

Exit and Voice in Local Government Reconsidered: A “choice revolution”?

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Abstract: Market-based public management reform has introduced customer choice among competing providers of public service. Choice entails exit, an option which Albert Hirschman famously reserved for the market while voice is the key mode of communication in political life. Based in elite and mass surveys, the paper studies how exit is perceived by citizens and local political and administrative leaders in Norway and Sweden and how the two strategic options relate to each other. Citizens are more positive towards customer choice and exit than are leaders albeit with some variation across different public service sectors. Political and administrative leaders are positive to customer choice models as a strategy to empower clients but more critical in terms of the potential loss of accountability and control that contracting out services may entail.

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Exit, voice, and the transformation of local democracy

The strategies available to citizens and clients of public service to influence political and administrative choice have proliferated over the past couple of decades. Most importantly, clients—or customers—of public service are increasingly often offered a choice among competing service providers. Thus, in service sectors like primary education, care of the elderly, day care for pre-school children and even the annual safety control of automobiles, clients in many European countries are now provided choice in a competitive market with a wide range of public, private and cooperative service producers (Blomqvist 2004; see also Klitgaard 2007).

This reform has altered not just public service delivery but also the strategies available to citizens to influence local service and, indeed, the democratic discourse and practice of the local state. Previously, applying ‘exit’ in Hirschman’s classic framework to local politics essentially meant moving to another municipality (Hirschman 1970; Friedman 1955). The steep costs associated with that type of exit behavior were probably an effective deterrent even to most disenchanted clients. However, with customer choice now in place in a large number of service areas in many countries, the exit option has become a much more realistic and less costly strategic alternative to clients.

This paper investigates the conceptual and theoretical relationship between ‘exit’ and ‘voice’ in public service delivery. Drawing on a unique survey among local senior politicians, managers and citizens in Norway and Sweden we find that there is a positive relationship

among citizens between ‘exit’ and ‘voice’ as means of influencing public service. Politicians and public managers are less positive towards the introduction of ‘exit’ than are the citizens.

The next section of the paper explores the conceptual and theoretical aspects of these issues. We then introduce our research design and discuss our key results. A concluding section closes the paper.

Interestingly, Hirschman saw exit first and foremost as associated with the market whereas voice as a strategy of articulating a complaint was typical to the political sphere of society. With public management reform that distinction has lost some of its significance. The market is now an integral resource allocation mechanism in the public sector, hence exit has emerged as an important alternative, or supplement, to voice also in the political sphere.

This ‘choice revolution’, as Blomqvist (2004) describes this reform, has thus empowered clients of public services by enabling them to select those services, and service providers, that they believe to provide best service or those services that correspond most closely with their particular demands. While we know a great deal about the extent to which choice is exercised and which social constituencies that are most or least likely to use voice and exit (Dowding and John 2012; Salucci and Bickers 2011; Vugt *et al.* 2003; Sharp 1984; Orbell and Uno 1972), we know less about the empirical relationship between the exit and voice strategies in the context of the suggested ‘choice revolution’ mentioned above. Threatening to move to another municipality or exercising choice are two strategies strongly resembling Hirschman’s idea of ‘exit’. Such strategies are distinctly different from voice-based strategies such as voting, requesting meetings with elected officials or bureaucrats, participating in demonstrations or using social media or personal contacts.

Despite the relative prominence of the exit, voice and loyalty framework in theoretical research on citizens' strategies of influencing collective decisions, only a limited number of empirical studies have been undertaken to test the hypotheses formulated by Hirschman in the context of the 'choice revolution' (but see e.g. Dowding *et al.* 2000; Dowding and John 2008, 2011, 2012). Hirschman emphasized that exit and voice are endogenous to different societal spheres; the market and the political domain, respectively. Therefore he saw little reason to explore in any greater depth how the strategies of communicating dissatisfaction relate to one another. If that was a reasonable decision at the time Hirschman wrote his seminal book, it is astounding to note that only very few of the scholars empirically testing his hypotheses acknowledge the significant changes entailed by public sector reform in these respects. Instead, most works so far on the role of exit in democratic governance has been conceptual and theoretical (Sørensen 1997; Warren 2011).

As soon as we place exit and voice in the same institutional context we find that the two options are conceptually speaking communicating vessels; altering the costs and benefits associated with using one option will influence actors' perception of the other strategy. The analytical challenge which this paper addresses is the empirical nature of that communication. If public management reform has made exit a more viable and realistic strategic option for the dissatisfied public service client, it has at the same time redefined the preconditions for the exercise of voice. In the previous context, exit was essentially equal to relocating to another municipality, entailing costs which rendered that option *de facto* moot for many clients. Today, exit could still mean changing residence but it could also simply refer to changing service providers without crossing jurisdictional borders. Again, since exit and voice could be

assumed to be related, changes in the feasibility and/or perceived effectiveness of using one of those strategies presumably will have an effect on the other strategy.

Against that backdrop, this paper explores the theoretical and empirical relationships between the exit and voice strategies in the context of local service delivery post-public management reform. Conceptual analyses of how Hirschman's classic framework plays out in contemporary local society can only take us so far in terms of understanding the significance of exit and voice as clients' strategies to influence public service delivery. We also need empirical studies on how citizens assess the value of exit and voice as means of communicating their preferences to the local political and administrative leadership.

Equally important, since reform has partially altered the roles of elected politicians and public servants so that the former now are to define long-term objectives while the latter is to be granted extensive autonomy in the pursuit of those goals (Pollitt and Bouckaert 2011), we need to know how politicians and bureaucrats in local governments assess the exit and voice options. This is why NPM has had ramifications far beyond service delivery proper; it has altered politico-administrative relations and state-citizen relations as well and created a partially new model of local democracy. In order to assess this new model of local democracy we need to survey not just politicians and public servants but also citizens in a research design which ideally facilitates comparison across service areas and between countries that have chosen partly different paths of public management reform. Here, the Scandinavian countries offer a rich empirical context with Sweden embarking on NPM reform earlier and more extensively than Norway or Denmark. However, in an international comparison all Scandinavian countries were fairly late in implementing public management reform (Pollitt and Bouckaert 2011). The Scandinavian countries thus offer a slightly different empirical

context compared to the Anglo-American or continental European countries but also sufficient variation among these countries to make comparison meaningful.

Some of the questions raised above have been empirically explored, for example in the British context by Dowding and John (2008, 2011, 2012). In the Scandinavian context however, this is, to the best of our knowledge, a unique study. We do not know how Scandinavian citizens and local elites evaluate exit and voice in the post-NPM model of state-citizen relationships. The Scandinavian case is of special interest in this regard since most private welfare service delivery is funded by the public and citizens enjoy choice regardless of their financial resources. The type of 'lock-in' to public sector service due to individual economic resources found in the British context by Dowding and John (2012, p. 13), exists probably to a lesser extent in the Scandinavian context.

Our paper reports key results from a study undertaken in local governments in Norway and Sweden in 2012. In this research project we use a comparative web-based survey among politicians, bureaucrats and citizens in two countries to compare how these three groups assess exit and voice in service areas which offer customer choice with service sectors where the local authority primarily implements the law and other regulatory frameworks. We thus compare attitudes towards the exit and voice strategies along three dimensions: between the politico-administrative elites and citizens; between different types of public service sectors; and between the Norwegian and Swedish political and institutional contexts. The details of the empirical study are presented below.

Again, our key research question, as an initial study of how public management reform has impacted exit and voice in the Scandinavian welfare state context, is how citizens and leaders perceive the relationship between the exit and voice strategies; are they co-

existing as two parallel ways of influencing local politics, or are they in conflict with each other, or is there simply no empirical co-variation between the two?

The changing context of exit and voice

Fifty years ago now, Milton Friedman argued that introducing special-purpose vouchers would allow parents of school-age children ‘to express their views about schools directly, by withdrawing their children from one school and sending them to another, to a much greater extent than is now possible. In general they can now take this step only by changing their place of residence. For the rest, they can express their views only through cumbrous political channels’ (Friedman 1955, p. 129, quoted in Hirschman 1970). Although quite controversial for several decades, time seems to have caught up with Friedman’s vision of the empowered public service customer and the competitive provision of those services.

Friedman’s idea was that providing clients of education with an exit option that did not entail relocating to another jurisdiction would create an instant exchange between politicians and clients. The voucher arrangement would serve the dual purpose of empowering the customer of those services while at the same time providing signals to the political and bureaucratic leadership of the local authority about how their services were assessed by its recipients. Clients would be able to influence public decisions, or at least to communicate their views, daily instead of waiting for the Election Day to voice their opinions ‘through cumbrous political channels’.

The 1950s, which was the time when Friedman made his observations, was also the time that provided the empirical context for Albert Hirschman’s analysis of how customers in

a market respond to a decline in commodity quality. Hirschman's familiar argument was that exit behavior, i.e. terminating trade with a company when their products display declining quality and instead engaging another supplier, is typical to the market (but see Sørensen 1997). Voice, on the other hand, represents 'any attempt to change rather than to escape, from an objectionable state of affairs' and is 'political action par excellence' (Hirschman, 1970, p. 30, 16). Hirschman's mission with the 1970 book was to introduce voice to economic theory; he was convinced that disappointed customers' exit meant that important information from customers was never communicated to the producer of the imperfect product and that exit in the longer term also imposes steep transaction costs on the exiting actor.

Hirschman was thus not convinced that these two types of behavior were optimal in their respective contexts. Instead of exiting the transaction, customers receiving inferior products could simply communicate their disappointment to the manufacturer. This would reduce transaction costs and would foster a more trust-based relationship between purchaser and provider in the longer term. If you are dissatisfied with a commodity you purchased, why not simply tell the provider that you are dissatisfied rather than going through the complex process of finding another provider with all the costs and uncertainties that such a change of supplier would entail? Indeed, as Hirschman (1970:17) argues against Friedman, 'a person less well trained in economics might naïvely suggest that the best way of expressing views is to express them!'

Exit, following Dowding and John (2008), is not a single type of action. Exit can involve moving away to another location, but it can also mean to replace a public provider with a private, to replace a public with a new public provider, or simply to withdraw as a

customer.¹ These actions are quite different, but they do have an important common element – exit is essentially a binary model of response; you stay or you go (Dowding et.al.2000). Indeed, this is the only communication that is assumed to take place in the anonymous and disaggregated market (North 1990). Compared to exit, voice is ‘a far more “messy” concept because it can be graduated, all the way from faint grumbling to violent protest’ (Hirschman 1970:16). However, the political and economic spheres are designed to function using only one of the options. Hirschman’s idea that voice has a place in the market is not at all unreasonable; indeed, as Sørensen (1997) points out, ‘political consumers’ and consumer organizations suggest that there is a place also in the market for voice.

If the argument about the role of voice in the market thus has merit, what potential role could exit play in the political sphere? It is interesting to note how Hirschman only in passing (1970, p. 44-6) considers the significance of exit in the political sphere of society. Already in 1956, economist Charles Tiebout published his ‘pure theory of public expenditure’ which although situated in the political sphere draws entirely on exit while ignoring voice (Tiebout1956). In this ‘pure theory’, Tiebout outlined a market-based system of local authorities competing to attract inhabitants by specializing in particular services. Potential inhabitants would take residence in the local authority offering the service that best responded to their particular demands and needs.

Others have picked up the idea about bringing exit into democratic theory and practice. Approaching the issue of citizen empowerment in aggregative and integrative models of democracy (see e.g. March and Olsen 1995), Sørensen (1997) argues that the

¹Note, however, that withdrawing as a customer in relationship to public institutions may be difficult since some of the services provided by the public sector are prescribed by law (e.g. school attendance) or are not available in the market (legal services like issuing passports and drivers licenses and in most countries health care) .

former model points at exit as the most logical mode of empowerment, since ‘the instrumental nature of the exit option leaves little room for processes which transform individuals into capable democrats’ (Sørensen, 1997, p. 561). In the integrative democracy model, on the other hand, voice emerges as the preferred strategy of citizen empowerment. The role of exit in democracy, according to Sørensen, thus depends on which democracy model the observer subscribes to.

Warren (2011) approaches the potential of exit as a strategy of empowering the citizen in relationship to the political elite from a slightly different perspective. Reserving exit for the market is misleading, he argues; ‘exit-based empowerments—individual rights and capacities for exit—are as central to the design and integrity of democracy as the distributions of votes and voice long considered its key structural features’ (Warren2011, p. 684). Empowering citizens with an exit option would induce anticipatory behavior among the political elites. Exit as a real and credible strategic option can, according to Warren, ‘induce representatives or other elites to engage deliberatively those who can exit, and exit induces elites to cultivate reputations for trustworthiness’ (Warren 2011, p. 684). In this interactive perspective, exit does not need to be exercised in order to increase responsiveness; the mere fact that it is an option available to citizens will have that effect.

Given that exit and voice are now, for the most part and with respect to the significant transaction costs which exit in the form of relocating to another local authority would entail, equally accessible options with largely the same consequences for the customer insofar as they communicate some form of dissatisfaction with service, we need to know whether citizens perceive them as co-existing and parallel or contending means. Do citizens who hold a positive view on voice as a means of influencing public service also believe in the exit

option, or is the pattern of opinions more of a zero-sum situation or trade-off where those views are negatively correlated? An opinion pattern where citizens accord positive values to both options suggests that market-based reform has been successfully implemented and that empowerment by providing citizens with choice in terms of service provider has not interfered with conventional, voice-based strategies. If on the other hand the predominant response pattern indicate a strong belief in exit as a means of influence and much less belief in voice, that would lend support to the aggregative model of democracy and a potential loss of local democratic discourse. Third, a pattern where there is a strong belief in voice combined with a weak belief in exit, that would suggests limited success in empowering citizens by introducing customer choice and support for an integrative model of democracy. Finally, if citizens beliefs in both voice and exit means are weak, likely both democracy models are weakly developed.

In addition to measuring citizens' attitudes towards voice and exit we also survey local political and administrative leaders on identical items. And, we compare service sectors with customer choice models with sectors where the local state primarily exercise legal authority and where exit refers not choosing another service provider but exiting the municipality. The following section will present the research design in more detail.

Research design

Investigating the perceived role of exit and voice to influence public service decisions is a dynamic enterprise given the continuing public management reform. While we assume that the beliefs in exit and voice as means of influence are somehow related, the ideal research

design would be a longitudinal study with surveys before and after the introduction of customer choice models in public service delivery. Since that design is not practically possible, we instead followed a different methodological path. We thus compare two countries traditionally seen as ‘most similar systems’, Norway and Sweden, to develop at least some comparative leverage. The two countries vary significantly on an intra-systemic variable, namely the degree to which local authorities in the two countries have introduced customer choice models in public service delivery. Thus, our design is an almost perfect example of ‘most similar systems design’ which presupposes inter-system similarity between two or more cases and variation in a key intra-system variable (Przeworski and Teune 1970, p. 32-34).

This design does obviously not fully compensate for a longitudinal study of local authorities in the same country. Given the overall similarity between the two countries, however, this design will allow us to compare citizens’ and elite perceptions of exit and voice, keeping in mind that Norway has a more limited experience of customer choice arrangement while Sweden has used such model much longer and more extensively (Blomqvist 2004; Klausen and Ståhlberg 1998; Christensen and Lægreid 2001; Meagher and Szebehely 2013; Bunar 2010).

We also want to compare service sectors that offer real choice in terms of different service providers offering similar services (e.g. education, health care) with sectors where the local authority first and foremost exercises legal authority (e.g. physical planning) and where there thus is no competition present and exit therefore means moving to another municipality. We thus study exit and voice on three dimensions: a cross-national comparison, mass and elite perceptions of exit and voice; and, thirdly, we compare different sectors.

When comparing countries and sectors with extensive and less extensive exit options, one could possibly argue that we should, by necessity, find that extensive exit options would raise the importance of exit as a means of influence, while less extensive exit options correspondingly will raise the importance of voice. But despite a growth in exit options, there are so far few indications that voice as a strategy for influencing policy has been seriously weakened. Primary school and elderly care, two of the sectors in point here, are still among the most visible issues in local election campaigns, for example. On the contrary, despite that some sectors and some countries allow only a limited set of exit options, the few options that exist can still be evaluated as relevant and important means of influence among both citizens and leaders. It is therefore an open question how citizen and local government leader will assess the different means of influence that are available in a sector.

Table 1 gives an overview of the sources of our dataset.

Table 1 about here

The two leadership surveys were conducted during spring/summer 2012. Both were directed towards six municipal leaders in all Norwegian (429) and Swedish (290) municipalities. The surveys were sent electronically to all recipients through a web-based survey tool. The recipients of the survey were two elected politicians in each municipality; the mayor and the vice-mayor,² and four respective leaders of administrative sections; heads of administration, heads of elderly care and support services; heads of entrepreneurial planning;

²The two Swedish political leaders are the chairman and deputy chairman of the local authority's executive board ('ordförande/vice-ordförande i kommunstyrelsen').

and heads of financial planning. The Norwegian survey yielded 1,094 respondents of 2488, equal to a response rate of 44 percent, while the Swedish survey was distributed to 1,662 respondents generating 671 answers, equalling a response rate of 40 percent.³ The response rate is somewhat lower than typical national questionnaires in the two countries. For the six different positions the response rate varies from 60 percent (Swedish vice mayors) to 33 percent (Norwegian heads of entrepreneurial planning and Swedish heads of administration). We have no indication that these differences influence the results.

In addition to background variables such as age, gender, location, education and profession, the leadership surveys included questions about satisfaction with local services, particularly elderly care, planning and construction policy, and primary education services. The surveys also asked local leaders to rate the possibilities for citizens to influence local services through a selection of hypothetical measures. Furthermore, the survey asked the respondents to rate the importance of a selection of factors which are popularly perceived as necessary for legitimate governance, such as participation in elections, efficiency of services, and citizen access to decision-making within services.

The Norwegian citizen survey was conducted by the private company Respons Analyse. The survey was conducted as part of a regular omnibus through which potential respondents were contacted until a satisfactory number of responses were returned. The final sample contains 3,014 responses from a representative sample in terms of age, gender and

³Some respondents requested to be removed from the email list, which explains why the original sample does not equal 6 x the number of municipalities. Additionally in the case of Norway, due to the relative small size of Norwegian municipalities not all local administrations have separate positions for the services/offices of interest. It is common for small municipalities to combine posts or to assign responsibilities for certain services to the head of administration.

geographical distribution of the general population in Norway. The bulk of the survey included questions about satisfaction with local services, particularly elderly care, planning and construction policy and primary education. The survey also asked citizens to rate the degree to which they believed they were able to influence local services through a selection of hypothetical measures.

The Swedish citizen survey was conducted as part of a larger annual survey organized by the SOM Institute at the University of Gothenburg. The section of the survey that was used in the present analysis contained exactly the same items that were included in the Norwegian survey; the only difference is the language used. The Swedish panel survey was sent to 12,000 respondents, and 6,289 responses were returned (see Vernersdotter 2013). Table 1 suggests that the response rate in the two citizen surveys are significantly different, with a Norwegian response rate equal to 10 percent compared to the Swedish of 40 percent. However, the difference is mainly following from the fact that the two surveys were conducted by two different contractors who employ different methods of data collection. In both cases samples have been checked and found representative for their respective populations.

In the following we explore two types of action that clearly can be related to voice and exit; the respondents' evaluation of voting in local elections and their evaluation of choosing services as a means of influence.⁴ Furthermore, we measure the statistical correlation between the two. In doing so the risk of common source bias needs to be taken seriously (Meier and

⁴In the present analysis we only use voting in local elections as a measure of voice, mainly because it is the most obvious manifestation of voice (see Hirschman 1970). There are certainly other modes of participation that could also be used as indicators of voice (see Appendix II for a list of the different voice indicators which the research project has studied). In a previous study (Gustavsen, Røiseland and Pierre 2014) we show that there is strong co-variation among these voice indicators.

O'Toole 2013). In our case there is a risk that *both* voice and exit will be evaluated based on the respondents general impression of his/her possibility to influence, rather than an evaluation of each factor individually. To the extent this is a real problem, we will observe this as a strong positive correlation between the variables expressing voice and exit respectively. As can be seen from table 2, there are both positive and negative correlations between voice and exit. However, most of the correlations are positive, but although significant they are weak or moderate. Based in these indications we cannot ignore common source bias although the weak correlations suggest that the observed variation has a more substantial source. However, perceptual measures like those we use below should always be read with care.

Findings: Citizens and leaders assess exit and voice

Table 2 shows how leaders and citizens in Norway and Sweden assess voice and exit in three service sectors. Voice and exit is measured on Likert scales, ranging from 'very bad' to 'very good' possibilities to influence the services provided by the local government. In Table 2, the percentage is a sum of respondents who replied 'fairly' and 'very good opportunities' in the three sectors.

Table 2 about here

Starting with the elite attitudes in the two countries, the overall impression is that voice seems to be perceived as more effective than exit as a means of influencing local services. Voice is especially believed to be a powerful means of influence in terms of elderly care and primary education and to a lesser extent in planning and construction policy. While this pattern is almost identical in the two countries, bringing in exit in the analysis generates a more complex picture. Swedish leaders' assessment of exit in relation to primary education stands out as a clear exception from the main pattern. Swedish leaders assess exit almost as high as voice in primary education. Their strong beliefs in exit is most likely related to a national reform some years ago which by law instituted user choice in primary school (Bunar 2010). Such a reform has not been implemented in Norway hence the difference between the two countries in that respect could be explained by institutional differences.

While primary education is the policy sector where Swedish leaders believe exit to be most significant, Norwegian leaders see exit as most prominent in elderly care. In all three sectors, exit is considered a less influential measure in Norway compared to Sweden. The difference in percentages between voice and exit is highest in the planning and construction policy sector, where exit is rated rather low. Exit in this sector entails the radical step of moving to another municipality, corresponding to the type of exit discussed in the classic literature referred to above. The opposite extreme, as already mentioned, is the difference between voice and exit regarding primary education which for Swedish leaders is low, reflecting that voice and exit are regarded as almost equally effective ways of influencing services.

Still focusing on the leaders, we now turn to the rank correlation coefficients (Spearman's rho) which have been calculated for each service and each group of leaders. The

overall impression is that the empirical relationship between voice and exit is positive albeit not very strong. For elderly care in Sweden the relation is weak and not statistically significant, while in the case of Norway, we find a weak correlation. In both countries, the correlations between voice and exit in the planning and construction and education sectors respectively are positive, more so for the former than for the latter sector.

Thus elite perceptions on exit and voice largely corroborate Warren's (2011) argument that the introduction of exit triggers anticipatory behavior among the elite. Our data obviously do not capture leaders' detailed analysis of the consequences of introducing exit (but see below); all we can say is that introducing customer choice is regarded by the elite as a significant empowerment of the client. In Swedish primary education where real choice, and thus potential exit behavior, is available with very low transaction costs to the client, the elite accords exit as a very effective means for clients to express their service preferences. In the planning and construction sector where exit can be argued to be a much more costly affair, the leaders consider exit as a less effective means of influence.

As we turn to the citizen data, the pattern becomes significantly different. In all service sectors, citizens in both Norway and Sweden consider voice to be less effective than exit; i.e. a pattern which is diametrically opposite to the attitudes held by their respective leaders. Voice is considered as most influential in elderly care and primary education although the differences are relatively small. Again, as for the leaders, Swedish primary education constitutes an exception in that this is the sector where exit is considered more effective than for the other sectors. Comparing Swedish leaders and citizens in this sector, leaders apparently believe much stronger that voice is an effective means of influence

than do their citizens. In Norway, primary education, as for Sweden, is the sector where exit is considered the most effective means of influence, although to a significantly lesser extent.

Continuing our analysis of citizens' attitudes, the percentage differences in table 2 substantiate what we discussed earlier; they are consistently negative, reflecting that exit is perceived as more influential than voice as a means of influencing public service. For reasons already discussed, the difference is most notable for Swedish primary education and smallest in the planning and construction sector in both countries.

Finally, looking at the rank correlation coefficients, we find an overall pattern different from that based on the leaders. While the sector displaying the strongest correlation between exit and voice in Swedish leadership attitudes was planning and construction, and elderly care for Norwegian leaders, our data on citizens' attitudes show that correlations are strongest for primary education for Swedish citizens and elderly care for their Norwegian counterparts. However, with the exception of the latter case all correlations are weak which indicates that Norwegian citizens see voice and exit as co-existing and parallel means of influence in elderly care and that this is less the case for the other sectors.

Summing up the analysis which so far has been only bivariate, three findings seem to deserve most attention. First, there is clearly a difference between leaders and citizens in their assessments of voice and exit. Overall, leaders seem to perceive that voice is the most effective means of influence, while citizens tick the box for exit. Secondly, Swedish primary education stands out as a sector where exit is seen as much more influential than in the other two fields among both leaders and citizens. This is the sector where exit is most developed and easily available to clients. The analysis suggests that as soon as exit is introduced it will be regarded as a more effective means of influence than voice in clients' assessments of how

they are able to influence the service they receive. Thirdly, we find an overall positive empirical correlation between voice and exit, with a few statistically insignificant exceptions. Thus, although exit gains popularity when it is introduced, the fact that it correlates positively with voice suggests that facilitating exit empower clients not only to use that option but also to take a more assertive stance broadly speaking in relationship to service providers. Interestingly, introducing exit increases the perceived value of voice.

To take this analysis further we must now further explore the relationship between voice and exit. In so doing, we choose to focus only on the leaders' attitudes, since this analysis allows a more varied set of background variables to be employed in a multivariate analysis. A standard regression analysis based in the two leader surveys is reported in Table 3. The dependent variable is 'exit', measured on a Likert scale (1-5) where high value stands for perceiving exit as a 'very effective' means to influence public service. The independent variables include 'voice', measured in the same way as 'exit'. In accordance with the bivariate analysis in table 2, we also introduce country as a dummy variable. Since the informants in this survey consist of both politicians and bureaucrats, and since there are reasons to expect the two groups to have different perceptions of citizens participation (see e.g. Peters 2010, Pierre et al. 2015) we furthermore introduce a dummy variable expressing whether the informant is an appointed bureaucrat or an elected politician. Finally we introduce a set of variables referring to sex, age and education. These are standard control variables in most research on democratic participation (Gustavsen, Røiseland and Pierre 2014), but we introduce them without any clear expectation about how they eventually influence the dependent variable – the evaluation of exit. Sex is a dummy variable, whereas education is measured as years of education after primary education, and age is measured by years of age.

The overall impression of the analysis presented in Table 3 is that all the three models account for only a very limited amount of the total variance. Thus, the results should be interpreted with some caution.

Table 3 about here

Table 3 shows that in all three service sectors leaders tend to understand voice and exit as co-existing and parallel means of influence, rather than as alternative and conflicting means. The positive relationship is strongest in the planning and construction sector and weakest for elderly care. In other words, voice is one of the determinants for influencing local government services by exit. Introducing exit thus not only provides clients with an additional avenue of communication with service providers; it also stimulates the use of other means of communication summarized by voice.

The analysis also reveals several other determinants, like the country dummy-variable which has a strong positive effect on exit in the sector of primary school. This is consistent with the observation in the previous bivariate analysis, and most likely a result of the customer choice available to Swedish citizens as opposed to the Norwegians. The equivalent effect on elderly care is weaker and negative, indicating that Norwegian leaders see exit as more important in this sector than do their Swedish colleagues. In all three models sex has a statistical significant and positive effect. This is an indication that everything else being equal, women leaders have a more positive assessment of exit than do men. This finding has no obvious interpretation based in the theoretical material grounding our model. Potentially it is more a question of which service sector that the leader is managing than gender itself. Among

administrative leaders for elderly care, female leaders make up 71 percent in total, while for the five remaining positions the share of female leaders is only about 30 percent.

Conclusions

Public management reform has brought in the market into public service delivery at the local level and thereby introduced a new, less costly version of exit. At the same time, exit provides a new signaling mode in the public sphere, one that Hirschman in his seminal work on exit and voice as response systems to inferior products or services in the market and the political realm argued belonged in the market.

The ‘empowerment’ of clients/customers of public services which has been an important feature of public management reform works in three different ways. One is that it offers clients an opportunity to choose the ‘best’ service provider, as demonstrated by customer satisfaction surveys, grade averages or other measurements of service quality. Secondly, since service providers in a competitive market tend to develop niches or specialize their services—e.g. schools specializing in music or art or sports or languages—clients can exercise choice in order to receive the service that best matches the client’s needs. Finally, public management reform has improved the direct interaction between the client and the service provider. This is of course not to say that all customers exercise this choice, nor that such empowerment exists in all countries of the world.

The basic research question which we pursue in this paper is the relationship between exit and voice in the political sphere; are they understood as co-existing and parallel means of influence, are they understood as alternative and conflicting strategic options, or is there

simply no relationship? Drawing on a survey among political and administrative leaders and also citizens in Norway and Sweden, the most striking result we find is that overall there is a positive relationship between the two strategic options; the introduction of exit in terms of providing customer choice has been very popular among the citizens. More importantly, it appears to have made citizens take a more positive view on voice. In that respect one could possibly argue that exit and voice are complementary means of influence.

The elite response to the creation of the exit option has been more negative. Overall, our results corroborate Mark Warren's (2011) argument that from a democratic point of view exit is as significant as voice in terms of promoting responsiveness among the elite. While voice—the conventional instrument for citizens to articulate opinions, preferences and criticism—is a keystone of the public discourse and elite-mass interaction, exit is equally effective in inducing responsive and credible behavior among the elite. With markets increasingly used to allocate public resources and to empower clients, exit has become an integral element of state-citizens relationships and democracy broadly speaking. In this respect, we find little support for the 'choice revolution' mentioned earlier. To an increasing extent clients have been empowered by enabling them to choose services, but such means of influence have not replaced the classic democratic means. From our perspective it is an important though not a *revolutionary* change we are witnessing.

Apparently the findings in this analysis to some extent contradict conclusions drawn by Dowding and John in their studies of welfare policies in a British context. Where we have noted a positive empirical relationship between exit and voice, Dowding and John find that there are trade-offs between the two (2008, p. 307). How can these different patterns be explained? Obviously the different designs of the two studies matter, for example a cross-

sectional study versus panel data; the focus of the present study on citizens versus local leaders; and whether one relates exit and voice to satisfaction or correlates voice and exit. In addition, there are also important contextual differences. For instance, in the British context private alternatives are not always affordable to clients whereas in the Scandinavian context private alternatives are tax-funded. These, and other, differences between the UK and Scandinavian remind us that institutional contexts significantly influence the relationship between exit and voice. Similar studies in different contexts should therefore be warmly welcomed.

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Table 1: Data sources

	Norway		Sweden	
	Leadership survey	Citizen survey	Leadership survey	Citizen survey
Method	Survey by e-mail	Omnibus survey	Survey by e-mail	Survey by mail and e-mail
N (response rate)	1094 (44 %)	3,014 (10%) ⁵	671 (40%)	6,289 (52%)
Date of collection	Spring 2012	Spring 2012	Spring/early summer 2012	Fall 2012

⁵ Note that the response rate does not reflect the response rate in an ordinary survey, as the Norwegian citizen data were collected through an omnibus survey which contacts respondents until a satisfactory number of respondents have replied to the survey. The final sample is representative of the population as such.

Table 2 Leaders' and citizens' assessments of 'voice' and 'exit' as means to influence local services. Percentages stating that citizens have 'fairly' or 'very good' influence on service delivery by 'voice' (voting in elections) and exit (choosing service provider or moving to another municipality) related to elderly care, primary education and planning and construction policy.

		Elderly care	Primary education	Planning and construction
Swedish leaders				
	Voice	70	73	57
	Exit	43	65	12
	Diff Voice-Exit	27	8	45
	Spearman's rho	-0.016	0.117*	0.249**
Norwegian leaders				
	Voice	71	72	57
	Exit	38	31	11
	Diff Voice-Exit	33	41	46
	Spearman's rho	0.190**	0.096*	0.152**
Swedish citizens				
	Voice	27	24	15
	Exit	40	63	20
	Diff Voice-Exit	-13	-39	-5
	Spearman's rho	0.121**	0.186**	0.096*
Norwegian citizens				
	Voice	31	30	21
	Exit	37	49	27
	Diff Voice-Exit	-6	-19	-6
	Spearman's rho	0.302**	0.197**	-0.0027

Comment: See Table 1 for information about the data set. * Sig 0.05, **Sig 0.01. Spearman's rank correlation coefficient (ρ) is based on the correlation between voice and exit within each group and each service area. The correlation coefficient is defined as the Pearson correlation coefficient between the ranked variables. Voice is measured as "voting in the local elections", whereas exit is measured as "choosing services" (elderly care and primary school) or "moving away" (planning and construction). The survey items and response alternatives are listed in Appendix 1 and 2.

Table 3 Determinants for ‘exit’ as means for influencing on service production. Data from Swedish and Norwegian leaders. OLS regression, Beta coefficients.

Exit	Elderly care	Primary education	Planning and construction policy
Voice (voting in election)	.10***	.13***	.28***
Role (bur=0, pol=1)	.01-	.02.	-.31
Country (Sweden=1)	-.15*	.81***	-.03
Sex (women=1)	.22***	.23***	.25***
Education	-.01	-.00	-.01
Age	.00	.00	-.00
R ²	0.02	.13	0.08

Comment: Voice is measured as "voting in the local elections", whereas exit is measured as "choosing services" (elderly care and primary school) or "moving away" (planning and construction). *** Sig. 0.001, ** sig. 0.01, *sig. 0.05. See Table 1 for information about the data set. The survey items and response alternatives are listed in Appendix 1 and 2.

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Appendix I. Leadership survey(items used in present analysis are marked in bold)

To mayors, vice-mayors, heads of business planning, heads of management, heads of elderly care and services and heads of financial planning in Norwegian/Swedish municipalities

1. How would you rate the possibilities for citizens in your municipality to influence the local services for the elderly through the following actions...?

- a. **Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with elderly care services
- d. Contacting people who work with elderly care services
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. **Actively choosing which services to receive (=exit)**

Alternatives:

- a. Very good possibilities
- b. Quite good possibilities
- c. Neither good nor bad possibilities
- d. Quite bad possibilities
- e. Very bad possibilities

2. How would you rate the possibilities for citizens in your municipality to influence the municipal planning and construction policies through the following actions...?

- a. **Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with planning and construction policy
- d. Contacting people who work with planning and construction policy
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. **By threatening to move away from the municipality (=exit)**

(same alternatives as for Q1)

3. How would you rate the possibilities for citizens in your municipality to influence the local primary education policies through the following actions...?

- a. **Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with primary education
- d. Contacting people who work with primary education
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. **Choosing which school the child should attend (=exit)**

(same alternatives as for Q1)

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Appendix II. Citizen survey(items used in present analysis are marked in bold)

1. Imagine that you or someone in your close family need help from the municipal elderly care and support services. How would you rate your possibilities to influence the services for the elderly through the following actions...?

- a. Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with elderly care services
- d. Contacting people who work with elderly care services
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. Actively choosing which services to receive (=exit)**

Alternatives:

- f. Very good possibilities
- g. Quite good possibilities
- h. Neither good nor bad possibilities
- i. Quite bad possibilities
- j. Very bad possibilities

2. Imagine that you will become negatively affected by a construction project which is being planned in your municipality. How would you rate your possibilities to influence the project through the following actions...?

- a. Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with municipal construction projects
- d. Contacting people who work with municipal construction projects
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. Moving away from the municipality (=exit)**

(same alternatives as in Q11)

3. Imagine that you are a parent to a child who attends primary education. How would you rate your possibilities to influence primary education through the following actions...?

- a. Voting at the local elections (=voice)**
- b. Contacting a local politician
- c. Contacting administrative staff who work with primary education
- d. Contacting people who work with primary education
- e. Contacting the media
- f. Participate in demonstrations, or write comments on the internet
- g. Choosing which school the child should attend (=exit)**

(same alternatives as in Q11)



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