

Stakeholder influence, school organization and education quality

- How education quality is understood and pursued in Swedish schools



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Abstract

Since the late 1980s the Swedish educational system has been transformed through a number of market-based reforms. The purpose of the reforms was to increase efficiency and quality in Swedish schools by introducing private producers and reducing state regulation. Conversely, since the implementation of the reforms the between schools quality variation has increased which is argued to be associated with the characteristics of the different private organizations. The aim of this study is therefore to analyze organizational differences by examine stakeholder influence over the schools' quality strategies. In an embedded case study the different schools are divided into four organizational categories based on the ownership structure and compared with a public and private strategy. By conducting interviews the organizations' strategies were analyzed through the concepts of veto player, accountability, organizational goals and constraints which aim at identifying who can make decisions regarding the organizational understanding and pursuit of quality, who can influence these decisions and how quality is perceived. The results of the analysis suggest that stakeholders matter for the organizational quality pursuit both as veto players and as constraints through their ability to influence organizational decisions.

Key words: organizations, stakeholder influence, veto players, education quality, Sweden

Word count: 20 439

List of abbreviations

ABL	The Companies Act [<i>Aktiebolagslag</i>]
IFAU	Institute for Evaluation of Labour Market and Education Policy
NAE	The Swedish National Agency for Education
OECD	Organization for Economic Co-operation and Development
PISA	Programme for International Student Assessment
PIRLS	Progress in International Reading Literacy Study
SI	The Swedish Schools Inspectorate
TIMSS	Trends in International Mathematics and Science Study

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1 Introduction

Since the late 1980s the Swedish welfare sector has been the subject of a radical transformation where the government through various market-based reforms has been contracting out public welfare services, such as health care, elderly care and education. Welfare services that were once exclusively provided by public organizations have been reduced and replaced with a variety of publicly funded private producers and today private organizations employ approximately one fifth of the welfare sector workforce (Hartman 2011, p. 7, 23, Nilsson 2013, p. 71). Correspondingly, decisions regarding organizations' execution of service provision have been decentralized whilst the government controls organizational outputs through specific performance based benchmarks.

These changes have instigated an intensive debate focusing on the existence of these publicly funded private organizations and whether today's regulatory system sufficiently steers private organizations to pursue societal interests and ensure service quality over organizational self-interests, such as profit extraction (Dir. 2015:22, Hess & Horn 2013, p. 1–7, Minow 2003, p. 1234, Nilsson 2013, p. 78–79, 86–90, SOU 2015:7, Vlachos 2012, p. 16). Those arguing in favor for private provision claim that the replacement of public providers for private producers enhances economic efficiency and improves the quality of the services that are being produced as a result of market competition (Elinder & Jordahl 2013, p. 43, Hartman 2011, p. 13). Accordingly, competition between producers is claimed to promote consumer choice and stimulate innovation resulting in an increased service provision where the produced services are characterized by higher quality, are produced to a lower price and better respond to the needs of the consumers (Elacqua 2014, p. 10, Hartman 2011, p. 13–14). Conversely, critics argue that there is no evidence that market competition or the introduction of private providers actually promote either efficiency or quality. Rather, they emphasize on the complications of contracting out welfare services, especially the difficulty to monitor and measure service quality and the problem of self-interest driven for-profit providers which are claimed to “have incentives to cut quality in the process of cutting costs and maximizing profits” (Elacqua 2014, p. 10), which consequently can jeopardize the public ambition of providing equal opportunities throughout the nation (Helby Petersen & Hjelmar 2014, p. 3–4, Minow 2003, p. 1231–1234, SFS 2010:800). In recent years the debate has further intensified due to a number of media reports¹ about maltreatment and other quality deficiencies in

¹ See for example the article series in Dagens Samhälle and in Dagens Nyheter (DN) about maltreatment in elderly care: <http://www.dagensamhalle.se/carema> and <http://www.dn.se/stories/stories-sthlm/missforhallandena-inom-aldrevarden/>. The reports about quality maltreatment in preschools can be read in

private welfare service organizations operating in sectors such as elderly care and education. This have steered the debate towards a questioning of the possibility for private companies to make profit in areas which are publicly funded and the prevalence of for-profit organizations on the market (Nilsson 2013, p. 72).

Correspondingly to other welfare sectors the Swedish education system was transformed through a number of reforms during the late 1980s and the early 1990s. The first reforms in the 1980s decentralized the responsibility of education from the state to the municipalities and introduced a more moderate regulatory system which regulated organizations through national objectives rather than controlling organizational processes. The following reform, *Friskolereformen*, was implemented in the beginning of the 1990s and was the result of an increased demand for a more efficient and individual based service production. The government, which traditionally had been the primary provider of education, was argued to be an inefficient producer. Contrariwise, the opinion was that the Swedish school system would rather benefit from a state of market competition which assumingly would increase efficiency and enhance service quality. Thus, in an attempt to pursue conditions for perfect competition the school market was opened and allowed market entries of all types of private² organizations and ownership structures, making it easy for new actors to enter the market. To stimulate innovation and eliminate organizations with poor quality a choice reform was implemented which gave the students and parents the possibility to select which school to attend. Furthermore, quality standards was determined and formulated in the new Education Act and Curricula focusing on school performance given specific targets. Finally, to monitor and control service quality the new regulatory government agencies the Swedish National Agency for Education (NAE) and the Swedish Schools Inspectorate (SI) were founded (Holmlund et al 2014, p. 34–36, Prop. 1991/92:95, p. 10–11, Sahlgren 2011, p. 29, SOU 2013:56, p. 63–65, Stiglitz 2000, p. 432).

The anticipated results of the abovementioned reforms were increased service quality with better performing schools and enhanced student results. However, according to various international student assessment studies, such as PISA, PIRLS and TIMSS, student results did not increase but have in fact continued to decline. Accordingly, since the reforms were implemented Sweden's average student performance ranking changed from above or around OECD average to below OECD average. When analyzing the decreasing student performance scholars have found that the between-school variation rather than the within-school variation have increased, implying larger quality differences between schools than between students (Holmlund et al 2014, p. 60–70, OECD 2015, p. 14, Sahlgren 2011, p. 31–32, Skolverket 1, Vlachos 2011, p. 66). In summary, since the national goals are the same for all organizations but results differ

Svenska Dagbladet (SvD) from March 19th 2014 http://www.svd.se/nyheter/inrikes/svep-svaltkost-pa-forskolor_3379168.svd?sidan=1.

² In Sweden most private schools are publicly funded and therefore called independent schools, including both private for-profit and non-profit organizations.

between schools there is reason to believe that the differences depend on the characteristics of these new organizations, which mandates for a study of the divergences of these organizations (Immergut 1992, p. 57).

1.1 Organizations, quality and conflicting goals

When private welfare service producers were first introduced on the Swedish welfare market for-profit organizations were the exception. However, in recent years these organizations have expanded rapidly while the non-profit alternatives have had an insignificant growth rate (Nilsson 2013, p. 86). As the expansion of the for-profit welfare organizations coincided with a parallel trend of declining quality various researchers have examined whether ownership structure in fact affect the outcome of welfare service production.

For example, Ford and Kaserman (2000) studied ownership structure and medical service quality in the dialysis industry. They found that ownership structure for the for-profit organizations matters and that physician-owned for-profit clinics outperformed corporate-owned for-profit clinics. Furthermore, that there was no quality difference between non-profit clinics and physician-owned for-profit clinics. Conversely, scholars Helby Petersen and Hjelmar (2014) studied the effects of the Scandinavian marketization experience by comparing the Swedish and Danish private provision of home care for the elderly, child care and the operation of nursing homes, concluded that there is “little generalizable evidence in support of improved cost effectiveness or enhanced service quality” (p. 14).

Concerning education, Swedish scholars Sandström and Bergström (2005) conclude in their study that market competition and the increase of independent schools have in fact lead to higher results, therefore higher quality. Similarly, Sahlgren (2011) concludes that the prevalence of for-profit organizations on the school market increases student achievement and benefit students from low socio-economic backgrounds. Furthermore, Hoxby (2000) states that competition that is restricted to only include public schools also improves quality. In other studies analyzing the differences between public and different kinds of private schools or education providers scholars such as Chubb and Moe (1988) and Tweedie, Riley, Chubb and Moe (1990) argue that private for-profit schools outperform public schools because of more efficient education production. Furthermore, that the school type that is expected to perform the best is the for-profit franchises because they can use their scale as an advantage for producing quality services more efficient and effectively than the public ones (Chubb 2001). In opposition, Lubienski and Lubienski (2006, 2013) argue that public schools perform better than private and that the performance advantage in private schools can be explained by student demographics.

Moreover, Chilean researcher Elacqua claims that a common argument is that “for-profit schools cannot be trusted to place the interests of children ahead of profitability” (OIE 2007 in Elacqua 2014, p. 3) therefore their quality aspirations

can be questioned. However, Minow (2003) argues that a lot of the critique of the private organizations instead is based on the presumption that they are rather jeopardizing societal interests. Since quality relies on informed choosers and because the school market is distinguished by information asymmetry organizations are given incentives to pursue quality indicators which are easy to measure and which do not always correspond to societal interests (Chubb & Moe 1988, Minow 2003, Ladd 2002).

Additionally, Hartman states there seems to be a lack of credible empirical studies of the effects of private for-profit organizations on quality (or many conflicting studies), but also that there is no good measurements for quality (Hartman 2011, p. 262). Hence, it appears that debate is rather about how public and private organizations understand quality, how their understandings differ and what constitute the reasons for the differences.

1.1.1 Relevance

As mentioned in previous sections, the reforms that have been implemented during the last 30 years have shifted the landscape of the Swedish welfare service provision. Public schools now operate alongside different types of private organizations, including schools with either a non-profit or for-profit motive, while regulation has changed from regulation within organizations to regulation of organizations (Berg et al 1999, p. 54, Vlachos 2012). Researchers have also found that quality differences between schools have increased, however that there are contradictory results regarding the effects of these new organizations on quality. There seems to be an aggregated quality decline according to international studies but if this is a result of the organizational context is uncertain (Holmlund et al 2014, p. 60–70, OECD 2015, p. 14).

While scholars have attempted to measure the effects of the introduction of the different organizations on the market, others suggest that it is necessary to analyze the organizations themselves by examining who can influence the organizations, who make the decision within the organizations and how this impact the organization's goals and in this case the quality in the educational output (for example Ansoff & McDonnell 1987, Bryson 1988 in Friedman & Miles 2006, p. 292). Thus, the dilemma seems to be that we do not know *what* happens within the organizations or *who* makes the decisions regarding quality within each organization and what differs between these organizations. Furthermore, since there is no mutual understanding of what quality is, the differences may depend on different understanding of the definition of the concept and what it includes (Hartman 2011, p. 262, SOU 2013:56, p. 212, Vlachos 2011, p. 66).

I propose that one of these differences is the organization of the schools where different actors or stakeholders are involved in decision-making processes within these organizations. Therefore, instead of trying to measure quality and the effect of welfare service privatizations I aim to examine who can influence the internal organizational process and if this is interlinked with how the different organizations understand and pursue the concept of quality.

Furthermore, I aim to expand the concept of independent schools and while previous studies have classified independent schools into two categories after their ambition to make profit I introduce a third option derived from the Chilean researcher Elacqua (2014, p. 3) and Elacqua et al (2011a, 2011b). Therefore, I aim to divide and compare organizations into four categories; *public*, *non-profit*, *autonomous for-profit* and *for-profit franchises*.

1.2 Statement of purpose and research question

The purpose of this study is to understand how outcomes differ between school types by investigating who has the decision-making power in the organizations, who can influence decisions and how this affects the organizations' understanding and pursuit of quality. Thus, the research question that will guide this study is:

- *How do stakeholders influence how the organizations on the Swedish school market understand and pursue quality in educational provision?*

By conducting qualitative interviews I aim to answer the research question. In order to answer this question the purpose is to study and analyze stakeholders in the organizations in order to identify who has the veto power, or the decision-making power, and influence over decisions regarding quality. I argue that depending on who the veto player is and who has the possibility to make certain decisions will determine how the organization will prioritize and pursue quality. Further, as discussed in chapter three, I examine whether different school types pursue quality similarly within four different organizational types based on Elacqua's school categories (see Elacqua et al 2011a, Elacqua 2014).

1.3 Delimitations and presumptions

In order for the scholar to clarify his understanding of the initial research problem and to prevent that the content of the study does not address the purpose of the study Yin proposes that a number of delimitations should be done. These delimitations also help the scholar to stay within reasonable limits and within the scope of the study. Moreover, he argues that delimitations should address the unit of analysis and *how* the scholar understands it so that a clear definition can be established (Yin 2003, p. 21–24).

In this study the unit of analysis is the organizations and the actors related to them that can be found on the Swedish school market. By organizations I am referring to the schools, both public and independent. Furthermore, as the independent schools are privately owned schools, whether they are owned by a

non-profit organization or a limited company, I will refer to them as either independent schools or private organizations throughout the study³.

The emphasis of this study is to understand of how stakeholders and thus organizations understand and pursue quality. Therefore, to answer *how* organizations are understood the definition from Jacobsen and Thorsvik (2008) is used which states that an organization is “a social system deliberately constructed to achieve determined goals” [my translation] (Etzioni 1982 in Jacobsen & Thorsvik 2008, p. 13) and can be understood as a production system. Accordingly, an organization can be described as a process consisting of three essential steps; resources (input), transaction and performance (output). This means that an organization is a process of producing a commodity or a service, referred to as the output. To be able to produce the output the organization relies on resource input in terms of for example labor, material or information. The actual creation of the commodity or service produced is called the transaction which Jacobsen and Thorsvik refer to as the process whereas the actors (or stakeholders) within the organization transform the input to output (ibid p. 14–15). Furthermore, they argue that the transaction or transformation within the organization is conditioned by the organizational context as well as the external environment (or the policy context) that the organization is embedded in. While the organizational context includes the organization’s goals and strategies or the attitudes and actions of the stakeholders within, the policy context affects the organizational context for example the organization’s strategies for reaching the goals. Thus, as the output or performance of the organization is the product of the transaction, this transformation will therefore determine the performance of the organization and reflect the organizational context and priorities (Jacobsen & Thorsvik 2008, p. 16–22). With this said, organizations are understood as producers of quality which will be based on the organizations goals which are decided by influential stakeholders.

Since there seems to be a mutual disagreement whether independent schools or private organizations have positive, negative or any effects on quality (Hartman 2011, p. 262–263) this study derives from the presumption that all schools pursues quality, thus that one of the organizational objectives is quality education, but dependent on who has the veto power to define the understanding of the concept the priorities and strategies for reaching the target will differ from different organizations.

Finally, to limit the scope I am focusing on compulsory comprehensive schools.

³ Independent schools are not to be confused with private schools, which are schools that are allowed to charge a tuition fee and are therefore not facing the same conditions as the voucher contingent independent schools. Therefore, the private schools are excluded from this study, including for example international schools and national boarding schools (SOU 2013:56, p. 75).

1.3.1 Thesis outline

In the following, I begin by giving a background of the Swedish education system by presenting a brief historical view of the reforms that changed the educational system. Further, the chapter also gives an overview of what characterizes the actors that exists on the market. In the third chapter I outline the theoretical understanding by defining and discussing concepts and definitions that are used throughout the thesis. I conclude this chapter by presenting an analytical framework. In chapter four the methodological considerations and the operationalization of theory will be presented and discussed. The empirical findings made from interviews will be presented and discussed in chapter five. Finally, in chapter six, the concluding remarks are presented along with suggestions for future research.

2 General characteristics of the Swedish Educational System

Whilst the introductory chapter briefly introduced the Swedish educational system, this following chapter provides a more in-depth background to the Swedish system. First, the reforms that transformed the system are presented and important characteristics of the reformed system are emphasized. Second, the different types of organizations that exist on the market after the reforms are introduced. When discussing different types of organizations I am referring to the different types of schools that exist.

2.1 Education reforms

The point of departure of this section is the reforms that were implemented in the late 1980s and early 1990s, which gradually have transformed the Swedish educational system to its current state and which are relevant for how current organizations make decisions regarding the pursuit for quality education. First, the responsibility for the supply of education has been decentralized from the state to the municipalities. Second, the supply and demand of education meets on a competition driven school market accessible for all types of organizations. Third, the school market is distinguished by a state of consumer control due to a school choice reform. Fourth, schools are financed through school vouchers which are universal, are targeting the education provider and the size of the voucher depends on the number of students enrolled in the school. Fifth, performance based management guides the transaction process, the work within the schools, as well as the regulatory mechanisms (Gingrich 2011, p. 152– 153, Holmlund et al 2014, p. 1, 19–21). In following sections I will discuss following characteristics by focusing on responsibilities for the *organization of education* and *regulation*.

2.1.1 Organization of education

Education is a public good and it is often argued that education generates positive effects for both the society and the individual. For the individual education can for example significantly increase the income and for the society education can be used for distributional measures and to increase productivity. Therefore, guaranteeing equal opportunities throughout the nation is of high priority and constitutes the purpose of Swedish education according to the fourth paragraph of

the first chapter in the Swedish Education Act (Holmlund et al 2014, p. 16–20, SFS 2010:800, SOU 2013:56, p. 63, Stiglitz 2000, p. 426–429, 439). In a report from IFAU Holmlund et al (2014) claim that an argument for decentralizing the Swedish educational system was that local decision-makers had better understanding of the local conditions and therefore better could meet the local demand and provide more accurate measures that ensured equal opportunities or equal quality in the schools (p. 19, 24–25). Furthermore, it was argued that the central control hampered local autonomy and local initiatives (Skolverket 2009 in Holmlund et al 2014, p. 34).

Therefore, through three government propositions; *styrpropositionen* from 1988, *kommunaliseringspropositionen* from 1989 and *ansvarspropositionen* from 1990 the school system was decentralized. The first proposition, *styrpropositionen*, suggested that municipalities should have increased influence over the schools and that the general responsibility for the schools should be shifted from the central to the local level. The overall responsibility for Swedish education remained state controlled while the municipalities were proposed to have the responsibility for the organization of schools and the execution of education. Additionally, municipalities were allowed to develop school plans and make decisions regarding employment of school leaders, such as principals. The second proposition, *kommunaliseringspropositionen*, shifted all labour and employment responsibilities for the school sector workforce from the state to the municipalities. The third proposition, *ansvarspropositionen*, further established the division of responsibilities between the government and the municipalities by introducing performance management in Swedish schools and defining the concept of *education provider*. First, to ensure that Swedish education was equal and of good quality it was proposed that schools would benefit from regulation through performance management rather than through government control. This type of regulation implies that the government provides the targets or the expectations for the schools in terms of national goals which are formulated in a national Curricula and Education Act instead of setting up detailed rules and procedures that guide the education process. But performance based management is also based on the idea of delegating decision-making to the municipalities, education providers and the principals which have the responsibility to convert national goals into strategies and operationalized goals that guides their work. The state on the other hand has the responsibility to monitor, follow up and evaluate these targets, which is delegated to government agencies. Second, an education provider is defined as an actor that is authorized to provide education and is responsible for goal attainment in all of his organizations, but also to provide resources for the principal to be able to achieve the decided targets within the school. With this said, the municipalities are responsible both as the actor that had the overall responsibility that schools in their area provide adequate education and reach the national targets, but also as education providers that supplies public education (Holmlund et al 2014, p. 35–36, Prop. 1988/89:4, Prop. 1989/90:41, Prop. 1990/91:18, SOU 2013:56, p. 63–69, 94, 125–129).

In 1992 the independent school reform, *Friskolereformen*, was implemented with the aim to permit private organizations on the market. The school market was

opened for all types of private organizations but with the restriction that the government determined which organizations that were approved as education providers. The private organizations that were approved were subjected to the same conditions as the public organizations and the municipalities were obligated to reimburse independent school equivalent to public schools. The anticipated result of this reform was a more individualized and demand driven supply of education with an increased number of schools with alternative pedagogical approaches, augmented efficiency were the independent schools could replace inefficient publicly run schools and improved service quality throughout the entire school system due to market competition and parental choice.

In addition to the independent school reform a choice reform, *skolvalsreformen*, was implemented which further strengthened students' and parents' possibilities to select which school to attend. The possibility to select school was supposed to lead to higher motivation among students, spur competition among schools which assumingly would result in more niched schools and higher quality where schools with low quality would get knocked out from the market (Prop. 1991/92:95, Prop. 1992/93:230, Sahlgren 2011, p. 29, SOU 2013:56, p. 130–132). Furthermore, as a result of the independent school reform the municipalities were given the responsibility to finance the schools through school vouchers. Since then, school vouchers are universal and public and independent schools are equally remunerated through a basic subsidy. The size of the basic voucher⁴ is based on the number of enrolled students in the school and is calculated to cover expenses of an average-performing student. Schools are not permitted to charge any additional fees. The school voucher is paid to the education provider who makes the decisions how the voucher should be allocated between and/or within the schools (SFS 2010:800, SOU 2013:56, p. 58–59, 80).

2.1.2 Regulation

As mentioned in earlier sections, one distinctive feature of the decentralization of the Swedish schools system was that performance management was introduced in Swedish schools. Thus, performance management replaced the former governing mode of regulation by rules which was considered too bureaucratic and an obstacle for local initiatives. The previous regulation model was characterized by a centralized mode of control and the service production and schools were governed through a top-down model focusing on regulating processes within the school through detailed-oriented instructions which regulated particulars such as the amount of time that should be spent on each subject, how teaching should be structured and what should be included. Moreover, schools were financed through

⁴ An additional subsidy can be paid to provide mother tongue tuition and for students in need of special support. Moreover, both private and public education providers can also apply for government grants which are targeting a specific issue determined by the government, for example to increase goal attainment in mathematics (SFS 2010:800, SOU 2013:56, p. 58–59, 80)

targeted government grants aimed at funding specific parts of the schools operations. Berg et al argues that the main difference of these two regulatory systems is that regulation by rules is *regulations within the school* focusing on *how* things are done while performance management is *regulation of the school* which instead focuses of *what* things are done. Furthermore, while regulation by rules steers processes within the schools performance management measures organizational outputs and compares them to determined benchmarks or minimum quality levels. The national targets determine what organizations should strive for, but how operations are done is left to decision-makers in the municipalities and within the schools (Berg et al 1999, p. 54–59, Holmlund et al 2014, p. 34, 36–39, Pierre 2007, p. 9–10, 15).

For this model to be effective Stiglitz among others argues that “clear performance measures for schools must be established” (Nilsson 2013, p. 79, Stiglitz 2000, p. 438) to ensure that “those engaged in the educational process behave as they are supposed to behave” (Chubb & Moe 1988, p. 1069). Since the state (or municipals) is the payer of the produced services, Gingrich argues that, they “would like to achieve value for *their* [my italics] money” (Gingrich 2011, p. 11) where a situation of competition gives the producers incentives to produce at the lowest cost and where the state controls and sets minimum quality standards (ibid., p. 11). Furthermore, Dixit argues that in the performance based management model control is to measure quality, therefore quality must be operationalized into observable, measurable variables that easily can be monitored and controlled (Dixit 2002, p. 697, 720-721).

Therefore, with the implementation of performance management in the Swedish schools system the government was given the general responsibility for regulating education and the responsibility to control, monitor, follow-up and evaluate the education system. The mission to regulate the education system was accomplished through three different modes of control; legal, ideological and financial. First, in the Education Act legally binding organizational benchmarks were established. Second, in the national Curricula the general targets were explained and clarified and recommendations of how to reach the objectives were formulated. Third, through government grants the government targeted some areas of interest and through financial control of the agencies within this area the government regulated their missions (Jarl et al 2007, p.25–29, Pierre 2007, p. 15). The latter responsibility, to control, monitor, follow-up and evaluate the education system, was delegated to the government agencies the National Agency for Education (NAE) and the Swedish Schools Inspectorate (SI). The NAE was given the ideological mode of control with the responsibility to develop clear goals and knowledge requirements in national Curricula and syllabuses and to evaluate the education system. The SI was given the legal mode of control though an auditing role and the responsibility for issuing licenses to approved education providers. Their auditing role includes supervisions and quality assessments of schools based on legislation and the established benchmarks (Skolinspektionen 1, Skolverket 2, SOU 2013:56, p. 159–166).

The state has limited financial control over the schools due the decentralization of financial control to the municipalities. However, the

municipalities have the responsibility to follow-up and evaluate the schools within their area. Furthermore, the education provider has the responsibility to follow-up, evaluate and reach the national goal within his organizations and finally the principals have similar responsibility for the operations within their school (Holmlund et al 46–47, Jarl et al 2007, p. 27).

2.2 Organizations and actors on the school market

Prior to the independent school reform, *Friskolereformen*, in 1992 the government or the municipalities were essentially the only education providers, meaning that basically all Swedish students attended a public school⁵ (Böhlmark & Lindahl 2013, p. 7, Prop. 1991/92:95, p. 10-11, Sahlgren 2011, p. 29). However, after the implementation of the independent school reform there was a major expansion of new types of schools that entered the market and today almost every sixth student attend an independent school. Furthermore, the number of students attending independent compulsory schools have increased from 1,5 percent in 1993 to 13,6 percent in 2013 while the number of independent compulsory schools on the market has increased to 792 in 2013, constituting 16 percent of the school market (Jämförelsetal, Skolverket 1, SOU 2013:56, p. 77, 121). Additionally, within the independent school category there is a development of a greater variety of different school and organizational types. Thus, the independent school category can be described as a group that is characterized by great heterogeneity (SOU 2013:56, p. 71, 74–75, 95).

To be able to understand the variety between different actors and organizations some essential definitions need to be established. First, the actor responsible for the schools internal work is the *principal* (Augustinsson & Brynolf 2012, p. 215–216). Second, an *education provider* is the actor responsible for the organization of education in both public and independent schools. In most compulsory comprehensive public schools the education provider is the municipality and in independent schools the education is organized by a private education provider which is either a natural person or a legal person. A natural person can be one or more individuals and with a legal person I am referring to companies, associations, organizations or trusts. In SOU (2013:56) eight different legal structures are identified; Trusts, limited companies (or joint-stock-companies), non-profit organizations, economic associations, trading companies, limited partnerships, religious communities and individuals (see table 2.1 below) (p. 95-96).

⁵ Some private schools existed prior to the independent school reform. However, the student attendance in these schools corresponded to less than one percent of all Swedish students (Böhlmark & Lindahl 2013, p. 7).

Table 2.1 Schools divided by education provider

<i>School type</i>	<i>Education provider</i>
<i>Public</i>	Municipal
<i>Independent</i>	Limited company/ Joint-stock company Trust/Foundation Non-profit organization (secular) Economic association Trading partnership Limited partnership Religious (non-profit) organization Sole trader

Source: SOU 2013:56, p. 95–96

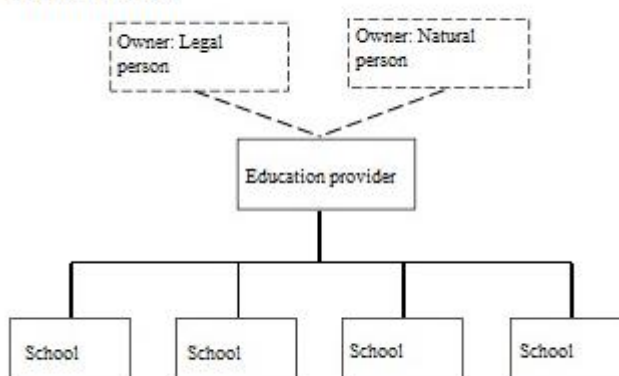
In following sections I discuss the organizational structure and actors in these two schools types.

2.2.1 Independent schools

The definition of an independent school is that it is operated by a private education provider which can either be owned by a legal person or a natural person (SOU 2013:56, p. 95).

If the education provider is a company it can have one or more owners, which could either be legal or natural persons. This ownership and management structure is illustrated in figure 2.1. As can be seen in the figure an education provider can manage one or more schools and the ownership can vary in different education providers where an education provider can be owed by both natural and legal persons.

Figure 2.1 Ownership and management structure in Swedish schools



Based on figure in SOU 2013:56, p. 94

However, according to SOU (2013:56) the committee concludes that if more than 50 percent of the education provider is owned by a company then the education provider is part of a branch. A branch is constituted of two or more companies and consists of a parent company

and one or more companies that are subsidiaries to the parent company (ibid. p. 51, 94–95).

In a governmental report about independent schools in Sweden the committee proposes a classification of the different school types based on two main characteristics: educational approach and ownership structure. First, schools are classified into five different types after their educational approach. The different educational approaches are: general, denominational, Waldorf, international and national boarding schools. Second, schools are classified into eight different groups based on ownership structure of the education provider (see table 2.1 in section 2.2). In 2012 the most common ownership structure was limited companies which accounted for approximately 44 percent of the private education providers, while the second most frequently occurring ownership type was economic associations which accounted for 21 percent of the education providers. The third and fourth largest ownership groups which represented 17 and 15 percent of the education providers were non-profit organizations and trusts (SOU 2013:56, p. 78, 95-96).

Subsequently, based on organizational features the different ownership structures are often categorized into two groups; non-profit and for-profit organizations. The first group, the non-profit organizations, includes special pedagogy schools, religious schools, parent cooperatives or schools run by economic associations or foundations, while the second group, the for-profit organizations, consists of joint-stock, private or trading companies.

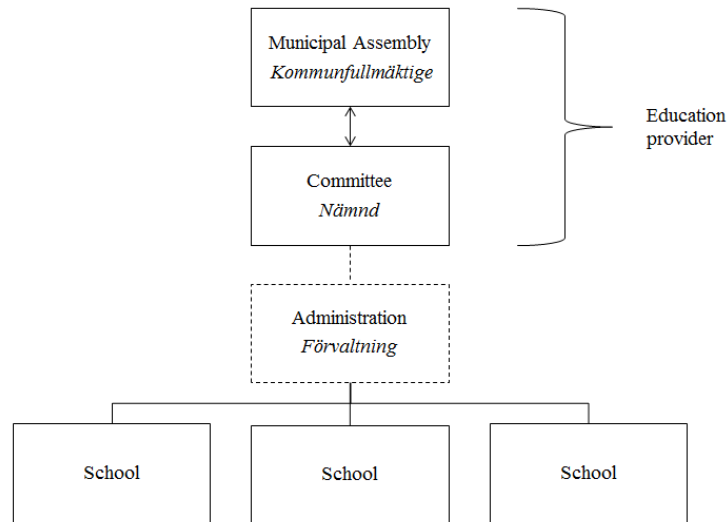
One of the reasons for launching the independent school reform was the belief that schools with alternative pedagogical educational approaches would increase. However, in 2012 87 percent of the independent schools had a general educational approach. Furthermore, the majority of the new schools that were started during the first years after the reform were non-profit schools. However, this has changed over time and since the late 1990's the for-profit schools have increased rapidly and today the for-profit schools counts for around 65 percent of the independent schools. Accordingly, in 2013 almost two out of three students that were enrolled in an independent school attended a for-profit school and 43 percent of the private education providers were part of a branch (Böhlmark & Lindahl 2013, p. 8, Sahlgren 2011, p. 28, Skolverket 2014, p. 7, SOU 2013:56, p. 78, 96, 98).

2.2.2 Public schools

The definition of a public school is a school that has the municipality as the education provider.

While the number of independent schools has expanded rapidly in recent years, the larger majority of Swedish students are still enrolled in a public school and in 2012 87 percent of Swedish students attended a public school (SOU 2013:56, p. 77). These are, after the decentralization reforms, operated by the municipalities. As illustrated in figure 2.2, the municipal assembly and a committee functions as the education provider. The municipal assembly is the decision-making body but delegates to the committee. The committee controls the administration which implements policies (Ds. 2004:31).

Figure 2.2 The organization of public schools



Source: Ds. 2004:31, Jarl 2007, p. 37, SOU 2013:56, p. 94

3 Theoretical framework

In following chapter the aim is to build a theoretical framework of my understanding of organizations and stakeholder influence based on a discussion of the theoretical choices that have been made and definitions of theoretical concepts. The chapter begins with a discussion about the theoretical points of departure for this study. Thereafter follows a section in which I attempt to clarify how to understand the concept of organizations and how stakeholders can influence organizations and organizational goals. Next section provides a comparison of public and private organizations and how they differ in terms of organizational structure and stakeholder influence. The following section introduces hybrid organizations. To conclude this chapter an analytical model is presented which will guide the analysis.

3.1 Theoretical points of departure

As mentioned in the introductory chapters, the reforms made within the field of education have changed the landscape of educational supply. First, a variety of new types of organizations have entered the arena. Second, decisions about organizational transaction processes have been decentralized to actors and stakeholders closer to the service producing organizations. Third, organizations are regulated by controlling and measuring the organizational goal attainment.

One point of departure in this study is therefore based on one of the basic ideas of performance management, which is that decisions regarding operational targets are delegated to actors closer to or that are involved in the service production. But also that actors' decisions regarding the organizational goals will have an impact on the organizational output (Friedman & Miles 2006, p. 5, Jones 1995, p. 407). Thus, by goal, target or objective I am referring to what is prioritized or considered important and what sets the aspiration level and guides the activities within the organization (Cyert & March 1963, p. 115), or as a "description of a desired future condition" as Etzioni defines them (Etzioni 1982 in Jacobsen & Thorsvik 2008, p. 33).

Moreover, decisions that affect the organizational targets and outcomes are being made every day within an organization (Jacobsen & Thorsvik 2008, p. 327–329). Hence, another point of departure is to identify which actor or stakeholder that can make or influence those decisions. The emphasis is therefore on *who* can make certain decisions, *who* can influence the decision-maker and not *how* decisions are made.

A third point of departure is that one type of decisions that can be made within an organization concerns the organizational quality pursuit. As mentioned in section 1.3 the presumption is that all organizations or schools on the Swedish school market pursue educational quality, hence one of their organizational objectives is quality. However, their strategy or how they pursue quality is different which impacts their quality choices. Thus, initially it is appropriate to discuss what quality is and how quality can be judged and measured. The concept of quality is often claimed to be distinguished of complexity, multidimensionality and subjectivity, and to establish an objective universal definition seems to be associated with numerous difficulties (Hartman 2011, p. 265, SOU 2013:56, p. 212). Although in economic theories quality is often argued to be related to individuals' or collective's expectations and experienced satisfaction of a certain products or services or as Skärvad and Olsson define the concept; the product or service "ability to reach certain predetermined goals" [my translation] (Ansoff & McDonnell 1987, p. 48, Skärvad & Olsson 2008, p. 202–203). Furthermore, evaluating quality of services is more difficult as customers may participate in the service production, for example in the provision of education where education quality includes to motivate and stimulate the customers or the students to be able to achieve good results and attain knowledge but where the production of education is conditional to the students' initial motivation (SOU 2013:56, p. 212). Therefore, measuring quality can be achieved through selecting and evaluating indicators and goals for each step in an organizations production process. Subsequently, in a governmental report four different modes of quality measurements are mentioned: *result quality*, *structure quality*, *process quality* and *brand* [my translation] (SOU 2013:56, p. 214, 239). These divergent measurements aim to control different stages of the organizational production process, where result quality measures the performance of the organizations (output), structure quality measure the preconditions or resource allocation (input), process quality refers to how the activities are executed (transaction process) and brand aims at organizational profiles and marketing.

Proceeding from quality to the question why stakeholders matter a definition of stakeholders is essential to establish. Freeman defines stakeholder as "those groups who are vital to the survival and success of the organization" (Freeman 2004 in Friedman & Miles 2006, p. 4). To what extent these individuals and stakeholder groups can affect or influence the organization varies as do their, often conflicting, interests (Dixit 2002, p. 697, Freeman 2010, p. 8–25).

3.2 Understanding stakeholder influence in organizations

In this section I intend to present and discuss the essential concepts and theories that I use to understand organizations and how stakeholders can influence organizations. I will proceed by focusing on understanding the organization

through three dimensions; as a production system, as a social system embedded in an external environment and as a strategic entity.

3.2.1 The organizational context

The tradition of organizational theory stands on an interdisciplinary foundation where scholars from different research fields have contributed to current understanding of organizations, their surroundings and the activities within them. Departing from the classical view of organizations, this view derives from the German biologist von Bertalanffy founder of the general systems theory. The general systems theory contributed to the interpretation of organizations as open systems or mechanisms that transforms an input, or resources, to an output, in terms of products and services. Furthermore, that all systems consist of interdependent parts or subsystems ‘embedded’ in a larger system. In modern organizational theory this understanding has translated into three organizational system levels; the general system level referring to the environment surrounding the organization, the system level meaning the organization itself and the subsystem level focusing on divisions within the organization (Barnard 1938 in Freeman 2010, p. 37, Hatch 2002, p. 54–60, 74–76, 111).

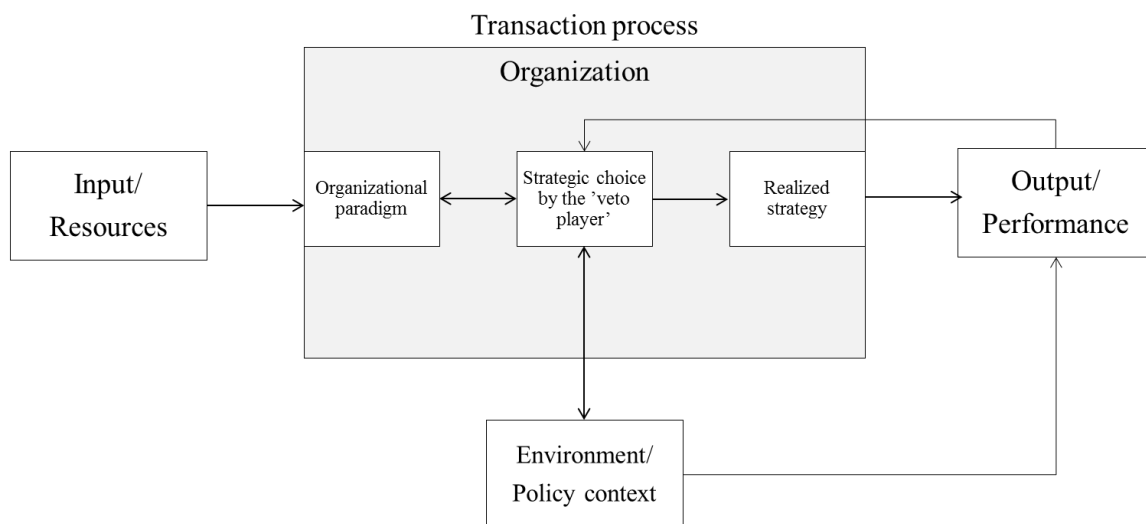
In the general system organizations are seen as autonomous actors that interact with other actors, constituting the interorganizational network. Within the interorganizational network various transactions occur between the participants, including both other organizations and actors such as suppliers, customers, unions and agencies, affecting all interacting participants (Hatch 2002, p. 87–89, Laumann et al 1978, p. 457). Laumann et al (1978) states that the application of “an open-systems perspective to the theory of organizations quickly led to recognition of the critical significance that an organization’s environment plays in its activities” (p. 457). Furthermore, Jacobsen & Thorsvik (2008) adds that the organization is placed in a system where the organization’s interaction with the surroundings affects the organizational outcomes (p. 13–15).

However, various critics, such as Child, conversely argue that “environmental conditions cannot be regarded as a direct source of variation in organizational structure, as open systems theorists often imply. The critical link lies in the decision-makers’ evaluation of the organization’s position in the environmental areas they regard as important, and in the action they may consequently take about its internal structure” (Child 1972 in Heracleous 2003, p. 30).

This leads us to the understanding that the environment plays a vital role in the organization’s activities as Laumann et al stated as well as the ‘internal functioning’ of organizations labeled organizational action for the organizational outcome (Heracleous 2003, p. xiii, 23). However, the environment can only affect the already existing process or organizational paradigm. This exposes a discrepancy between modern organizational theories, where organizations are seen as actors with inherent goals, and corporate management theories, which claim that a corporation (or an organization) is a coalition or grouping of individuals in relation to certain organizational objectives (ex. Cyert & March

1963, p. 27, Freeman 2010, p. 31–49, Jacobsen & Thorsvik 2008, p. 177, Laumann et al 1978, p. 457). Nevertheless, this leads to that organizations are not entities but “a social system deliberately constructed to achieve determined goals” [my translation] (Etzioni 1982 in Jacobsen & Thorsvik 2008, p. 13) with the aim to achieve or produce certain targets or services but also that they consist of stakeholders determining how the production and the delivery of the services will be done (Jacobsen and Thorsvik 2008, p. 16). Drawing on scholars Cyert and March they argue that rather than regarding an organization as single actor with its own goals and conflict free rationality it should be regarded as a composition of different stakeholders and coalitions (Cyert & March 1963 in Jacobsen & Thorsvik 2008, p. 177).

Figure 3.1 The organizational production process



Based on figures in Heracleous 2003, p. 27, Jacobsen & Thorsvik 2008, p. 25

Figure 3.1 illustrates a summary of my understanding of an organization. First, the organization can be viewed as a production system transforming an input to an output and where the environment, for example state regulation or legislation, has some impact on the transaction process. Second, the transaction process however depends on the organizational paradigm and influential decision-makers. Starting in the internal context within the organization, which is called *organizational paradigm*, this includes both formal and informal features. The formal features consist of organizational structure and the formal organizational goals and the informal features are organizational culture and informal power relations. The organizational structure refers to the division of labour within the organization and how labour is coordinated, whilst the organizational goals establish guidelines for the organization’s activities. The organizational culture comprises shared values and opinions while the power relations can be observed in outcomes of conflicts where interests of different stakeholders and coalitions have met. Moreover, the *strategic choice by the veto player* is the priorities that are decided within the organization by the actor that has the power to decide and affects the

goal attainment within the organization. The decision-maker will have to conform to the policy context or environment when making the choice. Finally, the *realized strategy* is the realization of the decision-makers choices and what guides the organization's transaction process and goal attainment or as Heracleous argues "organizational action" (Heracleous 2003, p. xiv, 27–32, Jacobsen & Thorsvik 2008, p. 17–18, 140).

3.2.2 Who are the stakeholders?

Freeman defines stakeholders as "any group or individual who is affected by or can affect the achievement of an organization's objectives" (Freeman 2010, p. 25). Moreover, Jones defines the concept as "groups and individuals ... with (a) the power to affect the firm's performance and/or (b) a stake in the firm's performance" (Jones 1995, p. 407). In figure 3.2 from Freeman's book *Strategic Management: A Stakeholder Approach* he specifies the relevant stakeholders as following. The model includes both internal stakeholders involved in the transaction process, such as managers and employees, and external stakeholders outside of the organization, such as customers, the government and government agencies, suppliers and other actors and organizations (see figure 3.2) (Freeman 2010, p. 8–23, 25, 216–218, Friedman & Miles 2006, p. 8–9).

Figure 3.2 "Stakeholder View of Firm"

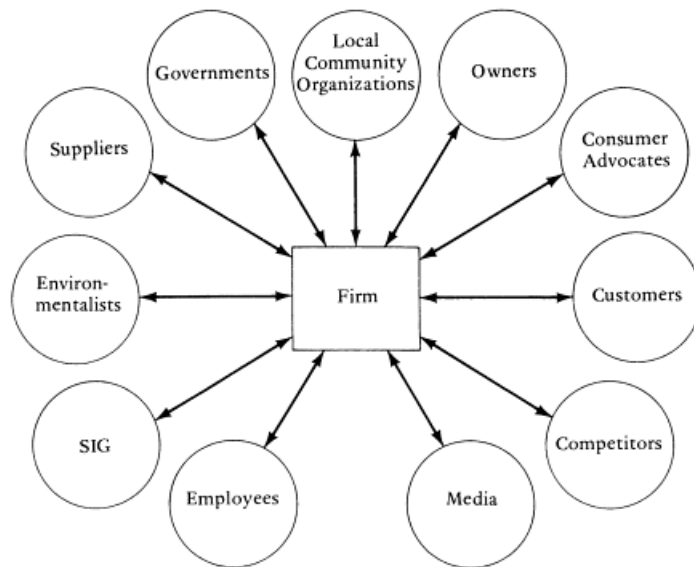


Figure from Freeman 2010, p. 25

One central idea in stakeholder theory is the aim to distinguish between different types of stakeholders and to identify those that can influence decisions in the organization or as Freeman stated those that 'can affect' rather than 'be affected by'. Furthermore, Donaldson and Preston distinguish between influencers and stakeholders which are actors that can or cannot influence and have and have not a stake (1995, p. 86). For example in figure 3.2 media is one type of stakeholder that have no stake but can influence, while owners and employees both have a stake and can influence. Drawing on Rowley, he argues that how and which stakeholders that can influence, and therefore belongs to Jones a-type, can be described by starting at the organization and adding stakeholders as a network surrounding the organizations. By considering stakeholders as part of a network, much like the interorganizational network which surrounded the organizations, stakeholder influence Rowley continues, is dependent on two key factors;

centrality and *density*, where centrality is the stakeholder's position towards other stakeholders in the network and density is the interconnectedness between the different stakeholders. A higher level of centrality means a higher level of stakeholder power or influence (Friedman & Miles 2006, p. 11-14, 97–98, 110–111, Rowley 1997, p. 888, 896–898). Stakeholders with more influence than others can be labeled powerful or critical stakeholders and can for example consist of employees or suppliers (see figure 3.2). In addition, Bowie argues that critical stakeholders are those that “without whose support the organization would cease to exist” (Bowie 1988 in Friedman & Miles 2006, p. 5).

Up to now, the discussion has focused on the stakeholders that can and cannot influence decisions regarding organizational goals without addressing the question of which stakeholder that can make a decision. We have seen that with a higher degree of centrality stakeholder influence change from “be affected” to “can affect” organizational goals transforming those actors into powerful or critical stakeholders. As a further expansion of the stakeholder concept and an extension of critical stakeholders I include the concept of veto player. Consequently, veto players are critical stakeholders that have the power to make decisions compared to other stakeholders which have no or some degree of influence over the decision-making process. According to Tsebelis “a veto player is an individual or collective actor whose agreement is required for policy decisions” (Tsebelis 1995 cited in König et al 2010, p. 22). For example in figure 3.1 the veto player is the decision-maker that can make a strategic choice which affects the organization's goals and that will guide the organization's strategies. The concept of veto player derives from Tsebelis veto player theory which focuses on political institutions and decision-making within these institutions. Tsebelis' aim is to attempt to understand the differences in policy outcomes in political systems by focusing on actors within these organizations. Furthermore, the veto player theory determines which actor that has the ability to stop a policy or a choice to be made (Tsebelis 2002). Immergut calls these points in a decision-making process veto points (Immergut 1990, p. 396).

Moreover, veto players are often managers and it is disputed whether managers should be considered stakeholders, however in this study I will regard managers as stakeholder, in fact they belong to the internal stakeholders. It can be argued that whether managers are veto players or not is conditioned to the decision-making structure that exists within the organization (Hatch 2002, p. 300).

3.2.3 Decision-making and strategy in organizations

Decisions are being made constantly inside organizations regarding different issues and areas within the organization, where some of these decisions affect the performance of the organization and other do not (Hatch 2002, p. 300, Jacobsen & Thorsvik 2008, p. 327–330). The definition of a decision is that it describes an active situation where a choice between different alternatives are being made and where the selected alternative involves a commitment for action (Langley et al 1995 in Jacobsen & Thorsvik 2008, p. 329). The variety of decisions that can be

made are often divided into three categories; operational day-to-day decisions regarding the execution of the organization's goals, tactical or administrative decisions which includes those decisions about the implementation of the organization's goals or structuring the organization's resources to fulfill the objectives, and finally strategic choices which determines the goals of the organization (Ansoff & McDonnell 1987, p. 23–24, 27, Friedman & Miles 2006, p. 11, Oxelheim & Wihlborg 2008, p. 12, 184–185). Who can make these different types of decisions often depends on the organizational structure which determines the decision-making structure inside the organization (Cyert & March 1963, p. 83). In the more traditional organizations strategic decisions are made on the top level by the equivalent to a firm's CEO or while tactical are often made by middle level managers and the operational decisions by actors on the lower levels (Hatch 2002, p. 300, Oxelheim & Wihlborg 2008, p. 11–13, 185). This gives an indication of who the veto player is.

The nature of a decision is, according to Langley, that decisions involves a commitment for actions and can therefore be comprehended as contracts which implies that veto player or decision-makers can be interpreted as 'contract holders' (Freeman & Evans 1990 in Friedman & Miles 2006, p. 6). Furthermore, drawing on Eisenhardt (1989) Jones claims that "the contract is an appropriate metaphor for the relationships between the firm and its stakeholders" (Jones 1995, p. 407). He continues by arguing that contracts vary in form, including exchanges, transactions, the delegation of decision-making authority and formal legal documents. Moreover, Jensen & Meckling continues that the organization can be seen as a 'nexus of contracts' between stakeholders and the organization itself (Jensen & Meckling 1976 in Jones 1995, p. 407). Thus, decision-makers can be seen as having a direct or indirect contract with various influential (or critical) stakeholders who are able to influence their choices (Jones 1995, p. 407).

Consequently, stakeholder influence can be one of the reasons why decisions differ between different organizations. Ansoff & McDonnell claim that three causes can explain different organizational behavior (or that different choices are made), which are *organizational objectives*, *responsibilities* and *constraints* (1987, p. 53). First, organizational objectives are certain "decision rules which enable management to guide and measure the firm's performance toward its purpose" which respond to aspirations of external influential stakeholders. Second, responsibilities are "obligations which the firm undertakes to discharge". Third, constraints are "decision rules which exclude certain options from the firm's freedom actions" (Ansoff & McDonnell 1987, p. 53). Similarly, Christensen et al argues that when comparing public and private organizations one can identify three fundamentally different features by which three concepts can be derived. First, public organizations are responsible to a democratically elected leadership and the people, whilst private organizations are liable to a board of directors and stockholders (Christensen et al 2005, p. 16–19). Hence, *accountability* is a variable that affects decision-making. By accountability I refer to contracts with stakeholders and stakeholder influence which depends on centrality and density of the critical stakeholders. Second, public organizations are 'multifunctional' [my translation] meaning that they have to regard several,

sometimes conflicting, goals and democratic values such as transparency, predictability, equality, neutrality, service quality, political loyalty and cost efficiency, in contrast to private organizations which have one essential target; to generate profit (Christensen et al 2005, p. 16–19). Therefore, *organizational goals* will determine decision-making. Third, public and private organizations usually do not operate in the same context, public organizations usually exists on markets characterized by imperfections and private on markets with competition. Hence, the organizations *responsibilities* will affect what decisions that are being made. But also the environmental context which contains national regulations and legislation will affect the organizational responsibilities (Christensen et al 2005, p. 16–19). Ansoff & McDonnell differs between responsibilities and constraints which includes legislation (Ansoff & McDonnell 1987, p. 53). The concept of responsibilities can be perceived as confusing because a private firm has a responsibility to generate profit to its stakeholders and are thus accountable to them. However, they are also responsible to follow the legislation which can be seen as a constraint to the organizations activities or limits the veto player's choices. Therefore, I will use Ansoff & McDonnell's term of constraints instead of responsibilities which was derived from Christensen et al (2005). Likewise, I will use the term of accountability from Christensen et al instead of Ansoff & McDonnell's organizational objectives but in accordance with Freeman argue that the organizational objectives are responses to aspirations of external influential stakeholders (Freeman 2010, p. 33). Finally, I will use the concept of organizational goals according to Christensen et al instead of and similar to Ansoff & McDonnell's responsibilities. Fourth, I also argue that personal interests of decision-makers will determine what decisions are made, however I will not include this aspect in my study (Friedman & Miles 2006, p. 5, Jacobsen & Thorsvik 2008, p. 338).

Finally, how the decisions or 'strategic choices' are executed are through implementation of the organization's realized strategy (Jacobsen & Thorsvik 2008, p. 39). Business professor Chandler wrote in his book *Strategy and Structure* that "strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Chandler 1962 in Heracleous 2003, p. 4). Thus, the strategy articulates the organizational targets and aspirations (Jacobsen & Thorsvik 2008, p. 339).

3.3 Comparing public and private organizations

In this section I will compare public and private organizations and try to distinguish how and if these two organization types differ through veto players and the abovementioned concepts of *accountability*, *organizational goals* and *constraints*. I will begin by merely focus on the divergences between public and private organizations and thereafter introduce and compare new types of private organizations with the existing public and private ideal types.

3.3.1 Veto player

As mentioned in section 3.2.3 regarding decision-making and strategy within organizations, the veto player is that actor that can make the strategic choices within the organization. By observing figure 2.1 and 2.2 in chapter two one can identify that both public and private organizations are distinguished by a hierarchical organizational type, where the education provider presumably is the veto player. Thus, when comparing the public and private veto player the figures demonstrate that whilst the veto player in public organizations are politicians, they are represented by a legal person in private organizations where the decision-makers or critical stakeholders consist of natural persons or a board of directors that appoints a CEO which are delegated the decision-making power (see for example Hatch 2002, p. 300, Oxelheim & Wihlborg 2008, p. 11–13, 185).

3.3.2 Accountability

The question of who can influence a decision depends on the degree of connection with the veto player. Aforesaid, by accountability I refer to contracts with stakeholders and stakeholder influence which, according to Rowley, depends on critical stakeholders' centrality and density. The concept of centrality can be describe through three further concepts; degree, closeness and betweenness. The first term, degree, refers to how well-connected the stakeholders is with the decision-maker and other actors. Second, closeness describes an actor's possibility to access other relevant actors, were low closeness implies that an actor is dependent on other actors to access relevant actors. Third, betweenness is the ability to control other actor's closeness to relevant actors (Rowley 1997, p. 899). My understanding of centrality will be based on all of the abovementioned concepts but I will use the term centrality and thus meaning the stakeholder's degree of closeness to the veto player, for example in a public school where the veto player is the education provider or the Municipal Assembly and where the Committee have the responsibility to investigate and prepare for the a decision-making support for the assembly. The concept of density however can be defined as number of stakeholder connections where "the interconnectedness of relational networks influences an organization's degree of resistance to institutional pressures" (Oliver 1991 in Rowley 1997, p. 896). Furthermore, Rowley states that "as network density increases, the ability of a focal organization's stakeholders to constrain the organization's actions increases" (Rowley 1997, p. 899). I will understand the concept of density as size matter, for example, in private organizations stockholders are great in numbers and therefore have a possibility to affect the stakeholders distinguished by centrality, whereas in public organizations citizens can affect the elected political leadership.

Thus, when comparing public and private organizations public organizations are responsible to a democratically elected leadership which is liable to the people and private organizations are accountable to a board of directors and its owners or stockholders (Christensen et al 2005, p. 16–19, Jacobsen & Thorsvik 2008, p. 25–

27). Moreover, according to Chubb and Moe, the main difference between public and private organizations is the factor of social control whereas public organizations or schools are subordinated the hierarchical system of democratic politics and private organizations are market controlled. Accordingly, public schools are directly controlled by society through the democratic system in terms of public administration, in the municipalities in Sweden, whilst private organizations are instead indirectly controlled by the society through market forces (Chubb & Moe 1988, p. 1065–1067).

3.3.3 Organizational goals

According to Chubb & Moe (1988) the organizational context is interlinked with organizational goals where the differences between public and private organizational goals are that targets in private organizations often are more clear and homogenous, whilst objectives in public organizations are characterized by many different often conflicting goals due to the democratic control (p. 1079–1080). Correspondingly, Christensen et al (2005) argues that public organizations are ‘multifunctional’ [my translation] meaning that they have to regard several, sometimes conflicting, goals and democratic values such as transparency, predictability, equality, neutrality, service quality, political loyalty and cost efficiency (p. 16–19).

In contrast to private organizations which have one essential target; to maximize profit (ibid., Cyert & March 1963, p. 8). Thus, while public organizations aim at multifunctional goals Friedman (1970) similarly argues that the “one and only social responsibility of business” is for the private organizations is to increase stockholder value, or profit. In a governmental committee report it is emphasized that according to The Swedish Companies Act (ABL) (SFS 2005:551) the main principle for a limited company is that the operations are conducted in order to provide its shareholders profit. However that it is possible for the organizations to have other objectives as well (Dir. 2015:22, Fi 2012:11, SOU 2015:7).

In summary, to understand the distinctions between public and private organizational goals one can apply Freeman’s model of different types of strategies which distinguish between a utilitarian and a stockholder strategy (Freeman 2010, p. 102–105). Thus, private organizational targets can be described with the stockholder strategy which according to Freeman aims at: (a) “maximize benefits to stockholders”, and (b) “maximize benefits to financial stakeholders”. Public organizational goals on the other hand can be linked to Freeman’s utilitarian strategy, which includes the ambitions to: (a) “maximize benefits to all stakeholders (greatest good for greatest number)”, (b) “maximize average welfare level of all stakeholders”, and (c) “maximize benefits to society” (Freeman 2010, p. 102).

3.3.4 Constraints

Drawing on scholars Chubb and Moe (1988) who argue that organizations are products of the environment context which they are embedded in (p. 1066), the policy or environmental context can be viewed as constraints or limits of the alternative choices or decisions that can be made within an organization or as the ‘rules of the game’. Consequently, constraints are defined as “decision rules which exclude certain options from the firm’s freedom actions” (Ansoff & McDonnell 1987, p. 53).

In the Swedish educational system public and private organizations are subordinate to the same constraints in terms of regulations and legislation, for example government control through the Education Act and determined benchmarks which are controlled by government agencies (SFS 2010:800, Skolinspektionen 1, Skolverket 2, SOU 2013:56, p. 159–166).

However, one essential distinction between public and private organizations is the constraint that public schools have the overall education responsibility, meaning that no student should be without education (SFS 2010:800). Accordingly, public schools can be considered as the default option where students that have not made an active choice of school are assigned to a public school closest to where they live (Böhlmark & Lindahl 2013, p. 7, Chubb & Moe 1988, p. 1068). This also signifies that public schools are all-inclusive and cannot select which students they want in their school, but they are guaranteed that new students will start every school year (Chubb & Moe 1988, p. 1079–1080).

Contrariwise, private schools are dependent on the fact that parents (and students) select their school. Since school vouchers are paid to the education provider based on the number of students that are enrolled in the school, making sure that students and parents selects their school is crucial for the survival of independent schools. Private organizations therefore have to market their school to attract students, but they also have to meet the preferences and interests of the customers, the students and their parents, to keep them from changing schools. Therefore, the constraint for private organizations is their reputation (Chubb & Moe 1988, p. 1067–1068, 1070, Dixit 2002, p. 720, Hirschman 1970).

3.4 Introducing hybrid organizations

In previous sections I have focused on the distinctions between public and private organizations in terms of organizational structure, stakeholder influence and decision-making. However, Bozeman states in his book *All Organizations are Public* that the distinctions between public and private organizations, in some areas, are gradually dissolving creating new organizational types which often are hybrids between the traditional public and private types (Bozeman in Christensen et al 2005, p. 15). I argue that the Swedish school market is one of these areas where the publicly funded private organizations, the independent schools, are best described as hybrids rather than being denominated as one coherent private

organization category. Therefore, in an attempt to enhance understanding of the organizations within this group this section introduces three new categories based on ownership structure of the education provider that can be found within the private organization group. The categories are based on the works of Elacqua et al (2011a, 2001b), Elacqua (2014) and Ford and Kaserman (2000)⁶ which divides private organizations into groups of for-profit and *non-profit organizations*⁷. Thereafter, within the for-profit category organizations can be further divided into the subgroups of *autonomous for-profit organizations* and *for-profit franchises* (Elacqua 2014, p. 3, 10–14, SOU 2013:56, p. 94).

In schools that belong to the non-profit organization category the education provider is a member based organization that reinvests its profits into the organization's activities to achieve a specific organizational objective. Thus, it is accountable to its members and a board of directors often makes decisions regarding the organization's activities (Bolagsverket 1, Fenger 2006, p. 76–77, Ramia 2006, p. 185–197, Salamon & Anheier, p. 12–16, SOU 2013:56, p. 95–96, White 2006, 45–47).

In autonomous for-profit organizations the education provider is a limited company, like in for-profit franchises, however these schools are independent and does not belong to a school chain. The education provider can be owned by either one or more natural persons, both outsiders and insiders such as teachers or principals, or legal persons, for example a religious community. Hence, stakeholder accountability, decision-making and organizational goals depend on the organizational structure (Bolagsverket 2, SFS 2005:551).

Similarly, for-profit franchises are also organizations that are owned by one or more legal persons, however in for-profit franchises the company or legal person that own the education provider is part of a group of companies. It can be argued that these organizations are most similar to the private organization type because of their liability to their shareholders and a clear organizational goal of maximizing profits to stockholders (Bolagsverket 2, Friedman 1970, SFS 2005:551).

In table 3.1 and 3.2 an overview of the different organizations is presented to identify the stakeholders and who can make decisions and therefore can be seen as veto player.

⁶ Ford and Kaserman (2000) analyzed service quality and ownership structure in the medical industry and divided for-profit organizations into two categories depending on whether they were physician-owned or corporate-owned clinics, similarly to the categories presented by Elacqua et al (2011a, 2011b) and Elacqua (2014). First, in the article *Do better schools scale up?* Elacqua et al (2011a) compares education quality in Chilean independent⁶ for-profit schools and for-profit school chains. Second, in Elacqua et al (2011b) the effectiveness of these school chains or for-profit school franchises is analyzed. Third, in the working paper from 2014 Elacqua examine and analyze the differences between Chilean student achievement and school effectiveness in different public, non-profit and for-profit schools (Elacqua et al 2011a, p.3–5, Elacqua 2014, p. 1–2, 22–23).

⁷ When studying organizations these are usually divided into three categories whether they belong to the market, the state or the third sector. However, in the Swedish school system the division has been between the public schools and the independent which includes both private profit seeking organizations and third sector non-profit organizations (Fenger 2006, p. 76–77, Ramia 2006, p. 185–197, SOU 2013:56, p. 95–96, White 2006, 45–47).

First, table 3.1 provides an insight into which the stakeholders are in the Swedish school system. The table differentiates between public and independent schools and the three different categories introduced earlier. The overarching stakeholders for the independent schools are students, parents, employees (teachers), principal, government and government agencies exist for all organizations and the others are variations for each category.

Table 3.1 Schools divided by education provider

<i>School type</i>	<i>Management type</i>	<i>Stakeholders</i>
<i>Public</i>	Municipal	Students, Parents, Teachers, Principal, Public administrators, Municipal Assembly, Committee, Citizens, Government, Government Authorities
<i>Independent</i>	For-profit franchises	Shareholders, Board members, Managing directors, Owners
	Autonomous for-profit organizations	Board members, Owners
	Non-profit organization	Organization members, Board members

Source: Dixit 2002, p. 719, SOU 2013:56, p. 95–96

Second, table 3.2 illustrates stakeholders within the organizations that can, according to the organizational context, make the decisions and are potential veto players.

Table 3.2 Levels of decision-making within Swedish schools

<i>Type of decision</i>	<i>Organizational level</i>	<i>Stakeholders</i>	<i>Example of decision</i>
<i>Strategic</i>	Top-level	Education provider, CEO, politicians, owner, board members	Determining the goals of the organization
<i>Tactical</i>	Middle-level	Principal	Implementation of the organization's goals
<i>Operational</i>	Lower levels	Principal, teacher	Execution of organization's goals

Source: Oxelheim & Wihlborg 2008, p. 12, 184–185.

Why the organizational quality output differs has in the theoretical sections been argued to be interlinked with stakeholder influence. Thus, based on the previous tables which presented stakeholder differences between the hybrid and public organizations this leads us to the hypothesis of this study.

Hypothesis 1. *Public and independent schools will not pursue quality in the same manner. However, as the independent schools are a heterogeneous group these organizations will also not understand and pursue quality in the same manner due to stakeholder influence. But these organizations will more likely understand and pursue quality according to the newly introduced categories within the independent school group. There will be a difference of which organizations that will prioritize public strategies over private strategies, where for-profit franchises most likely will pursue quality similar to the private strategy, followed by autonomous for-profit schools and non-profit schools which will pursue quality most similar to the public strategy.*

3.5 Analytical framework of stakeholder strategies

As mentioned in earlier sections why organizations' quality pursuit differs depends on the organizational structure, the stakeholders and the veto player of the organization who makes the strategic choice about the organizational goals which can be distinguished in the organization's realized strategy. Why decisions differ can be identified by applying the framework based on Christansen et al and Ansoff & McDonnell which focuses on differences in *accountability*, *organizational goals* and *constraints*. Furthermore, the organizational goals can be found in the organizations realized strategy based on the concepts from Freeman or what decision that have been made regarding the quality pursuit in terms of: *result quality*, *structure quality*, *process quality* and *brand* (the differences in quality pursuit is further discussed in the operationalization in section 4.3)

In table 3.3 (below) I have combined the abovementioned theories into one coherent framework which attempt to identify the differences of the two different organizations.

Table 3.3: Differences of veto player, stakeholder influence and organization in public and private organizations

	<u>Public organization</u>	<u>Private organization</u>
Veto player	Municipal Assembly	CEO
Accountability		
Centrality	Committee	Board of directors
Density	Citizens	Stockholders, Customers
Organizational goals	Utilitarian	Stockholder
Constraints	All-inclusive	Reputation

The aim is to apply this framework on both the public and the hybrid organizations; the non-profit, autonomous for profit and for-profit franchise organizations; to try to position them in relation to the introduced types of public

and private organizations and to answer the hypothesis that were presented in the theoretical chapter.

4 Methodology

Whilst the previous chapter provided the theoretical basis of the study by discussing organizations, stakeholder influence and decision-making, this next chapter provides the methodological choices of this thesis. The chapter contains discussions regarding case study design, case selection, interview method and the operationalization of the analytical framework that was presented in chapter 3.

4.1 Case study design

The aim of research in the social sciences is according to King, Keohane & Verba (1994) to “produce valid inferences about social and political life” (p. 3). Approaching social and political phenomena and conducting social research however, entails a variety of methodological considerations. One of these considerations concerns the choice of research strategy that will guide how the empirical evidence will be collected, presented and analyzed (Yin 2003, p. 1, 3). King, Keohane & Verba argues that there are two styles of research strategies; qualitative and quantitative research. These two research styles are often referred to as small-n and large-N studies, suggesting that the essential difference between the two strategies is the number of cases that are included in the study. The advantages of each research strategy often includes the possibility for quantitative studies to provide general descriptions by using statistical measures for analyzing multiple cases, while the advantages of doing qualitative research concerns the ability to achieve more in-depth analyzes of specific cases and complex phenomena that are hard to measure which can increase understanding and expand existing theories (Bryman 2012, p. 35–38, 407–408, George & Bennett 2005, p. 17, 19, King, Keohane & Verba 1994, p. 3–5).

For this study I have chosen a case study design which is a research design belonging to the qualitative research strategy. Drawing on Yin, a case study is an “empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident” (Yin 2003, p. 13). Thus, case studies are research designs that can contribute to our knowledge of phenomena such as individuals, groups and organizations (ibid, p. 1, Bryman 2012, p. 67–68, Lundquist 1993, p. 104–105).

Case studies can be designed in multiple fashions, however according to Yin the main difference is between multiple and single case study designs (Yin 2003, p. 14–15, 39). It is often argued that multiple or comparative case studies, which compare two or more cases, are preferred over single case studies because of their

possibility to do more observations which enhance generalizability. However, it is also possible for a single case study to encompass many observations. By conducting a *within-case analysis* or an *embedded case study*, not to be mistaken from *cross-case analysis* which would be referred to as a comparative case study, more units of analysis can be included. For example, in this study the case is the Swedish school market where the organizations and the stakeholders can be regarded as multiple subunits which can be analyzed and compared with each other and then related to the larger unit of analysis (Esaïsson et al 2007, p. 122, George & Bennett 2005, p. 18, 32, Lundquist 1993, p. 113, Teorell & Svensson 2007, p. 11, Yin 2003, p. 41–53).

Finally, the research objective of this within-case analysis can best be described as a *plausibility probe*. According to George and Bennett (2005) this research objective is used for determining whereas preliminary or untested theories require further testing (p. 75, 111).

4.1.1 Generalizability, validity and reliability

To ensure and judge the quality of a research design a number of criteria have to be fulfilled. The criteria concern the ability for the researcher to achieve trustworthiness, credibility and objectivity and can be measured through the concepts of external validity, internal validity and reliability (Bryman 2012, p. 389–390, Yin 2003, p. 33–34).

First, external validity refers to the possibility to generalize the study's findings to other cases and social settings. When considering generalizability in qualitative research and single case studies these types of studies are often critiqued for providing little basis for scientific generalization, as for example experiments or statistical inferences (Bryman 2012, p. 71, 390). However, Yin argues that there is a difference between *statistical generalization* provided by experiments and *analytical generalization* provided by case studies where the goal for conducting a case study is not to provide theoretical propositions to populations or universes but to “expand and generalize theories” (2003, p. 10, 32, 40). Furthermore, King, Keohane & Verba (1994) argue that generalization “does not eliminate the importance of the particular. In fact, the very purpose of moving from the particular to the general is to improve our understanding of both” (p. 35).

Second, the fact that case studies are concerned with analytical generalization also allows the researcher to achieve higher levels of internal validity than statistical studies (George & Bennett 2005, p. 19). Thus, internal validity refers to how well the researcher's theoretical ideas correspond to and describes the observations. To achieve good internal validity the researcher must develop and establish clear operationalized measurements from the theoretical concepts in order to avoid making conclusions based on subjective judgments (Bryman 2012, p. 390, Esaïsson et al 2010, p. 63–65, Yin 2003, p. 34–36).

Third, the concept of reliability can be defined as the possibility to replicate the study. The objective of reliability is to minimize unsystematic errors and avoid personal bias in the study so that if another researcher follows the same

procedures he would be able come to the same conclusions (Bryman 2012, p. 392, 408, Esaiasson et al 2010, p. 70, Yin 2003, p. 37–38).

4.1.2 Case selection

I intend to do a case study of the school market in Malmö and the organizations within. Due to the reforms in late 1980s and early 1990s the responsibility for organizing education was decentralized to the municipalities which also were given the responsibility to finance the schools within the municipality by allocating school vouchers to each school, one can therefore argue that all municipalities are separate school markets (Holmlund et al 2014, p. 1, 19–21).

The reason for selecting Malmö school market is because it can be viewed as a *representative* case because the school market in Malmö is similar to the national spread, where 16 percent of the students attend an independent school (Bryman 2012, p. 70, Skolverket 1, Yin 2003, p. 40–41).

To delimit the sample I will only include schools that are providing 9th grade education and that are open for all students to select. Therefore, I am excluding for example schools for students with special needs or for hospitalized children.

Nevertheless, there are 106 comprehensive compulsory schools in Malmö. However, only 62 schools provide 9th grade education and after excluding schools for students with special needs and/or which are hospitalized 48 schools remain. Among these schools two thirds of the schools are public and one third is independent. Hence, there are 32 public schools and 16 independent schools in Malmö that provides 9th grade education. Furthermore, among the 16 independent schools there are 10 for-profit schools and 6 non-profit schools. Finally, the majority of the for-profit schools in Malmö are autonomous and only three schools belong to a for-profit franchise (Malmö Stad, Skolverket 1, Utbildningsinfo) (sees Appendix 1).

4.2 Data collection: Interview technique

According to Bryman (2012) “data collection represents a key point of any research project” (p. 12). The method for collecting data or empirical evidence depends on the type of research strategy and design of the study.

One of the most common data collection methods in qualitative research is to do interviews. The advantages of doing interviews include the possibility to gain a more in-depth understanding of social phenomena, allow the respondents themselves to define what is of interest for them and gather rich and detailed information (Bryman 2012, p. 469–470, Gill et al 2008, p. 291).

Furthermore, there are different types of qualitative interviews, including unstructured or semi-structured interviews. I intend to conduct semi-structured interviews where the person being interviewed functions as a respondent (Esaiasson et al 2010, p. 257–258).

What characterizes a respondent interview is that in this type of interview the researcher is interested in the respondent's opinions and perceptions of a specific situation, whereas the researcher in an informant interview uses the interviewed person's answers as a source of information about a specific situation (Esaiasson et al 2010, p. 259).

The difference between an unstructured and a semi-structured interview is that a semi-structured interview is guided by an interview guide that includes a number of key questions and which provide the respondent with an outline of what to talk about (Bryman 2012, p. 470–471, Gill et al 2008, p. 291). The benefit of using a semi-structured approach is that the researcher has more flexibility to adapt the interview after the answers from the respondent (Bryman 2012, p. 12, 470–472). The, disadvantage or hazard when doing a semi-structured interview is the possibility of asking leading or biased questions (Gill et al 2008, p. 293, Kvale et al 2009, p. 187–189). On the contrary, Gill et al (2008) suggest that good interview questions should be open-ended, neutral, sensitive and understandable (p. 292).

The interview guide which guides the interviews of this study is divided into specific themes with a number of questions related to the theme (see Appendix 2).

4.2.1 Respondent selection

The aim with the interviews was to contact education providers and principals because they are the actors responsible for the organizations service production and the quality of these services. Moreover, the respondents were selected through three different sampling measures.

Through a *strategic choice* the sample was limited to include respondents, one principal and one education provider, from each of the four organizational groups, based on the ownership structure, which are; *public organizations, non-profit organizations, for-profit franchises* and *autonomous for-profit organizations* as demonstrated in table A.2 in appendix 2.

Thereafter, the selection of specific respondents within each category was made through *random* and *convenience sampling* where education providers and principals within each organizational group were randomly contacted, selected based on accessibility and represented each organization group (Patton 1990, p. 176, 180, 183, Trost 2010, p. 137–141). I have conducted seven interviews with one principal and education provider from each of the four organization types, and where one of the respondent where both the principal and education provider of the school. One limitation of this sample strategy is that each respondent represents the entire group which excludes the possibility to find variations within each organizational category.

Regarding the issue of sample size, or the number of respondents to include in the study, Patton argues that “there are no rules for sample size in qualitative inquiry” (Patton 1990, p. 184). It is rather a matter of time and resources and being able to attain the necessary information to be able to answer the research

question (Trost 2010, p. 143–144, Patton 1990, p. 184). Nevertheless, Kvale et al (2009) argues that 15 +/- 10 interviews are a good number (p. 129–131).

4.2.2 Ethical considerations

When conducting interviews the researcher is committed to follow a number of ethical principles, including informed consent, confidentiality and objectivity. If the respondent is informed of the study and know what to expect of the interview situation and also guaranteed confidentiality or anonymity the likelihood that the respondent is honest increases (Bryman 2012, p. 135, Gill et al 2008, p. 292, Kvale et al 2009, p. 78–79).

Informed consent concerns the researcher's obligation to provide respondents with enough information about the details of the study so they are able to make an informed decision about whether they want to participate in the study or not (Bryman 2012, p. 138, Gill et al 2008, p. 292). The researcher should also inform the respondents about confidentiality.

Confidentiality refers to the question of what information that should be available for whom. This also includes the issue of guaranteeing respondents' anonymity and ensuring that they are "not identified or identifiable" (Bryman 2012, p. 136).

Furthermore, Trost argues that direct quotes should be avoided unless the researcher particularly is interested in how the respondent formulated his answer or it is necessary for the understanding (Trost 2010, p. 157).

It is also essential for the quality of the study that the researcher is objective and professional throughout the study, meaning that the researcher presents information neutrally and in a scientific manner (Kvale et al 2009, p. 90–92).

4.2.3 Interview recordings and transcriptions

The interviews were held in Swedish, lasted for approximately 30 minutes each and were recorded after the consent from the respondent. Trost (2009) states that recording interviews is a matter of the researcher's personal preferences, however, he argues that the advantages of recording exceed the disadvantages of doing so (p. 74). Among the advantages of recording interviews is the fact that the researcher does not need to focus on writing down the respondent's answers, but can participate and interact with the respondent more actively by following up on interesting points. Furthermore, by recording the interviews the researcher is able to go back and listen to the material again which enables the researcher to detect not just what the respondent said but the way the respondent said it (Bryman 2012, p. 482). The disadvantages include the fact that the respondent may become more self-conscious which could result in that they share less than they would have done if the interview had not been recorded (Bryman 2012, p. 483, Trost 2009, p. 75–76).

4.3 Operationalization

According to Teorell & Svensson (2007) operationalization is to construct validity and to make “abstract concepts measurable” [my translation] (p. 55), which Yin claims is one of the most essential stages in the research process, especially when conducting single case studies (Yin 2003, p. 45).

To be able to answer the research question of how stakeholders influence how the organizations on the Swedish school market understand and pursue quality in educational provision I argue that it is necessary to answer three crucial questions regarding *who* is the veto player and can make decisions regarding quality pursuit, *what* is the strategy for the organizations quality pursuit and *why* does decisions differ.

By asking the respondents about responsibilities and who makes certain decisions types of decisions, *strategic*, *tactical* and *operational*, I aim to identify the veto player.

To identify what quality approach that is pursued within the organization the concepts of *result quality*, *structure quality*, *process quality* and *brand* are operationalized (SOU 2013:56, p. 214, 239). The indicators that are used for measuring the different quality orientations are based on a governmental report which determines; *results quality* as grades or test scores on national tests and overall student performances (SOU 2013, p. 240); *structure quality* as the number of teachers, number of authorized teachers, presence of certain facilities such as library with librarians, student health care, school canteen, sports hall, or expenditures on teaching, facilities, school meals, teaching materials, student care. However, it is questioned whether expenditures and the presence of certain facilities affect quality, therefore I am only including number of teachers and licensed teachers (SOU 2013:56, p. 241); *process quality* as the learning environment in terms of the schools’ ability to create a safe environment for the students by for example addressing problems with bullying or discrimination, student and parent satisfaction and student well-being or satisfaction (SOU 2013:56, 242); and *brand* as school niche or educational approach (SOU 2013, p. 242).

What quality goals the organization focuses on can be found in their strategy, in following table 4.3 the different strategies for reaching the different organizational goals is displayed.

Table 4.3 Operationalization of organizational strategies for reaching organizational goals

	<u>Public org. strategy</u>	<u>Private org. strategy</u>
<i>Results quality</i>	Knowledge	Grades
<i>Structure quality</i>	Authorized teachers	No. of teachers
<i>Process quality</i>	Learning environment	Student well-being
<i>Brand</i>	General	Niched

Based on Freeman's utilitarian and stockholder strategy we can derive a strategy for public and private organizations, where public organizations are basing their goals on the utilitarian strategy and where private organizations bases their goals on stockholder strategy. Chubb and Moe (1988) have found that private schools focus on fewer objectives than the public schools, but also that their goals have a more organizational focus, could be viewed as more short-term and had clear determined measurable performance standards (p. 1079–1081).

Why quality strategies differ is discussed through the concepts on *accountability*, *organizational goals* and *constraints* that were presented in chapter three.

By discussing the market type and the voucher design the link between the concepts and organizational strategies becomes clearer. First, as mentioned in previous sections Gingrich (2011) defines the Swedish school market as a Consumer Controlled market, meaning that the customers or parents and students have the control to decide what school they want their children to attend. A system that is characterized by consumer control is believed to force organizations to increase quality of their services to attract students (Gingrich 2011, p. 152–156, Stiglitz 2000, p. 434–435). For this system to be effective consumers must have perfect information about the different alternatives and quality. Moreover, as education quality is a diffuse concept this leads to a situation where parents have limited information about the different choices on the market and have to rely on the information of the organizations.

On the other hand, in Sweden school vouchers are paid equally to all educational providers depending on the number of students that are enrolled in the school. Since the independent schools are not guaranteed students, like the public schools, getting students to select their schools is crucial for the survival of the school. By having students selecting their school the organization secures funding for the school's activities. Therefore, to get students to select their school private organizations uses marketing strategies to attract students (Chubb & Moe 1988, p. 1067–1068, Hirschman 1970). Due to the information asymmetry the consumers, parents and students, have limited information about the school quality and will judge quality based on the characteristics of the school and students in the school. Therefore, organizations market themselves with information that parents comprehend as quality indicators, such as school niche, high student grades, small class sizes or many teachers per students and student well-being (Ladd 2002, p. 4). Furthermore, to get students to stay in the school organizations needs to focus on customer satisfaction. Thus, as public schools focuses on student performance in their of long-term knowledge goals, private organizations focuses on more short-term measurable results, such as grades. Regarding the structure quality the NAE concludes in a report that public schools generally have a higher number of authorized teachers than independent schools, which can be a result of that private schools market themselves as having small class sizes, or that public schools are accountable to politicians and therefore are more likely to focus on implementing policies than market themselves with small class sizes (Skolverket 3, p. 1, 18–19).

In table 4.4 I present the public and private quality strategies.

Table 4.4: Operationalization of stakeholder influence and public and private views of quality

	<u>Public strategy</u>	<u>Private strategy</u>
Accountability		
Centrality	Politicians	CEO
Density	Citizens	Stockholders, Customers
Organizational goals		
Results quality	Knowledge	Grades
Structure quality	Authorized teachers	No. of teachers
Process quality	Learning environment	Student well-being
Brand	General	Niched
Constraints	All-inclusive	Reputation

Based on background and theoretical chapters (see figure 2.1 and 2.2)

5 Analysis

In this chapter I will tie my theoretical framework to my findings from the interviews. The aim of the interviews is to analyze the hybrids to be able to find out who the veto players are, which stakeholders they are accountable to, what strategy that was used for reaching the organizations' quality goals and what constraints the organizations have, to be able to answer the research question; *How do stakeholders influence how the organizations on the Swedish school market understand and pursue quality in educational provision?*. The findings will be sorted after school or organization type and presented within these groups where they will be discussed in accordance with the theoretical concepts of accountability, organizational goals and constraints. In the second sections I will compare and interlink the results with each other and the analytical framework presented in the methodological chapter. Thereafter I aim to discuss the findings in comparison with the hypotheses presented in the introductory chapter. Lastly, I will summarize and emphasize important findings.

5.1 Empirical findings

The interviews will be analyzed within each organization group. There are two respondents within each group, principals and education providers, except for the autonomous for-profit organization category where the education provider also functions as the principal. The respondents are labeled respondent A–G, where respondent A is the education provider of a public school, respondent B is the education provider of a for-profit franchise, respondent C is the principal of a public school, respondent D is both the education provider and principal of an autonomous for-profit school, respondent E is the principal of a non-profit school, respondent F is the education provider of a non-profit school, and respondent G is the principal of a school belonging to a for-profit franchise. To ensure anonymity all respondents will be referred to as he.

5.1.1 Public schools

According to the analytical framework the veto player of a public organization is argued to be the municipal assembly which officially takes the decisions but where the education provider consists of both the assembly and a committee which are assisted by an administration. Since the committee prepares decisions

prior to decision-making it is suggested that it's position is characterized by centrality (Ds. 2004:31).

The answers from respondent A, the education provider, support the analytical framework and reveal a hierarchical structure where the education provider has limited contact with the principals but have delegated this responsibility to the administration which is the link between the education provider and the schools (Respondent A 2015). Respondent C, the principal, confirms the statements from respondent A regarding the division of responsibilities between the education provider and the principal, and where communication with the education provider channels through the administration (Respondent C 2015).

Furthermore, the respondents' answers regarding the veto player also supports the presumption that the education provider is the veto player. Respondent A states that the general responsibility for the education provider is to provide the conditions and facilitate for the schools to be able to achieve the national goals and make general decisions regarding for example management of facilities, resource allocation and contact with government agencies, but the education provider also have the responsibility to employ the principals. The principal's responsibilities on the other hand include the pedagogical leadership, to control the organization's transaction process, implement goals and handle the relations with the students and teachers (Respondent A 2015).

Regarding decision-making the respondent emphasizes that the education provider can make all decisions except those decisions that according to the Education Act are defined as the principals' (Respondent A 2015).

Likewise, respondent C describes the principal's responsibilities as the general responsibility for the activities within the school, to follow-up, report and ensure that the school's activities and students attain determined goals, responsibility for the school's employees and contact with unions. The education provider has the responsibility for all schools in the municipality, have contact with government agencies and to support principals to be able to reach their goals. But the principal is also responsible for that teachers attend professional development courses (Respondent C 2015), suggesting that there is a value in having authorized teachers.

Moreover, respondent A describes a hieratical decision-making process where decisions regarding organizational goals trickle down from the top or the government to the municipalities and then down to the principals within the organizations. However, when formulating organizational goals respondent A states that it is the politicians' responsibility to formulate goals though after input from the organizations where the challenges in the schools guides how the national goals are implemented but also what national goals that are prioritized. Furthermore, it is the education provider's responsibility to inform the principal about the perceived problems in his or her organization and then it is the principal's responsibility to take action and solve the identified problems (Respondent A 2015). This suggests that the principal is concerned with the tactical an operational decisions while the strategic decisions about goal formulation.

When discussing accountability respondent A emphasizes that politicians are elected by and represent the people and therefore they are primarily accountable to the citizens. He continues by stating that the municipality also is accountable to the government because they provide a service commissioned by the government (Respondent A 2015). Since, the implementation of political ambition is argued to be the main task for the veto player it suggests that the citizens' influence over decision making can be argued to be distinguished by density.

When defining quality respondent A enumerates a number of different approaches to the concept. First, that quality can be defined as goal attainment of the national goals. Secondly, that quality also concerns the schools' general mission which is to break social patterns and give all students equal opportunities. Third, that quality is that all students are given equal opportunities to pass all parts or courses of the education. Similar to respondent A, respondent C defines quality as the ability to produce a good service for the student that attend the school by following national regulations. But also to help students build knowledge and graduate with grades that they deserve (Respondent A 2015, Respondent C 2015).

In accordance with the analytical framework respondent A confirms that the indicators that are used to measure quality focuses on students' knowledge results which is a combined measurement constituted of grades, test scores on national tests and student development reviews, but also on the working or learning environment within the organization. Surveys are used where students can express their opinions about the schools' activities. However, respondent A argues that the mission to provide students with basic knowledge that will help them through school and pass all courses can break social patterns is more important than for example well-being (Respondent A 2015). Respondent C explains that in his school quality is measured through grades, test results and student surveys focusing on students' views of the learning environment in the school which is determined by the education provider, however as a local initiative the school also distributes surveys measuring student well-being (Respondent C 2015).

Furthermore, respondent A claims that when evaluating quality levels in different organizations one must consider the factors that can impede a school's ability to produce a high quality outcome, in terms of grades, for example the school's catchment area which the organization have no power to influence (Respondent A 2015). Correspondingly, respondent C supports the public schools' all-inclusive constraint, where he argues that the key constraint for public schools to achieve a high quality output is the public schools' responsibility to admit all students, thus the inability to select students (Respondent C 2015).

5.1.2 Non-profit schools

Starting with the hybrid category of non-profit organizations in which, according to the Swedish Companies Registration Office, the education provider generally consists of a board (Bolagsverket 1). Both respondent E, the principal, and respondent F, the education provider, confirm this statement. Respondent E and respondent F both continue to describe that the board consists of parents to

students enrolled in the school which are elected on a yearly basis by the organization's members on an annual meeting and that the board has the general responsibility for the school (Respondent E 2015, Respondent F 2015).

Regarding the division of responsibilities, respondent F proceeds by emphasizing that the education provider has the ultimate responsibility to make sure that the school follows national goals and legislation, but that the board has delegated this responsibility along with the responsibility for the pedagogical work to the principal and that the principal is accountable to the board. Furthermore, that the education provider has the responsibility for long-term organizational strategies (Respondent F 2015). Contrariwise, respondent E argues that the principal's responsibilities include a pedagogical leadership and the general responsibility for the school's activities. But the respondent also states that it is important for the principal to have enough insight in the organization's processes and a close relation with the student health to gain a deeper understanding of the needs and performance of each student (Respondent E 2015). Both respondents emphasize the board's responsibility to make general decisions, for example financial decisions and delegate certain decisions within the principal's area of expertise. The principal on the other hand can make decisions regarding the pedagogical work, the implementation and execution of the organizational goals (Respondent E 2015, Respondent F 2015). This gives an indication that the veto player and the stakeholder that can make the strategic decision regarding the organizational goals is the education provider which is the board and that the decisions that the principal can make concern the operational and the tactical ones.

However, and contrary to decision-making in public organizations the decision-making process in the non-profit organization is described as less hierarchical with closer connection between the board and the principal. Respondent E claims that the decision-making process is best explained as a dialogue between the board and the principal where the board values the expertise of the principal (Respondent e 2015). Furthermore, both respondents describes the communication between the board and the principal as close since the principal attends all board meetings where he reports if the organization reaches the determined goals and informs the board of the school's needs and activities (Respondent E 2015, Respondent F 2015). For example the indicators that are used to measure quality are on the one hand determined on the national level (the national goals) and on the other hand by the principal in cooperation with the board (and the teachers) (Respondent E 2015). This is confirmed by respondent F which argues that the principal is responsible for the quality work. Furthermore, he claims that the board formulates visions for the school's activities and that the principal have been delegated the responsibility to operationalize the visions to organizational goals. Hence, the operational goals are formulated and decided by the principal after approval from the board (Respondent F 2015). This suggests that the principal's influence over the decision-making process can be described in the term of centrality.

Proceeding to the organization's understand of quality and what strategy that is used, both respondents state that the overarching goal of the school is to provide

the best possible education that equips students with adequate knowledge to succeed in life and prepares them for the labour market or for further studies (Respondent E 2015, Respondent F 2015). Respondent F continues by arguing that one indication of quality is the number of students that are eligible to apply to high school and another indication is the number of students that wants to continue studying. The school's mission is therefore to motivate students and making sure that they provide a good learning environment. But good quality is also small class sizes with as few students as possible per teacher. Furthermore, quality is measured through national test scores, grades and average test scores, where the respondent emphasizes that the overarching goal is that all students should be able to go through school and get good enough grades to be able to apply for high school (Respondent F 2015).

Respondent E defines quality as to progress no matter the starting point. Furthermore that quality is a multidimensional concept, which should include a dialogue between teachers and students. Therefore, working with quality includes both a focus on discussing fundamental norms and values with the students, having personal development dialogues with students, conducting formative assessments of students' knowledge and measuring grades and national test scores. To be able to have close contact with each student, a shared responsibility for all students is required, but also skilled teachers and enough teachers per student to meet each student's needs. However, the respondent argues that quality is not necessary concerned with a special educational approach and emphasizes that his school has a general educational approach (Respondent E 2015).

When discussing accountability the respondent states that the organization is accountable to government agencies, the municipality and the parents (Respondent E 2015). Similarly, respondent F argues that the education provider is accountable to those that have legal claims on the school, for example government agencies, however, primarily the children and their parents. In addition, respondent F also argues that quality is also having a good reputation, which is essential for the school's capability to attract customers, a good communication with parents and a good understanding of the parents' expectations (Respondent F 2015).

In summary, the respondents answers have provided an understanding that the organization's view of quality is similar to the view of quality in the public organizations which is characterized by a knowledge driven organization where the organizational aim is to provide equal and adequate education that focuses on providing a good learning environment and getting all students to pass the courses and be able to apply for high school. This is different from the private strategy which instead focuses on that the students should achieve as high grades as possible. However, similar to the private strategy the non-profit organization is constrained by the fact that they need a good reputation to attract students. The organization is therefore forced to use certain marketing strategies to attract student, which in this case is that they focuses on having small class sizes and thus few students per teacher. Finally, through the concept of density the parents can be seen as having some influence over the veto player and the decisions that are made within the organization by both being the organizational constraint as

customers and members of the organization with the possibility to elect the board members.

5.1.3 Autonomous for-profit schools

The category of autonomous for-profit schools has been argued to be the most heterogenic, where the education provider is either a natural or legal person. Who constitute the education provider depends on the number of owners and can be either an individual or a board (SOU 2013:56, p. 94–95).

Thus, to be able to distinguish who the veto player is in the autonomous for-profit school it is important to know that, respondent D is the owner and represents both the education provider and the principal of the school. However, the education provider consists of a board which includes five people where the principal is the head of the board. The division of responsibilities between the board and the principal is that the board has the general responsibility for the school and its activities, for example resource allocation, but also providing the conditions for the principal to be able to carry out the organization's processes. The principal on the other hand has the responsibility to implement the organizational goals, the pedagogic work, the day-to-day decisions within the school and making sure that the activities functions as they should. Because of the respondent's dual roles as both the principal and the education provider the division between the two roles sometimes can be a bit diffuse he states. Although, the respondent stresses that it is the education provider that has overall responsibility for decisions regarding the school and therefore is highest in the hierarchy (Respondent D 2015). Furthermore, since issues regarding the general responsibilities are discussed during board meetings respondent D claims that he identifies the board as the education provider. However, the goals which the organization pursues are not determined by the education provider but are formulated through discussions in different executive committees consisting of the principal and selected teachers or others from the staff. The respondent continues by saying that he has the mandate to make all the decisions if he wants to but discusses decisions regarding the overall responsibilities with the board and regarding the goals in the different committees (Respondent D 2015).

The answers from the respondent suggest that the veto player is the owner rather than the board which constitutes the education provider and that the board and executive committees' possibility to influence the veto player best can be described according to the term of centrality.

When identifying which stakeholders that the veto player is accountable to respondent D claims that the principal has the responsibility for the contact with teachers, students and parents and that the education provider is also accountable to the students, parents and teachers but also with the municipality and government agencies (Respondent D 2015).

Discussing organizational goals and quality the respondent states that the objectives of the school primarily concern the approach of the school, but also that all students attending the school should be able to pass all parts of the education

regardless of physical and psychological abilities. Respondent D further argues that there are various ways of measuring quality however that quality according to him primarily is the organization's reputation. A good reputation implies that the organization's processes and goal attainment are well functioning thus the organization is doing what it should be doing and have done that over a long period of time and for that reason the organization has earned a good reputation. To enhance quality the respondent also includes passion, niched organizations and personal interest therefore, for example employing the "right" teacher is favored before employing the teacher with the best curriculum (Respondent D 2015).

Furthermore, to ensure that quality is preserved the organization needs to be responsive to and meet the demands from the customers, therefore student well-being and satisfaction are measured through different surveys and through open questions to and a dialogue with the parents their satisfaction and opinions are measured and collected. Thus, the respondent emphasizes participation from stakeholders, but also to actively work against discrimination and to measure grades to be able to identify student strengths and weaknesses (Respondent D 2015).

Similarly to the public and the non-profit organizations the autonomous for-profit organization view results quality according to the public strategy by pursuing general knowledge before high grades. I argue that the reason for that is the organization's niche which emphasizes on other values than achieving high grades, but also that influential stakeholders or the parents have selected to put their children in the schools based on the niche that the organization have. To be able to keep a good reputation the school needs to meet the demands from the customers, which thus can be described as stakeholders characterized by density. The fact that the school market itself with their niche may be the reason that it does not pursue either the public or the private strategy regarding the process or structure quality and instead focus on both private and public process quality strategies and employing "the right person" instead of several or authorized teachers.

5.1.4 For-profit franchise schools

The presumption of the organizations belonging to the for-profit franchises was that this category would be most similar to the private organization type, where a board represented by a CEO constitutes the education provider.

When trying to identify the veto player in the for-profit franchise respondent B, the education provider, states that as the education provider is a limited company it is subordinate to the regulations stated in the ABL and as the education provider is a legal person it is represented by the CEO. The CEO has the overarching responsibility for the organization's mission and decides what responsibility and authority that should be delegated. Further he describes his responsibilities as everything except the pedagogical mission which is the principal's responsibility, for example staff, facilities and resource allocation. The principal on the other hand has the responsibility to manage the relations with

students, parents and teachers but also on a daily basis inform the CEO of the school's activities (Respondent B 2015).

Respondent G, the principal, confirms the division of responsibilities between the principal and the education provider by claiming that the overarching responsibilities for the principal are to be the pedagogic leader, manage the organization's activities and make sure that the activities within the school achieve the organization's objectives. He continues by enumerate responsibilities for staff, student health, administration and delegating some of the operational decisions. Furthermore, respondent G states that the principal is accountable to the education provider and describes the division of responsibilities between the principal and education provider as that the principal can make decisions regarding the organization's activities but must discuss other types of decisions with the education provider. Moreover, that the education provider, which in this case is the board which consist of the largest owners, has the general responsibility for the organization (Respondent G 2015).

He continues by stating that when deciding organizational goals it is done in cooperation with the board and with the input of the principals but that it is the education provider's responsibility to translate governmental benchmarks to organizational goals (Respondent B 2015). Similarly to the education provider (respondent B) the principal (respondent G) describes a situation where organizational goals are formulated in cooperation between the education provider, the principal, teachers and students. He continues by stating that it is also important that the students feel included in the process. However, that the education provider who are the owners in this case started the school based on a specific model for learning which the principal and teachers are required to follow but can customize for each student (Respondent G).

Thus, it seems according to the interviews that the difference between the responsibilities of the education provider and the principal is that the principal is responsible for the process within the school and the education provider has the overarching responsibility for the school and its activities. This supports the hieratical division of decision-making that was discussed in the theoretical background, where the principal make decisions regarding the implementation or execution of the organization's goals and where the education provider, in this case the CEO or the board of directors, makes the strategic decisions. Thus, in accordance to the hieratical decision-making structure the CEO or board are suggested to be the veto player in a for-profit franchise. However, how much responsibility that is delegated to the principal seems to differ between organizations.

As for stakeholder influence the CEO is primarily accountable to the board of directors according to respondent B. When questioning respondent G about stakeholder influence he support the answer from respondent B that the organization first is accountable to the parents who have decided to send their children to the school.

When defining quality respondent B argues that it is crucial to "do the right things and to do things right", which should guide the process and all daily activities within the organization in order to achieve a good product in terms of

student results. He continues by confirming that good student results are fundamental for the existence of the organization because good student results give the school a good reputation which secures the influx of new students (Respondent B 2015).

Respondent G also defines quality as the school's ability to motivate students and giving them the best possibilities to achieve the national goals so they are able to continue studying. By national goals the respondent refers to grades. To be able to get students to achieve high grades the school continuously measures goal attainment of the national goals and if a student does not achieve the national goals actions are taken by customizing or individualizing education, but the school also uses student surveys which measures their well-being. Furthermore, quality also depends on the teachers' motivation and ability to meet the requirements of the students (Respondent G 2015).

The strategy for reaching the organizational quality concept is focused on grades where respondent B explains that their school focuses on that the students enrolled in the school should be able to achieve the best possible educational outcomes and be equipped with certain skills, especially in the 9th grade, that enable them to continue to high school and university (Respondent B 2015). Furthermore, the indicators that are being used to measure the organization's pedagogical process are especially the grades that students achieve in year 6 to 9. This suggests that the organization also is accountable to the parents or customers and that a good reputation is an organizational constraint for for-profit franchises and therefore would affect the strategies that are being used.

When defining the organizations goals respondent G states that the organization on one hand is obligated to follow and implement the national goals and thus is accountable to the controlling government agencies. On the other hand as the school is niched and therefore targets focusing on the school's approach also guide the activities within the organization (Respondent G 2015). Likewise, respondent B argues that the organization also is obligated to and uses other indicators to measure quality within the organization according to the benchmarks that are decided by government agencies. However, he continues that to meet the demands and expectations from the parents that have chosen to put their children in the school are more important than the obligations from the government agencies (Respondent B 2015).

Based on the answers from the respondents the veto player has been identified as the CEO or board similar to the private organizational type. The stakeholders that can influence the veto player's decision can be argued to be parents in their role as customers or stockholders, in terms of owners, which influence the organizational goal of profit maximization according to the ABL (Friedman 1970, SFS 2005:551). Since both stakeholder groups can use their size as leverage their ability to influence is best described through the concept of density. Furthermore, in school B the stakeholder that can be best described as having a central possibility to influence the veto player is the board which appoints the veto player, the CEO. In school G the largest owners constitutes the board, which is the veto player, while the owners also decides who will be part of the board. Regarding the organizational goals both schools strategies correspond to the private strategy,

where the constraint for the schools is their reputation. To satisfy customers and attract new students the schools use their niche, grades and a focus on student well-being as marketing strategy. However, regarding the structure quality the schools are not pursuing either the public or private strategy but respondent G instead emphasizes that having “motivated” teachers have an impact on the school’s quality.

5.2 The comparative perspective

In this section I include a comparison of the public and private organizational categories based on the answers from the respondents. In the following I discuss the respondents’ answers according to the hypothesis.

5.2.1 Differences between public and private organizations according to the respondents

One of the questions in the interview guide and that was asked to each respondent was if they could describe what they thought was the main differences between public and private organizations. The most frequent answers were that the respondents emphasized the public organizations’ multifunctional goals, their hierarchical management structure and their constraint as being all-inclusive.

Respondent D argues that one of the challenges that a principal in a public school is facing is to balance all political ambitions which creates a multitude of visions and goals for the schools’ activities (Respondent D 2015). Furthermore, respondent A defined the school as an arena where different public interest meets and a tool for realizing political ambitions (Respondent A 2015). This supports the theory of public organizations as multifunctional.

Regarding management structure, respondent D argues that the most significant difference between public and independent schools concerns the management structure where organizational outsiders or politicians constitute the education provider in the public schools. In the private organization the education provider instead consists of both the CEO and the board of directors and includes both insiders and outsiders (Respondent D 2015). Likewise, respondent C supports respondent D’s argument and emphasizes that the management structure in public schools is more hierarchal resulting in a clearer division of who makes what decisions between the education provider and the principal than in independent schools (Respondent C 2015). This hierarchical structure is also emphasized by respondent E as de main distinction between public and private organizations (Respondent E 2015).

Finally, both respondent A and respondent F argue that the primarily difference between public and private organizations is the private schools possibility to select students, through different marketing techniques, while the

public schools are obligated to accept all students within their catchment area (Respondent A 2015, Respondent F 2015).

5.2.2 Hypothesis: The hybrid organizations will pursue quality differently as suggested in the new categories

Hypothesis 1. Public and independent schools will not pursue quality in the same manner. However, as the independent schools are a heterogeneous group these organizations will also not understand and pursue quality in the same manner due to stakeholder influence. But these organizations will more likely understand and pursue quality according to the newly introduced categories within the independent school group. There will be a difference of which organizations that will prioritize public strategies over private strategies, where for-profit franchises most likely will pursue quality similar to the private strategy, followed by autonomous for-profit schools and non-profit schools which will pursue quality most similar to the public strategy.

According to the respondents' answers I have found that the hypothesis holds. As was presumed organizations belonging to a for-profit franchise pursues quality most similar to the private strategy. The private strategy was used in four of five cases whilst the fifth quality approach, regarding structure quality, does not comply with either the public or private strategy. Furthermore, the autonomous for-profit organization demonstrated similarities with the private strategy in three of five situations, pursued quality similar to both public and private strategies in one case and in one case used a public strategy to pursue results quality. Finally the non-profit organization pursued quality most similar to the public strategy of all hybrids, which was in three out of five cases, however the organization pursued quality according to private strategies in two of five cases (see table 6.1 in next section).

5.3 Summary of empirical findings

Table 6.1 below gives an overview of how the strategies that the hybrids are using according to the answers of the respondents.

Table 6.1 Summary of stakeholder influence and public and private views of quality

			Hybrids	
	<u>Public strategy</u>	<u>Private strategy</u>	Non-profit org.	Autonomous for-profit org.
Veto player	Municipal Assembly	CEO	Board	Owner
Accountability				
Centrality	Committee	Board of directors	Principal	Board, Committees
Density	Citizens	Stockholders, Customers	Members (parents)	Customers (parents)
Organizational goals				
Results quality	Knowledge	Grades	Knowledge	Knowledge
Structure quality	Authorized teachers	No. of teachers	No. of teachers	"The right person"
Process quality	Learning environment	Student well-being	Learning environment	Student well-being,
Brand	General	Niched	General	Niched
Constraints	All-inclusive	Reputation	Reputation	Reputation

Based on respondent answers from the interviews

The findings from the interviews suggest that all hybrids have the same organizational constraints in terms of reputation where customer or stakeholder accountability causes organizations to use different marketing strategies to attract students which influence veto players' decisions regarding the pursuit of quality.

What type of school marketing strategy that is used varies between schools where the results show that both for-profit organizational categories market themselves by using grades and niches while the non-profit organization focused on individualizing education by having small class sizes and few students per teacher.

The public schools on the other hand are not exposed to the same constraints as the independent schools and therefore are not forced to pursue a special niche or grades. Why they are not focusing on grades as measure for results quality is suggested to depend on the public schools' constraint that they have the general education responsibility and therefore cannot refuse any student.

Further findings from the interviews also suggest that organizational size seems to matter for who the veto player is and who the most influential stakeholders are. The greatest variety appears to be within the for-profit franchise group where small franchises have similarities with the organizations within the autonomous for-profit category where the owners together form the education provider (and not appointing a CEO) (Respondent G 2015). But also that increased size reinforces hierarchical decision-making structures among all organization types (ex. Respondent E 2015).

Furthermore, respondent G and respondent D argue that personal interest, which was excluded in the theoretical section, seems to affect what organizational quality goals and strategies that are pursued and consequently reduces the significance of the ownership structure of the school. Even though the organizational goals of a limited company is determined by the ABL which generally equals profit maximization, it also includes the possibility for the organizations to have other objectives (Dir. 2015:22, Fi 2012:11, SOU 2015:7), which seems to be determined by personal interest.

In summary, the empirical findings suggest that both the veto player and the constraints in terms of stakeholder accountability matters for how organizations understand and pursue quality in educational provision.

6 Conclusions and further research

The purpose of this study was to attempt to explain how to understand the differences in quality output of the organizations in the Swedish school system by focusing on the influence of stakeholders on organizational decision-making.

The background to the research problem was the radical transformations to the Swedish educational system that were initiated in the end of the 1980s and the early 1990s which changed the supply of education, the responsibilities for the organization of education and the regulation of the school market. New actors, labeled independent schools, entered the school market and were allowed to compete against the traditional public schools. Decisions regarding educational quality were delegated to local actors which translated national goals and benchmarks into organizational objectives. The assumption was that the reforms would increase the aggregated educational quality. However, the implementation of the reforms did not enhance the overall quality level, furthermore scholars have found that the between school variation has increased which seems to be associated with the characteristics of these new actors, the independent schools (see for example Sahlgren 2011, p. 31–32). One of the divergences of these organizations concerns their stakeholders. The emphasis of this study was therefore on organizational differences in terms of stakeholders with the presumption that different stakeholders can influence different decisions which generate different organizational outcomes.

To answer the research question of how stakeholders influence how the organizations on the Swedish school market understand and pursue quality in educational provision an analytical framework was elaborated based on organizational, management and stakeholder theories where differences between public and private organizations were established. The framework suggested that the differences in quality output between public and private organizations could be explained by identifying the decision-maker or veto player within the organization but also by analyzing stakeholder accountability where influential stakeholders' positions to the veto player affected the degree of their possibility to influence decisions. Furthermore, external factors that influenced decisions were examined through the concept of constraints which affect the organizations' strategies. Additionally, the concept of quality was operationalized into four different approaches; results quality, process quality, structure quality and brand.

The independent schools or the hybrid organizations were divided into three groups dependent on their ownership structure separating public schools from non-profit organizations, autonomous for-profit organizations and for-profit franchises. Based on stakeholder characteristics of these hybrids a hypothesis was presented which suggested that the hybrids would pursue quality differently through various combinations of the public and private strategies. But also that the

for-profit franchise category would be most similar to the private strategy followed by the autonomous for-profit category and the non-profit organizations which would be most similar to the public strategy.

From the empirical findings I have found that the hypothesis can be supported and that quality is pursued accordingly to each school's category, where for-profit franchises used private strategies in four of five of the mentioned quality approaches, while autonomous for-profit organizations used private strategies in three of five cases while the non-profit organizations instead used public strategies to pursue quality in three of five cases. What strategy that is used seems to be associated with the organizations' constraints in terms of stakeholder influence on decision-making, who the veto player is and what personal interests he has. Regarding the veto players the results show a mixed story where the veto player and whether the veto player is an insider or outsider stakeholder, seems to be associated with the organizational size, primarily in the for-profit franchise category.

The theoretical aim of this study was to do a plausibility probe and explore whether further studies of the issue is needed. The study confirmed the hypothesis however further studies within each category is needed to investigate the variations within each organizational category and to be able to better generalize and draw conclusions from the groups. The results of this study have also indicated that organizational size and personal interest of the decision-maker affect organizations' quality pursuit. However, how, in what organizations and why remain unanswered questions and represents a point of departure in a different study.

7 References

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Appendix 1

Schools in Malmö

Apelgårdsskolan
Augustenborgsskolan
Backaskolan
Bergaskolan
Bladins grundskola
Boukefs Privatskola
Bäckagårdsskolan
Dammfriskolan
Europaportens grundskola
Gottorpskolan
Hermodsdalsskolan
Humfryskolan
Højaskolan
Johannesskolan
Kastanjeskolan
Kilowattskolan i Malmö
Kirsebergsskolan
Kroksbäcksskolan
Kryddgårdsskolan
Lindeborgsskolan
Lindängeskolan
Linnéskolan
Malmö Idrottsgrundskola
Malmö International School
Malmö Montessoriskola
Mariaskolan
Montessorigrundskolan Maria
Munkhätteskolan
Möllevångsskolan
Oxievångsskolan
Pilbäcksskolan
Runstyckets skola
Rönnensskolan
Rörsjöskolan-Zenith
Slottstadens skola
Sofielundsskolan

Sorgenfriskolan
Stenkulaskolan
Strandskolan
Sveaskolan
Söderkullaskolan
Videdals privatskolor
Videdalsskolan
Vittra Västra Hamnen
Värner Rydénskolan
Västra Hamnens skolan
Ängsdals skola
Östra Skolan

Source: Malmö Stad, Utbildningsinfo.

Schools sorted after ownership structure

Table A.1: Number of schools in Malmö that provide 9th grade education

School type	Education provider	No. in Malmö
<i>Public</i>	Municipal	32
<i>Independent</i>		16
	Limited/ joint-stock company	10
	Trust/Foundation	1
	Non-profit organization (secular)	4
	Economic association	0
	Trading partnership	0
	Limited partnership	0
	Religious (non-profit) organization	1
	Sole trader	0

Source: Malmö Stad, Skolverket 1, Utbildningsinfo.

Table A.2: Number of schools in Malmö that provide 9th grade education, divided by ownership structure

Education provider	Organization group, by ownership structure	No. in Malmö
<i>Municipality</i>	Public organization	32
<i>Non-profit org.</i>	Non-profit organization	6
<i>Limited company</i>		
	For-profit franchise	3
	Autonomous for-profit school	7

Source: Malmö Stad, Utbildningsinfo.

Appendix 2

List of respondents

Respondent A	Education provider, Public school, Interview, Malmö, April 24 th 2015.
Respondent B	Education provider, For-profit franchise, Telephone interview, May 21 st 2015.
Respondent C	Principal, Public school, Interview, Malmö, May 25 th 2015.
Respondent D	Education provider/Principal, Autonomous for-profit organization, Interview, Malmö, May 27 th 2015.
Respondent E	Principal, Non-profit school, Interview, Malmö, May 29 th 2015.
Respondent F	Education provider, Non-profit school, Interview, Malmö, May 29 th 2015.
Respondent G	Principal, For-profit franchise, Interview, Malmö, June 24 th 2015

Interview guide

The interviews were structure into four overarching themes and were conducted in Swedish. I will therefore include both the translated version of the interview questions followed by the original Swedish.

English version (translated)

1. The principal and the organization

- a. Describe your role as a principal
 - What duties do you have?
 - And responsibilities?
- b. What goals guide the work within your organization/school?
 - Who set these goals?
- c. In your role as principal, to whom are you accountable to?

2. The education provider and the organization

- a. Describe the education provider
 - Who constitutes the education provider?
 - What is the education provider's role?
 - Duties?
 - Responsibilities?
- b. To whom is the education provider responsible to?

3. The relation between the principal – education provider

- a. How would you describe the division of responsibilities between the principal and the education provider?
 - Ex. Give an example.
- b. What decisions can the principal influence+take and what decisions are decided by the education provider?
- c. Has a conflict ever emerged between the principal and the education provider?
 - Ex. Give an example.
- d. How do you think that the role as principal/education provider differs between a private and public organization?

4. Education quality as organizational goal

- a. What does the concept of quality mean for you?

- What indicators do you use to measure quality in your organization?
 - Who decides what indicators that are used?
- b. How do you work to promote quality within your organization?
- Ex. Give an example.
- c. What is your responsibility as principal/education provider that the organization promotes educational quality?
- d. What do you think are the reasons that quality differs between different schools?

5. Other

- a. Is there anything else that you would like to include that you think that we haven't addressed?

Swedish version (original)

1. Rektorn och verksamheten

- d. Beskriv din roll som rektor
- Vad är dina arbetsuppgifter?
 - Och ansvarsområden?
- e. Vad arbetar ni efter för mål i er organisation/skola?
- Vem sätter målen?
- f. Vilka är du ansvarig mot/för i rollen som rektor?

2. Huvudmannen och verksamheten

- c. Beskriv huvudmannen
- Vilka utgör huvudmannen?
 - Vilken är huvudmannens roll?
 - Arbetsuppgifter?
 - Ansvarsområden?
- d. Vilka är du ansvarig mot i rollen som huvudman?

3. Relationen rektor – huvudman

- e. Hur skulle du beskriva ansvarsfördelningen mellan rektor och huvudmannen?
- Ex. Ge ett exempel på detta.
- f. Vilka beslut kan rektorn fatta/påverka och vilka fattar huvudmannen?
- g. Har det någon gång uppstått en konflikt mellan rollen som rektor och rollen som huvudman?
- Ex. Ge exempel.

- h. Hur tror du rollen som rektor/huvudman skiljer sig mellan en verksamhet med kommunal huvudman och en verksamhet med en enskild huvudman?

4. Utbildningskvalitet som verksamhetsmål

- e. Vad innebär begreppet kvalitet för er?
 - Vilka indikatorer använder ni er av, för att mäta kvalitet, i er verksamhet?
 - Vem bestämmer vilka indikatorer som ska användas?
- f. Hur arbetar ni för att främja kvaliteten i er skola?
 - Ex. Ge exempel på detta.
- g. Vad är ditt ansvar som rektor/huvudman att utbildningen är av god kvalitet?
- h. Vad tror du är orsaken till att kvaliteten skiljer sig åt mellan olika skolor?

5. Övrigt

- b. Är det något annat du vill tillägga som du känner du att jag glömt ta upp?