ELDERLY CARE IN SCANDINAVIA: MARKETIZATION AND LOCAL GOVERNING OF NURSING HOMES (*)

DAVID FELTENIUS

Umeå University
Department of Political Science

david.feltenius@pol.umu.se

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I. Introduction

The Scandinavian countries are often believed to share a similar type of welfare state which is often referred to as the social democratic welfare model (Esping-Andersen 1990) or simply the Scandinavian model (Einhorn and Logue 2010). This type of welfare state is highly developed and covers an extensive range of social needs. Another common ground is that laws regulating social policy are universal in nature and target all citizens rather than specific groups (Anttonen 2002; Beland, et al. 2014; Burau and Vabo 2011). Accordingly, the model has a strong emphasis on equality in the sense that all citizen should be treated the same, regardless of where they live or their income (Kamp and Hvid 2012).

One of the dominant features of the development of the Scandinavian welfare states in recent years can be summarized by the concept of marketization. This entails the establishment of a mix of different types of providers (i.e., welfare mix) within welfare sectors such as schools and elderly care (Ascoli and Ranci 2002). Although this development is similar among the Scandinavian countries, there are several differences in the sector on which we focus here: nursing homes within elderly care.

The most rapid development has taken place in Sweden’s 290 municipalities. In 1999, the number of municipalities with private providers of nursing homes was 54. This figures has risen to 112 in 2014 (Socialstyrelsen 2004; Socialstyrelsen 2015). Behind this figure are mainly for-profit companies since civil society organizations in Sweden play a very limited role (Erlandsson, et al. 2013; Stolt and Winblad 2009). In Denmark, non-profit providers play a more important role than for-profit providers do, although the overall development of the privatization of nursing homes is modest (Bertelsen and Rostgaard 2013). This development is also modest in Norway, but the majority of contracted-out nursing homes are run by for-profit care companies. About 70 nursing homes are managed by civil society organizations, according to figures from 2010 (Vabo, et al. 2013).
The logic behind the establishment of this welfare mix is mainly to be found in the concept of new public management (NPM). There are many interpretations of what this concept actually stands for, but one of the key variables is governing through market-based mechanisms (Hood 1991; Dunleavy & Hood 1994; Pollitt 1995; Ferlie 1996; Boston 2011). Accordingly, the citizen is considered a customer in a market of different welfare providers. By allowing the citizen to choose a certain provider over another one in fields such as education and health, it is believed that the quality of welfare provision is strengthened (Le Grand 2007).

In order to establish alternatives from which the citizen can choose, one could expect the decentralization of responsibilities and less local-government steering. This would promote different profiles of nursing homes reflecting different types of providers. It has also been argued that the main reason behind privatization is to allow for a more diversified supply of services in comparison with what public providers can offer (Ascoli and Ranci 2002; Weisbrod 1988). For instance, it is believed that non-profit providers have more capabilities to offer innovative and specialized services (Mariani and Cavenago 2013; Osborne 1998; Osborne 2010; Salamon and Abramson 1982).

Whether local-government steering has actually diminished is an open question since very little is known about the local governing of nursing homes within the context of marketization. Previous studies, at least in Sweden, have focused mainly on national laws targeting marketization and elderly care (Erlandsson, et al. 2013; Szebehely 2011). These laws are, in general, framework legislation leaving considerable power and decision-making to municipalities at the local level. How municipalities interpret national laws and handle their relationships with different types of welfare providers is thus an important topic and one worth considering.

The purpose of this chapter is to compare similarities and differences in the service provision of nursing homes managed by different types of providers (public, for-profit, and non-profit) in six municipalities in Scandinavia. Thus, comparisons are made between different types of providers, different municipalities, and different countries. The following research questions have guided the study: Are there any differences
between public and private (non-profit or for-profit) providers when it comes to developing a distinct profile of services? Are there any differences between providers in the results of evaluations performed by public authorities? How and to what extent can similarities and differences in all those respects be explained using instruments for local governance? What are those instruments, and are they applied differently to public and private providers within care for the elderly?

In this chapter it will be argued that in contrast to what might be expected, there are no major differences between nursing homes managed by different types of providers. The contracting out of nursing homes implies that financing and regulation remains in hands of the local authorities. In general, this regulation is detailed and makes no distinctions between providers. Thus, the results of this study suggests that contracting out is mainly a concern for the municipality in terms of cost efficiency and benchmarking. Empowering elderly citizens is another concern, but “choice” is not for a number of reasons, a prominent feature of the system.

This is evident from an empirical study of six Scandinavian municipalities. In these municipalities, interviews were conducted with politicians, administrators, managers and personnel from nursing homes. In some of the nursing homes, interviews were also conducted with the residents. In addition, written documentation from nursing homes and public authorities was considered, such as policy documents and evaluations.

This chapter is structured as follows. In the second and following part, the theoretical framework of new public management is developed with a brief note on the research design. The chapter’s third to fifth sections comprise the main empirical findings for Sweden, Norway, and Denmark. Each section includes a brief presentation of the municipalities and the overall situation concerning care for the elderly. Thereafter, the nursing homes and their activities are introduced, along with a presentation of the governing strategies performed by the municipalities. In the fourth section, the Scandinavian countries are compared and conclusions are drawn in regard to nursing homes and how they are governed. In the final section of the chapter, I summarize the most significant findings and discuss important questions for further research.
II. Creating a market for care of the elderly

Marketization and new public management

Facing numerous challenges from the late 1970s onwards, welfare states have responded in many ways. One of the responses particularly evident during the 1990s is welfare retrenchment, i.e., cutbacks on welfare spending (Pierson 1994). Another response has been a re-organization of the welfare state with the market as a model, i.e., marketization (Petersen and Hjelmar 2013; Pierre 1995; Salamon 1993). A theoretical account of this development has been offered by the concept of new public management (NPM) (Boston 2011; Dunleavy and Hood 1994; Ferlie 1996; Hood 1991; Pollitt 1995).

NPM is an umbrella concept that covers different features of an organization of the public sector with the market as a model. Among those features are explicit standards and measures of performance, greater emphasis on output controls, disaggregation of units in public sector, a private-sector management style and a shift to greater competition in the public sector. The emphasis on competition implies a greater role of contracts and tendering procedures (Hood 1991).

By “contracting”, what is meant is that the delivery of services is delegated to private providers, while public authorities are responsible for regulation and financing. The public authority’s choice of provider is a result of a tendering process in which different actors compete with each other on price or quality (Stolt and Winblad 2009). However, it is seldom the case that public authorities contracts out all services within a given welfare field. A more common situation is that they choose to deliver some part or parts of a particular service on their own, while other parts are contracted out. The result is a welfare mix of different providers: public and private (for-profit and non-profit).

The welfare mix and its rationale

The logic behind the establishment of this welfare mix is that it allows for a more diversified supply of services in fields such as education, health, and social welfare (Ascoli and Ranci 2002; Blomqvist and Rothstein 2000; Weisbrod 1988). By allowing for a more diversified supply, a more complete catalogue of services is provided in
comparison with what public providers can offer on their own. It is believed that public service providers generally target the average citizen. The same is true for private for-profit providers, who are targeting the population that belong to the largest segment of the market (Traetteberg and Sivesind 2015). However, this argument doesn’t apply to non-profit service providers. Quite the contrary, it has been argued that non-profit providers have more capabilities to offer innovative and specialized services (Mariani and Cavenago 2013; Osborne 1998; Osborne 2010; Salamon and Abramson 1982; Salamon 1987).

According to Lester M. Salamon, non-profit service providers have several strengths including a significant degree of flexibility in their operations. This emanates from the proximity of their governing boards to the field of action. Another major strength is the ability of non-profit providers’ to offer greater diversity regarding the content of services. This is possible due to their small scale of operations, which makes it possible to tailor services to specific needs (Salamon 1987). Another contributing factor to this diversity is that non-profit actors do not have the same incentives for targeting average citizens’ in order to reach the largest market segment (Weisbrod 1977).

Even though the literature focuses mainly on the major strengths of non-profit providers, there are weaknesses as well. One of these is “amateurism” - in the sense that the level of professional skills among the employees and volunteers has been questioned. Another reported weakness is “insufficiency” in terms of financial resources and geographic coverage. In the case of the former, it is not entirely evident that the volunteer movement is present in the geographical areas where the problems are most severe (Salamon 1987: 44).

*User choice*

One of the chief merits of this welfare mix is that citizens who are referred to as customers, have alternatives from which to choose. Le Grand discusses the possibility of competition without choice, and choice without competition (Le Grand 2007: 45). However, according to Le Grand it is only when user choice is coupled with provider competition that the ends are fully achieved with a marketized welfare system. Le Grand considers this to be a case of the government steering by “the invisible hand”.
Among the ends achieved by this type of steering are more user autonomy, higher service quality, and greater efficiency (Le Grand 2007).

Quality can be referred to both in terms of “input” and “output.” Input can be measured in relation to various aspects such as a staff’s qualifications and expertise, class sizes in schools or the physical conditions of the buildings. The second aspect of quality, output, can be measured in terms of the results stemming from medical treatments or school attendance. Efficiency of welfare provision refers to the highest quality and quantity derived from a given level of resources (Le Grand 2007).

However, it is important to note that the ends of “choice” and “marketization” are not solely a matter of quality and efficiency. Another important end is to empower the citizens by making it possible to choose “exit” to reach an influence on welfare provision. Before marketization, citizens could influence the provision of welfare foremost through “voice,” i.e., by expressing their opinions as individuals or as a collective body to decision-makers (Blomqvist and Rothstein 2000; Hirschman 1970).

**Governing through contracts**

Although customer choice is an important mechanism for achieving the aims of marketized welfare, it is far from the only one. Contracting out welfare services is a process regulated by national law and handled by municipalities in the field of care for the elderly. A central feature of this process is the municipalities’ stipulation of criteria that service providers must follow. This type of steering by municipalities is referred to as management by contract or governing through contracts (Almqvist 2001; Kamp and Hvid 2012: 40; Vabo 2007: 53; Walsh 1995).

The idea behind governing through contracts is that it enables the measurement of performance – a precondition for efficient service provision. Enabling the measurement of performance entails that the contract is somewhat specific concerning the goals that should be achieved (Vabo 2007: 54). However, it has been pointed out in the literature that writing contracts for services is a difficult task since it is difficult to identify objective standards.
This is especially the case in the field of care since this activity concerns the well-being of the elderly. In turn, this makes it a complicated task to draw conclusions concerning quality deterioration, improvements, and efficiency (Almqvist 2001; Walsh 1995:52-53). A solution to this problem is to focus more on the methods that should be used by the provider. However, this solution represents a deviation from the ideal, which is that the purchaser sets the targets and the providers compete with their best and most effective solutions on how those targets should be achieved (Almqvist 2001).

The ability to measure performance also requires that procedures be in place for audits and inspections. This is considered to be especially important in an environment such as care where the providers usually have more information than the purchasers do. Inspections can be carried out in many ways, such as the use of public complaints, unannounced visits, and checks of random samples of work (Walsh 1995). The performance of those tasks requires a new kind of competence and administration at the level of the purchasing authority. It has been argued that the need for this type of administration eclipses some of the efficiency gains reached by contracting out.

*Decreasing choice – a paradox*

From the discussion above, it follows that there are different mechanisms for reaching the overall aims using marketization. Those mechanisms have been referred to in terms of user choice and governing through contracts. Whether those mechanisms are compatible or not has been a topic for discussion. Especially targeted is the idea that marketization actually creates a market of different providers with their own special profiles. It has been argued that customers have less choice and receives fewer individualized services than before – a condition that has been referred to as the “decrease of choice despite the rhetoric of freedom of choice” (Dahl and Rasmussen 2012: 41).

To understand this argument we will return to governing through contracts which requires the codification of care; otherwise it would be difficult or nearly impossible to both write and evaluate contracts. By codification of care, we mean the specification of time devoted to, and the coding of, various tasks that are performed. The fulfilment of such codified tasks is facilitated by the use of modern technology in home care services
such as personal digital assistants. The overall result of this process, according to Hanne Dahl and Bente Rasmussen, is a growing standardization of care (Dahl and Rasmussen 2012).

Standardization of care represents a paradox in relation to arguments of “welfare mix” and “customers choice.” This paradox has been spelled out clearly by Dahl and Rasmussen, who argue that, contrary to what one would expect of marketized welfare, “customers have less choice and receive fewer individualized services than they did in the old model where they were allotted time rather than tasks” (Dahl and Rasmussen 2012: 41). In the old model, the professionals i.e., care workers, held a stronger position with a greater deal of flexibility on the floor. This allowed for, so the argument goes, more choices by the elderly and more individualized services.

However, there are signs of a resistance to NPM among care workers. Studies from Norway and Denmark shows that care workers often go against the specified tasks and allotted times. Instead, they redistribute their time and tasks according to the needs of their clients. By doing so, care workers stands up for their profession and skills rather than for ideas about efficiency and steering by NPM (Dahl 2009; Dahl and Rasmussen 2012: 41).

Following the argument by Dahl and Rasmussen, one might expect that there are no differences between public and private providers regarding nursing homes. This is due to a growing standardization of the services carried out. However, their argument is built primarily on research related to home care services in Denmark. Whether this argument is also relevant in the context of nursing homes in the Scandinavian countries remains to be seen. It may be the case that governing through contracts is softer in other countries leaving different providers with a greater scope for providing a variety of services.
III. Sweden

Organization of elderly care

Elderly care in Sweden is a task performed by the municipalities although central government has the overall responsibility. It is central government that is governing municipalities’ provision of these services through two important framework laws: The Social Services Act and the Health and Medical Service Act. Both laws are framework laws which leave the municipalities with a great degree of power to take their own decisions. This is an important difference compared with the field of education were municipalities have a considerably less degree of freedom to take decisions on their own. For instance, the decision to permit a private school to establish in a municipality is taken by central authorities. However, municipalities are free to make decisions on their own whether elderly care should be contracted out.

In the municipalities investigated here, Sollentuna and Östersund, nursing homes has been contracted out. The number of elderly attending nursing homes in the two municipalities constitutes a minority of the elderly citizens. This is evident from the table below.

Table 1: Number of people in nursing homes

<table>
<thead>
<tr>
<th></th>
<th>Woman</th>
<th>Men</th>
<th>Total</th>
<th>Share of population, 65- (%)</th>
<th>Share of population, 80- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally</td>
<td>60 130</td>
<td>26 651</td>
<td>86 781</td>
<td>5 %</td>
<td>14 %</td>
</tr>
<tr>
<td>Sollentuna</td>
<td>335</td>
<td>142</td>
<td>477</td>
<td>5 %</td>
<td>15 %</td>
</tr>
<tr>
<td>Östersund</td>
<td>482</td>
<td>187</td>
<td>669</td>
<td>6%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Note: The statistics refer to the situation in October 2012
Source: (Socialstyrelsen 2013)

Comparing the two municipalities included in the study, they have almost the same share of elderly attending nursing homes, about 5 percent of elderly 65 years and older. The overall trend during the 1990s and onwards is that fewer and fewer people receive care. Those who do, according to a decision made by the municipality’s care assistant, are very old people with extensive needs (Szebehely 2000).
Considering the content of the welfare mix, 7 out of 22 nursing homes is run by a private provider in Östersund. Sollentuna has considerably more private providers since only 3 out of 10 is run by a public provider – Sollentuna Omsorg (SOLOM AB). The public provider is “in house” in Östersund, but a different solution is being applied in Sollentuna. The public provider runs their services through a company owned by the municipality.

There does not exist non-profit welfare providers in any of the municipalities investigated. In Sollentuna, a non-profit provider (HSB Omsorg) operated a nursing home between the years 2008-2013. However, when the contract was open for tender they choose not to participate in the process (Interview, head manager, administration, 2013-12-13). Politicians in Sollentuna interviewed have a positive attitude towards non-profit providers, but the main concern for the representative of the Social Democratic party is to preserve a public provider in the future (Interview, S-politician, 2014-01-15).

In Östersund, the chairman of the committee of care welcomes more non-profit providers. The argument for this is based on the remote geographical location of the municipality. If for-profit providers don’t show any interest in running their operation in remote areas, perhaps this is a more suitable task for cooperatives in rural villages (Interview, C-politician, 2014-04-07).

The development towards marketization is not a heavily contested issue in the municipalities investigated. In Östersund, a municipality run by the Social Democratic Party and the Centre Party, it is only the Left Party who questions privatizations. The picture is more blurred in Sollentuna, a municipality governed by the non-socialist parties. As in the previous case, the Left Party is the most outspoken critics. Other parties such as the Social Democratic Party have their doubts about further privatization suggested by the governing majority.

**Nursing homes and their profiles**

In both municipalities investigated, not all nursing homes have been contracted out. This is particularly the case in Östersund were the majority of nursing homes still is operated by the in house provider. In both municipalities private providers consists of
nationwide for-profit companies such as Vardaga, Attendo, Förenade Care and Aleris. Besides, there exist smaller for-profit companies in both municipalities such as Vårdstyrkan AB and Strukturrutan. In Östersund, contracting out has been deliberately organized in a way that facilitates for smaller companies to participate.

Two nursing homes per municipality has been scrutinized in detail: one private (in both cases representing one of the nationwide companies) and one public. The nursing homes investigated are similar in terms of number of beds and clients. They are also similar considering the diagnosis of the clients which are both physical and mental (dementia). To find out whether there exist differences between the nursing homes, interviews have been conducted with the site managers, politicians and administrators. Besides, relevant documents have been investigated such as presentation brochures, websites and annual reports.

From the interviews it is evident that there are no major differences between public and private nursing homes considering content of care. There are no religious or ideological profiles apparent at any of the homes. Instead, what is being mentioned in the interviews are special competencies among the staff or particular projects carried out. For instance, at one of the private homes one nurse is a “Silvianurse”, a title obtained through attending a special training program. This program has an emphasis on care of elderly with dementia (Interview, manager, private, 2014-02-05). Another example obtained from the other private nursing home is a project with pets in care to facilitate well-being among the elderly (Interview, manager, private, 2014-04-14).

Particular projects as the ones mentioned above are also evident at the public nursing homes. However, it is not the question of any distinct profiles in any of the cases investigated. In one of the public nursing homes the site managers concludes that the elderly often are in a bad condition and not vigorous enough to participate in different activities: “You don’t move here because you are interested in gardening or anything else” (Interview, manager, public, 2014-02-14).

This citation referred to above reveals an important piece of information about the situation at nursing homes in Sweden today. A place at a nursing home is only provided
when the elderly person is seriously ill and cannot manage on their own assisted by home care. One manager declares that once you have moved into a nursing home, it is probably the last accommodation you will stay on in life. This aspect needs to be considered when discussing “choice” and a “diversified supply of services”.

Rather than referring to differences, site managers at nursing homes are emphasizing similarities. One of the similarities is the work with implementing a local program of basic values within care for the elderly. This program is a local interpretation made by the municipality of national basic values according to the Social Services Act. At each nursing home regardless of provider, there is a member of staff responsible for the implementation. In Östersund, the basic values have been interpreted into guarantees for the elderly. The elderly is guaranteed to receive a contact person responsible for a functioning communication between the elderly, relatives and staff; a implementation plan of how and when care is to be performed; and care performed at a time agreed upon (Östersunds kommun).

The implementation plan mentioned above is a central feature at all nursing homes in planning for care adjusted to the particular needs of the individual. Upon arrival, a dialogue is carried out involving the elderly caretakers and their relatives. The staff at the nursing home informs about the daily routines and what one could expect in terms of activities. The elderly caretaker and their relatives informs about what they expect from the nursing homes: What food should be served at breakfast? Which clothes does the elderly caretaker prefer? All this information is written down in an individual implementation plan accessible for the staff at the nursing home (Interview, manager, public 2014-04-14). The aim of this procedure is to provide an opportunity for the elderly to influence the care received and how it is being performed.

Considering the similarities between the nursing homes investigated, there is little surprise that the quality of care according to the elderly and/or their relatives is reviewed as equivalent. In Sollentuna, a quality survey was carried out in 2012 consisting of a range of variables such as safety, social interaction, self-determination and integrity. An index consisting of all these variables show negligible differences
between the two nursing homes investigated here. The private one has a slightly better value (Sollentuna kommun 2012).

The same pattern is evident from a similar survey carried out in Östersund in year 2013. On a question concerning overall satisfaction, the public nursing home received an average value of 8.8 out of 10 (response rate 63 %) (Östersunds kommun 2013-06-13), while the private home received 6.5 (response rate 50 %) (Östersunds kommun 2013-09-16). One possible explanation for this is that the nursing home contracted out is located in an old building, while the public nursing home (not contracted out) is located in a relative new building. This circumstance is also mentioned in the survey’s section of open answers.

*Governing of nursing homes*

It is evident from the interviews that similarities between the nursing homes can be explained by the governance of the municipality. Beyond local steering, national guidelines and laws also plays an important role for the services provided. However, in the following the focus will be on local governing of nursing homes which can be direct or indirect. The former type of governing refers to long term plans for elderly care. For instance, in 2006 the council in Östersund adopted a plan with several goals including accessibility; influence, culture and competence among staff (Östersunds kommun 2006). A similar document is evident in Sollentuna containing key areas which are subjects of special attention. Among them are elderlies’ influence and independence; safety and active lifestyle (Vård- och omsorgsnämnden 2013).

Direct governing refers to contracts between the municipality and nursing homes. In the case of contracting out, a contract is signed with the provider with the winning bid. In Östersund, the provider who can manage the nursing home, according to criteria specified in a tendering document, at the lowest price receives the contract. Sollentuna applies a different model in which the sum received for operating the nursing home is fixed. The provider who can offer the best quality at the sum offered obtains the contract.
The contract contains the criteria from the tendering documents along with other criteria, which makes it an important steering document for the municipality. For instance, criteria can be about staff’s competence, safety, nutrition and influence of the elderly caretaker. If the providers promises other quality measures in the tendering process such as staff with a particular competence, this is also included in the contract. Even though public providers does not participate in the tendering process, their operation is also regulated in this type of contract.

In Sollentuna, governing through contracts applies both to private and public providers’ of nursing homes. There is no special treatment of the public company. According to the head manager, every provider should be treated the same regardless of being private or public. The reason for this is that elderly care is a competitive market. However, some differences do exist because contracts are written at different times, but the overall ambition from the municipal administration is nevertheless the same (Interview, head manager, administration, 2013-12-13).

The head manager for the elderly care administration in Sollentuna holds the view that the contract implies a rather hard steering of nursing homes. The municipality states many conditional requirements which implies that services are pretty much the same regardless of provider. Besides, this has implications for the possibility of choice among the elderly caretakers. Simply put, there are not that much to choose from since there are not that much that differs (Interview, head manager, administration, 2013-12-13). The view held by the head manager on governing is shared by politicians. Therefore, a future ambition is that the conditional requirements should be more about what should be done, less on how it should be done (Interview, M-politician, 2013-12-11).

Managers of nursing homes in Sollentuna stress the importance of national guidelines and laws, local guidelines and the contract with the municipality. The former document is perceived as rather detailed including meals provided and maintenance of the facilities. There are even instructions concerning financial responsibility if the washing machine breaks down (Interview, manager, public, 2014-02-14; manager, private, 2014-04-14).
The situation is similar in Östersund where every provider, regardless of being private or public, has to follow a number of quality criteria. Those criteria are stated as conditional requirements in the contract with the provider of the nursing home. The implementation of those criteria ensures that the services provided at the nursing homes are similar. In the case of the private nursing home, it has to follow an additional quality program formulated by the company. Even though governing occurs from many different directions the manager believes that there exist some freedom in deciding how to deliver the service requested (Interview, manager, private 2014-04-14). At the public nursing home, the presence of quality criteria is also mentioned along with the budget provided for the operation (Interview, manager, public 2014-04-14).

In terms of future developments, the head manager of the elderly care administration in Östersund declares that it is an important task to closely evaluate and question the criteria used. It is the view held that some criteria might narrow the operations more than necessary (Interview, head manager, administration, 2014-04-07). Among the politicians there are different thoughts about the need for loosening up governing of nursing homes to allow for a greater variation in service supply. The politician representing the bourgeois Centre Party wishes to see a greater variation in the future, while the representative of the Social Democratic Party speaks more in favor of another goal. The aim with a mix of welfare providers is rather to have something to compare with. How much does it cost to engage in an activity with a certain level of quality? What is the cost for a private operator in relation to a public operator? (Interview, S-politician, 2014-04-07).

The citation referred to above emphasize the fact that contracting out may have different motives among politicians. It is not necessarily about empowering the elderly giving them a range of welfare providers with different profiles to choose from. Another motive by contracting out is formulated in terms of benchmarking, i.e. to establish some point of reference for the municipality about the cost for elderly care provision.

In both municipalities the fulfillment of the contracts are closely monitored by the administration. In Östersund, one of the politicians mentions that the contracts and their criteria are not that much worth if they are not being controlled for (Interview, S-
politician, 2014-04-07). Therefore, a special division within the administration works with an annual follow-up of the nursing homes. In detail, this is conducted through a point system in which different numbers requires a specific type of action. This procedure is carried out both at public and private nursing homes, everyone is treated the same (Interview, head manager, administration, 2014-04-07).

In Sollentuna, monitoring of nursing homes takes place prior to a renewal of a contract. If the provider does not fulfill the criteria agreed upon, the contract may not be prolonged. This is not an empty threat since this actually has occurred. Instead of renewing the contract, the operation was taken over by the municipal company (Interview, head manager, administration, 2013-12-13). A representative from the opposition party holds the view that this type of monitoring is not sufficient. There is a need for more regular inspections also in the beginning and middle of a contract period (Interview, S-politician, 2014-01-15).

In sum, evidence from the Swedish case suggests that there are no major differences between providers considering the content of services. This is to be accounted for by local governing of nursing homes which is hard rather than soft. Even though the public providers do not participate in the tendering process they are targets of the same steering as private providers. The rationale behind this is that all providers should be treated the same by the municipality administration. Next, we will analyze the same research questions in case of Norway.

IV. Norway

Organization of elderly care

Elderly care in Norway is the responsibility of the municipalities. The municipalities can organize the care services as they wish within the boundaries of national law and regulations. The Municipal Health and Care Service Act (Act 2011-06-24-30) is a framework law that gives much freedom to municipalities to find their preferred solution. This means that unlike the school sector, only the municipality can decide to include non-public providers in its services. The national government has no
instruments to influence who provides the nursing home service in the different municipalities, and the municipalities have considerable freedom to design and organize their welfare sector in accordance with their local preferences (Vabo 2012).

In order to limit costs and cope with limited capacity, Norway has over the last decades had a strategy of trying to offer alternative forms of services, like home care, to citizens instead of nursing homes (Hermansen and Gautun 2011). A natural consequence of this strategy is that the threshold to get a place in a nursing home is higher (Gjevjon and Romøren 2010), and in 2005 about 80 per cent of the users suffered from dementia (Haugen and Engedal 2005). The nursing home users therefore have relatively poor health and make up only a fraction of the elderly who receive services from the municipalities.

The two municipalities in this investigation have a different approach to non-public providers. Asker has five nursing homes. The municipality provides four of these in-house, while a for-profit company provides the fifth. The company won the contract in an open tender. Steinkjer has four nursing homes. The municipality provides three in-house, and a nonprofit, diaconal organization provides the fourth. The municipality and the organization have a contract with no expiration date, and the nursing home has been part of the nursing home sector for decades.

The political debate about welfare mix is different in the two municipalities. In Asker the for-profit nursing home is highly controversial. The center-left parties criticize it on ideological grounds, as a labor party member of the committee for elderly care says, ”personally I am in favor of having all service in care and for the adolescence in municipal provision – we should not privatize such services. For the private, it is mostly about money, as much profit as possible” (Interview, labor party politician, 2013-11-13). The conservative party has a plain majority in the city council, and together with the other center-right parties they are positive to the for-profits, as they think it spurs innovation and mutual learning in the municipal care sector. Both sides have an ideological approach to the issue, and the local user surveys that compare the for-profit provider to the public ones, is cited by all sides as the primary source of neutral, comparative information. In the latest results at the time of data collection the for-profit
provider had the weakest results in this survey, something that was cited by the labor politician as evidence of for-profits being unfit to provide services, and by the conservative politicians as an unfortunate result that did alter her inherently positive view on for-profit providers.

In Steinkjer, the nonprofit nursing home is much less controversial. All political parties are positive to the contribution of the nonprofit nursing home. The center-right parties defend this through a reference to an ideological goal of provider plurality, and some of these would also like to see a for-profit provider in the sector. The center-left is more pragmatic, and the interviewee from the party of the mayor, the agrarian party, uses a “if it ain’t broke don’t fix it” approach. The nursing home is situated in a rural part of the municipality and the residents in this area are concerned with keeping their local nursing home. For many citizens and politicians a like, this geographic issue is more important than the institutional sector of the nursing home.

*Nursing homes and their profiles*

The non-public nursing homes claim they are distinct from the public option. The for-profit nursing home point to a certain “service concept” that the company has developed within its hotel management and introduced to the nursing homes. The company has lauded this in its communication with both users and the municipality (Interview, site manager, for-profit, 11.11.2013). Interestingly, neither users, staff nor the municipality identify service as a special trait of this nursing home, and in the latest user survey, the for-profit nursing home had the lowest score on all service measure. When asked specifically about what is special with the nursing home, the staff did not mention the service concept, something that casts doubt about the importance of the concept. Users get their experiences in the meetings with carers and when the carers are unaware of a concept, it cannot be a defining trait of the provider. The non-profit nursing home has a diaconal approach to its operations, and according to the leader, Christian values is a subject when interviewing prospective staffs (Interview, site manager, non-profit, 27.01.2014). Yet, the municipality and the users do not find that the diaconal influences the care in important substantive ways. As the administrative leader in the municipality says, “No, they do not have more visits from the priest and «stuff like that» than the other nursing homes, I think” (Interview, head manager, administration, 2014-02-20).
In both municipalities, the interviewees from the administration stress that there are no differences between the public and non-public nursing homes and that no such difference is desired. All citizens have the same right to services and the municipality allocates citizens to providers. Accordingly, no difference in the content of the service can be defended from the perspective of the municipalities. The users can make wishes about which nursing home they want to use, but in reality, capacity limitation force them to take the first available slot. When the citizens’ health has deteriorated to the level where they have the right to a place in a nursing home, they are normally in no position to wait out for a place to open in their preferred nursing home. When asked, all the representatives of the users cite geography and proximity to where they and their relatives live as the most important factor for favoring a nursing home. Some also mention general perceptions of good quality as a reason for preferring a nursing home, but they base this on anecdotal experiences of friends and families. Substantive differences between the nursing homes do not appear as a prominent explanation.

In Asker, they have contracted the for-profit provider through a public tender in order to reap benefits from the tender itself. The tender gives a benchmark for how nursing homes can be run, something that the municipality later uses in steering the municipal nursing homes. Both the political and administrative leaders in the municipality and the leader at the municipal nursing home, describe how the for-profit nursing home is a benchmark for the public institutions. In addition, the municipality wants to see some innovation in the form of differences in the administration and organization of the private nursing home, even if this shall not be experienced by the users as substantive differences in the care.

In Steinkjer, the municipality does not seek any differences from the nonprofit nursing home. Rather, the municipality wants it not to deviate much from how they run the public nursing homes.

The limits set on the operations of the non-public nursing homes by both municipalities explain why they do not differ more from their public counterparts. For the nonprofit
nursing home the municipal administration describes a close relation with ongoing discussion regarding detailed aspects of the care, she concludes that:

The feedback [from the nonprofit nursing home] is that they think it is all right that we see them in the cards regarding the professional and that we are concerned about the product we pay for holds a high standard for the best of the citizens of Steinkjer. And they want to deliver a product that makes us willing to continue to use them. I have not experienced any conflict with this (Interview, head manager, administration, 2014-02-20)

In Asker, the contractual relationship between the municipality and the for-profit makes it less natural for the municipality to intervene in the daily operations of the nursing home, but the contract is detailed to a level that makes it difficult to produce important substantive differences. In comparison, the public nursing home has frame funding and experiences to have some leeway as to how they want to profile themselves. As an example, one public nursing home has special expertise on sever dementia, something that has been developed as a local initiative at the nursing home. In this way, both public and for-profit nursing homes have a certain leeway to carve out profiles, but these differences stem from other factors than institutional sector.

The only tool for systematic comparisons of the nursing homes in the municipalities when it comes to objective quality indicators are the users surveys that are carried out annually in asker and biannually in Steinkjer. Given the poor health of the users there are a number of methodological challenges with these surveys, but they are consistent in not showing any pattern where the non-public nursing homes get different results from the public ones. The variation in survey scores we observe comes from other sources than institutional sector.

_Governing of nursing homes_

To understand the limit difference between the public and non-public nursing homes one must look at the local governance conducted by the municipalities. The national laws and regulations are the same for all providers, but differences between municipalities show the potential municipalities have to influence the institutions for which they are responsible. This room for local adjustments could be exploited to allow
differences between different actors in the welfare mix, but as we have seen, this is not what the municipalities want. The contracts the municipalities have with the non-public nursing homes govern the regulation of the non-public nursing homes.

The nature of the contract is different in Asker with a for-profit provider and Steinkjer with a non-profit provider. In the first, the contract is detailed on a number of aspects of the care. The leader of the nursing homes states, “I think that we are not completely private. The municipality sets the standard and is responsible for the care” (Interview, manager, for-profit, 2013-11-13). This illustrates how both parties find public control and intervention in the provision natural.

The contract with the nonprofit has a different approach. This contract is less detailed when it comes to the content of the care, but includes a number of passages that force the provider to adapt to municipal standards and, crucially, entitles the municipality to intervene on a detailed level in the nursing home. Potentially, the municipality could have opted for a hands off approach, but the reality is that the municipality is interested in detailed issues that go beyond the care related. For example, the municipality involves itself in the number of people working in the administration and the pay of the leaders at the institutions. The administrative leader sums up “the consciousness at the [name of the nonprofit] is that we need to have a good dialog, and they fulfill what we expect” (Interview, head manager, administration 2014-02-20).

In spite of the for-profit nursing home having a more detailed contract, it seems that they have more room for maneuver than the nonprofit one. The contract of the for-profit shields the nursing home from certain forms of interventions from the municipality, when it is not regulated in the contract. An example is that a cut in the public spending on nursing homes would not hit the for-profit nursing home within the contract period, while the nonprofit nursing home would be affected the same way as the municipalities. The bigger share of the nursing home places that are located at for-profit nursing homes, the more severe will the cuts be on the institutions within the public framework. The municipal nursing homes are in both municipalities integrated in the municipal structure. This means that formally the municipal politicians and administration can at any time intervene at the institutions. In reality, this happens on issues such as the
structure of the care places as the administrative leader of Asker with the for-profit provider explains:

When I speak about dimensioning, it concerns the number of short term and long term places. It is important that this is dimensioned correctly […] with in-house provision I can make the change like this [snaps her fingers], immediately, but I cannot do it if it is on a contract. Then it is a longer process” (Interview, head manager, administration, 2013-11-19).

This illustrates that the municipal nursing homes easier get changes forced upon them. When it comes to issues relating to the content of the care, it is different. Professionals at the institutions decide this, and the public institutions have tested alternative schedules for work shifts and using dogs to stimulate the users, all without consulting the municipal level before starting the project. The central point is that the tools that municipalities use to govern the nursing homes are different according to institutional sector, but the effect is more a matter of administrative differences, not the content of care.

Within each municipalities, all the nursing homes report about the same indicators to the municipality in order to facilitate comparisons between the different institutions. Some of these indicators are about sickness absence of the staff, economy, and changes in the composition of the education of the staff and other issues in the contracts. The most important instrument for comparison is the user surveys conducted by the municipalities. They are the same for all nursing homes. The surveys receive a lot of attention from politicians and the municipal administration, and any nursing home, public or non-public, that gets unsatisfactory results are summoned to explain the results and make plans for improving them.

Indeed, the conservative politician who is head of the social services committee in the city council in Asker answers when asked about how they steer the institutions: “then we are back at the user surveys. In many ways, that is what we are concerned about. We are interested in the results, if our users or citizens are satisfied” (Interview, conservative politician, 2013-10-31). The leader of the for-profit nursing home echoes the focus on the surveys: “I find it reasonable that everyone involved in elderly care are measured on the indicators you find in the user surveys. One always has to work to strengthen the quality and competence” (Interview, manager, for-profit, 2013-11-11).
Since the survey is the same for all the nursing homes, it is an incentive for working on the same issues where they know that they will be measured.

In Steinkjer, the governance model of the elderly care is well established and no changes are imminent. This is a big, rural municipality and there is an ongoing debate about centralization of services versus keeping a broad range of services in all municipalities. The nonprofit nursing home is located in the outskirts of the municipality, and could therefore be in a vulnerable position. Yet, it has considerable political backing, and both strategic plans and the interviewees agree that major changes are not likely to occur.

In Asker, the municipality is currently preparing a new tender where the for-profit company must compete to retain its contract. According to both political and administrative leaders in the municipality, price is not likely to be part of the evaluation criteria in the tender. The head of elderly care in the municipality explains: I do not think there is much gain from competitions as earlier. The municipality has worked a lot on efficiency and closed the gap on average expenses compared to a few years ago. That is my experience, and that is why it is interesting to compete on quality; to see if the private can do it for the same price, but with better quality (Interview, head manager, administration, 2013-11-19).

Such a shift in strategy on the part of the municipality would invite private providers to offer more aspects that can be included in the contract. It is also an ambition to get private providers that deviate more from the public nursing homes in their operations. The municipality has no plans, however, to change the steering of the municipalities in order to obtain differentiation.

In conclusion, the evidence from the Norwegian cases imply that there are no important differences in the content of care based on the institutional sector of the nursing homes. The explanation for this is partly that there is little room to deviate from the municipal standard solution within the municipal governance regime. The municipalities can use both a detailed contract to impose this as in the for-profit case, or intervene more directly in the operation of nursing home, like in the nonprofit case. The more quality
indicators, like user surveys, the municipalities use, the stronger is the convergence in how the nursing homes work.

**V. Denmark**

*Organization of elderly care*

As well as in Sweden and Norway, elderly care in Denmark is a municipal task. The field is mainly regulated through the Social Service Act, which is a framework law, leaving municipalities with a large room for maneuver when it comes to organization of activities in the field (LBK 150). Hence, municipalities are free to choose whether services within elderly care should be provided by the municipality itself or by other types of providers. Since 2002 there has been liberty of choice in the field – both regarding homebased care and institution based care (Udliciteringsrådet 2004, 79). Within home based care a relative large share is contracted out to private firms. In 2013, 36 % of the people receiving home based care, received it from private for-profit providers. The share is even higher, when it comes to practical help only (Statistics Denmark AED12). However, for-profit providers play a less significant role when it comes to institution based care in nursing homes. Instead, there is a long historical tradition for nonprofit nursing homes driven as self-governing institutions. The first nonprofit nursing home was established in 1859, and today around 20 % of all nursing homes are nonprofit organizations (Thøgersen 2015). Many of these are based on specific values or principles for care. In particular many of the non-profit nursing homes are based on Christian values.

Most nonprofit nursing homes have a contract with the municipality. However, since 2007 it has been possible to establish so called free nursing homes (LBK 897). These nursing homes are run on a freer basis, and it is also possible for-profit actors to run this type of nursing homes. However, in spite of this possibility, most free nursing homes are run on a nonprofit basis (Rambøll 2012, 15). The distinction between traditional nonprofit nursing homes and free care homes is that free care homes do not have a contract with the municipality.
In Denmark, the number of nursing homes has decreased significantly during recent decades. The main reason for this is that new types of housing for elderly has been introduced, together with the political ambition that people should stay as long as possible in their own homes (Hjemmehjælpskommissionen 2013). This means that nursing homes today are primarily for the weakest group of elderly people with extensive needs. In spite of this development, the nonprofit share of the total number of nursing homes has remained relatively stable (Thøgersen 2015).

In two Danish case municipalities in this study, the composition of nursing homes varies. In Faaborg-Midtfyn municipality, there is only one non-profit nursing home while the rest are public. In Herning Municipality, there are ten public nursing homes, three traditional nonprofit care homes and two free care homes. However, all of the non-public nursing homes are non-profit organizations.

In Faaborg-Midtfyn municipality, there is no distinction between the nonprofit nursing home and the public nursing homes at the municipal website, and non-profit nursing homes are not mentioned in any of the local party programmes identified. However, in the programme of the liberal party, Venstre, there is a general support for liberty of choice between public and private providers (Venstre FMK 2013). However, the political leader underlines, that quality is the first priority when it comes to elderly care (Interview, political leader, 2013-10-8).

In Herning Municipality there is also an overall positive attitude towards other types of providers and liberty of choice. In spite of this, there is also a large political focus on developing public services to make them competitive in relation to alternative providers (Interview, Administrative leader, 2013-12-18). However, in the local party programmes identified, the classical ideological divide between liberal and socialist parties is also evident. In particular, Enhedslisten, which is a left-wing party is skeptical towards private providers (Venstre 2014, Socialdemokratiet 2014, Enhedslisten 2014). However, none of the party programmes have explicit focus on different providers of nursing homes.

At the municipal website, there is a clear distinction between different types of nursing homes. Moreover, the situation in Herning is different from the situation in Faaborg-
Midtfyn because of the existence of two free nursing homes. Both of them where established as a consequence of a municipal decision to give up the contract with non-profit nursing homes. This will be described later in the analysis.

Across the case municipalities, there is a high degree of satisfaction with the collaboration with the non-profit nursing homes. In Faaborg-Midtfyn, the leader of the non-profit nursing homes is invited to leader seminars in line with leaders on public care homes. In Herning, the municipality have more informal relations with the non-profit nursing homes, but according to the administrative leader, the relations are very positive. For instance, they are offered the same courses etc. as public nursing homes: “If we have something special to offer – for instance a seminar on dementia – the non-profit nursing homes are also invited. They are not kept outside – not at all.” (Interview, Administrative leader, 2013-12-18). Also the manager at the non-profit nursing home in the study experience a positive relationship towards the municipality (Interview, manager, non-profit nursing home, 2014-02-12).

Nursing homes and their profiles

Two nursing homes in each municipality has been in focus in the study – two public and two nonprofit nursing homes. Both non-profit nursing homes in the study have a Christian profile and belong to the large nonprofit organization, Danske Diakonhjem, which runs around 50 nursing homes in Denmark (www.danskediakonhjem.dk). Moreover, both non-profit nursing homes have a contract with the municipality.

All four nursing homes have the same over all principles for care focusing on adjusting the care as much as possible to personal needs and resources. There is also an intention to involve the elderly as much as possible in the daily life at the nursing home. These home-like principles include for instance that the nursing homes have their own kitchens, making it possible for the elderly to participate in cooking activities. This is not common for all nursing homes in the case municipalities, but it is chosen on purpose here to ensure similar characteristics across the nursing homes in the study. It has also been the intention to keep size of the nursing homes as similar as possible. Three of the four care homes are situated in a small town, and one in an urban area. In each of the
nursing homes, interviews have been conducted with managers, employees and representatives from user boards, primarily relatives to the elderly at the nursing homes.

From the interviews, it is evident that there are no major differences between public and non-profit providers when it comes to content of care. In all four nursing homes, there is a large focus on implementing home-like principles of care as described above. However, the implementation of these principles of care are limited by the physical and mental condition of the elderly as well as by the limited resources at the nursing homes (Interviews employees, municipal nursing home 2014-3-6). The weak condition of the elderly at the nursing homes is also important to keep in mind when considering the room for liberty of choice. Although there is liberty of choice, the choice can be limited due to limited numbers of available rooms, combined with an often urgent need for care.

Some of the relatives in the interviews argue that they were not able to wait for a vacant room at their first priority and therefore they accepted the first available room. According to the managers, later shifts of nursing home is not common, but it happens in some cases when the elderly did not get their first priority in the first place (Interview, manager, municipal nursing home, 2014-1-10). The interviews also reveal that the most important factor in the choice of nursing homes is related to the geographical location and less to other characteristics of the nursing homes:

“I think geography is the main reason. I wish I could say that it is because it is us, but it is not. Of course people from the area want to stay because it is here they have their social circles and their children.” (Interview, manager, nonprofit nursing home, 2014-2-20).

Also among the interviewed relatives, it is evident that the distinctive Christian profile has not been the main reason for selection of non-profit nursing homes. Again, geography and good reputation are mentioned as the main reasons (Interview, user boards, non-profit nursing home, 2014-3-12). However, own kitchen facilities and principles for care can also play a role, according to some of the interviewees. In all nursing homes in the study, there is an introductory meeting upon arrival at the nursing homes. On this meeting, a plan of the care is written down, including personal needs and wishes. Another common feature is that each elderly have a contact person, responsible for then contact between the elderly, the staff and the relatives. These procedures do not vary across the different types of providers.
However, due to the Christian profile at the non-profit care homes, there are some differences when it comes to specific activities for the elderly. This regards for instance services and other types of activities with religious elements (Interviews, employees, non-profit nursing homes, 2014-3-12, 2014-3-1).

The managers of the non-profit care homes also experience other types of privileges by being a non-profit nursing homes. These privileges are primarily related to the larger degree of freedom they experience as non-profit actors. Although they have to live up to municipal quality standards, they experience a larger degree of freedom when it comes to the overall running of the nursing home. The short road from idea to practice is one of the main strengths mentioned. In one of the nursing homes, the manager was considering buying some sheep for the green areas around the nursing home, and he valued the possibility of being able to do so without having to ask anyone (Interview, manager, nonprofit nursing home, 2014-02-20). However, these experienced differences are much more evident at the manager level than among employees and relatives, who do not experience any large differences apart from the Christian values.

**Governing of nursing homes**

From the interviews, it is evident that the municipal implementation of the framework law promotes similarities between different types of nursing homes, when it comes to content of care. Apart from these quality standards, the interviews also revealed a strong norm for equality in the services: All elderly should have a right to the same service standards (Interview, manager, nonprofit nursing home, 2014-2-12).

Since 1998, it has been a legal requirement for all municipalities to formulate quality standards in the field of elderly care. These standards set the framework for municipal governing of nursing homes. The standards regards both personal and practical care, specifying for instance the types of cleaning and other types of practical help included and not included in the municipal service, as well as the types of personal care provided and not provided by the municipality (Faaborg-Midtfyn Municipality 2012, Herning Municipality 2008).
Monitoring of nursing homes takes place through regular inspections. For instance, the quality standards in Faaborg-Midtfyn Municipality state that unscheduled inspections are conducted once a year on all nursing homes in the municipality. These inspections include discussions with elderly, employees and managers regarding quality of the care provided (Faaborg-Midtfyn Municipality 2012). Through the contracts between municipalities and non-profit nursing homes, the quality standards are applied across different types of providers. Also free nursing homes are obliged to deliver the services according to the municipal decisions in the field (LBK 1058).

However, there are some differences when it comes to free nursing homes. This type of nursing homes are run on a freer basis and local steering possibilities are very limited. This is evident in the case of Herning Municipality, when the municipality decided to cancel the contract with two non-profit nursing homes. This was done as a result of a larger restructuring in the field, which also included establishment of new nursing homes in other parts of the municipality. However, the non-profit nursing homes decided to continue delivering their services as free nursing homes. Thereby, the municipalities still have the financial expenses but no direct influence on the two nursing homes, apart from the quality standards (Thøgersen 2015). In spite of the general support for liberty of choice, the process was considered problematic because of the following financial pressure. However, in spite of this process, there are still good relations between the municipalities and the free nursing homes, according to the administrative leader (Interview, administrative leader, 2013-12-18).

Thus in Denmark, municipalities have the possibility for direct steering of nursing homes through contracts when it comes to traditional non-profit nursing homes. Municipalities always have the possibility to cancel the contract, if the service provision is not satisfactory, or if the municipality wishes to restructure the field of providers. However, the municipal steering possibilities was reduced significantly with the introduction of possibilities for free nursing homes in 2007. Today non-profit nursing homes have the possibility to change their status to a free nursing home, if their contract is cancelled. Thereby, the municipal steering possibilities are very limited when it comes to free nursing homes.
In sum evidence from the Danish case shows that there are no major difference between public and non-profit nursing homes when it comes to specific content of the care. This is due to statutory municipal quality standards, which are applied to both public and non-profit providers. Municipalities have direct steering possibilities through contracts with traditional non-profit nursing homes, which municipalities always have the possibility to cancel. However, their steering possibilities have been limited significantly due to the relatively new possibility for establishment of free nursing homes. Altogether, the differences between public and non-profit providers are mainly value-based. However, non-profit leaders also experience a larger degree of freedom when it comes to local decisions at the nursing homes.

**VI. Comparisons**

From the results of the empirical investigation, it is evident that the welfare mix of different providers within the realm of elder care has not resulted in any greater variety considering the content of care. Whether nursing homes are run by public, non-profit or for-profit organizations, the services they provide are generally the same. This is according to interviews conducted with site managers about the content of care and the existence of any distinct profile of the operations conducted. The empirical findings are also reflected in surveys and interviews with relatives and care-takers that do not point toward any major discrepancies among types of nursing homes. However, several minor discrepancies can be noticed depending on the nursing home, such as a religious profile or the existence of specially trained staff for caring for residents suffering from dementia. Nevertheless, differences such as these do not seem to have any major impacts concerning the types of services being provided. The main research findings are displayed in the table below.
In all three countries, similarities cannot to any major extent be explained by regulation through national law. For instance in Sweden national law constitutes a framework that leaves a great deal of power to the municipalities to make decisions on their own. Following a Scandinavian tradition with a strong municipal self-rule, the situation is similar in Denmark and Norway. Instead, similarities can be explained by a high degree of local steering that takes several forms. One is the use of quality indicators that are spelled out in contracts between the municipal administration and the nursing home. According to different categories of respondents who were interviewed, contracts are very detailed, leaving site managers with limited maneuverability in regard to the content of the services provided. Quality indicators and contracts are used by municipality administrations regardless of whether nursing homes are run by public or private providers.

Another important tool for steering by the municipalities is inspections of nursing homes, which can be both announced and unannounced. Such inspections target whether nursing homes are performing their work in accordance with the quality indicators. If they are not, contracts can be terminated by the local administration. Other governing tools include surveys sent out to those receiving care and their relatives about
the overall performance of the nursing homes. Those surveys could also influence the decision by the municipal administration to extend its contract with the provider.

Regarding the municipality’s administrative governance of nursing homes, it is a common view among politicians and civil servants that all types of providers should be treated equally. Hence, public providers should not be treated differently from private providers although there is an exception to this overall pattern in Denmark, where non-profit providers have the opportunity to apply for status as “free nursing homes”. This new piece of legislation, introduced in 2007, has induced the conclusion that the degree of local governance can also be categorized as “medium”. Local governance still takes place through quality indicators and financial regulation, but the steering is much more limited compared to other nursing homes. The implications of the status as a “free nursing home” doesn’t seem to have any major impact on the type of services provided but more research is needed to further address this question.

**VII. Conclusions**

Scandinavian welfare states are currently being re-organized with the market as a model. The pace at which this development taking place differs among the countries, with Sweden as an example of a country where changes have been the most rapid and far-reaching. In Denmark and Norway, development toward marketization has been more modest but is nevertheless evident. There are different rationales behind this development towards marketization. One of the most common logic is that the establishment of a market with different providers allows for the citizens to choose the “best” alternative in terms of quality. By letting citizens choose, the government is steering the quality of welfare provision by the use of an “invisible hand.” Simply put, only those providers of welfare who can offer services with a sufficient level of quality to attract customers are able to survive in the long run. However, it is not solely a matter of improving quality: another motive is to strengthen user autonomy and let the citizen choose among options according to his or her desires and needs.
A pre-requisite for citizens having alternatives to choose is that there must be differences among service providers. Hence, it should matter whether the providers are public or private (non-profit or for-profit). To allow for this, one could expect less local government steering of service providers. Whether this is actually the case is an empirical question since not that much is known about the content and degree of local government steering. It might also be the case that there are other rationales behind the development towards marketization in the welfare field considered here, i.e., nursing homes for the elderly.

Accordingly, the purpose of this chapter was to describe and analyze local government steering and how it affects the profile of nursing homes within a selection of municipalities in Sweden, Norway, and Denmark. The results of the empirical investigation shows that the welfare mix within nursing homes for the elderly has not to any great extent resulted in distinct profiles of service provisions. This cannot be explained by the existence of a detailed national regulations. Instead, the explanation is found in the existence of a high degree of steering by the municipalities at the local level. It is the practice of utilizing quality indicators and contracts that represents an important factor behind the similarities observed among nursing homes.

Those findings suggest that the rationale behind this development toward marketization is not foremost about creating a market in which citizens can choose among different alternatives. Another interpretation is that the development is about “benchmarking” for the sake of the municipality’s administration. By contracting out, the municipality’s administration collects a more comprehensive picture of the costs for running a nursing home. In turn, this information can be used to improve the efficiency of the services performed by the in-house provider. Following this alternative logic, there is no need to allow for any greater variation among service providers. It is foremost a question of providing a particular task, defined in advance by the municipality administration, in the most efficient way.

More research is needed on the development of a welfare mix within nursing homes for the elderly. The introduction of new legislation in Denmark and Sweden can allow for a development towards more distinct profiles among nursing homes. In Denmark, nursing
homes can apply for a status as a “free nursing home”. In Sweden, the Act on System of Choice has foremost been applied to home care services. However, the act can also be applied to nursing homes and there are signs of a development in this direction. Thus, the consequences of this new acts of legislation must be investigated more closely.

Another topic for further research is the content of contracts and its development. A nursing home is often contracted out for a limited time period. At the end of that period, a new process is initiated in which old contracts are re-formulated and receives new content by the municipality’s administration. In this process, one would expect that there is an element of policy-learning taking place, i.e., learning through past experiences of the policy being implemented. Whether this learning suggests more or less detailed regulation remains to be seen. In several of the interviews conducted, the detailed regulations were openly questioned by politicians and civil servants as counter-productive since they failed to promote efficient solutions.

An additional question for further research concerns the role played by non-profit organizations in a marketized welfare environment. There is a commonly held belief that non-profit providers have more capabilities to tailor services according to the particular needs of the elderly, i.e., offering a more distinct profile of services. However, from the empirical investigation there is little evidence of this actually taking place. It would be interesting to find out how the governance performed by municipalities’ administrations restricts non-profit providers in the conducting of their operations: What is the potential for services provided by non-profit providers and how is this potential restricted by local government steering?
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