



Crisis Management as Strategic Coping

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Abstract

To which extent bureaucracies are inflexible and strategic planning is incompatible with emerging coping strategies are empirical questions. Based on a longitudinal case study of neo-Weberian state type local governments responses to different types of crises, this article argues that bureaucracies are at the heart of local coping strategies and indeed capable of adjusting to changing environments. They demonstrate capacious variation. The study adds the strategic perspective, falsifies the theoretical claims of the New Public Government (NPG) and confirms the ones of the neo-Weberian state (NWS). Strategic planning is far from dead. Crisis management was left to the CEOs and the administrative system, and it was top-down driven. Strategic plans had a life alongside strategic manoeuvring, and a variety in the hybrid mix of governance paradigms - as well as clear patterns of isomorphic structures - are interpreted as functional and symbolic adjustments.

Keywords:
bureaucracy;
crisis management;
strategic coping;
governance paradigms;
strategic arenas

Practical Relevance

- Ensure your political mandate.
- Trust in your management system.
- Use extensive communication while centralizing decision-making temporarily.
- Bend the rules and have the courage to improvise and experiment with existing systems.
- Utilize strategic maneuvering in the light of strategic long hauls.

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Introduction

It is commonplace to assume that bureaucracies are inflexible and that strategic planning is impossible. Major crises are grand challenges and proper tests on both assumptions, because they are threatening changes in the environment and must be addressed immediately, as they may affect the entire organization, because the measures are non-routine, to a large extent unknown and complicated to deal with. The test is whether bureaucracies can be adapted to the situation temporarily while still being at the core of administration; that is, without transforming themselves into something else, and the test is whether long-range plans can be maintained while dealing with urgent matters.

The research question is: *To which extent can existing systems, such as bureaucracies, adapt to new challenges, such as crises, and to which extent can long-range strategic plans co-exist with crisis management, such as coping strategies?*

The article is based on a study of the strategic response in Danish local government to unforeseen challenges imposed upon them from the outside: societal reforms and worldwide crises. Four such threatening game changers occurring since the turn of the century were studied. In 2004, a nationwide structural reform merged 271 municipalities into 98; in 2010, the financial crisis caused scarcity in financial resources as a delayed effect; in 2020 and 2021, the

COVID-19 crisis threatened not only the population but also the production of services following new legislation and rules; and finally, the influx of Ukrainian refugees caused a minor crisis in 2022. Crisis typologies are many (Björk 2016), but the four crises share the characteristics of being unforeseen, externally imposed and of putting the entire administrative system under pressure. Four different crises demonstrate capacious variation; that is, the capacity to improvise, change strategic focus and reorganize accordingly.

It may be argued that Danish local governments are amongst the most likely to be able to deal professionally with unforeseen challenges. Being a part of the so-called Scandinavian and Nordic welfare state model (Erikson et al. eds. 1987; de la Porte et al. 2023), Danish municipalities are well-defined entities with a comparatively strong autonomy vis-a-vis the state (OECD 2018), allowing them leeway to choose their own strategies in dealing with challenges. Being the local public welfare providers, the municipalities are responsible for social security, job placement, local health care, care for the elderly, kindergartens and schools. Danish municipalities are politically lead, consensus-oriented democracies. They have the right to collect council tax; an average budget of DKK 4–6 billion (€0.5 billion) and an average of 55,000 citizens and 4–6,000 employees. In general, Denmark is a country characterized by high levels of social capital and general trust (Putnam 1993; Gundelach 2011), a skilled labour force and low levels of power distance and uncertainty avoidance (Hofstede 1980). The Scandinavian third sector model (Klausen and Selle 1996) entails a strong voluntary sector with mutual trust and dependencies between the public sector and civil society. Whenever we say bureaucracy in the Danish case, we should associate with the NWS, ‘a vision of a modernized, efficient, citizen friendly state apparatus’ (Pollitt and Bouckaert 2017, p. 122), a rich, peaceful, including, transparent and non-corrupt democratic regime. Such institutional ‘competitive advantages of nations’ have caused observers to frame an idea of ‘going Nordic’ and ‘getting to Denmark’ (Fukuyama 2004). There is a tradition for trust-based relationships between different political and managerial layers throughout the Danish public sector, to the extent that the local government CEOs readily admit, more than anywhere else in the world, that they give political advice (Klausen & Magnier 1998). The autonomy and the trust-based systems are put to the test in dealing with major crises.

Are bureaucracies inflexible and is strategic planning dead?

Public organizations are often portrayed as bureaucratic and inflexible hierarchical systems ‘...as among the least intelligent organizations on earth. They are described as insulated from their environments and unresponsive to changes in their societies’ (Olsen & Peters 1996, p. VII), and NPG scholars hold that hierarchies should be replaced by networks (Bevir ed. 2010; Klausen 2022). Bureaucracies come in many forms but are, among other things, defined by hierarchy, meritocracy and accountability. They are rule based, but whether they are rigid or flexible is an empirical question.

Strategic management in its classical rational form (Miles & Snow 1978; Porter 1980) assumes predictability and causality between strategic prioritization and the achievement of future goals in adapting to and changing environments. However, since Mintzberg coined the idea of *emerging strategies* (1994), it has become mainstream thinking to say that strategic planning is impossible (Stacey 2007) and should be replaced by coping strategies such as wayfinding (Shia & Holt 2009), making strategic moves more incremental (Quin 1982).

When environments are simple and stable, rational models and prediction may work. Uncertainty, however, is ‘inherent to crisis’ (Ansell & Boin 2019, p. 1081). Thus, it would seem difficult to approach crises strategically with plans.

It can be explored empirically to which extent bureaucracies are inflexible and to which extent it is possible to combine short-term crisis management with long-term strategic plans. Firstly, the theoretical framework is presented, followed by the study design and the findings.

Strategic crisis management

Competing governance paradigms (Torfing et al. 2020) permeate the public sector. In a theoretical article, Ansell, Sørensen and Torfing (2021) conclude that the COVID-19 pandemic called for NPG measures such as co-creation, network partnerships, horizontal collaboration

and distributed leadership in dealing with such crises. By contrast, Bouckaert (2023) suggest that NWS-type bureaucracies can adjust innovatively to crises while keeping up service production. He addresses the triple logic of state, market and civil society and hypothesizes the dominance of the state. These theoretical assumptions will be tested following Christensen, Lægneid, and Rykkja (2016), who recommend looking for the capacity to reorganize and coordinate activities across boundaries in political and administrative systems and to look for legitimacy and trust in the way the handling of the crises is perceived. None of the above interpret developments as strategic crisis management and manoeuvring.

There is a vast and growing literature on crisis management (Christensen et al. 2016; Chika & Kalu 2020; Vasickova 2020), risk management (Frandsen & Johansen 2020), disaster and emergency management (Bly et al. 2020) and, notably, strategic crisis management (Baubion 2013; Taneja et al. 2014). Lately, this interest in crisis management is often coupled with the study of organizational resilience (Duchek 2020; Williams et al. 2021).

Initially and analytically, crisis management and strategic management are separate fields of study and antithetic in so far as crises must be dealt with immediately in a defensive/reactive manner aimed at damage control and with a short time span, whereas strategies are supposed to be far-sighted, proactive and aimed at the fulfilment of visions and long-range goals. As Preble puts it, 'The fields of strategic management and crisis management have been evolving separately despite their potential for synergistic integration' (Preble 1997, p. 769). Many scholars have called for an integrated and multidimensional approach (Shrivastava 1993; Preble 1997; Pearson & Clair 1998; Koutsoukis & Farantos 2015; Vasickova 2020), and it has gradually become commonplace to frame the issue simply as 'strategic crisis management' (Bland 1995; Pollard & Hotho 2006; Groth 2014; Ansell & Boin 2019; Frandsen & Johansen 2020).

It is often found that separate strategies are applied when handling crises, such as making decisions on and having plans for organizing crisis management with task forces, mobilization of resources, lateral connections and strategic communication (Rosenthal & Pijenburg eds. 1991; Mitroff & Pearson 1993; Shrivastava 1993; Rosenthal & Kouzmin 1997). It will be argued here that the key issue is how crises are handled in coherence with existing strategies; that is, from a holistic point of view, allowing organizations to keep on track despite any setbacks and temporal changes in the strategic focus and priorities.

Following Christensen et al. (2016) and Bouckaert (2023), this article intends to investigate what empirical evidence may show us about NWS-type government capabilities in handling crisis with reference to organization theory, strategic management and governance paradigms. Developments are interpreted using institutional theory, specifically March and Olsen's (1989) dual logic of consequentiality and appropriateness resembling assumptions in classical economics and organization theory versus the ones in (the historical and sociological approach to) new institutional theory (Hall & Taylor 1996; Powell & DiMaggio eds. 1991). The study thus seeks to investigate both design strategies (Nyström & Starbuck eds. 1981) and time-typical organizational recipes (Røvik 1998).

Conventional wisdom predicts that bureaucracies are inflexible, while other governance paradigms may work better in handling crises, and the current consensus on strategic management holds that strategic planning is dead. Is it really that simple? Could strategic management be the key to crisis management? Strategic coping may be seen as tactical manoeuvring between strategic arenas (Klausen 2020). When long-range goals are in sight, coping strategies may be intentionally strategic – that is, long-range and proactive (not merely defensive adjustments).

This study uses a strategy in action approach (Golsorkhi 2020) by interviewing those who make strategic choices and by investigating how chosen strategies are implemented and developed incrementally in the light of crisis. This is done while looking for strategic plans and long hauls. Expressive organizations are dependent upon their legitimacy (Weick 1995; Schultz et al. eds. 2000). Municipal identity and legitimacy are challenged by the crises and must be enacted (Weick 1989). Even in the face of crisis, municipalities should serve to provide services as well as meaning. They are functional as well as symbolic entities and in dealing with wicked problems, ambiguous goals, conflicting interests, they cannot avoid hypocrisy (Brunsson 1989).

We should keep this context and paradoxical ideal about coherence in strategic efforts and crisis management in mind when studying and interpreting the handling of crises as coping strategies.

The Studies

This study is a longitudinal embedded multiple-case design study (Yin 2018) of NWS-type Danish local governments response and adaption to grand challenges such as crises. The cases were collected in the past for specific purposes and re-analyzed retrospectively for the purpose of addressing the research aim.

The so-called Structural Reform was decided upon in June 2004 (Indenrigsministeriet 2004) and consolidated 271 municipalities into 98 and the then 14 counties into five regions. This was an existential crisis, an identity crisis and a crisis of legitimacy in so far as it was unclear which entities were new and which ones continued to exist. The crisis caused confusion, created chaos and required strategic manoeuvring for years to come. The reform was to take effect from 1 January 2007, which left the local authorities 2½ years to prepare for the mergers. However, as shown by general studies of mergers (Lövenstedt et al. 2003; Söderberg and Vaara eds. 2003), post-merger management is equally (if not more) important if the potentials of the mergers are to be harvested. Identity lost and reclaimed is a crucial test. Both the preparations (due diligence) and the post-merger management initiatives that followed and paved the way for long-haul strategies as new challenges arose were explored through case studies and follow-up interviews. It is a longitudinal and a historical study because the analyses and the discussion of the findings are seen in retrospect.

Processes were studied through five case studies on the strategic handling of mergers 2003-2012; a desk research study on the structural design of all Danish municipalities in 2008; and representative national surveys in 2003, 2010 and 2017 on the development in governance structures and the perception of these developments from the viewpoint of top executives and decentral managers (covering schools, kindergartens and elderly care). These longitudinal studies (the surveys as well as the case studies) also made it possible to see how local authorities handled the financial crisis, which affected Danish local governments from 2010 onwards. Many local authorities enforced drastic measures to compensate for the lack of economic resources in the ensuing years.

Meanwhile, new crises challenged the newly established municipalities. The COVID-19 crisis was studied by conducting six case studies, and the 2022 Ukraine refugee crisis was studied by conducting four case studies.

All these case studies included interviews with politicians, chief executives, middle managers and employees, so that the entire hierarchy was covered. They were also asked how their handling of the crises matched or differed from that of other municipalities (the CEOs and middle managers typically had a good overview of this because they were part of cross-municipal networks that exchanged experiences). All interviews were recorded, notes were taken and the transcriptions discussed with colleagues when in doubt. The interviews were supplemented with relevant documentation from the municipalities, and the findings were validated by written commentaries from the municipalities to the preliminary reports and with specific feedback from meetings and seminars in the municipalities where the reports and the findings were presented and discussed.

It was not the same municipalities that were studied over these two decades. The case studies regarding mergers and the financial crisis, the COVID-19 crisis and the Ukraine crisis covered different municipalities for different purposes. The representative national surveys covered 271 municipalities in 2003 and 98 in 2010 and 2017, and each of the municipalities changed over time as they handled new challenges and developed in different ways. Consequently, it was a moving target that was studied. Both at the top and at the bottom of the municipal hierarchies, politicians and managers were elected, retiring and changing positions. But the entities, the study of local authorities in Denmark and asking those in charge at the top and bottom level about their response and adaptation to changed environments, and to game-changing strategic challenges such as crises, remained the same.

The Structural Reform

The 2004 Structural Reform was an externally imposed reform and a challenge that forced a large number of municipalities to merge. The ‘rules of the game’ as stipulated by the minister of the interior was that the merging partners should treat each other as equals, that there were to be no layoffs and that no decentralized institutions should be shut down. Such ‘rules’ of course prevented the immediate harvesting of merger potentials. It was an unforeseen and existential challenge that shocked the very identities of all involved authorities; there was a deeply felt sense of urgency in the municipalities, it was uncommon ground and involved thousands of decisions to be made. The elected politicians asked their top management teams to prepare for the mergers and present their ideas concerning how the new municipality should function; that is, the structural design and governance structure. The municipalities set up task forces involving the CEOs from the involved municipalities, and to enrich the process of decision making, they also set up working groups across lower levels of management to compare the way in which each of the local authorities had been working hitherto in particular fields of public administration. The latter did not make this a bottom-up process; rather, it could be characterized as a top-around process that informed the decision-making process.

The politicians decided the new names of the municipalities, the location of the town halls (these were strong symbols and heartfelt feelings were attributed to the old names) and tried to envision the new municipalities. The executives made a special effort to communicate on an ongoing basis about what was going on in the negotiation and decision-making processes. This crisis communication was supposed to convey meaning, paving the way for legitimacy and understanding. Organizational identities and loyalties among both citizens and employees were firmly anchored in their familiarity with the old municipalities. What the new municipality would turn out to be, no one knew.

Each of the local authorities that were to be merged had its own structural designs, organizational cultures and strategies. The forced mergers might have been seen as a chance to make a radical reinvention and genuinely experiment with municipal governance. Among politicians, however, the saying ‘secure operation and no faults’ permeated those decisions in order to sustain legitimacy among the citizens. No wonder most municipalities chose the classical bureaucratic model. More surprising, however, was that more than half of the local authorities also chose a so-called ‘decentralized business unit model’, a model of ‘letting the leaders lead’, much in accord with the NPM paradigm insofar as this model decentralized the authority to economically and strategically independent units (according to the desk research made in 2008, 74 out of the 98 municipalities had elements from the decentralized business unit model, whereas 57 of the municipalities had elements from the bureaucratic model).

The decentralized business unit model was eventually challenged by the financial crisis which succeeded the Structural Reform. As two of the interviewed CEOs argued: ‘We needed to recentralize to keep budgets’ and ‘the decentralized units had become too strong and unmanageable’. They had to centralize to ensure that the political will and central strategies, such as cutting and keeping the budgets, innovating, and reinventing to gain efficiency, would be executed. By the time of the 2017 national survey, almost all of the municipalities had recentralized authority and chosen a new NPM model: the corporate model; which reduced the board of managing directors, contained more hierarchical layers and sharpened the ideas about loyalty to the hierarchy and joint (corporate) identity. The corporate model remains the preferred model in Danish municipalities to this today.

An interesting pattern emerges as we watch the strategic choices made regarding the design of structures and procedures. The deliberations in 2005 and 2006 led to two dominant ideal type governance structures in the municipalities: the classical bureaucratic model and the decentralized business unit model. It is widely agreed that the governance structure of the municipalities used to be multi-faceted (Mouritzen, Larsen, Hansen & Liedecke 1993; Ejersbo 1996, 1998), but now two dominant models have emerged. Each model has specific pros and cons and defines a governance structure that places politicians and leading bureaucrats in different positions and roles (the characteristic features of each of the three models are listed in Appendix 1).

While top-down processes and dynamics are dominant in the bureaucratic model, bottom-up processes and dynamics are dominant in the decentralized business unit model.

The chosen models were redesigned and modified in many ways in the years after the new local authorities saw the light in 2007. Firstly, they were modified by closing and by merging many of the decentralized units that could not be closed during the first years because of promises from the minister of the interior. They were also modified by rearranging top management (getting rid of superfluous layers of top managers), and by developing new management systems where, for example, kindergartens and schools were managed by setting up new teams of decentralized managers. These designs were supplemented with HR strategies to strengthen human resources and by initiatives to invoke and build up partly new and joint subcultures and meaningful new organizational identities. Unsurprisingly, there were a lot of discussions and power plays, as there was a lot at stake in the hierarchical systems and in political and ideological preferences in deciding upon strategies and structural adjustments. In the wake of this, some people ultimately lost their power and positions, while others rose to prominence. This is clear when it comes to hiring and firing, and which institutions are to survive and take over others. NPM measures are supposedly more appealing to right-wing and libertarian parties than NPG and vice versa. The research shows that these power plays over structural designs, however, were more administrative and pragmatic than they were political and ideological. They were simply prepared and put forward by the board of directors and decided upon by the councillors despite ideological preferences.

It is puzzling why the politicians so readily left important matters to the CEOs and the administrative system. One might argue that the structural designs and adjustments were defined by a *managerial* (that is, a strategic and to a large extent bureaucratic) logic rather than a *political* logic. The symbolic value of matching expectations and managerial fads such as NPG will be discussed later.

Handling the Financial Crisis

When the worldwide financial crisis of 2007/2008 hit the local authorities in Denmark with full force from 2010 onwards, they were remarkably unprepared, being preoccupied with the many problems of post-merger management and simply running local government. As mentioned above, they responded to the lack of funding resources that was a result of an increased demand for services and a governmental ban on raising taxes by ways of (re-)centralization, but also by introducing budget cuts, layoffs, rationalization initiatives and strict budget control – in short, they improvised. The decentralized business unit model was less potent in enforcing strict budget control than that of the classical bureaucracy, which is why we saw initiatives to (re)centralize. Moreover, the politicians had difficulties in identifying with and playing the roles stipulated by the decentralized business unit model.

Before the financial crises layoffs and budgetary control were almost unheard of in Danish local government. For decades, the municipalities had broken the budgets that had been negotiated with the state and layoffs were rare. In the following years, not only did the municipalities as a whole keep to the budgets; municipal managers of agencies and decentralized institutions were forced to keep budgets if they wanted to keep their jobs. Apart from the top managers that were fired, KL – Local Government Denmark (the national association and interest organization of the Danish municipalities) estimated that 40,000 employees lost their jobs between 2011 and 2014. Such measures to cut budgets and increase productivity and efficiency by applying quality systems and financial management, rationalization and innovation measures such as Lean are all in accord with NPM, and these initiatives were taken as politically sanctioned top-down decisions used by and implemented in the bureaucratic organization. These management initiatives have been in operation until today, as financial scarcity remains prevalent in many municipalities (the 2010 and 2017 national surveys reveal that NPM is still dominating the way in which Danish local authorities operate as an integrated part of bureaucratic processes and control).

Creating convincing and meaningful strategic narratives regarding these cutbacks was no easy feat. As part of their crisis communication, many local authorities tried to create visions

that sounded positive, but they were easy to demask as qualitative setbacks and as offences to the ethics of good work from employees' (and the labour unions') perspective. NPM measures were among the most hated and criticized, both among the employees and in the public debate.

To counter the financial scarcity other measures bearing on a paradigmatically different managerial logic were taken, namely the NPG recommendations. It proved to be much easier to create strategic narratives that sounded attractive when civil society values, inclusion, creativity and cooperation pervaded the strategies. Consequently, from 2010 onwards, many local authorities deliberately chose strategies to engage in co-production initiatives (Torning and Triantafyllou eds. 2016, echoed in the 2017 survey). Whereas NPM measures remained the preferred tools in action, NPG was embraced everywhere as the new, correct and sympathetic way to deal with problems. The idea was that in times of scarcity, public service production could and should benefit from tapping into the potential of voluntary commitment amongst citizens and civil society. The other important and potent idea was that the inclusion of a variety of new ideas stemming from the citizen involvement would enhance the innovative capacity. On top of this, NPG measures were to counter bureaucracy, break down hierarchies and bridge sectoral divisions of work through networking. This was not simply another way of achieving the NPM idea of 'working smarter, not harder', of reinvention and lean; it was also about democracy. On top of arguments concerning resources and innovation, an important idea was to engage the citizens, empower them and revitalize local democracy. Again, the strategies were politically sanctioned and the politicians wholeheartedly bought into the ideology of the NPG paradigm in their policies and strategy statements, as well as their narratives about local development and democracy. Nevertheless, the promises of the NPG initiatives proved to be difficult to deliver on, which made the political speeches somewhat hollow. PhD theses on the implementation of NPG in Danish local government talk of hypocrisy, detachment and decoupling (Tortzen 2016; Torp 2018; Müller 2020). The heyday of NPG strategies in Danish local government was in the first half of the 2010s, but such strategies and initiatives still prevail and supplement the NPM strategies.

Despite the many NPG initiatives to delegate authority and include citizens, what emerged from the financial crisis was a design and governance structure that differed significantly from the Classical Bureaucracy and the decentralized business unit model. It was not an anarchistic and chaotic network model, but yet another NPM construct.

The design and governance structure that emerged as a response to the financial crisis was inspired by private enterprise: the idea of the corporation (see Appendix 1).

It was this design and governance structure which the local authorities used to deal with the COVID-19 crisis in 2020 and the influx of Ukrainian refugees in 2022.

The COVID-19 Pandemic and the Ukrainian Refugees

The COVID-19 crisis hit the Danish local authorities when the government on 11 March 2020, as a part of a 'grand strategy' for the coordination of national efforts, based on a so-called *safety principle* to limit the spread of infection and disease, declared the first general lockdown of all public activities, including numerous safety measures. All 'noncritical' activities had to close, so kindergartens, schools, high schools, and universities, churches, libraries, and cultural events were locked down and the employees were furloughed. Public agencies and institutions (including town halls) were emptied, apart from a few people in the emergency rooms.

In the municipalities, almost all employees in the administrative systems were to work from home via email and virtual meetings, as were the teachers, who had to resort to online teaching. The nurses and other healthcare workers in the municipalities found themselves having to apply the new rules in their work. Among many things, this meant that they were tasked with keeping family and friends away from visiting their elderly, disabled relatives and loved ones. Regarding citizens such as the sick and the elderly, the situation was described as a matter of life and death.

Naturally, this situation put an enormous strain on all responsible personnel, right from senior management to the individual workers on the shop floor. All of this happened very suddenly and quickly. It was unforeseen and all-encompassing.

Specific measures changed over time, forcing the authorities to bend the old rules, rework their routines and communicate clearly about what was allowed and what was to happen. The respondents said this was inconvenient, but they managed to adhere to the new rules and explain why they made sense under the circumstances.

There were at least three distinct phases. The interviews concerned learning processes and long hauls, which overall strategies the municipalities applied (if any), and how they handled the three phases of shutting down suddenly and gradually re-opening.

The informants unanimously said that the shutdown was easier than the reopening. It was more complicated to reopen because locking down and furloughing employees was more definitive, while the reopening process happened more gradually and challenged both the system and the individual decentralized manager and employee to make discretionary decisions. The case studies also reveal that there was intensive spillover and learning from one phase to another and the systems and procedures that were initiated during the first phase either were still in force or quickly reorganized and restored.

All Danish municipalities have a strategic setup for crisis management: a mandatory 'emergency response plan' which was put into force the day the first lockdown was announced (11 March 2020) with the aim of implementing national directions without hesitation. Nevertheless, all of the municipalities adjusted and changed their emergency response plan (which seeks to tackle crises and disasters such as natural disasters, pollution and emergency shutdowns – not pandemics). Typically, such plans outline how to set up an emergency task force and an emergency room. This special task force included select personnel from various parts of the municipality and CEOs, and it sought to impose authoritative top-down measures through the managerial hierarchy while at the same time securing lateral coordination. This ad hoc reorganization did not entail abandoning the existing bureaucracy.

The COVID-19 crisis was handled using top-down strategies anchored in the task force and the group of CEOs and sanctioned by local government. These strategies evolved in accord with changes in the environment (such as the development of the pandemic and the vaccination programmes), with experience, and in step with new directives from the government. In all the material and interviews it was emphasized that the top management team of executives and the task force used the existing hierarchy to implement directives and decisions which often took the form of fairly detailed local action cards. Despite the top-down-driven strategic approach and action cards, however, there was a considerable discretion both among the decentralized managers and their employees in interpreting and implementing these directives (no one can decide from the top how to reopen an institution, how to create meeting rooms for families and the elderly, how to organize a group of children with restrictions on how to interact and apply proper hygiene precautions or how to conduct virtual teaching of a particular group of students).

The municipalities trusted in their management system and their employees. Everything was implemented top-down through the formal hierarchy of appointed managers. Many CEOs said that 'I have never been so continuously and intensely in contact with my management team'. This was done virtually and on a daily and weekly basis. The informal and parallel management system of employee committees and shop stewards as well as the workers unions were included and oriented on a weekly basis. They were not directly involved in decision making (as they are during more peaceful times), but the executives recognized the importance of communication (besides the dialogue and meetings with employee committees, there were numerous press releases, internal newsletters and direct e-mails to all employees from their managers). The municipalities were perfectly aware of the fact that they were dependent upon not only loyalty from the employees and the unions, but also the legitimacy that they could provide among the employees by means of honest information, dialogue and transparency. One of the very common statements was that 'we were doing what the national authorities are telling us to do: neither more nor less'. That is crisis communication, and this left less room for local political disputes about what had to be done and how to do so (traditional conflicts of interest, coalition building and negotiation were temporarily set aside).

Each municipality implemented the national strategies in accordance with local tradition and circumstance and with the strategies that had already been implemented. When asked if the existing municipal strategies were temporarily abandoned and overruled by the crisis, the

respondents said that overall strategies and sub-strategies remained in action in parallel and alongside with the crisis measures. The municipalities were only momentarily disturbed in trying to implement their strategies and achieve their strategic goals on, for instance, sustainable development, digitalization, quality improvement, resilience, integration, innovation and differentiation. One of the enduring strategies was to develop, differentiate and brand the municipalities – that is, to create new identities. The crisis-coping strategies simply supplemented the overall strategies with adjustments such as particular focus on redesign, new routines, HR and digitalization.

The local authorities were intent on ensuring transparency and clear crisis communication both internally and externally. Just as during the municipal mergers, the executives were aware of the necessity to communicate on an ongoing basis, even when there was nothing new under the sun. This was damage control and crisis communication – lives were at stake, but so was motivation and legitimacy.

The COVID-19 crisis put bureaucracy, i.e., the existing municipal management systems, the design and governance structures to a test. Were they capable of flexibly handling the situation and the development, as well as the changing environments?

The case studies supplement the evaluations that have already been made both internally by the local authorities themselves and externally by research institutions (Hjelmar, Pedersen and Jensen 2021; Komdir 2021). The general findings are clear: the municipalities have passed the test insofar as the national directives were implemented, the infected were registered, the spread of infection prevented and few people ended up dying from the virus. This is crisis management and damage control. They also passed the test insofar as they managed to adapt and develop their crisis systems and make them work effectively and ensure that there was no panic, but rather encouragement and motivation. Services were produced and decisions made, so in a strange way everything stopped and shut down while all efforts were made to transform and adjust the entire system to keep on going in the production of local governmental services. That is the epitome of the resilient organization, characterized by its ability to bounce back from crises and reorganize its capabilities to preserve its service production (Duchek 2020; Duit 2016).

The general picture is one of highly motivated managers and employees, of high esprit de corps and loyalty to the joint effort in the light of a ‘common enemy’ and a willingness to take on new tasks that broke with the job descriptions and traditional divisions of work. One of the phrases often used was that we all ‘moved closer together, separately’. There was a general trust in authorities, in democracy and in the bureaucratic system. What was revealed were flexible adjustments and few conflicts, if any. In fact, the general picture is one of resolve: Things that used to be regarded as almost impossible to solve were very quickly resolved. Underneath the hierarchical structure there were changes in areas of responsibility (with managers taking over each other’s responsibilities) a fair amount of horizontal coordination (with employees working across traditional divisions of labour in trying to help each other). In fact, most observers saw enhancements in not only flexibility, but also productivity and efficiency during the crisis (meaning that those who worked from home were more effective than they would have been at the town hall). In some areas, such as in the labour market and job placement area, the interviewees found that the unemployed were empowered and more content with the virtual interaction and digital interface than with meeting their social worker contacts in person at the town hall.

However, there were other areas in which the digital deliveries and the lack of physical presence had a serious negative impact, such as with a ‘generation’ of youth that missed out on important socialization and received teaching that could not compete with being in school.

Also, it is the general impression (both from the interviews with the executives and with the employees and shop stewards) that everyone was under a tremendous strain, and what eventually emerged after the first two years was a workforce that was somewhat frustrated, tired of restrictions and at times burned out. Naturally, frustration also grew among the citizens who had to adhere to previously unheard of restrictions on their personal freedom. There were unpleasant incidents which were difficult to handle, such as preventing relatives from visiting their loved ones, tragic experiences of not being able to say goodbye properly when people died and with

restrictions concerning participation at funerals and other important aspects of human life. We have not yet seen the long-term effects of being under strain and in a prolonged state of emergency. Managing from a distance and via the internet was also a problem. When managing remotely, managers at all levels had difficulties in knowing precisely how employees really reacted due to the lack of closeness that usually (for the emphatic observer) would indicate the state of physical and psychological wellbeing at 'the workplace'. Even the richest media cannot pick up on all the small signs and patterns of different sentiments and feelings of individuals and groups.

The COVID-19 crisis was met and managed through an agile bureaucratic hierarchy, a management system that passed the test by supplementing the NWS bureaucratic governance paradigm with NPM, NPG and, of course, DEG (Digital Era Governance). Bureaucracy was infused with other governance paradigms to a layered hybrid mix in the various models and strategic coping initiatives. Many of the interviewees stated that 'our system was robust and agile'.

With these experiences in mind, the municipalities immediately after the COVID crisis faced yet another crisis imposed upon them from the outside world; a crisis they had to handle and for which they would be held accountable. It was a minor challenge compared to the other crises, but nevertheless put the system to the test.

The war that started in Ukraine in the spring of 2022 created the greatest human catastrophe and refugee crisis since the end of WW2, the UN and the UNHCR estimated the stream of refugees to amount to about 6 million. The neighbouring countries and notably Poland welcomed millions of refugees, but even Denmark, a more remote country, saw the largest contingent of refugees since WW2, some 34,000. Local authorities were at the forefront in dealing with the refugees because they were sent directly to the municipalities and not to refugee and immigration camps, unlike other asylum seekers in Denmark.

Already on 16 March 2022, the Danish parliament issued special rights for Ukrainian refugees in order to facilitate a swift societal integration and inclusion into the labour market (they were granted asylum, the right to enter the labour market, and the right to attend school and kindergarten). This was not the case with the Bosnian refugees in the 1990s and the Syrian refugees in the 2010s, all of whom had to spend a considerable amount of time in immigration camps and reception centres. The general expectation was that the local authorities would ensure a swift, flexible and easy integration. Despite the fact that Ukraine is basically a catholic, poor, corrupt and underdeveloped country, the Danes approached and embraced the refugees with heartfelt sympathy and like equals.

Despite voluntary engagement, the vast majority of all the things that had to be taken care of and most of the initiatives taken regarding the refugees were municipal responsibilities. They had to deal with housing, health, social rights, economic funding, integration into the labour market, schooling and childcare.

Most of the refugees were women and children, so the study focused upon the municipal handling of children and youth; that is, the part of municipal administration that was responsible for schools and childcare.

Even if the Ukraine crisis was unforeseen and developed surprisingly swiftly, it was the impression among the interviewees that the municipalities met this crisis with a different level of readiness to handle this one than was the case with COVID-19. Even though the entire system had been under strain for the past two years in dealing with COVID-19 and many employees and leaders were somewhat fed up with ongoing adjustments to meet changing circumstances, the managers and employees felt that they were prepared and working in another gear this time, so to speak. A phrasing was that 'our 'change and adjustment muscle' has been trained'. They were 'trimmed' to deal with crises that could only be managed by cooperating between many authorities and across traditional divisions of work, silos of responsibilities and professions (such as across authorities responsible for housing, schooling, social support, physical health, psychiatry, and the labour market). Bureaucracy was infused with networks but they were living in the shadow of hierarchy.

The municipalities studied were pragmatic in their efforts. The politicians set up the policy, the CEOs specified the strategies, and the decentralized managers and employees used their

common sense and their own discretion. According to them, they improvised and found there was remarkably little red tape involved. Rather, it was easy to contact town hall staff; i.e., those persons and authorities across sectors and hierarchical levels who should grant authority, allocate resources and be involved. It was simply a matter of phoning or emailing someone. The families were accommodated, there were no restrictions, no shortages of resources and vacant spots were quickly found in nurseries, kindergartens and schools.

Once again, the municipalities improvised and quickly changed specific procedures and arrangements in the light of developments. For instance, during the first weeks following the influx, some municipalities gathered all the children in previously closed schools to allocate resources such as teachers and translators in one spot. Retired headmasters, school and kindergarten teachers offered their help and were reemployed. Soon, however, the Ukrainian children were allocated to the schools and kindergartens in the vicinity of where the families had been accommodated and integrated in classes among Danish children and other immigrants. One of the managers responsible claimed that ‘the integration efforts regarding this group of refugees is no different than the ones we are used to handling’ and one of the politicians responsible for kindergartens and schools said that ‘these refugees are easy to integrate’, by which she meant that they were easier to integrate than, for example, children from Somalia or Syria. The Danish municipalities thus applied and adjusted their existing strategic plans for integration. In that sense, traditional planning becomes a strategy tool when adapting it to changing circumstances. Similar findings apply to the Norwegian integration of refugees (Busengdal 2022).

The managers and employees described this as a learning and development process in which crisis management rapidly changed into project management and business as usual. The overall strategy was to apply and adjust existing integration strategies.

In the handling of this crisis, we observe the same traits as with the other crises: a general loyalty to, belief and faith in democracy, in the bureaucracy and management system, in the managers and in the employees. What we observe are capabilities in adopting to unforeseen challenges and uncertain environments in systems that appear to be robust and agile – or resilient, if you like.

Concluding Analyses

In conclusion, the four cases each demonstrate in their own way capacious variation, the strategic capability of the NWS-type local government to flexibly adjust to changes in their environment in which the bureaucratic organization was radically redesigned (the mergers); focused upon productivity and efficiency (the financial crisis); resilience (COVID-19) and integration (the Ukrainian refugee crisis). The findings thus confirm and supplement national level studies concluding that the Nordic model has proven flexible and robust in the light of exogenously imposed challenges (de la Porte et al. 2023).

By bending rules and reorganizing their routines for service production so that both hierarchical and lateral coordination was in place, services were produced despite setbacks. The evidence also clearly states that the municipalities did this top-down, with political consent and a keen eye on long-range goals. The interviewees repeatedly said they trusted in bureaucracy and the professionalism of the employees; that is, in their management system, in their managers and employees. Paradoxically, loyalty to and trust in hierarchy is somewhat unfamiliar to systems pervaded by low power distance but may be explained by the high levels of reciprocity and trust attributed to high levels of social capital.

There are many ways to sum up and discuss the findings. Table 1 provides an overview.

Table 1. Strategies for crisis management

	Structural Reform	Financial crisis	COVID-19 crisis	Ukrainian refugee crisis
Role of the state	Initially a dominating role as lawgiver	Minor role: Frame for taxation	Major role as rule maker	Special laws on inclusion
Local autonomy	Non-existing at first then relatively big	Relatively big	Relatively big	Relatively big
Role of local politicians	Sanctioning decisions made by the top executives	Sanctioning decisions made by the top executives	Mostly delegating authority to the top executives	Mostly delegating authority to the top executives
Process	Top down and top around	Top-down and bottom-up	Top-down	Top-down
Dominant structural design and governance structure	Two models: classical bureaucracy and decentralized business unit model	The corporation	The corporation	The corporation
Strategy focus	Strategic design: Creating new political and administrative systems & post-merger management & strategic manoeuvring	Crisis management focussing upon productivity and efficiency	Crisis management focussing upon resilience	Crisis management focus upon integration ('business as usual')
Supplementary strategies	Alignment on many arenas Build-up of new organizational identity	Budget cuts, rationalization and innovation crisis communication	Crisis communication Central task force	Crisis communication Sector task force
Dominating paradigm	Bureaucracy (NWS) and NPM	NPM and NPG	Bureaucracy (NWS, robust and agile) DEG	Bureaucracy (NWS, robust and agile)
Rational/functional or Institutional/symbolic	both	both	both	both

If we apply the dual logics theoretical perspective of rational/functional and institutional/symbolic, it is possible to shed new light on the empirical findings on how the four crises were handled.

When we apply the dual perspective to the municipal handling of the mergers, what we find on the one hand is 'rational' design strategies, redesign and strategic manoeuvring. These efforts produced divergence between the classical bureaucratic and the decentralized business unit model and later convergence in the direction of the corporation, and these efforts were accompanied with post-merger HR strategies (investing in employees and managers), innovation and lean strategies, and efforts at creating joint cultures and organizational identities. This is what is to be expected from classical theories of strategic designs (Galbraith 1973; Nyström & Starbuck eds. 1981; Mintzberg 1983; Burton & Obel 2004) that seeks to create a strategic fit and alignment between the municipalities and changing environments. The fact that we find few strategic designs (two and, later, one) is in accord with the idea of strategic equifinality (Miles & Snow 1978; Burton & Obel 2004). From a rational/functional perspective, the lawgivers behind the Structural Reform assumed that mergers would make the municipalities more effective and efficient and reduce financial inequalities among them. The reasoning was that the old units were too small to be sustainable and meaningful, i.e., efficient, and effective enough (Indenrigs- og Sundhedsministeriet 2004; 2006). The idea was that larger units would

generate economies of scale. Thus, most studies on municipal mergers focus on the effects of amalgamations regarding economic, managerial and policy effects and trade-offs between efficiency and democracy (Tavares 2018; Reingewertz & Serritzlev 2019). They focus on the functional perspective – though not from a strategic point of view. They often find it difficult to verify the expected effects of mergers.

From an institutional/symbolic perspective, the Structural Reform was simply in accord with the generally used organizational ‘recipe’ (Røvik 1998) of the time, which was to transform smaller entities into larger ones. It was a fad that seemed appropriate. Since the turn of the century, consecutive Danish governments have forced public agencies to form larger entities: The armed forces became a united command, the police districts and the courts merged into larger units, counties became regions, small municipalities merged into larger ones, minor hospitals became super-hospitals. From an institutional/symbolic perspective, the applied coping strategies and designs were aimed at harvesting legitimacy as they reflected expectations and myths in their institutional environment and so mirroring current fads and tendencies (Meyer & Rowan 1983; Røvik 1998), such as the decentralized business unit model and the corporation. Furthermore, the development of isomorphic structures is easily explained in accordance with institutional theory (DiMaggio & Powell 1983), echoing coercive forces (response to laws and regulations), mimetic forces (imitation and joint network-based learning processes) and normative forces (anchored in a professionalization of the managerial system).

Similarly, the strategic handling of the financial crisis, the COVID-19 crisis and the Ukrainian refugee crisis on the one hand were met by hard NPM measures, quick redesigns, executive task forces and deliberate crisis communication to solve problems and save service production, and on the other hand may be seen as an appropriate organizational liturgy, a symbolic theatre with an iconographic staging of authoritative and trustworthy response that created a sense of urgency and professionalism aimed at legitimizing initiatives, resolving conflicts, reducing uncertainty and producing a sense of meaning and loyalty.

The strategic manoeuvring in and between strategic arenas (Klausen 2020) with coping strategies that redesigned the structures for crisis management, the designs for service production, the relationships between politics and administration and the mix in use of governance paradigms, the HR strategies for dismissals, recruitment and skills development, the communication strategies aimed at the management of meaning and the fostering of faith and loyalty all added to the development of new joint organizational identities. The strategic manoeuvring in and between strategic arenas may be seen as an example of the advantages of indirect attack (Liddell Hart 1954), such as moving structural dysfunctions by changed cultures and organizational development or solving conflicts by changing focus and setting new agendas. The incremental development of new identities and the symbolic staging with strategic narratives that differentiated and branded towns and municipalities with names, acronyms, heraldry, and architecture, however, is probably best understood in the institutional and symbolic perspective. In that sense, the two complementary perspectives supplement each other: both are to be applied if we are to understand the strategic coping with the municipal crises studied here.

In the face of crisis, both service production and legitimacy are at stake. The primary condition for a successful handling of municipal crises, as seen from the rational functional perspective, is a professionalized and well-integrated management system capable of making and executing strategic decisions, and the primary conditions for handling problems of meaning and loss of legitimacy from an institutional and symbolic perspective is the capability to understand what is appropriate and to act and communicate in a meaningful, trustworthy way so that the soul of the organization remains somewhat intact, even when transformed. Strategic management may thus be viewed as a battle of minds and souls, with functional and symbolic adjustment to changing environments paving the way for integrated professionalized managerial systems with loyal employees and managers.

Among the findings (portrayed in Table 1) that may be noted are that the existing designs and (mixes) of governance paradigms were seen as robust and agile and that (NWS style) bureaucracy seems to be at the heart of all coping strategies. It is also noteworthy that the local politicians to a large extent left central decisions to the CEOs and the administrative system.

The dominant logic was managerial/strategic rather than political. Maybe this puzzle is not so difficult to understand if we apply the dual approach. From a rational and functional point of view, this is just a matter of the division of work between politics and administration and a consequence of the fact that the politicians are part-time amateurs, whereas the managerial system is professionalized and prepared to handle crisis and strategic processes. From an institutional and symbolic perspective, on the other hand, the puzzle is utterly unimportant since most people are blissfully unaware of it and rationalized in hindsight, the elected politicians in any case are taking the credit while the CEOs will be blamed if anything goes wrong.

While the municipalities improvised, (re)invented, and changed strategies as environments changed, they also stuck to overall strategies. The empirical evidence thus counters the idea that bureaucracies are inflexible and that strategic management and planning is an illusion. The redesigns of structures and new mixes of governance paradigms were seen as very deliberate coping strategies. Alongside coping strategies and wayfinding to handle crises there were long hauls and strategic navigation aimed at long-range goals and visions regarding sustainability, digitalization, integration, differentiation and the building of new organizational identities creating the basis for esprit de corps, legitimacy and new loyalties. Paradoxically, since crisis management is short-range and defensive in nature, crises may, as in these cases, call for and reinforce existing strategies. To discover this is far more convincing when using a strategy in action approach.

If we apply a triple logic of Hirshmans exit, voice and loyalty (1970), markets, bureaucracies and clans (Ouchi 1980) or market, state and civil society as suggested by Bouckaert (2023), it can be argued from the present study that neither the market nor civil society handled the COVID-19 crisis or any of the other crises mentioned here. It was the state logic both at national and (as shown here) at local level that handled the crises flexibly by ways of strategic coping.

Ansel et al. (2021) recommend NPG measures in dealing with crisis. The empirical investigation in accordance with Christensen et al. (2016) and Bouckaert (2023) suggests that the municipalities rely more on a mixture of paradigms and notably on bureaucracy, professional rule and NPM, with bureaucracy NWS-style at the backbone of all efforts, a bureaucracy that as an act of strategic coping seems capable of legitimately changing organizational structures and selectively adopting competing paradigms. Maybe this is still the century of government, and we should pay more attention to the bureaucratic organization as suggested by Olsen (2006).

The studies reported by Olsen and Peters (1996) cast substantial doubt about simplistic assumptions about government, as do the studies reported here: the existing bureaucratic systems adapted pragmatically and professionally to changing environments and were seen as robust and agile.

In conclusion, this empirical investigation refutes the theoretical assumptions of NPG and supports the hypotheses of the NWS, and it seems that strategic planning lives well with strategic manoeuvring.

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Appendix 1: Three strategic design configurations

Characteristic features of the three preferred strategic designs:

- *the classic bureaucracy model* with its hierarchic, divisionalized, formalized and rule-oriented structure and steering mechanisms matches a political system that is organized in sector committees where the role of the politicians is in accordance with being 'issue and ombudsman oriented'. This renders the administrative leaders a role as classical bureaucratic leaders throughout the system.
 - This model bears the mark of the bureaucratic paradigm in the Nordic vein, namely the NWS
- *the decentralized business unit model*, with a small board of directors, is characterized by its flat hierarchy and decentralized autonomy to the service institutions, which are defined as business units (they have their own economy and compete indirectly with each other). This model is matched by a new political organization in which the power of the sector committees is transferred to the city council, and the politicians should behave in accordance with new roles as more policy-oriented and visionary politicians. This encourages top managers to concentrate on the relationship with the politicians, and this model renders the decentralized managers more room for professional management.
 - This model bears the mark of the NPM paradigm.
- The strategic design of the municipality as *a corporation* is characterized by centralization around a small board of directors with the power to execute through an integrated leadership and management hierarchy stressing unity and coordination between sectors, loyalty of decentralized units to the 'corporation' and the importance of developing corporate policies, corporate strategies, corporate identity and culture, corporate IT and corporate communication. For politicians, this role is similar to that of the board of a private company but the model also allows politicians to play their traditional roles as policy advocates. The managers at all levels are expected to act more strategically but with reference to the municipality as a whole.
 - This model bears the mark of the NPM paradigm.

Strengths and drawbacks:

- The strength of *the classical bureaucracy* is order and the key issue is that of separating sectors politically and administratively, which means that they are inclined to live their own lives and combat each other over, for instance, budgets.
- The strength of *the decentralized business model* is bottom-up dynamics, and the key issue is the lack of hierarchical leadership (the span of control is too big for the top layers to lead the decentralized managers). Furthermore, there is no coordination between the decentralized units.
- The dynamics of *the corporation* stem from the central executive power, which is dependent upon the close cooperation between leading politicians and the board of directors. It bears the marks of the hierarchy but is more executive, more integrated, better coordinated and more flexible than the classical bureaucracy. The corporation, however, has difficulties in allowing for decentralized dynamics and creativity.