agency system like Norway's, with semi-autonomous agencies where the minister has final political accountability towards the parliament for what goes on in the agencies (Christensen, 2003). The minister also argued that such an action was urgent, i.e. she used a kind of 'force-majeure' argument. Nevertheless, the director was correct in her claim that this action by the minister was rather uncommon and in some ways irregular.

Using the *symbolic perspective* entails looking for myths and symbols from the main actors, both during the process and in the aftermath (cf. Meyer & Rowan, 1977). Overall, the ambiguity in the process concerning the balance between political control and professional autonomy, and ambiguity in communication and interaction, led to a more intense use of symbols and more conflict (cf. March & Olsen, 1976). First, the director of the agency very much played a general 'victim card', which consisted of several symbols. She saw herself as a proactive director who had followed her mandate to renew the agency and had been stopped in this endeavor by the minister. She considered this problematic from a democratic, a professional and a procedural reason (cf. Carpenter, 2001). In accusing the minister of overstepping her authority by interfering in the internal professional affairs of the agency, and in the modernization process, she used the first two symbols. In addition, she felt that the minister had departed from the appropriate procedure by saying she did not trust her.

Second, the minister primarily used a symbol related to the 'societal mission' of the agency, which is very potent in a system of peaceful coexistence and with a focus on collective values (Olsen, 2009). She stressed that the main delivery from the SSB to the ministry, based on contracts and projects, would be damaged by the reorganization of the RD, and would undermine the capacity of the ministry to be informed about and deal with the societal effects of various economic policies. The employers' and employees' organizations strongly supported this symbol, indicating that the potential change could damage the tri-partite collaboration with the government,

which is pretty ‘sacred’ in Norway (Christensen, 2003). The magnitude of the symbols used here by these actors seemed to be influenced by two factors. One is a feature of retrospective rationalization, i.e. trying to be convincing as ‘winners’ (March & Olsen, 1983; Røvik, 2002). The other is the fact that the director did not give up easily, but continued to press her case strongly even after her resignation, in a kind of common understanding with the majority in the SCSCA and major media outlets, which polarized the debate and led to some kind of ‘the empire strikes back’ effect.

Third, a combined modernity and quality symbol was played out with respect to the Bye Committee. Both leaders in the agency and some economics professors emphasized that the research at the RD was old-fashioned in terms of the models used and of low quality, which was used as one of the main arguments for reforming and slimming down the RD. This is rather textbook use of a myth, like Brunsson (1989) is pointing to, but also March and Olsen (1976) is alluding to with the ‘worst-case scenario’. The counter-symbol, stressed by the ministry, by many researchers in the RD and by external interest groups, was that the traditional macro-economic models were working well and had been updated, that the quality of the work of the RD was good and that there were few reasons to transform RD into a division for top economics researchers, which was the job of economy departments at the universities. So, this was some kind of ‘we know what we have’ argument.

## Conclusion

How could a traditional context with high mutual long-term trust relations between ministries and central agencies and a consensus-oriented decision-making style with high involvement of affected stakeholders such as that in Norway, scoring high on autonomy and low on politicization, lead to an atmosphere of distrust and confrontation and the very rare event of the resignation of an agency leader (cf. Olsen et al., 1982)? And, that even in a traditional very peaceful relationship. Three organization theory perspectives, used in a complementary way, have been used to explain the main features of this process.

An internal reorganization within SSB culminated in a major and high profile conflict between the parent minister and the agency head. In spite of frequent contacts between the ministry and the agency, which is rather normal negotiation procedure, the two organizations were not able to come to a compromise and the conflict escalated, also because of seemingly internal coordination problems in the ministry. Instead of trying to balance

different role expectations such as loyalty, neutrality and professional independence, the agency head tried to maximize the alleged autonomy of the agency, seen as a threat to the historical path, while the minister cited the hierarchy and the ministerial responsibility. In the end, when the conflict escalated, and strong symbolic statements were exchanged, the hierarchically based political control trumped the autonomy one and the agency leader had to resign. Both external veto groups and internal forces, as well as professional conflicts among economists contributed to the process (cf. Mahoney & Thelen, 2010). In handling the tension between political control and professional autonomy both substantial and procedural topics were addressed as well as insider-outsider relations (cf. Carpenter, 2001). Thus, there is no one-factor explanation for the outcome. This incident cannot be understood purely in terms of a conflict between political control and agency autonomy, but also related to a cultural-professional path threatened and the strong symbolic features.

Looking at this case as a crucial or critical case, six main lessons for a general international audience can be drawn. First, the logic of action based on consequentiality and the rather clear rules for balancing political control and autonomy could be problematic in conflict situations, in particular in temporary low-trust situations and ambiguity in communication and interaction (March & Olsen, 1989).

Second, modern agency leaders, believing in managerial autonomy, may end up being strongly controlled by the political leadership, resulting from a process of politicization, i.e. in our case of the policy field of statistics (cf. Maor, 1999). Giving public managers more authority to manage reorganization can result in political executives enhances their capacity for intervening when the face what they see as political threats. An interest point related to this is that a Parliamentary system like the Norwegian, traditionally and currently characterized by agency autonomy, has the potential of strong ministerial interference, and as such not function that differently from a spoil system like the US one.

Third, change is not only about simple rational adaptation to new steering signals but also about path-dependency, cultural appropriateness and veto players (March & Olsen, 1989; Tsebelis, 2002). In the end the agency leader did not pass the cultural ‘compatibility test’ (Brunsson & Olsen, 1993) and had to resign due to a change process that conflicted with the institutional tradition and culture. To establish a ‘center of excellence’ in the research department, was breaking with traditions, and probably an example of a rather political insensitive idea.

Fourth, participation, involvement, support and consultation of different stakeholders can be particularly important and critical to build a shared understanding in reform processes when actors do not perceive their goals to be in alignment (Howard & Bakvis, 2016). The director failed to build internal and external alliances and compromises. An additional point is the dynamics inside the coalition government, where the Conservative Party and the Progressive Party are the main partners. The agency director is belonging to the Conservative Party and was seen as close to the PM, while the minister from the Progressive Party, who pushed her out, has often preferred 'alleingang' in the coalition, allowed by the PM, to further party interests, which could be reflected in this case.

Fifth, the politics of change in public organizations is not only about finding the best solution to pre-set exogenously formulated goals, but also about meaning-making and about symbols of tradition and modernity (cf. Meyer & Rowan, 1977; Røvik, 2002). There is no objective and tidy solution for handling the dilemma of balancing political control and professional autonomy. Imperfect options have to be assessed against other imperfect options. For an agency leader, it is important to be able to register and understand ambiguous and shifting signals from their political principals, but in this case, her 'victim-oriented' symbols clashed with the control and stability symbols used by the minister.

Finally, the case illustrates the paradox that despite the loss of authority of expert knowledge, the experts, represented by the agency director, do not adapt their ideas of knowledge and its relation to politics, and the political executives do not abandon their reliance on existing advisory arrangements (Weingast, 1999). The coupling between expert knowledge and politics do not come to a stable state. The boundaries between knowledge and politics are blurred and creates imperatives for selecting among variants of expertise.

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