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NO LONGER SO STRANGE?

(DIS) TRUST IN MUNICIPALITY – SMALL BUSINESS RELATIONSHIPS

Malin Tillmar

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Abstract

In this paper, a trust perspective is added to the relationship between local government and their alternative service providers in the era of New Public Management. The importance of category based (dis)trust is highlighted, as well as the complications occurring when service providers belong to several categories, all of which are in some respect distrusted. More specifically, the paper illustrates how gender and professional hierarchies influence municipal trust in service providers. The complexities of trust in public sector outsourcing relationships are highlighted, as the trust which the citizens' show for the service providers also affects the trust of the municipality.

KEY WORDS: LOCAL GOVERNMENT, PUBLIC SECTOR, SWEDEN, OUTSOURCING, PROFESSION,
GENDER

Introduction

In many Scandinavian and other European Countries, the service sectors are currently expanding rapidly. In Sweden, where this study has taken place, the number of new-businesses in the service sector increased by 13% during 2006, while the same figure for the manufacturing industry was -14% (ITPS Nyföretagarstatistik). At the same time, many important parts of the service sector are undergoing huge changes due to the transformation of the public sector. The public sector previously had a monopoly on providing personal services such as health-care, childcare, care of the elderly, and care for disabled as well as social services of various kinds. As the organization and division of work in this sector is increasingly influenced by New Public Management (NPM) inspired ideas, privatization, outsourcing and competition have become key words. The political vision is that there should be a multitude of service providers and freedom of choice. In this article, focus is put on indirect privatization (cf. Bilbao Ubbillo, 2005, for an elaboration of definitions, objectives and approaches to privatization) of municipalities, which results from outsourcing to alternative providers. The municipalities' costs for purchasing services from alternative care providers increased by 5% from 2004 to 2005 and with 10% from 2005 to 2006 (SCB, 2007). Their reorganization, of course, affects many stakeholders such as service consumers, business owners, municipal employees and citizens in general. The reorganizations also lead to municipalities becoming inter-organizational constructs.

This article aims at highlighting the relationship between municipalities and service providing businesses within the care sector from a trust perspective. More specifically, this is done through applying a typology of trust developed in a private sector context on empirical findings from a case study in the care sector in a Swedish municipality. One of the main conclusions is that professional categories and gender influence the studied trust relations to a significant extent.

NPM practices in general, as well as privatization and outsourcing to private businesses within the care sector more specifically, have been much discussed and debated. The importance and consequences of trust between (private) organisations have also been much discussed. However, the new division of labour between private and public organizations that is currently taking place in many European countries has rarely been discussed and analyzed in terms of trust between the partners (see Darwin et al, 2000, for an exception). Despite the fact that trust has long been regarded as especially important in situations where there are no formal hierarchical relationships between the interacting partners (Gambetta, 1988; Nooteboom, 1996) as well as when it is difficult to steer operations and measure performance. One reason for this lack of trust perspectives in public sector contexts may be the traditional bureaucratic values prescribing impartiality and separation between personal and professional issues (cf Weber, translation 1978). Procurement of municipal services is surrounded with an immense body of regulations, such as the Public Procurement Act, which aims to eliminate corruption and prescribes that no party may be unduly favoured in this process. The Act prevents corporations from acquiring contracts by means of strong ties of trust with Public Officials.

Still, while well specified contracts are important for legitimacy, no law will prevent trust or distrust from emerging between people in interaction. The relationship between contracts and trust has long been debated (cf Neu, 1991). A dominant feature in studies of contracting-out has been principal-agent perspectives and the view of contracts as an impersonal

construction. The view taken here is that a contract may be the starting point of a close cooperation based on trust (cf Walsh, 1995, Darwin et al 2000). Public services are fields where the steering and control of performance and goal-achievement is difficult, and the existence of trust - parallel to the use of contracts – is of particular relevance (Almqvist, 2006). This has more recently been recognized also by studies taking their point of departure in the ‘principal-agent’ perspective (Huque, 2005).

Methodology

The research process underpinning this article dates back to when my theoretical studies on the concept of trust in organizations began in 1997. Since then, I have followed the developments within this theoretical field. The typology of trust used in this article has (apart from in my dissertation (2002)) previously been published as a chapter in “Trust under Pressure” (Biljsma-Frankema & Klein Woolthuis, eds).

The empirical study reported here was carried out during winter 2002/2003 within a, by Swedish standards, large municipality in south-eastern Sweden. The study was initiated by the Centre for New Businesses and the Municipality. Both of these organizations had noticed that they lacked the knowledge necessary to give adequate advice to the many people who wanted to become self-employed in the care sector. During the research process, regular meetings were held with an advisory board which comprised the initiators as well as union representatives and a professor of business administration. The completed study was published in 2004 under the title “Is it possible? About conditions for small businesses in the health- and care sector”. (Är det möjligt? Om villkor för småföretag inom vård- och omsorgssektorn). One of the conclusions reached was that informal obstacles, such as distrust, were considered very important. This paper highlights the trust dimensions of the larger study.

The pre-dominant method of information gathering was interviews. The study focused on four different actor groups; business owners, municipal employees at different levels, politicians and union representatives. Members of the advisory board were helpful in providing access to the organizations involved. The Centre for new businesses put me into contact with relevant businesses to interview, while the municipal officials assisted in establishing contacts with knowledgeable and experienced municipal employees and politicians. The trade union representatives on the advisory board were able to direct me to the right people within their organizations.

The majority of the interviews took place between December 2002 and February 2003. Follow-up interviews with key informants were carried out during 2004. The figure below illustrates this.

	2002/2003	2004
Business owners	9	2
Municipal employees	7	1
Municipal politicians	5	
Trade Unions	2	
Total	23	3

Figure 1: Interviews carried out

In this article, I have chosen to present two of the businesses that were part of the study as cases in point. The reason for choosing these cases is that taken together, they illustrate the complexities of both trust and distrust uncovered by the empirical study as a whole. They also provided rich information and served as key informants during the study. One of the businesses is a nursing home for the elderly run by four nurses. The other is a care home for children run by a retired teaching expert. For the purpose of this paper, I conducted follow-up interviews with these business owners. A follow-up interview with a representative of the Trade and Industry Department at the Municipality was also held.

Apart from interviews, internal documents from the municipality, such as calls for tenders and tender proposals, have been studied. Policy documents such as the municipal “Competition policy” and “Public Procurement Policy” have been studied, as well as the report from the municipal audit. Articles in the local press and industrial magazines about alternative providers are other examples of documents and secondary sources.

Finally, parallel to the analysis phase when a trust-perspective was applied to this empirical study, I complemented my theoretical studies not only with recent developments in the field of Public-Private Partnership, New Public Management and entrepreneurship, but also on stereotyping, professions and gender since the empirical results indicated how such issues influenced trust.

Frame of reference

In this section, the context of the Swedish municipalities is introduced, before previous studies on trust in a local government context are elaborated on. The typology of trust applied to this study is subsequently described, followed by a discussion of previous studies on categorizations from profession and gender perspectives.

Context: Swedish Municipalities becoming inter-organizational constructs

In an international comparison, Sweden has had a relatively large public sector, supported by the citizens for a long time, but the proportion of alternative providers has increased dramatically during the past decade. Sweden has a Scandinavian Welfare Model (cf Esping-Andersen, 1996). That is, the public sector is big compared to those of other OECD countries and takes responsibility for the well-being of citizens in all age-groups. With an expenditure above 70 % of GDP, the Swedish public sector has been larger than the OECD average of 50 % (Ringkvist, 1996) for a long time.

The Swedish municipalities number 290. While the county councils are responsible for health-care, municipalities are more diversified organizations obliged to provide citizens with

social care (including care for children, the elderly, and the disabled as well as personal and family counselling services), education, culture, environment, local infrastructure and industrial development. The municipal sector accounts for around ¼ of GDP (Ringqvist, 1996), the exact figure depending on how it is measured. Social care is the largest activity, employing almost 40 % of the workforce in municipalities and county councils. This paper covers care of the elderly and personal and family counselling. In 2006, the total cost for care of the elderly was around 8 billion Euro, for individual and family counselling services 3 billion and 4.5 billion for care of the disabled (SCB, 2007). Civil society and voluntary organizations has played a much smaller role in the well-being of citizens compared to in continental Europe (Ringqvist, 1996).

The large public sector came under increasing questioning 15-20 years ago, especially from right-wing parties. The questioning was spread to most leading actors, irrespective of political standing. As in many other countries, the public sector became inspired by the New Public Management trend, which was eagerly implemented in municipalities and county councils in Scandinavia (Hood, 1991; Forsell & Jansson, 2000). Public organizations went through an identity crisis where they increasingly looked at examples from the private sector (Sahlin-Andersson, 1996) and principles of management originating from the private sector were implemented in public sector organizations. One component of New Public Management was exposure to competition and the outsourcing of some services to other (private) organizations. An increase in procurement from so called alternative providers followed. The procurement of care for the elderly and disabled accounted for only 4 % of municipal expenditure for these services in 1993, as compared to 12% in 2006. For child and youth counselling, there has been a long tradition of using alternative service providers, in the form of family homes, for children who have been taken into public care. The percentage of total costs within the subsector was 33% in 2006 (SCB, 2007). As the conservative parties won the elections again in 2006 and continue to facilitate privatization, the increase is accelerating. The share of alternative providers varies greatly between different regions in the country. The Stockholm region leads with above 20 % on average, followed by Östergötland where the case-municipality is situated (Erixon, 2006). Alternative providers in the Municipality studied accounted for above 17 % of operational costs in 2004.

Despite the current popularity of NPM inspired models of organizing, public organizations like municipalities display a number of distinguishing characteristics. Among those often portrayed is the political governance, funding through taxes and requirements of accountability and transparency. The “core competence” of political organizations is to deal with the contradictory interests of stake-holders, which is done through formalized procedures (Brunsson, 2002). The logic of rule following which results from this is therefore important for municipalities (Brunsson & Jacobsson, 1998) and is the way in which the municipal employees show their credible commitment (Darwin et al, 2000; Kim, 2005). If municipalities do not adhere to formal regulations and good governance principles of transparency, predictability and accountability public trust in government would decrease even more. Since citizens’ distrust in government is a serious threat in many countries, it is important to keep this situation in mind, not the least in the context of public-private partnerships (Brewer & Hayllar, 2005).

Trust in a local government context

A literature review reveals that three quarters of the articles on trust in the public sector at large deal with either trust among public officials or with citizens’ trust in government (Six, 2005). Only a few articles deal with trust in public service performance, none of which

involved qualitative in-depth studies. When searching for publications on New Public Management and trust, I found that most of these few papers discuss citizen's trust in the public sector. Studies on citizens' trust in government, often did not define trust clearly nor use insights from trust research (see also van Blijswijk et al, 2004; Six, 2005; Kim, 2005).

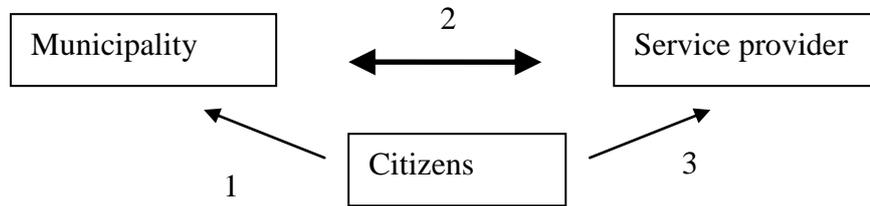


Figure 2: Focal relationship in this paper.

Trust in the relationship between citizens and the local government (municipality) is thus relatively well explored in the literature (relation no 1). However, when it comes to the other two relations in the figure above, that is the ones between the service providers and citizens, and between the municipality and the service providers, there are few studies and a lack of knowledge. This paper focuses on the relationship between the service provider and the municipality (relation no 2), but will also discuss how this relationship is affected by the third relationship in the figure above, that is to say between citizens and service providers (relation no 3).

Among the few studies on contracting-out from local authorities to private providers made from a trust perspective should be mentioned Darwin et al (2000). Their study shows that a high degree of relational contracting is both preferred and practiced by both parties, despite CCT (Compulsory Competitive Tendering). While contracts are important for public legitimacy and accountability, these are perceived as a framework for co-operation, rather than as a substitute. As an example of a study that involves small scale providers in the so called soft sectors, Brown et al (2007) can be mentioned. They studied the relationship between local government and providers of refuse collection and social services in New York. The conclusion drawn is that the ability to achieve a win-win outcome for both the public organization and the vendor is contingent on the degree of trust between the parties. According to the study, the contracts become less complete and more flexible as trust grows between the parties and contracts become more complete as trust deteriorates between the parties. The aim of the present study is to delve more deeply into the trust perspective, through analyzing various kinds of trust and their origins.

What, Whom and Why to trust

In this section, a review of the trust literature and the conceptualization and typology of trust developed elsewhere is outlined¹. This is followed by the theories on categorizing, gender and professions that are needed in order to make adequate sense of the empirical material presented in the next section.

Cooperation is here defined as a situation where people act ‘in the interest of the collectivity, and refrain from opportunistic actions even though immediate or short term rewards are not forthcoming’ (Alvesson & Lindkvist, 1993, p.433). The amount of risk needed for trust to be relevant has been debated. As elsewhere (Tillmar & Lindkvist, 2007) I argue that all human actions have an inherent component of risk taking, and in cooperations, a large portion of the risk has to do with the actions of others. Inspired by Rousseau et al. (1998) among others, in this paper trust is defined as a state of mind of willingness to accept vulnerability to actions of others based on positive expectations of their behaviour (Tillmar, 2002, p.250, Tillmar 2006). The definition chosen is relatively broad, but highlights some important distinctions. Trust is distinguished from gambling in that the positive expectations are based on what is taken to be “good reasons” (Lewis & Weigert, 1985), but there are never any logical proofs involved in trust (Luhmann, 1979). Trust and distrust are regarded as endpoints on a continuum (for other conceptualizations see Lewicki et al, 1998). Distrust is thus here defined as a state of mind of unwillingness to accept vulnerability to actions of others based on negative expectations of their behaviour.

The perceived “good reasons” for trust obviously come in many kinds. In the literature, many options for categorizing these may be found. Sometimes they are called modes of trust production, such as with Zucker (1986) who identifies process-based, characteristic-based and institutional-based trust, or types of trust as in Lewicki and Bunker (1995) who identify calculus-based, knowledge-based and identity-based trust, or basic forms of trust as in Rousseau et al (1998) who identify deterrence, calculus, relational and institutional trust. McAllister’s (1995) cognition- and affect-based trust, and Ring’s (1996) fragile and resilient trust are other examples. As discussed at length elsewhere (cf. Tillmar, 2002) these typologies overlap and differ in a variety of ways. In this paper, which is basically empirical, trying to present a clarifying account of the complexities involved in these different suggestions would be likely to result instead in a “confusing potpourri” (Shapiro, 1987).

The distinction between good will and competence trust is borrowed from Nooteboom (1996). Through international comparisons of small-business cooperation I have concluded that our trust often also concerns someone’s commitment to fulfilling agreements (Pettersson, 1999, Tillmar, 2002, Tillmar, 2006). This proved to be a special aspect, and one that does not always overlap with either good will or competence. The typology of trust developed

¹ These have been discussed at length elsewhere, and for a further elaboration I refer to Tillmar (2002), or for a shorter version to Tillmar (2005).

previously (Tillmar, 2002, 2006) include this dimension of what kind of behaviour we trust others with but also the focal levels of trust (see figure 3).

Turning to this latter dimension of figure 3 below, different authors have studied and discussed trust at different levels of analysis. The level of trust most often discussed within organization theory is the *specific trust*, directed towards a person or an organization (cf. Ring, 1996; Lewicki & Bunker, 1995; Nooteboom, 1996). A person’s trust may also be *general* towards people in a given society, a trust which is more often discussed in sociological approaches. Some societies are characterized by a high-trust culture where the norm is that people trust each other, while other societies rather have a culture of distrust (cf. Sztompka, 1999; Fukuyama, 1996). Applied to a public sector context, trust in a particular public organization is specific, but it should be noted that to a high extent, the general trust in government institutions influences, as well as is influenced by, general trust (cf. Sztompka, 1999).

What is rarely discussed within trust research is the “intermediary” level of trust that is directed towards a *category* of people, such as men, women, nurses, politicians or business owners (cf. Zucker, 1986; Tillmar, 2002). This level of trust has been incorporated in the figure below as a result of my research into small-business cooperation in private sectors. On this level, trust or distrust are (often unconsciously) directed towards a category of businesses, such as small-businesses, large corporations, businesses in the care sector, or businesses in the mechanical industry. The phenomenon is not new, and has been much discussed within socio-psychological literature on stereotyping.

What we trust	Focal level of trust		
	General	Category	Specific
Good will	I trust the good will of people	I trust the good will of category x	I trust the good will of person x
Commitment	I trust the commitment of people	I trust the commitment of category x	I trust the commitment of person x
Competence	I trust the competence of people	I trust the competence of category x	I trust the competence of person x

Figure 3: Nine kinds of trust, Source: Tillmar 2002, p. 122.

In a given situation, the three levels of trust are simultaneously present. In a high-trust society, a municipal decision maker could for example have a category distrust in multinational corporations in the care sector, and still have specific trust towards one of corporation A’s units in B-town. As treated here, trust and distrust are endpoints on the same continuum, but may exist simultaneously, although for different kinds of behaviour and/or on different levels (cf Tillmar, 2002, Lewicki et al, 1998). As the category level due to the empirical results has become of specific importance in this paper, a sections below is devoted to this before we move into the empirical cases.

Categorizing

Although I have argued that categorizing has been underemphasized in trust research, its importance in social interaction is not new in the literature. For example, within stereotyping theory, categorizing was introduced by Lippman in 1922. He defined a stereotypes as “pictures in our heads” (Ashmore & Del Boca, 1981). Stereotypes are necessary to make the complex environment manageable (Hamilton, 1981, Schneider, 2004). In most modern approaches it is understood as beliefs, as distinguished from prejudices that are affective reactions, and to discrimination, something that refers to our behaviour (Schneider, 2004).

Some argue that interaction with members of the stereotyped group may create an individualization of beliefs and thus reduce the in-group/outgroup bias (Wilder, 1981), while others argue that stereotypes are more rigid than that (Rose, 1981). The so-called contact hypothesis presupposes three things; that the content of the stereotype is false, that contact will illuminate this falseness and that this in turn, will lead to a change in stereotypes (Schneider, 2004). If the person one interacts with can be perceived as a subtype, and hence “fenced away” from the overall category, change in the stereotype is unsure.

In this study professional and gender categories have proved especially important. Starting with the first, it should be noted that the sectors of care and health are influenced not only by an administrative hierarchy, but also by a professional (cf Brunsson, 2002). Doctors are often taken as an example of a strong profession that dominate the health-care sector. Nurses represent the semi-profession. It should be noted that in Sweden, it requires a university degree to become a nurse. Through their workers’ union, nurses have actively been striving for a couple of decades now to attain professional status (Lindgren, 1999).

When it comes to gender categories, it has long been recognized that organizational and social structures are by no means gender neutral (Acker, 1990). In gender theory, the term gender-labelling is used to describe the fact that for example different occupations are associated with different gender (Ahl, 2004; West & Zimmerman, 1987; cf also Hirdman, 1988). It has been shown that entrepreneurship and self-employment are strongly male-labelled (Cohen & Jennings, 1995; Sundin, 2002). Sundin & Holmquist (1989) found that many women did not want to be regarded as business people, since the strong male connotations of the word threatened the identity and self-esteem of their husbands. The researchers also encountered the view that female business people hardly existed in the region, since for example hair-dressers were not real business people (Holmquist, 1995). The perception of business operations and entrepreneurship as male is strong even today (Nilsson, 2002; Sundin, 2002). Males dominate in numbers and they better fit the picture of the entrepreneur as someone who works almost 24 hours a day.

Previous research on professions and gender have established a connection between the two. In the health-sector, a doctor for example is regarded to be individual and superior (male labelled), while nurses are related to subordination, adjustment and collective actions (female labelled) (Sahlin-Andersson, 1994). This is despite the fact that the new students of medicine are nowadays 50/50 men and women (Lindgren, 1999). As found in stereotyping research, also the message conveyed in the media, and even for example in cartoons, have an impact (Workman & Freeburg, 1997).

Before further discussing these categories and their effect on trust, let us turn to the Municipality studied.

The case study

The Municipality is situated in south-eastern Sweden and was at the time of study ruled by the social democratic party, which traditionally has had strong support there. The municipality has 125 000 inhabitants and with its 9 400 employees, the municipal organization is by far the largest employer in town. Until 1st January 2003, the organization was divided into one unit which purchased services and one unit which provided services. The municipality had a decentralized structure where purchasing decisions were taken by local District Offices. The Service Purchasers interviewed thus worked in District Offices. Both the District Offices and the purchaser-provider organization were abandoned during 2003.

The municipal perspective: "No longer so strange?"

At the time of study, Service Purchasers within the municipality claim they are used to dealing with and relating to alternative providers. It is "no longer so strange", they say and recall that the smallest procurement was previously a big and difficult issue. Nowadays they are pleased with the small businesses they engage. Service Purchasers even say that private service providers do their job out of a burning desire and give that little bit more. They suggested that the private providers run their businesses to put their ideas into practice rather than to make a profit. When this study was conducted, large national and multi-national corporations had not yet established a strong position in the care sectors. When they discussed alternative service providers, most of the municipal employees interviewed thought of smaller scale spin-offs from the public sector. One Service Purchaser said that many businesses continue, despite low profitability, because they wish to fulfill their dream. She went on:

One has to be an ideologist to be in this business. Unless one belongs to one of the big businesses. They have another price level and can make use of their administration services in a totally different way.

It would appear that those Service Purchasers who have a close relationship with small-scale service providers, are more positive towards them than those who don't have close contact. One Service Purchaser said:

We, who work with this and work closely with them, have the same viewpoint. But then there are other council employees, and I have a very strong feeling that they have a more negative attitude. For example, there are small businesses who wish to extend their operations and seek building permission that don't get their applications dealt with, things are taking forever. I think it's based on jealousy. Very unpleasant. Very! Instead of being pleased that everything works so well and that we are lucky to have such a service provider. I think we should be pleased about that.

Another Service Purchaser said that she feels that the same negative attitude exists amongst citizens of the municipality who do not have contact with private service providers.

Sometimes when talking to the elderly, not so many but some, have this view. But it is more apparent with the relatives: "My mum will never be placed in one of those places. Just you understand that!"

I have been told that there is a lot of scepticism among relatives and a belief that private providers are more expensive and that everything extra has to be paid for. The sensitiveness of the issue is also exemplified by the Head of Care and Welfare, who explained that the

relatives of people receiving care for disabled feel much safer and comfortable with the council providers, that are more established.

We mustn't forget one important area in this whole issue: the handicapped. There is much opposition from the relatives – they do not want to see their mentally ill young people, children or adult family members subjected to so-called “destitute auction”. They are concerned that their children will be reduced to a cost.

One municipal commissioner believes there is no wide ranging community support for private providers within the care sector. She said:

We should also be aware that those living in the Municipality are not exactly screaming for external providers. It's a bit uphill, trying to convince the inhabitants that everything is OK, when we have an agreement with outsiders.

During the time period of the study, large corporations within the sector won market shares. This was noted and commented upon by the Head of Care and Welfare, who suggested that this positive attitude towards alternative suppliers might change if the alternative was to be another monopoly-like situation.

The neighbouring municipality was governed by the right wing parties. One of the politicians there argued that while there is a different entrepreneurial spirit in the sense that self-employment is regarded as a legitimate way to make a living, this does not automatically concern the care sector. The citizens regard nurses for example as nice caring women, and not as people who should make a living from this through self-employment.

To summarize, the municipal employees involved in this study give a mixed picture of trust and/or distrust in private service providers. Those who have worked closely with such providers portray a trustful picture. Those more distanced express themselves more ambiguously, and are especially concerned with the perceived distrust in these service providers among the citizens.

The providers perspective

We now change perspective and look into the relationships from the point of view of the small-scale providers. Two cases of different kinds will be presented. The first case is a care home for children, which was in the process of starting-up when the study was undertaken. The second case is a nursing home, started over ten years ago when competition was not as hard as it is today. In combination, the cases illustrate the existence of both trust and distrust. Let us start with the nursing home, that had been in operation for many years when the study was undertaken, and had been portrayed as a success story by municipal representatives.

The care home for children: “There is so much opposition”

The founder of the care home is a retired expert in teaching and a consultant with many years' experience of practical as well as theoretical work with abused children. Here, we will call her the Educationalist. Over the last few years she has worked, amongst other things, with teaching senior teachers of care homes for children and at a University where she wrote a licentiate thesis on related issues. She has written books about children who have been subjected to sexual abuse. She is also involved in the organization Children's Rights in Society and is a foster mother. When she retired, she had the opportunity of starting her own care home for children, and was in the process of this when I first met her. She said:

I have witnessed so much at close quarters that I felt I had to do something. And yes, I do have a burning interest for children.

The target group of the home is children who do not themselves have behavioural problems, but because of the environment they live in, have been taken into care by the authorities in accordance with Care of Young Persons Act. It is intended that the home has accommodation for 8 children on a permanent basis (that is to say, a stay lasting at least one year) and room for one child in the case of emergency. The home will be available for the municipalities in and around the County. The idea is to emphasize education rather than care as the intention is to work more with a long-term and future oriented perspective. To this end, she has employed two teachers, one as a principal and the other to assist.

In all her negotiations with the studied municipality, the Educationalist has not come across any mention of the Public Procurement Act. The County Administrative Board has informed her however that certain municipalities do enforce this law.

When I met the Educationalist, she had had the idea to start a care home for children about two years earlier. She had spent the last 18 months actively working towards its opening. This took a great deal of time:

Had I been in full-time employment at the time, I would never have managed. With the involvement of a municipality, it's not like starting an ordinary business. The differences are enormous and, for example with so many departments and interests involved, everyone has to have their say about everything and give authorisation, so everything becomes so much more difficult all of a sudden.

The Educationalist is discontented with what she perceives as masses of paper work, as well as dealing with the County Administrative Board over matters relating to authorisations, registering the company, getting building permission etc. The worst part however has been the mixed messages and the feeling that the authorities are deliberately working against the project.

In fact, I have sometimes felt that they are trying to find some reason to push me down so that they can say no.

The County Administrative Board had sent her application for referral to the municipality where the home will be located. They would not accept the target group proposed. She explained that the authorities prefer to place these children in a family situation instead. The Educationalist speaks passionately about the advantages of her type of home, claiming that the children are less likely to be subject to abuse and they would have better contact with their parents¹. To challenge this negative response from the municipality, the Educationalist submitted a written appeal, supported by academic references, to the County Administrative Board claiming insufficient grounds in their rejection of her choice of target group. She claimed the authorities had insufficient knowledge of this group of children.

It is the case-municipality that has shown most interest in this planned operation. Through her work with education, the Educationalist has contact with someone in a central position within the social services who is well-acquainted with the Educationalist and her qualifications. Even so, she is still unsure how she should interpret the signals from the municipality. During the period I conducted my interviews with her, she was involved in a strained discussion with the Building Department. The discussions involved a separate building in the grounds that she wanted to use as a conference facility where parents as well as the authorities could meet

without disturbing the children's home environment. These facilities were also intended to be used for extra lessons with the children when required. The Building Department is against this idea as it would be possible to use the building for accommodation. They have instead drawn a garage on the building plans. The Educationalist felt the attitude she experienced from the authorities is associated with a combination of political ideology and misunderstandings.

Sometimes one feels that they think that this is a lucrative operation generating masses of money, but that is not the case. In fact the operation will break even, just covering salaries.

We talked about her teaching ideas and desire to help. She was eager to start, and frustrated about the procedures required in municipalities.

Yes, I find it exciting and there is certainly no shortage of ideas. That's not the problem, the problem is getting it off the ground and all the difficulties. Nothing is easy, everything has to follow the correct procedure, everything has to be discussed - often with a party negative to the ideas. There isn't one person who can say - great, this could be something really good for these children!

Through her work with Childrens Rights, she knows quite a few social workers who think her ideas are good, which has been a comfort. The thing that keeps her going and gives her strength is her burning ambition and interest for these children.

By February 2003, the Educationalist had been waiting seven months for a decision from the County Administrative Board. We discussed why there are not more small-businesses within the care sector. She said that it takes a great deal to start a private business within this sector.

There is so much opposition. It's not easy, nothing is automatic, you have to work and fight and present valid arguments. Some just can't cope with it. I think you have to be 100% convinced about what you want to do and just keep pushing.

The nursing home for the elderly: "Everything is a bit unclear"

The nursing home was opened in 1994 and is run as a limited company by four nurses with a clear ambition for their target group.

Our great vision was to give the elderly a home-like environment where they could live by themselves. We were really the first large home to provide anything like this [.....]

Conditions were better back then. From the start, they had a contract from one of the municipality's local District Offices whereby the Office agreed to purchase accommodation facilities. They were also given SEK 50,000 (around 5 000 EURO) per person provided, by The National Board of Health and Welfare (Socialstyrelsen) as a stimulation package. The original contract covered a 5-year period and was extended, without the need for public procurement negotiations, when the home was enlarged from 24 to 35 beds.

The nurses were far more knowledgeable about the care sector than about business. "In the beginning we worked around the clock almost", they said. On the whole, 10 years later, the owners still feel that the process went quite smoothly. They experienced that their relationship with the municipality and the trade unions has been good.

Some of the owners have said they would probably not have started a business on their own. In the beginning, they met quite a few people who were sceptical about whether they could

cope with running a business and whether they could remain on good terms with each other. The women said:

There were many who hoped and prayed that we wouldn't carry it off. Those who didn't dare do it themselves.

The owners don't think the conditions today are as good as they were when their nursing home was started. This is in part because the municipalities and county councils pay less now than they did then and also partly due to the Public Procurement Act. They also feel price competition has hardened. In addition, there are no longer any allowances of the type awarded to the nursing home by The National Board of Health and Welfare.

When I met with the owners during 2003 their situation was unclear. The contract with the municipality would soon come to an end and the nursing home would be subject to competition.

We shall see next year if it is us that will be involved in the negotiations or some other associated partner, so everything is a bit unclear. There are new negotiation partners. The District Offices have disappeared, so we don't even know who we will be holding price negotiations with. We haven't even been given a name yet.

Prior to tenders, their strategy had been decided. If the municipality thought they were too expensive, that would be the end.

We still think that we have a good product and that we do a good job. We don't intend to compromise on those points. We aren't exactly cheap but we are good at what we do.

Procurement negotiations were begun in September/October 2003 and in December the nursing home was informed that they had not been successful. As from summer 2004 a larger care sector organisation assumed responsibility for the operations. The partners were surprised about the decision, although they had known that this was a possibility. The procurement was handled by a central unit instead of the local office they had cooperated with for many years. This central unit had told them to lower their prices. The partners believe that this organizational change played a role in the decision.

The local office knew exactly who we were and we cooperated very very closely. They visited us several times a month. We participated in the elderly-care in this part of the municipality. It was a completely different cooperation. [...] Here, we ended up in another situation.

Discussion: The complexity of municipal trust

Below, the experiences of care providers and municipal officials are first analyzed on a lower level of abstraction, before moving on to a more in-depth discussion about the complex patterns of category based distrust that emerges.

Recall that in accordance with the specified definition of trust, the municipality's trust of small businesses consequently deals with the state of mind, of those (municipal employees and politicians) who influence the municipal decisions, of willingness to accept vulnerability to the actions of the small businesses'.

The Care Provider's experiences of trust and distrust

Most of the care providers experience distrust both from the municipalities and from the citizens. With regard to the municipality and other public authorities the Educationalist said that there was much opposition and that she felt that municipal employees were trying to find some reason to push her down. Her business was just starting. The distrust was hardly based on the specific business, but on the *category* level. Returning to figure 3, it is my interpretation that there was category based distrust in good-will, and perhaps even in commitment. The nursing home for the elderly had been in operation for ten years and had experienced trust from the Service Purchasers at their local district office. The trust was *specific*, based on knowledge of the other party. The local purchasers trusted not only the good-will of the nurses/business owners, but also their commitment and competence. From other people around them however, these nurses experienced scepticism. They perceived that there were many who hoped that they would fail.

The distrust between the care providers and the municipal employees was mutual. The view the businesses held of the municipality was one of inefficiency and of bureaucracy, in the most negative sense of the word. Among the two cases presented here, this distrust is illustrated by the view expressed by the Educationalist. This view was shared by the majority of the alternative providers interviewed. It should be noted that if the municipal employees lacked understanding of the small-business logic, the opposite was equally true (see further Tillmar, 2005). Thus, lack of understanding was mutual.

The municipality's trust in small businesses

Relationships between the municipality and businesses providing services in the care sector are regulated by contracts and agreements which can be fairly detailed. Recent studies have shown a connection between contract completeness and the degree of trust between vendors and contracting governments (Brown et al, 2007). The relationship between trust and contracts is subject to lively debate, that is outside the scope of this study. Here we contend with acknowledging that adherence to formal contracts as well as correct procurement are important legitimising factors for the municipality and the way in which the municipal employees show their credible commitment (Kim, 2005). Businesses, on their part, depend on their reputations and good relationships with municipal offices in order to facilitate contract extensions, for example. They are thus careful in their dealings with the municipality and keen to maintain a good relationship. The municipality's prospects and desire to trust the actions of the care provider can thus to some extent be based on a more fragile trust, sometimes termed deterrence- or calculative trust.

Building the more resilient knowledge-based trust is however more difficult. The Nurses were trusted by the Service Purchasers on the basis of the latter's knowledge of their good-will, competence and commitment, but they had been in business 10 years and had established themselves in a different time. Many have commented on the difficulties experienced by newly-established businesses to show the existence of "good will" and commitment within their organisation. In other words, new businesses experience difficulty in gaining the important specific and knowledge-based trust from a municipality. This is illustrated by the case of the care home for children, which was in the process of starting up during 2002/2003. Fortunately for the care home, the founder was previously acquainted with certain municipal employees who had specific trust for the founder as a person.

Despite the value of specific trust, it has disadvantages in an organizational context. Reorganizations may disrupt advantages gained by specific trust with a few key people. The abolishment of the local District Offices gave the Nursing home completely new counterparts just before the Public Procurement procedure that they eventually lost. It should be noted that individual politicians can be replaced every four years at the time of elections, which can cause problems when businesses rely only on specific trust with a few people

The scepticism and distrust towards small businesses originates from the *category* level. From the empirical study it does seem that small care businesses in general and women in this business in particular are subject to category distrust. Admittedly, Service Purchasers have expressed that the use of alternative providers “is no longer so strange”, which should be seen in a positive light and allow for the possibility of developing trust. On the other hand, it would appear that within those areas of the municipality where direct integration with these providers is not the norm, distrust towards alternative care providers as a category prevails. This will be illustrated in further detail below.

This category-based distrust comes not only from the municipal employees themselves, but also from the citizens, or rather, from the municipality’s perceptions of the citizens’ views. Being a politically governed organization assigned to act as an interest organization for all its citizens, municipalities naturally need to be attentive to public preferences (cf. Barnes & Prior, 1996; Van Slyke, 2005). As described and quoted above the Service Purchasers and the Head of Care and Welfare have come across citizens’ distrust in alternative care providers. Recall that the municipal commissioner was also concerned with trust from the general public.

Intersectionality - complex patterns of category distrust

The issue of alternative care providers is a hot political topic in Sweden, and for some people, the distrust for this category is rooted in informed choices of political ideology. Many however, witness that this suspicion is not only due to consciously considered political ideology. This study suggests that distrust in alternative care providers is also rooted in unconscious notions of what women and/or professional groups such as nurses can and should concern themselves with.

This category-based distrust of various groups (and also specific trust of certain people), is naturally closely related to what kind of behaviour the trustor entrusts the trustee with. It does appear that scepticism directed at small businesses as a category is related to their goodness. They are suspected of not harbouring good intentions, being tax evaders and, especially within the care sector, of profiting from the misfortune of others. It can be argued that the “Jante law” plays a role for this category-distrust. The Jante law is a well known norm in the Scandinavian context, essentially implying that ‘you should never think that you *are* something or that you are better than *us* [the others]’. (This “law” was coined by the Danish-Norwegian author Aksel Sandemose in his 1933 novel *En flykting krysser sitt spor*.) A person who sticks her neck out through starting a business for example, will risk becoming subject to the jealousy of others, and face opposition (cf. Pettersson, 1999). A Service Purchaser referred to jealousy as a reason for the distrust. It was rumoured that “they are only out to make money”. The nurses said that many who did not dare to “do it themselves” had hoped that they would fail.

In the case of nurses as a professional category, there does seem to be category based trust in both goodness and commitment among citizens, however, their business competence is

questioned. Recall the politician who claimed that nurses are regarded as nice and caring women, not as people who should start a business. Also, in the case of distrust based on gender, it is the person's capacity that is questioned. The attitude shown towards the small business owners involved in this study has been "can a girl cope with that?" A female care-worker is not expected to be a businessperson.

While nursing is female gender coded, entrepreneurship and business ownership is male gender coded. When a nurse starts a business, there is thus a clash which I suggest may contribute to distrust. Several of the people interviewed argue that it was especially disliked when women in the care sector become self-employed. This is supported by Sundin (1997), who writes that women establishing themselves as alternative providers to the public sector are often encountered with far more distrust than their male colleagues. On the whole, it would seem that trust in the capability of the small-business owners is higher with regard to their care competence than to their business acumen.

What is encountered by people wanting to start a business in the care sector is thus a complex pattern of category-based distrust, especially if they are women and belong to a female-labelled profession like nursing. The intersectionality of being a small business owner in the care sector, a woman and a nurse is problematic from a trust perspective.

To be classed as a business owner, a woman and a nurse, is to belong to three categories all of which, in different respects, enjoy low trust status in society (compare figure 3). Trust for the category "women", as, for example, in the category "nurses" and their business competence, is assumed to be low, even if trust in their good-will, is higher. Trust in the competence of the category small-business owners may be higher but is, as suggested by this study, counterbalanced by a lower trust rating in their good-will. Preconceived ideas of these categories do not match when a female nurse becomes self-employed. The study drawn upon in this article suggests that she even loses out on the category-based trust for goodness.

Dynamics in the municipality's trust

Due to the category level distrust, building trust on the specific level becomes especially important. As an example, the founders of the nursing home had built up and continued to build up, long-term trusting relationships with both politicians and municipal employees on all levels within the municipality, which enabled their contract to be prolonged once without a public procurement procedure. As pointed out by the Head of Care and Welfare, new small firms without a track record have difficulties in building specific trust of the municipality. In this respect, there are initial advantages for those previously employed within the municipality who become self-employed within the care sector. Using specific trust built up during the period of employment has been of benefit to those small-business owners studied, who were former municipal employees (cf. also Kovalainen & Österberg, 2002). The Educationalist benefited greatly from the people within the municipality with whom she had a specific trust relationship relating to her competence and good will.

Over time, the establishment of specific trust relationships can change category-based distrust. As mentioned above, the possibility of change is debated within stereotyping theory. This study suggests an optimistic view of this possibility. The municipal employees who work closely with alternative providers feel they are "no longer so strange". Yet, the case of the nursing home and their lost contract, illustrates the vulnerability that relying on specific trust leads to. A reorganization in the municipality is enough to ruin a trustful cooperation between a service provider and the municipality which has been successful for 10 years. The

same of course applies to people relying on specific trust from politicians, who can be replaced after elections every fourth year.

Last but not least, in the public sector context, specific trust between the service vendor and the service purchaser is not enough. The multiple tasks of the municipality, discussed in a previous section, imply that employees and politicians also have to act on the level of trust given by the citizens. Acting otherwise would be to risk a further decrease in legitimacy and of citizen trust in government. The perceptions of municipal decision makers regarding the views of the citizens in this matter is thus of utmost importance for the relationship between the municipality and the alternative care providers. Put differently, the nature of trust-relationships where one party is a politically governed organization is that three trust-relationships portrayed in figure 1 are interdependent. Relation no 3 (between the citizens and the service provider, which has not been directly studied here), is important for relation no 2 in the figure.

Conclusions summarized

When applied to municipal-provider relationships, the typology of trust in figure 3 has contributed to highlighting the complex patterns of category based distrust. The article has discussed how this occurs due to the intersectionality involved when a female in a care-related profession becomes self-employed. The three categories that such a person then belong to all enjoy low category based trust in society, though in different respects.

Second, the dynamics between category and specific trust has been illustrated. In a situation of category distrust, building specific relations of trust became even more important than it would otherwise have been. Yet, where reorganizations are frequent and politicians may be replaced after four years, the limitations of relying on specific trust have also become apparent.

Last, but not least, the study presented here highlights the particularities of trust between public organizations and external service providers. It is not only the municipal actors who need to trust the service providers. Citizens have to perceive that municipal decisions and relationships are legitimate if their trust in government is not to decrease. Thus, alternative care providers need to be trusted by the general public to be contracted by the municipalities. This interdependence of the relationships in figure 1 needs to be added to the understanding of trust in a public sector context.

Further research

It does appear that trust is an important part of a relationship between a municipality and its care-providers, regardless of the existence and enforcement of the Public Procurement Act and various contracts. Currently, larger corporations are taking market shares in the Swedish care sector. How will this affect the relationships between the public organizations and the service providers? How do the larger organizations handle the trust dynamics discussed in this paper?

It is interesting to note that all the businesses discussed here were engaged without being subjected to public procurement. The question of whether pre-existing trust played a part is left unanswered. The nursing home lost its contract due to price competition when procurement did in fact take place. In some cases, there are opportunities within the letter of the law, to circumvent a procurement situation. Perhaps the existence of trust is even more

important with existing present procurement legislation as it was earlier. The relationship between trust, the Act of Public Procurement and the requirements of CCT (Compulsory Competitive Tendering) and its enforcement within municipalities and county councils are, without doubt, interesting questions for future research. The same applies to the role of trust between various actors in a state based on governance rather than government (cf Björk et al, 2003). As municipalities are becoming increasingly inter-organizational constructs it will be interesting to see how the market development in the care sectors will affect the role of trust in contract governance? International comparisons between countries in the EU, which have similar formal legislation on this point, would be especially interesting.

Further studies into the level of trust in alternative care providers experienced by citizens, and their reasons are needed. Such studies should involve questionnaires and interviews where citizens themselves respond.

This paper covered a variety of care services. Further research is needed to understand the particularities of the sub sectors and the differences between them. Is there for example higher category based trust in the sector of care for the disabled than within care for the elderly?

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¹ It is however possible that abuse could take place at a care home and tight controls are of course important
(authors note)