

Debate: Corporatization in local government— the need for a comparative and multi-disciplinary research approach

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During the past 20–30 years, scholars from different academic disciplines, as well as practitioners and local politicians, have observed a marked growth in the number of municipally-owned companies (MOCs) in local government service provision (Grossi and Reichard, 2008; Aars and Ringkjøb, 2011; Erlingsson *et al.*, 2015; Ferry *et al.*, 2018). This process of corporatization is noticeable in many countries and seems to be transforming local government into multiple-entity public institutions, which are very different from their more monolithic predecessors. Disaggregation, autonomization and contractualization have paved the way for emerging hybridization, both within local government as a whole and within single municipal entities, especially the MOCs. Thus, municipal structures and processes as an aggregate have become more complex and opaque, reducing transparency, endangering accountability and challenging democratic principles. This is especially relevant in Scandinavia where local government, carrying the welfare state on its shoulders constitutes a large proportion of the public sector—at least 50%—measured by share of public **consumption (of what?)** and public employment.* Although the use of MOCs seems to have positive performance and efficiency effects on public utility services (for example refuse collection, water supply and transit services) compared to in-house local bureaucracy provision, corporatization raises several public governance challenges, especially linked to democratic values and multiple principal governance (Voorn *et al.*, 2017).

On this background, and as pointed out by

several scholars, it is a paradox that the amount of research on corporatization in local government is still rather scarce. In the remaining part of this short article, I will reflect on why there is such a lack of research within this field and what should be done to remedy the situation.

First, the paucity of research argument may, to some extent at least be a question of language. Research published in other languages than English tends to be invisible and is often overlooked by the international research community. In Norway, for example, several publications deal with corporatization in local government, but most of them are written in Norwegian (for example Ringkjøb *et al.*, 2006; 2008; Opedal *et al.*, 2012; Andersen and Torsteinsen, 2015; Bjørnsen *et al.*, 2015). Public authorities in need of more knowledge about the phenomenon have commissioned some of these works. The same situation holds for other countries. In Sweden, where municipal corporatization became a topic as early as the beginning of the 1990s (Brunsson, 1991; Førssell, 1994), the number of publications is at least as high, maybe even higher. The reference list in an article by Erlingsson *et al.* (2015) illustrates this point—the majority of these works in that list were published in Swedish. In Germany, municipal corporatization seems to have attracted considerable attention among local government scholars, resulting in several publications of which many are written in German (see, for instance, the reference list in Bönker *et al.*, 2016). The situation is probably similar in other non-English speaking countries. However, during the past 10 years or so we have seen a growing, although still small, stream of publications from these countries, in English.

Second, research on corporatization in local government should be, and to a certain extent already is, a multi-disciplinary task, involving public administration/management, political science, law, business administration, economics etc. Traditionally, scholars in these disciplines have tended to co-operate primarily with colleagues inside their own discipline, sometimes leading to parallel and separate research efforts. This separation may have several negative effects, for example inhibiting or delaying theoretical and methodological development and knowledge accumulation. However, there seems to be a growing awareness now of the importance of bringing these communities more in touch with each other, aimed at generating cross-fertilization and better research.

*In Norway for instance, local government **consumption** is at present 50% and aggregated working hours 58% (Statistics Norway).

Further, the two points first mentioned lead to a third issue—the relative lack of comparative studies, especially across country borders. Since much of the research done so far has been published in national non-English languages, their outreach to the wider international research community has been limited. Thus, we often have insufficient knowledge about important specifics on municipal corporatization in each other's countries, opening up for misinterpretations and questionable conclusions. Inability to compare like with like, may therefore inhibit meaningful comparisons. For example, on the basic level of organizational form, the legal types of municipal companies available seem to vary between countries. In some countries in-house companies is an option, for example 'Eigenbetriebe' in Germany (Wollmann, 2016), 'kommunalt foretak' in Norway (Torsteinsen and Bjørnå, 2012; Torsteinsen and Van Genugten, 2016) and 'municipalizzate' in Italy (Wollmann, 2016). Even in this case of seeming similarity, due to national variations in legal regulation, the companies may in practice be rather different. The Norwegian 'kommunalt foretak' for instance, enjoys considerable autonomy and is not hierarchically subordinated to the municipal CEO, as the Italian 'municipalizzate' seems to be. Differences certainly also emerge when we start to compare other legal forms of municipal companies. The private law limited company seems to be the most usual form of MOC, at least in Norway, Sweden and England, but descriptions in various articles indicate that there may be different types of limited companies (for example Ferry *et al.*, 2018). What those differences are and what they mean for performance, transparency, accountability etc. is not always clear.

Finally, concerning the question of drivers or antecedents of corporatization in local government, differences between countries seem evident. A widespread explanation though has been to emphasize the general influence of New Public Management. This is an argument in need of more elaboration in order to uncover more in detail the mechanisms associated with national and local institutions, economy and political culture. Lately, austerity in the wake of the banking crisis of 2008 and the ensuing state debt crisis, has been launched as an explanation for the recent growth in corporatization (Ferry *et al.*, 2018). Although relevant in the case in England, these events do not seem to have played a similar role in all countries. The increase in number of municipal companies in

Norway and Sweden, for instance, started several years before these two crises (Bjørnson *et al.*, 2015; Erlingsson *et al.*, 2015). In Norway, the increase actually levelled off after 2008 (Bjørnson *et al.*, 2015).

In conclusion, closer research co-operation between scholars across country and discipline borders would move the study of local government corporatization several steps ahead, in terms of empirical knowledge, theoretical innovation and methodological development.

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