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## **COVID-19-induced governance transformation**

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## **ORIGINAL ARTICLE**



# COVID-19-induced governance transformation: How external shocks may spur cross-organizational collaboration and trust-based management

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## Abstract

Persistent efforts to meet the demand for cross-organizational collaboration and trust-based management have been halted by a mixture of bureaucratic inertia and entrenched New Public Management thinking. This article explores whether the COVID-crisis has broken the reform deadlock. Based on a handful of recent surveys and interviews conducted by Danish public sector organizations, we look at the crisis-induced transformations in local public administration. The main finding is that the pandemic has forced administrative agencies to collaborate with each other to solve new and pressing problems in a turbulent environment. Similarly, it has urged public managers to trust the skills and motivation of their employees, who must solve administrative tasks in innovative ways and with limited managerial support, supervision and monitoring. While changes may amount to little more than a temporary departure from normalcy, lesson-drawing, learning retention and proactive leadership may help to produce a sustainable transformation.

## 1 | INTRODUCTION

The demand for cross-cutting collaboration between administrative agencies and the trust-based management of public employees has been high on the public reform agenda in recent years. Many problems and tasks cut across

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the administrative silos and agencies, thus calling for cross-organizational collaboration (O'Leary, 2015). Moreover, the combination of bureaucratic red tape and performance management based on the conditional sanctioning of results keeps public employees in a straightjacket of control that crowds out their intrinsic task motivation and public service motivation (PSM) (Jacobsen et al., 2014) and has created a workforce of cynics who work to receive rewards and avoid punishment (Moynihan, 2010).

Unfortunately, many attempts at solving these pressing problems through administrative reform aimed at enhancing cross-organizational collaboration and trust-based management have been halted by a mixture of bureaucratic inertia and entrenched New Public Management thinking that celebrates the autonomy of freestanding public organizations—each with its own budget, staff, and KPIs—and praises the performance-enhancing leadership of public managers (Barber, 2008; Norman, 2001; Osborne & Gaebler, 1992).

Now, against the tragic background of a health crisis, economic decline, and increasing mortality, the COVID-19 pandemic allows us to assess whether the external shock has fostered administrative changes that are worth maintaining. According to one Danish municipal CEO: "The COVID-19 crisis has led to more positive change in the last 10 months than we have seen in the last 10 years." This is surprising, as we might suspect a health crisis characterized by severe threat, time pressure, and high uncertainty to spur centralized decision-making and performance management to enhance control and eliminate errors (for a critical review of this idea, see 't Hart et al., 1993). Nevertheless, the COVID-19 crisis appears to have forced administrative departments and agencies to collaborate with each other to solve new and pressing problems in a highly turbulent environment. By the same token, public managers have been forced to trust the skills and motivation of their employees, who are asked to solve unknown and uncertain problems and tasks in new and innovative ways and with limited managerial support, supervision, and monitoring. These changes may amount to little more than a temporary departure from normalcy; nevertheless, lesson-drawing and proactive leadership may help to produce a lasting transformation.

This article explores whether the COVOD-19 crisis has led to positive administrative changes associated with stronger cross-cutting collaboration and trust-based management. It draws on quantitative and qualitative datasets provided by the Association of Danish Municipal CEOs, the Danish Trade Union Confederation, some sector-specific trade unions, and a think tank. The main finding is that there is solid evidence of crisis-induced transformations and a general improvement of public service performance occurring simultaneously. While the changes may not endure in a post-corona environment, the policy recommendation is to engage in organizational learning and proactive learning retention to reap the fruits of the crisis-induced changes.

The article proceeds as follows: first, we discuss the need for cross-organizational collaboration and trust-based management and provide operational definitions. After an elaborate methods section, we present the empirical findings and discuss the potential of lesson-drawing and learning retention. The conclusion summarizes the argument and points out some questions for future research.

# 2 | CROSS-ORGANIZATIONAL COLLABORATION AND TRUST-BASED MANAGEMENT: WHY, WHAT, AND HOW?

The bureaucratic public sector started growing explosively in the 1960s but was soon met by severe criticism for being ossified, costly, and inefficient (Downs, 1967; Niskanen, 1971), failing to meet the demands of an increasingly individualized citizenry (Crozier et al., 1975) and prioritizing rule-compliance over the production of measurable results (Osborne & Gaebler, 1992). The neoliberal cure was to enhance the role of private market actors in public service provision and to import a new type of performance management from the private sector. Hood (1991) dubbed this unhappy marriage of market governance and performance management "New Public Management" (NPM).

While outsourcing only grew modestly outside the area of technical utilities and seems to have a waning costsaving impact (Petersen et al., 2018), performance management has had a profound impact on the public sector in most countries (Hood & Peters, 2004; Sarrico et al., 2012). Its introduction was motivated by the strong belief inherent to principal–agent theory that self-interested frontline personnel will exploit information asymmetries to do less than what they are expected to do and that such "slacking" will lower service quality and increase service costs (Jensen & Meckling, 1979; Lane, 2005). The remedy to this problem is to subject the frontline to performance management that combines the communication of explicit goals and objectives, the assessment of well-documented results, and the use of conditional sanctions to ensure effective and efficient administration (Barber, 2008; Van Dooren et al., 2015).

When used properly, performance management may provide a clear sense of direction for employees, enhance the transparency and accountability of public administration, and improve performance (Gerrish, 2016). Over time, however, there has been mounting criticism of performance management for leading to goal-displacement and sub-optimization (Bevan & Hood, 2006; Bohte & Meier, 2000), enhancing standardization and hampering innovation (Moynihan, 2010) as well as increasing transaction costs, thereby bleeding key resources from service delivery (Musso & Weare, 2020). Here, we will examine two other key criticisms of performance management: (1) its tendency to create a fragmented public sector consisting of insulated administrative agencies that fail to collaborate to provide sufficiently holistic and well-integrated public services and solutions (Christensen & Lægreid, 2011; Dunleavy et al., 2006); and (2) its tendency to crowd out the intrinsic task motivation and PSM, which are key to high and sustainable public service performance (Franco et al., 2002; Stazyk, 2009). We examine the two criticisms in turn.

### 2.1 | Fragmentation and insulation prompt cross-organizational collaboration

A key source of the enhanced fragmentation of the public sector and insulation of public agencies is that NPM-style performance management has sought to strengthen the autonomy of administrative departments and agencies, to subject all administrative units to persistent scrutiny of their results vis-à-vis predefined KPIs, and to enhance the managerial responsibility for securing efficient and effective performance through the use of sticks, carrots, and sermons (Thorsteinsen & Bjørnå 2012; Van Dooren et al., 2015). The aim is to strengthen the focus on results and enhance the autonomy of decentralized agencies while maintaining top-down control with goal achievement through careful performance monitoring and corrective managerial interventions. The new managerialism that aims to "let and make managers manage" (Norman, 2001) has placed massive responsibility on the shoulders of public managers who must use their own budgets, personnel, and organizational resources to reach a clear set of measurable goals and objectives. As such, public managers are looking inward and downward rather than outward to secure organizational performance. Collaboration with other departments and agencies has become a luxury, since it carries the risk of draining resources without contributing to reach the organizational goals. In addition to the internal fragmentation of the public sector, the creation of quasi-markets, where public and private service providers compete for contracts and customers, further spurs intersectoral fragmentation.

The resulting fragmentation and insulation of administrative units are problematic, as it prevents the public sector from addressing and solving complex problems and tasks that cut across organizational boundaries and require cross-organizational collaboration to facilitate knowledge-sharing, mutual learning, creative problem-solving, and enable joint ownership (Gray, 1989; Huxham & Vangen, 2013; O'Leary & Bingham, 2009; Roberts, 2000; Torfing & Ansell, 2017). The lack of cross-cutting collaboration is also a problem for citizens and service users who must run from office to office to get the services they need and face conflicting public demands and the risk of falling between different stools. Indeed, service gaps are frequent in the health sector, where numerous agencies work side-by-side with little or no coordination or collaboration (Rosenheck et al., 2003).

There have been many recent attempts at overcoming the problems with increasing organizational fragmentation and insulation and the resulting lack of coordination and collaborative governance. Governments that once embraced NPM have begun to foster alignment either through coordination initiatives based on a "whole of government" approach

(Christensen & Lægreid, 2007; O'Flynn et al., 2011) or through the creation of "joined-up government" based on the formulation of common goals that should be reached through collaboration (Bogdanor, 2005). This new emphasis on coordination and collaboration is achieved either through centralization at the center (Christensen & Lægreid, 2008), coordination within governance networks (Stoker, 2006), or service reintegration using digital technology (Dunleavy et al., 2006).

In reality, however, enhancing cross-organizational collaboration has proven difficult. Empirical studies point to the lack of time and resources and other inconvenience factors as a major obstacle (Fleishman, 2009), but the continued predominance of NPM also seems to promote path-dependence (Pierson, 2000), which leads public managers and employees to continue to walk the trodden path that they have learned to follow, despite its limitations and flaws. Over time, the existing path becomes engrained in norms and habits, costly to change, and a source of organizational legitimacy (Sarigil, 2015). Hence, the empirical studies of the obstacles to enhanced collaboration show that public managers fear that it will not help them to achieve their own organizational goals and perhaps undermine their organizational autonomy (Thomson & Perry, 2006).

Is the glass half empty or half full when it comes to enhancing cross-organizational collaboration? There is definitely considerable room for improvement. But what would cross-organizational collaboration look like in practice? Drawing on different scholarly contributions (Gray, 1989; Keast et al., 2007; Livingstone, 2022; Selden et al., 2006), we propose the following operationalization of cross-organizational collaboration: (1) communal feeling emphasizing the construction of a community of destiny that urges different organizational actors to drop old conflicts and work together to get things done and produce joint outcomes; (2) information and knowledge-sharing aimed at ensuring that everybody is up to speed with the latest news; (3) coordination of activities aimed at avoiding overlap, gaps and collisions (negative coordination) and which creates common direction and positive synergies between activities organized by different organizational units (positive coordination); and (4) shared problem-solving and task accomplishment based on the mobilization of resources and competences across organizational units and the integration of activities and interventions to produce joint impact.

# 2.2 | Crowding-out of intrinsic task motivation and public service motivation prompts trust-based management

The crowding out of intrinsic task motivation and PSM results from the combined use of performance control and high-powered incentives inherent to transactional leadership. The introduction of performance management in NPM is motivated by principal-agent theory, which assumes that information asymmetries allow administrative agents to cheat their principals and act opportunistically in pursuit of their narrow self-interests in less work and more pay to the detriment of public performance (Jensen & Meckling, 1979; Lane, 2005). In a strong-minded attempt to reduce the scope for opportunistic action, NPM advocates insist that frontline agents must measure, document, and report their results vis-à-vis clearly defined performance goals, and demand that public managers must exercise transactional leadership based on conditional rewards and punishment to reinforce performance targets (Jensen et al., 2019). While performance evaluation is an important tool for ensuring accountability, it tends to focus on financial incentives that may crowd out intrinsic task motivation and PSM by making public employees focus on tangible rewards in exchange for good performance and seeing these rewards as more important than the more intangible rewards gained from competently solving meaningful tasks or doing something good for specific users, society, or the public sector (Grand, 1997; Stazyk, 2009).

Further refining this argument, Jacobsen et al. (2014) show how the motivation impact of performance management depends on how public employees see it. Hence, when performance management is perceived as controlling, it tends to reduce intrinsic task motivation and PSM. This crowding-out effect is unfortunate, since it is often assumed that it is more important to preserve and expand the intrinsic task motivation and PSM than the extrinsic, incentive-based motivation of public employees. While the latter fails to produce the expected positive effects on Public Service Organizations' (PSO) performance (Perry et al., 2009), the former tends to enhance work engagement, job

satisfaction, and organizational commitment (Pandey & Stazyk, 2008), as well as public service performance and the production of public value outcomes (Andersen & Pedersen, 2014; Naff & Crum, 1999).

Against this background, trust-based management models aiming to empower public employees through a combination of transformational, distributed, and servant leadership provide a welcome alternative to control-based performance management (Bolden, 2011; van Dierendonck, 2010), although the former tends to complement rather than replace the latter (Bentzen, 2019; Bijlsma-Frankema & Costa, 2005; Vallentin & Thygesen, 2017). What makes the new trust-based management models interesting is how they abandon the underlying principal-agency model based on individual utility maximization, instead tending to adopt a new stewardship model that assumes a considerable goal congruency between public leaders and employees (Donaldson & Davis, 1991; Schillemans, 2013). This assumption completely changes the control-trust nexus and lays the foundation for a trust-based management model that can boost intrinsic task motivation and PSM.

Although PSOs will probably gain from rebalancing the control-trust nexus in favor of the latter, doing so has proven difficult. Performance management enjoys support from elected governments subscribing to neoliberal ideas about running the public sector as a private business. It is also supported by administrative leaders at the apex of PSOs who tend to view performance management as a source of centralized control (Sanderson, 2001), as it allows executive managers to inspect frontline agency performance and penalize underperformance; for example, by firing frontline managers or dictating mergers. Moreover, both elected politicians and executive managers tend to feed the beast of control-based performance management when reacting to media reports about government failure by making more rules and introducing new controls. Finally, NPM-style performance management is sustained by a new layer of controllers with a vested interest in intensifying the production of performance data, which may or may not be used to improve performance (Heinrich, 2002). Again, noble reform intentions seem to be halted by path dependencies that tend to preserve the status quo.

The continuing need to bring about a gravitational shift from control-fixated to trust-based management begs the question of what such a shift entails. Trust research usefully distinguishes between institutional and relational trust. Whereas the former refers to how institutional environments promote trust through regulations, procedures, and forms of control (Bachmann et al., 2015; Bachmann & Inkpen, 2011; Kroeger, 2013), the latter refers to the social exchanges and patterns of interaction between leaders and employees (Bentzen, 2019; Six, 2007; Six et al., 2010). We propose that a high degree of institutional trust in public service institutions involves: (1) a low degree of rule-based work structuration that makes room for professional discretion; (2) agile decision-making processes that make it relatively easy to get approval for new solutions and work practices; and (3) a relaxed approach to monitoring, documentation, and control based on positive expectations that public employees will not exploit a given situation to pursue their own interests. Similarly, we propose that high relational trust involves: (1) a short power distance between managers and employees that signals accessibility on the part of the leaders and facilitates mutual learning; (2) replacement of top-down instructional communication with a two-way dialogue about how to organize frontline service delivery; and (3) exercise of transactional leadership based on praise (only positive sanctioning), transformational leadership, and servant leadership aiming to enhance intrinsic task motivation and PSM.

The empirical analysis will help to establish whether the disruption caused by the COVID-19 pandemic has enabled public managers and employees to break the lock-ins preventing a much-needed change in public governance and administration and, if so, whether this change is positive.

#### 3 | METHODS

External shocks are renowned for inducing a change in public administration (March & Olsen, 1995). Farazmand has analyzed the administrative learning and impact of Hurricane Katrina (Farazmand, 2007). Donahue and O'Leary (2011) have assessed NASA's ability to learn from external shocks. There are even several items of public administration

research dealing with the impact of the pandemic (Ansell et al., 2020; Mascio et al., 2020; Roberts, 2020; Steen & Brandsen, 2020). Following and adding to this research, the paper in hand examines whether and how the lockdown and subsequent reopening prompted by the ebb and flow of the COVID-19 pandemic in 2020 have spurred crossorganizational collaboration and trust-based management. This methods section seeks to motivate the case selection, describe the COVID-19 shock, account for the various data sources, and explain the data analysis.

### 3.1 | Case selection

Access to rich data material combined with prior empirical knowledge has guided our case selection. Hence, we have chosen to study the impact of the pandemic on public administration and governance in Danish municipalities, which are interesting because they have a devolved responsibility for the production and delivery of most public services to citizens, enjoy considerable local autonomy (constitutional guarantee, taxing power, and elected council), and increased their size and governance capacity in the 2007 amalgamation reform, thus, ceteris paribus, enhancing the likelihood that they can make significant local changes in response to external shocks.

## 3.2 | The COVID-19 pandemic shock

The first case of COVID-19 in Denmark was confirmed on February 27, 2020. A few weeks later, about 1000 cases had been found in the small Danish population of 5 million and hospitalizations increased, thus generating wide-spread fears of the collapse of the Danish healthcare system akin to the situation in Italy. Hence, the Danish government was among the first European countries to announce a full-scale lockdown, which came into effect on March 16.

The lockdown banned large-scale public gatherings, closed non-critical shops and workplaces, shut national borders, restricted air travel, and discouraged public transport use. The municipalities immediately activated their contingency plans and began adjusting and reorganizing their service delivery. Public day-care, schools, and cultural facilities were closed, and municipalities were instructed to provide emergency day-care for children with parents undertaking critical functions who were unable to work from home. All personnel in non-critical municipal functions, including most administrative leaders, were asked to work from home. Institutions with critical functions, such as eldercare and social care, faced the rapid implementation of new national health guidelines based on social distancing, sanitation, and cleaning.

Day-care institutions and primary schools reopened for the youngest schoolchildren on April 15, 2020, as part of a gradual, controlled reopening. On May 18, the reopening included the oldest pupils. This reopening required radically new ways of organizing tasks in compliance with the constantly changing national health guidelines.

Indeed, both the lockdown in March 2020 and the subsequent reopening in April 2020—that we focus upon here—disrupted Danish municipalities, which had to find new ways of doing things.

#### 3.3 | Data sources

Ideally, analyzing the local impact of the pandemic on the patterns of collaboration and dynamics of trust requires data documenting the changes in cross-organizational collaboration and trust-based management in each of the 98 Danish municipalities, so that we can precisely judge the prevalence and extent of the changes. However, such data does not exist. Instead, we have a patchwork of surveys with open and closed questions and numerous qualitative interviews, which together cover the variables in which we are interested. The interviews have been conducted by the Danish Association of Municipal CEOs (KOMDIR) with a representative sample of their members, who are

well informed about the pandemic-induced changes in their respective organizations. The surveys are conducted by public employee organizations and a private think-tank, and they have been administered to middle managers and employees in areas such as education and social services. The surveys supplement the assessments of the municipal CEOs with ground-level observations made in municipal service organizations, thus counteracting the positivity bias of the municipal CEOs. The data does not allow us to conduct a causal analysis of the impact of the crisis-induced changes on public service performance since we lack corresponding observations from the same organizational unit. What we can do, however, is to conduct an explorative analysis of whether the COVID-19 pandemic has genuinely changed public governance and administration in the Danish municipalities as a whole and how we would expect, and investigate whether these changes are perceived to have had a positive effect. Such a study will give a first indication of the impact of the corona shock and hopefully inspire more rigorous hypothesis testing in the future.

The various data sets that we have received permission to use are presented in Table 1. The data collected in the respective data sets are collected by professional statistical bureaus, and we have no reason to doubt the methodological procedures or reliability of the data. Nevertheless, there are several sources of bias in the analysis of available data. First, the different data sets do not cover the same number of municipalities. Second, the response rates in the surveys vary greatly, and not all respondents answered the open questions in the surveys. Finally, there might be an unobserved heterogeneity between the municipalities that we fail to capture. Nevertheless, the data offers a wealth of observations and accounts from a large number of respondents and covers all of the questions that interest us. Indeed, we are only analyzing a thin slice of the available data covering a wide range of other topics, such as new health procedures, job safety, and new work conditions.

We have coded all the qualitative data (interviews and answers to open questions) based on the operationalizations presented above. We added codes about the drivers of and barriers to change and codes enabling us to assess whether the changes were perceived to have a positive impact on the efficiency and effectiveness of public administration, the well-being and job satisfaction of the employees, and the creation of the public value for service users. We coded the material several times and discussed ambiguities to enhance reliability. Finally, we scanned the quantitative parts of the surveys to find descriptive statistics that illuminate our key variables.

The empirical analysis follows a simple five-step procedure. First, we extracted the data relating to each of the different codes used. We then subdivided the data under each code into three parts: data emanating from CEOs, middle managers, and frontline personnel, respectively. The third step involved an assessment of the general trend in the data when comparing the three types of respondents. The fourth step was to find representative quotes illustrating the general trend in the material and supplement them with available descriptive statistics. The final step was to look for data adding nuance to the analysis.

Our presentation relies heavily on the qualitative data that conveys the observations and interpretations of the municipal actors. We report the number of quotes that we have identified to document the prevalence of particular observations. The congruence between data from different data sets adds further strength to the results. Finally, where possible, we add descriptive statistics that tell us how large numbers of actors have experienced the impact of the pandemic.

## 4 | EMPIRICAL FINDINGS

Turbulent events sometimes force public service organizations to adopt new practices, for example, by encouraging cross-organizational collaboration that brings together different professional competences and resources in coordinated, and perhaps even creative, problem-solving or by enhancing trust-based management that expands the space for professional discretion. We first examine whether this expectation is fulfilled before analyzing the drivers and barriers of such crisis-induced changes and briefly looking at whether the changes may be associated with positive effects on public service performance.

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Dataset	Data owner	Data collected	Link to official data
Learning from the corona crisis	Danish Association of Municipal CEOs (KOMDIR)	Survey administered to the total population of municipal CEOs in Denmark ( $n = 98$ ); 84% response rate. 14 interviews with a group of municipal CEOs selected to represent differences in experience as well as municipal size and geography.	https://www.medst.dk/media/7561/komdir- coronalaering.pdf
Leadership during the corona crisis	Danish Trade Union Confederation (FH)	Survey administered to FH's representative, public leader panel. Data collected in June and July 2020 ( $n=10,000$ ); 17% response rate.	https://fho.dk/wp-content/uploads/2020/09/ ledelse-under-corona-foerstedel.pdf
The teachers' experience and wellbeing and teaching in public schools during COVID- 19	Danish Union of Teachers (DLF)	Three surveys administered to teachers during the first part of the corona crisis.  The first survey was conducted in early April 2020 during the complete lockdown with virtual teaching (n = 6000); 37% response rate.  The second survey was conducted in late-April / early-May 2020 during the partial re-opening (n = 6000); 27% response rate.  The third survey was conducted in late June 2020 during the full reopening (n = 5000); 25% response rate.	https://www.dlf.org/media/13743012/publikation_ laerernes_oplevelser_i_skolen_under_covid-19.pdf
Innovation in the social area: learning in a time of crisis	Bikube-Fonden and Mandag Morgen	Survey administered in June 2020 to daily leaders of social service organizations ( $n=2304$ ); 39% response rate.	https://fondenesvidenscenter.dk/app/uploads/ Innovation-paa-socialomr%C3%A5det_laering-i- en-krisetid.pdf
Experiences of pedagogues and leaders in day-care institutions	National Association of Pedagogues (BUPL)	Two surveys administered to pedagogues in nurseries and kindergartens and their local leaders during the first part of the corona crisis.  The first survey was conducted late April and early May 2020 during the reopening (n = 52,335); 30% response rate.  The second survey was conducted in early June 2020 (n = 48,210); 30% response rate.	https://bupl.dk/wp-content/uploads/2020/06/ arbejdsvilkaar-notat-2fase-i-genaabningen daginstitutiontil-hjemmesiden-16.pdf

## 4.1 | Cross-organizational collaboration

There are eight core quotes about the rise of *communal feeling* from the municipal CEOs and 17 quotes from middle managers about how employees at all levels have come closer together, lowered their guard, felt part of the same team, and worked more together. One CEO claims: "In a crisis like this one, there's a focus on the pressing problems and common goals, meaning that turf wars and organizational vanity are put aside to focus on joint results. That's why we try to work as vision- and value-based as possible." Another CEO adds further nuance: "There has been a sharper division of labour, but also a stronger community-orientation, meaning that different parts of the organization are helping each other." Several CEOs report that both leaders and employees have moved closer together, are focused on the goal, and leave the negative sector conflicts and the tendency to sub-optimize behind. As one CEO explains, "people have come to feel part of a community of destiny," adding "you aren't just employed to teach at a particular school, but part of a grander societal mission." The middle managers are very much in line with this: "We focus more on collective strength," "Team spirit is rising, and we're all fighting the same cause," and "an almost scout-like spirit has emerged – that we're all here to get the job done and do it together." These and other quotes bear evidence to the stronger communal feeling in the municipal service organizations, which several of the informants fear will be difficult to retain after the crisis. Employees were not asked about this issue.

A stronger communal feeling is a condition for enhancing task-related information- and knowledge-sharing. We found four core quotes from the CEOs focusing on this and pointing in the direction of more and better internal communication. The CEOs state that there has been much more top-down and cross-organizational communication through e-mails, circulation of videos, and online meetings. One CEO describes how "The level of communication and information sharing has increased," and another mentions how short, online meetings with task-related information and updates on new central government regulation have been well attended. There are scores of reports from middle managers testifying to the intensification of communication: "I briefed my employees with all they needed to know 2-3 times per week so that they were updated," "There is more circulation of information about what's going on in different parts of the organization - that helps me to inform and guide my employees," and "We've streamlined our communication channels both from the top to me and from me to the different groups of employees." While these quotes are mainly concerned with vertical communication, others focus on horizontal communication: "I think that my employees have learned much more about and from the other groups of professional employees across the organization during the crisis," "We have more online meetings that save time and make it easy to coordinate within and across teams as well as with other administrative departments," and "We have had bi-weekly staff committee meetings on information- and knowledge-sharing, and they have been well received. They've given the employees more trust and security, which helps to coordinate action." The qualitative data paints a clear picture of increased focus on vertical and horizontal communication. Survey data from the schoolteachers indirectly confirm this finding, two-thirds agreeing that "I have received sufficient support and information from the city hall to do my job during the crisis."

Information- and knowledge-sharing lay the foundation for cross-cutting *coordination of activities* to avoid gaps, overlaps, and conflicts and create alignment and synergetic solution of tasks. We have identified four core quotes from municipal CEOs that all circle around the organization of frequent ad hoc meetings with an open agenda that facilitate coordination on ongoing tasks. One CEO describes: "In the reopening of the schools over the Easter break, we put up tents and sinks and moved cleaning teams and other personnel from other areas to help out. Everybody coordinated with each other – mutual respect for each other's roles was the key to success." Nine quotes from middle managers corroborate this impression of smooth interorganizational coordination. One middle manager bluntly claims: "There was a greater need for coordination across all levels and units of the organization." Another reports: "Crosscutting coordination involving four service centres enhanced task-related communication and gave inspiration to local teams." Finally, one informant claims: "We have created some new relations and information forums that provide an effective way of coordinating our efforts. It would be foolish not to maintain that in the future." As such, evidence of crosscutting coordination is solid.

Coordination where actors aim to avoid stepping on each other's toes and support each other's work and initiatives tends to shade into collaboration where actors engage in shared problem-solving and task accomplishment. We identified more than 15 core quotes from municipal CEOs in support of this during the corona crisis. As one claims: "We have stepped out of the old structures because the task proves to be more important and everybody must contribute. We created a depot for protective equipment in just 14 days and succeeded to do so without a leader, merely relying on collaboration." Several CEOs also mention how they solve urgent problems and pressing tasks swiftly in joint meetings where everybody stands around the same blackboard or sits by the same computer. "Things that normally take weeks now take an hour," one enthusiastic CEO exclaims. On an even more concrete level, it is reported that: "Reopening the schools not only involved the teachers but also the central and local school administration, the pedagogues, the cleaning personnel and the janitors. Before we worked in silos - now we trust each other and work outside the usual box." Consistent with this, another CEO reports that they created an internal "job bank" that allowed other professions to make themselves available to the health sector. It was a huge success and enabled a flexible and joint use of manpower. The survey backs this finding, as 73% of the municipal CEOs experience growing collaboration, which they hope to retain after the corona crisis. The middle-managers are completely in line with the CEOs. We found more than 50 quotes in support of enhanced collaboration across departments and agencies, most of which focus on improved collaboration between managers, administrative units, and professional groups, contributing to mutual understanding, enhanced trust, and better performance. The survey shows that 77% of the middle managers agree that collaboration with other managers has been necessary to tackle the new challenges. There are even numerous reports about enhanced collaboration with external actors. As one middle manager describes: "In the social policy area in Copenhagen, we formed a new informal collaborative forum between administrative managers, local social institutions, civil society organizations and street lawyers. It served to enhance the coordination of solutions for the homeless and vulnerable groups." This is consistent with the fact that 22% of the leaders in local social service institutions agree that they have enhanced collaboration and coordination with external actors. Employees were not asked about this issue.

In sum, there is strong support for the claim that the COVID-19 pandemic has enhanced cross-organizational collaboration on all four dimensions.

## 4.2 | Trust-based management

Turning to consider the impact of the pandemic on trust-based management, we will first examine various aspects of institutional trust before turning to different dimensions of relational trust.

The first aspect of institutional trust is the *decline in rule-based work structuration* to facilitate professional discretion and innovation. Nine core quotes from municipal CEOs indicate less rule-based governance. As one CEO explains: "This period has confirmed that we can come a long way showing more trust. We don't have to govern so much based on rules, relying instead on sparring when necessary." Another concurs: "We can do well with much less rule-based steering that we normally have, focusing instead on goals and results." Finally, one CEO insists: "We should beat ourselves if we return to detailed regulation and remind each other how well we did during the crisis. We should look at what we accomplish by instead steering by rules and procedural details." New positive experiences are made and seem to trigger learning. Lower in the organization, however, middle managers and employees insist that the national health regulations somehow compensate for the relaxation of local rules.

The second aspect of institutional trust is *agile decision-making processes* that enable fast learning and change-making. We found 15 quotes from the municipal CEOs, but only a handful of quotes from middle managers who are not really in the position to make authoritative decisions. As one CEO explains: "We have not spent much time on process, but just acted. It has been incredibly efficient to focus on execution instead of decision-making." Another chimes in: "We have taken a lot of quick, agile decisions – and left it to frontline personnel to execute." There are also several variants of the claim that: "What would normally take us several

months to decide, we have tackled within an hour." One of the CEOs explains: "What normally slows us down is the bureaucratic organization we have built, where everybody must be consulted and the agenda must be circulated three weeks in advance, and then we must have preparatory meetings etc. Now, we just cut to the chase and people are ready to qualify our decisions at a much higher speed." Most CEOs want to maintain this new agility, but one insists that administrative agility must go hand in hand with democratic control: "Next time, the elected politicians will not accept being bystanders. They must be involved in the agile decision-making processes." While the middle-managers have less to say about this aspect, they confirm that: "There has been less distance from idea to action" and "Change that used to take a long time now only takes a couple of weeks." The employees have not been asked about this issue.

The last aspect of institutional trust is a more *relaxed approach to monitoring, documentation, and control*. Seven quotes from CEOs confirm the slackening of control-based performance management, one claiming: "Normally, we have a governance regime with extensive documentation. There are a lot of controllers looking over the employees' shoulder. However, the last 8–9 weeks have shown that not all of this control is necessary." Another CEO explains: "There has been mutual trust. The organization has trusted us to make the right decisions, and we have trusted our employees to carry them out. Our employees have been so competent, smart and creative – it really makes you proud. We have to hold on to that." And the impact seems clear: "Most of my employees claim that the relaxation of the documentation regime means less time wasted on the frontline. They're very positive about that and want to retain this new freedom." More than 15 quotes from middle managers support this interpretation. Highlights include: "There has been less bureaucracy and more trust, freedom and local responsibility," "Local teams have been more self-governing and have had greater flexibility to meet the challenges," and "It has been an eye-opener that we spend a lot of time on documentation that does not benefit the end-users."

In sum, there is strong support for the claim that the COVID-19 pandemic has drastically enhanced institutional trust. Since relaxing the use of rule-based governance, bureaucratic decision-making procedures and control-based monitoring increase the risk of opportunistic behavior, it is crucial to see what happens to relational trust that may help to absorb this risk.

The first aspect of relational trust is about proximity obtained by shortening the power distance between leaders and employees which facilitates mutual support and learning. Since CEOs have little direct interaction with municipal employees, we have no quotes from them. However, there are more than 30 quotes from middle managers about a growing proximity with their employees. The quotes have little variation: "I've come closer to the core tasks and the employees during the crisis," "I have a better feeling with my employees," and "I've had more and better contact with my employees, which has provided new insights into their competences and challenges." One quote stands out as particularly informative: "In the last couple of months, there has been time to exercise leadership closer to the employees and to be more available to them. In the beginning, it was rather difficult, but I ended up growing much closer to some of my employees." This clearly indicates that a new proximity emerged that facilitates mutual support and learning.

The second aspect of relational trust concerns the *replacement of top-down instructional communication with two-way dialogue* about local service delivery organization. Again, the comments are primarily from the middle managers. More than 20 quotes refer to the strengthening of task-related dialogue, often through online meetings and on a daily basis. One middle manager reports: "I have spent less time communicating upwards with the executive leaders and outwards with external stakeholders and therefore had more time for dialogue with the employees." And another: "The employees have taken more responsibility. That gives them more job satisfaction and gives me more time for dialogue about how we solve particular tasks." So, there is less instruction, more dialogue, and joint problem-solving.

The third aspect of relational trust concerns the exercise of transactional leadership based on praise, transformational leadership based on meaning, and direction and servant leadership focused on the enhancement of job satisfaction. In support of this, there are a handful of quotes from the CEOs and more than 20 quotes from middle managers. An emblematic CEO quote says that: "It has been inspiring to see what we can achieve if we believe in the best in people – and in ourselves – and truly understand that we are an important part of the same chain." This quote tends to

emphasize praise, satisfaction, and common direction. Several middle managers claim that they have been more concerned about employee well-being: "There has been more time to focus on the physical and psychological well-being of the employees," "I've been there for my employees in a new way" and "I've been forced to offer psychological first aid to several employees with anxiety – that's not something I normally do." There are also reports about the communication of common goals: "I've had time to exercise more leadership than management," "I've aimed to create a good team spirit and stressed that we're fighting the same cause," and "I've attempted to give the employees more positive motivation and fighting spirit because we were in the midst of a crisis and to create joint ownership of the tasks." While these quotes support the reorientation in the exercise of leadership, numerous quotes point in a different direction. Some quotes refer to the top-down imposition of the constantly changing NHA health regulations: "All these top-down instructions have taken us out of our comfort zone and planted us in a new world of constantly changing hierarchical leadership." Consequently, the exercise of leadership has sometimes become more hierarchical and instructional: "It has been necessary to be more loud and clear in an uncertain and changing environment" and "I have sometimes been forced to be more direct and dictating and less deliberative in order to cope with the constant changes from above." The more hierarchical and instructional leadership is tightly connected to the urgency of living up to changing demands from above.

Although there is some ambiguity when it comes to the exercise of leadership, there is overwhelming support for the claim that the COVID-19 crisis has led to more institutional and relational trust.

## 4.3 | Drivers and barriers of change

We have confirmed that the pandemic has shaken up the public sector at the local level and contributed to enhancing cross-organizational collaboration and trust-based management. But what is our data saying about the drivers of and barriers to this crisis-induced transformation? The middle managers do not really provide any answers to this question aside from a few references to the crisis itself as driver of change: "Suddenly, nothing was like it used to be, and my employees were forced to think and act differently. In that sense, the corona crisis was a gift to my work as leader." By contrast, the municipal CEOs have plenty to say, and we have identified no less than 11 quotes about drivers and 18 quotes about barriers to change during the crisis.

In terms of the drivers, the CEOs mention four factors, one being the urgency of the crisis: "Cross-cutting collaboration worked because it was put into a new frame that showed its necessity. There was a real need for collaboration. It wasn't just something we were playing – it really changed our organization." The second factor is digitalization and growing digital competence. Both multi-actor collaboration and relational trust are predicated on the use of online communication tools, which were available, and the number of training courses has increased in recent years: "Many of us managers have been trained in using digital tools, and the crisis just made us use them more" and "We were ready to use the digital tools when we suddenly had to and began seeing the positive contribution." The third factor is time. There is repeated mention of the leaders and managers working from home having more time and how that created room for more collaboration and dialogue with employees. Finally, a few CEOs mention how the crisis-induced changes were already underway: "We have previously worked with governing by overall common objectives rather than detailed regulation, but that way of working was further strengthened by the crisis. So, things we already did just got an extra push." In other words, the pandemic simply accelerated changes already underway.

As for the barriers, only the CEOs were asked about this. Altogether, 18 quotes spoke to that issue. The first barrier (that enjoys limited support) is the presence of veto actors (e.g., trade unions) who are worried about the great responsibility given to employees who might fail. A second barrier is the national legislation prohibiting online meetings with certain social clients (e.g., unemployed and elderly). A third barrier is the zero-error culture, which means that new things are not tested due to the risk of failure and negative sanctions. The last barrier (that enjoys most support) is different kinds of path-dependency, ranging from the power of old habits and impact of engrained cultural values to the recognition of

costs and pain associated with leaving old work habits behind. While these barriers were all in place, apparently they were not strong enough to hamper the above-mentioned transformations; or the drivers were stronger than the barriers.

## 4.4 | What did the pandemic mean for public service performance?

The above analysis makes clear that the public managers generally welcome these changes and hope that they have come to stay. We now dig a little deeper to explore whether the crisis-induced administrative changes on the whole may have had a positive or negative impact on public service performance. Since we lack corresponding data between the prevalence and strength of administrative changes and different kinds of performance data, we cannot infer that the changes in public service performance are a result of the enhancement of cross-organizational learning and trust-based management, per se. Nevertheless, it is interesting to take stock of what happened to public service performance during the pandemic, since waning performance may indicate that the administrative changes considered here may not be as positive as many of the public managers suggest.

We briefly consider three aspects of public service performance. The first concerns improved service delivery efficiency and effectiveness. Here, we have identified 10 quotes from CEOs and 13 quotes from middle managers. One CEO reports: "Our productivity hasn't declined. In fact, our productivity has been very, very good during the pandemic." Another contends: "Most parts of the organization have maintained their productivity and some have even increased it." Other CEOs explain further: "It has great value that people don't have to drive back and forth to meetings," "Online meetings save time for use in service delivery," and "Things takes less time now and we have better coordination." The middle managers provide additional explanations: "Shorter distance from decision to action," "New ideas and changed workflow," and "Working from home gives less disturbance." Moreover, survey data indicates that 73% of the middle managers agree that the crisis has led to changes that have positively impacted the quality of municipal task accomplishment. However, we should bear in mind that these positive results reflect the fact that middle managers claim to have worked longer hours during the crisis and that extra resources have been provided to local public service organizations (e.g., schools).

The second aspect of public service performance is the improved job satisfaction and well-being of service-delivery employees. Here, we not only have nine quotes from municipal CEOs and 30 quotes from middle managers, but also relevant survey data from middle managers and employees. A representative CEO claims: "Many employees thrive much better with the more peaceful work environment, while others miss the daily interaction with colleagues. We're very observant with those employees." Interestingly, one CEO remarks: "The cleaning personnel are now totally essential to our efforts, and they report much higher job satisfaction than usual." The middle managers typically report: "The work environment has received an upward boost – more well-being, less stress, enhanced motivation and fewer conflicts. Sick leave has also dropped considerably." The latter may result from better hygiene and social distancing, but several middle managers relate it to less stress and more meaningfulness. The survey data reveals that 71% of the middle managers think that sick leave has been lower during the reopening. Correspondingly, 62% of the pedagogical personnel believe that their work environment has been good in this period.

The last aspect of public service performance concerns the public value creation for citizens and society through the production of service innovation and enhanced service quality. A couple of quotes from the CEOs and more than 20 quotes from middle managers and some survey data support the production of service innovation. One CEO comments: "I'm impressed with all the creativity and courage to go new ways and the ability to navigate uncertain terrain." Many middle managers talk about enhanced creativity and new activities. One says: "We've been forced to break with habits and use the situation constructively to be creative and work smarter." Survey data show that 84% of the social services employees agree that they have produced innovative services, and 23% agree that innovative services can help a new target group (Hjelmar et al., 2021).

When it comes to improved service quality, there are very few quotes from the CEOs, but about 80 quotes from middle managers. The CEOs recount positive experiences with online meetings that seem to empower both young

people and unemployed to be more outspoken and to talk about their needs and ideas. The middle managers typically contend: "The social clients report that the employees are more accessible and responsive," "We've discovered that many citizens can do more by themselves than we thought," "Many schoolchildren thrive with smaller classes, a calmer environment and more outdoor teaching," and "We've seen how many unemployed have blossomed because they aren't stressed by demands from the Job Centre." An important caveat is that children are seen to have suffered from the lockdown and that some unemployed may have had less contact with the Job Centre.

In sum, it is remarkable how public service performance has improved on several counts in the face of the disruptive COVID-19 crisis. Based on the previous analysis, our hypothesis is that one of the causes is the enhancement of cross-organizational collaboration and trust-based management. We hope further research will be able to rigorously test this conjecture.

### 5 | DISCUSSION: FROM LESSON-DRAWING TO LEARNING RETENTION

Based on several qualitative and quantitative data sets from Denmark, our analysis documents that the COVID-19 crisis has fostered profound transformations in key areas of public governance and administration where both researchers and practitioners have been looking for change. There is more cross-organizational collaboration between the administrative levels and units and a clear shift from control- to trust-based management that spurs local entrepreneurship (see Gofen et al., 2021). While the data do not allow us to assess the impact on public service performance, interestingly, performance levels have increased during the crisis, thus prompting further analysis based on panel data. The positive impact of cross-organizational collaboration and trust-based management on performance thus far has been established in numerous single case studies (Gray et al., 2015; Torfing & Bentzen, 2020), but rigorous large-n studies are needed.

The crisis-induced changes are significant, and they are evaluated rather positively by the municipal CEOs, middle managers, and employees. However, we must remember that this observation relates to the first round of lockdown and the subsequent gradual reopening. Data from the new lockdown period from December 2020 onward indicates that both leaders, managers, and employees are increasingly frustrated by the many restrictions, lack of social contact, and extra health precautions.

In the period under investigation here, however, the informants frequently express hope that the crisis-induced changes in the horizontal and vertical patterns of interaction will last beyond the pandemic and contribute to a more collaborative, trust-based public service production. However, although the crisis-induced changes have provided a good and positive glimpse into the possible future of the public sector, many informants are somewhat skeptical about whether these changes will last. There is ample reason for such skepticism, since the detected changes are prompted by the gravity and urgency of the crisis and the shared will to defeat the common enemy, the COVID-19 pandemic, which will eventually subside. Moreover, the municipalities are very aware of how the positive changes are in part conditioned by the emergence of a peace and quiet resulting from the combination of a one-sided focus on getting by with service production during a pandemic, the almost complete halt of policy-making, the new work-from-home regime, use of online meetings, and the provision of extra resources to frontline organizations. These factors will also gradually subside, perhaps except for the increased use of online meetings and telecommuting.

While local municipalities may still be able to exploit the positive experiences with the crisis-induced transformations, doing so will require change management (Kotter, 2012) focusing on organizational learning and learning retention. The importance of organizational learning from crisis management and crisis-induced changes is well-established in the literature (Elliott, 2009; Smith & Elliott, 2007; Wang, 2008). Organizational double-loop learning in the face of crisis requires the evaluation of changes and recalibration of the organizational system based on lesson-drawing (Boin & 't Hart 2007; Schimmel & Muntslag, 2009). To that end, it is fortunate that many Danish municipalities have spent considerable time and resources evaluating the experiences with new forms of governance and administration during the pandemic. The evaluations have been supported by professional management and employee organizations. However, new learnings may still be crushed by the return of normalcy. To avoid this, organizations must engage in proactive learning retention that

requires the ability and effort to learn from new patterns of interaction; the validation of positive results and lessons; institutionalization of learning through the formation of rules, norms, procedures, and traditions; and, finally, the dissemination of the institutionally embedded learning throughout the organization (Argote, 2012; March & Olsen, 1995). Institutional rigidities may hamper proactive change management and veto actors may seek to defend their interests by obstructing learning retention. Hence, late in the day, leadership and strategic alliance-building will tend to determine the outcome of organizational learning and learning retention (Ferlie & Ongaro, 2015). New research shows that the South Korean government managed to learn from the MERS outbreak in 2015 by adopting an agile and adaptive approach to organizational learning, which has benefitted their COVID-19 containment (Moon, 2020). Danish municipalities may follow suit and use the recent experiences with crisis-induced transformations to bring about lasting administrative changes that will enable them to provide robust responses to future turbulence (Ansell et al., 2020).

### 6 | CONCLUSION

This article has aimed to probe the possibility for disrupting the inertia that seemingly prevents public service organizations from escaping the claws of hierarchical rule-governance and control-fixated performance management. This aim has been achieved by providing solid documentation of the organizational changes that have been induced by the forced experiment triggered by the sudden COVID-19 outbreak. The overall conclusion is that the pandemic has enhanced cross-organizational collaboration and trust-based management. Interestingly, these changes appear simultaneously with an improved public service performance, leading to a triple win for service users, employees, and executive managers worried about productivity and efficiency. However, causal inference requires a further analysis based on panel data.

More research is needed to establish whether these positive experiences with crisis-induced administrative transformations are only found in the unitary and highly decentralized Danish welfare state, or whether the same pattern can be found in other public sector contexts. We also need further studies of the local attempts to learn from the experiences with crisis-induced changes as well as the efforts to retain new learning and insight in a path-dependent context. However, the need for further research does not take away the most crucial insights from this study: that even the most tragic of health crises has disrupted well-established governance paradigms and stimulated organizational learning that paves the way for the transition to a new governance paradigm akin to what Osborne (2006) defines as New Public Governance (see also Torfing et al., 2020).

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#### CONFLICT OF INTEREST

There authors declare no conflict of interest.

#### DATA AVAILABILITY STATEMENT

As specified in the paper, parts of the data can be accessed publicly. The authors cannot provide further access to data that they have been allowed to use.

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