

# Summary

## **A new situation for the Foreign Service**

### *Organization, leadership and control in a globalized setting*

Foreign services around the world have for some time been challenged. The deep lying reason is globalization. This is paradoxical, since the need for foreign representation should be all the greater when trade, tourism and international interdependencies in general grow larger and more complex. But “globalization” has also meant that foreign relations are no longer reserved exclusively for diplomats. It is part of everyday life for all ministries, for most agencies and for many private organizations, companies and NGO’s. International organizations such as UN, WTO, EU and others have taken over much of the responsibility for international cooperation. Taken together, this raises the question if traditional foreign services have lost their relevance or if their role has changed so much that they need a serious overhaul.

The European Union deserves special mention. Member states in this supra-national organization not only must obey its decisions in nearly all matters political, but must also get used to being represented abroad by the European Action Service. It is too early to know where this will lead eventually, but cooperation in the field of consular affairs is unquestionably in the cards.

Against this background questions arise about the Swedish Foreign Service (FS) in its present form – numerous missions abroad, a stately headquarters and an elite diplomatic corps. At the same time, one may ask why the missions abroad are not more numerous with so much more international engagement on the hands of ministries, agencies, corporations, organizations and ordinary citizens.

Add to this that Sweden’s position in the international community is less influential than in the past with the rise of so

many new global actors. Does this decline mean that more resources should be spent or should they be less, considering that the return is smaller?

This report does not address the allocation of resources for FS. Nor is it concerned with foreign policy per se. Instead this report poses the question: Is it possible to develop and improve FS with the resources it has at present? The answer is Yes.

Cut-backs have prompted reductions in the number of missions abroad. Why haven't they opened discussion about the relation between the number of people at home and abroad in FS? A review of the organization is motivated solely on this ground.

Proposals in this report aim at improving FS and get more value for money expended regardless of what kind of foreign policy it serves. Proposals can be implemented one by one in a piecemeal way but are designed to make up a whole.

The report is a review of the organization, leadership and control of the Swedish FS. The analysis is based on some aspects of the theory of organization, common principles of organization and long experience with organizational development in the public sector.

*Mission: Swedish interests – Business idea: help the Government*

FS could do a much better job if it was guided by a distinct and engaging business idea. But, we must ask, is it possible to coin a business idea in a political organization, such as FS? The range of topics and tasks to deal with is extensive. How to find a common ground for all of this?

The common ground can be found if you change perspective and instead ask what role FS can and should have in the dealing with and accomplishment of all the aims and goals in the foreign policy statement of the Government. It is very obvious that it is not FS alone that is expected to deliver all of this, because it contains policy aims in defense, environment, fiscal, industry and other areas besides FS's own policy areas: foreign relations and national security in general plus foreign aid and trade. The role of FS is to give a hand in accomplishing the aims and goals in all these areas. So the question now turns to: what kind of a hand?

Today, all ministries have issues which imply foreign relations. On a particular issue the ministry handling it has superior, firsthand

knowledge. But in negotiating, knowledge of politics, culture and traditions in various countries, contacts and networks, overview of Swedish relations in other fields and framing agreements FS is superior – or should be. A role and a business idea for FS can be built on that competence.

To be sure, it has been stated before and appears in daily talk among people in the ministries. In 2003 it was stated broadly in a staff paper: “to serve the Swedish society as a whole.” In order to be operational as a business idea it must be clearly defined what kind of services, to whom and on what conditions. A first step in that direction that seems logical is to prioritize other ministries. A working relation based on business planning together with the other ministries should be established.

Such a business idea turns the role of FS upside down. From having been the sole channel of foreign relations in the past FS is now just one of many ministries with foreign relations and should now serve the others. There is even competition from other ministries, not least the Office of the Prime Minister, which has subsumed most of EU policies and now handles crises management, including a fair amount of situation reporting. FS has to acknowledge the competition and found its role and business idea on its own competences in helping others in fostering Swedish interests.

This may sound as a passively, demand driven FS. Partly it is, and it requires a service oriented culture. But partly it is not. FS should still have the role of serving the Government in tactic and strategic thinking in all fields of international relations by pointing out conflicts of interests, coordinating needs, windows of opportunities and scenarios of emerging risks. The ultimate responsibility for taking action rests with the Prime Minister and the Cabinet as a whole but FS should be responsible for calling attention to such situations. This is more important and concerns a broader range of issues than ever due to the multitude of international businesses constantly on the agenda today.

When serving Swedish interests – as defined by the policy of the Government – abroad, there is a need for foreign missions, probably more numerous than at present. Today there are more (Swedish) diplomats in Stockholm than abroad. This could be reversed if the Ministry for Foreign Affairs would use information technology och project management wisely to engage staff abroad in policy making.

In a big and geographically very decentralized organization it is important for top management to communicate goals, priorities and strategies throughout. Now the only guidance given is the Foreign Policy Statement once a year and positions and statements taken by the Minister and his closest collaborators. The foreign Policy Statement is a long list of concerns, ambitions and undertakings and does not give much of priorities and strategies and doesn't say what the FS is to do out of all this and when.

Therefore the suggestion is that there should be strategies worked out continually for each country and each important international organization. Such strategies will be simple and short for some countries, where the Swedish interest mainly is concerned with helping traveling Swedes, and elaborate and often reworked for other countries with which Sweden has a host of policy issues in common. These long term strategies will form the basis for the yearly, worked out business plans.

#### *Foreign aid and trade in separate ministries*

Things would be much easier if the ministry instead of one was three: one for foreign affairs, one for foreign aid and one for trade. As it is now, the ministry is (for Swedes) big. Add to that, that it houses activities with very different business logics. Since the ministry, unlike other ministries in Sweden, operates an extensive administration, this complicates things further.

A complicated organization has been created to integrate the three policy areas into one. There are three ministers, three state secretaries, three directors-general, 750 people subdivided into 25 departments and many more subgroups in the ministry. There are both specialized – functional – departments and geographical. This is tied together by a matrix organization. In order to align the work across all departments and subgroups a large number of coordination committees have been created.

Foreign policy and national security require a different kind of organization than consular and migration affairs and trade policy. Promotion of Sweden and foreign aid are best served with still other organizational designs. Conglomerates can function if organized in divisions. The Ministry of Foreign Affairs is instead organized as one integrated entity built on intensive consultation between different parts of the ministry.

Perhaps this “matrix organization” succeeds in coordinating policy in different areas within the ministry but most likely at the expense of time, money and quality and possibly also by being introverted, thereby risking to miss essentials.

Many other ministries – e.g. defense, finance, environment, industry, justice – have as important foreign relations issues as foreign aid and trade. The general mechanism for coordinating Government policy is joint preparation based on the collective decision-making of the ministers in the Cabinet. That mechanism should serve coordination between foreign policy, aid and trade as well.

Dividing up the Ministry for Foreign Affairs would make it function better in relation to its core business – coordinating all Government policies with a bearing on international relations. It would also make the Government Offices work better as a whole. In 1997 the separate ministries were amalgamated into one organization, with the Prime Minister as its head. With a smaller Ministry of Foreign Affairs, more like other ministries, it would be easier to integrate it into the Government Offices as intended.

Responsibility for individual consular and migration cases, while still operated by missions abroad, should be delegated to the relevant administrative agency, like cases for permits and tax exemptions for foreign diplomats in Sweden. This would be in line with the Swedish public administration rule. Thereby, there would be an enhanced focus on policy making in the ministry and a likewise enhanced administrative competence in the handling of such cases.

The ministry’s own administration in personnel, premises, accounting matters etc. should be integrated with the Office for Administrative Affairs within the Government Offices like it has been for other ministries. The ministry should, however, retain enough people in order to be able to advocate its particular needs in relation to staffing, information technology, premises, archives etc.

If, in addition, the relationship between personnel at home and abroad were to be reversed, the Ministry for Foreign Affairs would become a ministry more like the others. Possibly it would have some 400 members of staff compared to the 750 today.

An advantage of a separate ministry for foreign aid and development is that it would facilitate an increase in staffing, needed in order for such a ministry to match the Swedish

International Development Cooperation Agency (Sida) in policy making.

*Organizational development without diving up the ministry*

The following proposals can be implemented also without splitting the ministry into three. But it will be a bit more difficult and yield less positive results.

- Developing a mission and business idea
- Introduce a clear line of command
- Create and work in a project organization
- Develop a “learning organization”
- Develop information technology for the needs both of the Ministry for Foreign Affairs as well as for the Government Offices as a whole
- Establish a position as administrative head of the entire FS
- Concentrate and strengthen the control of agencies
- Strengthen the control of the ministry by both the Parliament and by the Government
- Broaden recruitment to the FS
- Make personnel administration a joint function for the Ministry for Foreign Affairs and the Government Offices
- Develop business data, monitoring and evaluation
- Summon the staff of the Ministry for Foreign Affairs into one, modern office building

*A clear line of command*

FS lacks a clear line of command. This is a serious deficiency since FS is not only a ministry but also a large public administration. The geographic departments should be managing their respective missions. Today they do this only to a limited extent. Missions are controlled in many ways and by different parts of the ministry: The three ministers, the three state secretaries, the three directors-general, the functional, planning, personnel and premises departments challenge the geographical departments. The culture within FS is also such that a “No” is not taken for a “No” but may be overruled by an appeal to the next level. This is a consequence of the corps where everyone knows everyone else.

Despite the many controlling units – or perhaps because – missions have leeway to perform according to their own thinking. Partly this is intended, partly it is just bad management and lack of monitoring and evaluation.

The proposal, therefore, is to strengthen the command of the geographical departments. In this way the line of command may be shortened and the layer of directors-general may be eliminated. The geographical departments will be assigned the responsibility to coordinate policies on the level of missions, of course, in close contact with the ministers and other ministries.

### *Missions are part of the Government Offices*

Whether each mission is a separate agency or either a part of the ministry or a part of the Government Offices has for long not been clear. It matters since agencies may – under the Swedish constitution – not be ruled by a separate minister, nor be instructed by the Government on cases handling the rights and claims of citizens and organizations. In addition any exchange of information between an agency and others, the ministry for example, is deemed, unless classified, to be a public document free for anyone to take part in. The question of the status of missions has added to the difficulties in upholding a straight line of command.

It is important to clarify that missions are part of the Government Offices. This would facilitate information exchange between missions and between missions and the ministry. It would also make the line of command clear, and the head of a mission fully responsible to no one else but the Ministry for Foreign Affairs. Such a clarification is also important for the Minister for Foreign Affairs to be able to instruct missions without risking accusations of “ministerial rule”. However, missions’ handling of regular cases of individuals’ consular affairs must be protected from ministerial interference. Only if such a case is deemed to have foreign policy implications should it be brought to the Ministry for Foreign Affairs for handling.

*Project management*

Much of what goes on – not all and simple assignments – in the ministry should be performed as projects. Today many assignments are of an ad hoc character without any formal requirements, clear project aims, time-tables and resources. The ministry has so many problems, tasks and initiatives to work with that a more formal structure would be beneficial. It would help top management to assess the availability of resources, keep track of staff competences and make sure that high priority objectives are pursued without interferences and on time. Staff should be organized in competence pools rather than in departments, which would make utilization of personnel capacity more flexible. Project management would facilitate adding personnel abroad or outside specialists to the project work in the ministry.

*A learning organization with analytical capacity*

The ministry's capacity for learning and analysis should be enhanced. Today top management – ministers and state secretaries – seldom are involved in the organizational development and the daily work that goes on in the ministry. In a learning organization this is important. Focus – not only on a business idea but also on specific goals, objectives and tasks – must be sharper. In a business which is characterized by “one damned thing after another” this is more important than ever. There must be resources for analyses of long term issues and there must be networks including research institutions. This requires both a more varied set up of staff and also a more academically qualified staff. Much of the consultation going on between departments within the ministry should be substituted for by open seminars and debate. Evaluation of aims, campaigns, projects and missions should be part of the culture.

Information technology plays an important role in a modern learning organization. eDiplomacy may include data-bases with economic, political, social, military, historical and other data, easy-to-search archives, document sharing systems, discussion groups, video conferences etc. by which the whole organization regardless of geographical position can take part. Such systems are needed for the Government Offices as a whole. Much of it remains still to be developed.

*An administrative head*

In the Ministry for Foreign Affairs there is a Director-general for Administration to help the State Secretary for Foreign Affairs, who carries the full responsibility of both policy advice and administration. It has for many, many years been recognized that the State Secretary is overburdened. In the UK a division of responsibilities has emerged by which the Permanent Secretary (the equivalent of the State Secretary in a Swedish ministry) is in charge mainly of the administration and the Political Director is in charge of policy advice. A similar division of responsibilities is suggested in this report, however with the State Secretary in charge of policy advice and a Head of Administration, with the full responsibility for administration.

*Control of agencies and missions*

The Ministry for Foreign Affairs controls a number of agencies. Today the control of agencies is carried out by various policy oriented, functional departments. This leads to a less professional management and control of the agencies. (This is by no means a problem confined to the Ministry for Foreign Affairs but is shared with other ministries.) Therefore the suggestion is that the control of all agencies is concentrated to the Administrative Head and the Administrative department. Of course, the control is carried out in close contact with the relevant Minister and State Secretary.

The control of the missions abroad should be carried out by the Geographical Departments on behalf of the Administrative Head when it concerns business planning and budgets and on behalf of the relevant Minister and State Secretary when it concerns policy.

Proposals in this report aim at increasing continuity and long-range planning in control and development of the organization and in pursuing strategic foreign policy objectives. At the same time the organization must be able to improvise, change priorities and flexibly reallocate resources in the face of changing circumstances. A flat organization with short lines of command and good overview of activities and resources is what is best suited to meet such requirements.

*Strengthen the control by Parliament and by Government*

For the expenditure area International Cooperation in the budget the following goal is given: “protect Swedish interests in foreign relations”. The expenditure area encompasses a number of agencies in the field but does not include FS. FS is part of the appropriation for the Government Offices and that appropriation has no other goal than “being an efficient and competent instrument for the Government in governing the realm and accomplishing its political program.” In the budget there is therefore very little said about the direction of Swedish foreign policy and the Parliament lets the Government do the allocation between FS and missions and other ministries as it pleases.

Foreign policy is discussed in the Parliament a couple of months after the budget bill has been decided upon. This is prompted by the Foreign Policy Statement by the Government. The statement has no connection to the budget and the statement is no bill so the Parliament does not make any decisions other than, possibly, a statement of its own. This gives the Government leeway to conduct foreign affairs the way it likes. There is, however, a strong tradition of building foreign policy on consensus. The Government shall, by the Constitution, confer with the Parliament on all foreign policy matters of significance. Information and consultation – no decisions - take place in the Advisory Council on Foreign Affairs.

A Government’s conduct of policy in the field of foreign affairs is special. There is a need for both secrecy and leeway. However, the control of the Parliament should be stronger than it is today. A middle way to accomplish this is for Parliament to ask for a yearly report on foreign policy to be presented in connection with the Foreign Policy Statement. In such a report the Government should relate progress and failures in achieving stated goals and ambitions. The resource allocation between different branches of FS should be accounted for and analyzed in relation to other resources spent by agencies in this field, so as to give a picture of priorities. Also, the division of resources spent for missions abroad and the ministry at home should be related.

Efforts to strengthen Government control of the various ministries have been tried in the past. The control of the Ministry for Foreign Affairs and FS as a whole is weaker than of other ministries and at the same time more demanding since FS is not

only a policy making body but is at the same time a big administration – one hundred missions abroad, four hundred honorary consulates. Other administrative agencies are controlled by formal letters of appropriation, but since the ministry and the missions are included in the appropriation for the Government Offices, this is not so. Only a limited number of foreign policy issues requires formal decisions by the Government, since they don't rely on money or legislation.

Government control could be enhanced in many ways; in this report two are advocated. One is the yearly report on foreign affairs, which can be seen also as a business report. It would help, not only the Parliament but would also help the Government to get a better understanding of efforts and achievements in the field of foreign policy. The second is a development of the yearly business planning process within the ministries. Specifically for the Ministry of Foreign Affairs and its missions abroad such business planning should include a dialogue with other ministries about objectives on their part that require the support of FS.

#### *Broaden recruitment*

To become a top diplomat in the FS of Sweden you have to enter the organization via the diplomatic program. The competition is fierce and a very well qualified group of young people is each year added to the diplomatic corps. The corps is competent, loyal and closely knitted together. Most countries have such a corps. Circumstances have changed, as noted above, however. Speaking foreign languages, working abroad, negotiating and moving from place to place is not unique for FS anymore but is part of work in many international organizations and corporations today. Therefore, the value of such a corps can be doubted. It seems also to be out of line with modern working life, the prevalence of flat rather than hierarchical, democratic rather than commanding, flexible rather than stable organizations and mobile rather than stationary work forces. Qualified knowledge management requires specialists and higher academically trained among the staff along with the generalists of the corps. There are positive sides of a corps, but its negative sides today seems to outweigh them.

A serious risk with a corps is that it becomes conservative and inward looking. It promotes a top-heavy organization with many

executives. Still, both the managerial culture and the integrity of subordinates will be weak. Competence planning and academic attainment will be disregarded. Can it be that it is because of the corps and its conservatism that so little of the many reforms proposed in the past has been implemented?

With the ambition that FS shall be well integrated with and shall serve the Government Offices as whole it is only reasonable that there should be one personnel department, common for all of the Government Offices. In order to take account of the special needs of FS a head of personnel is still needed at the ministry.

A training program, if needed, should serve the Government Offices as a whole, not FS specially.

Recruitment from other parts of the society should become more common than today in relation to trainees in order to broaden experience from other parts of society and to do away with life-long service in FS. This is needed, specifically, if the level of academic attainment shall be raised. In comparison with other ministries, e.g. the Ministry of Finance, the Ministry for Foreign Affairs has lost ground academically.

Switching positions between missions and any other ministry should substitute for switching between missions and the Ministry for Foreign Affairs. All ministries need personnel with international experience. A broader recruitment and, if needed, better pay to take up "hard-ship" posts should substitute for the duty to do so.

#### *Cost accounting, business statistics and evaluations*

In the Government Offices cost accounting is almost an unknown concept. In order to keep track of and control priorities in such a large and varied business as FS cost accounting is important, even more so if a project based way of organizing work should be taken up and if some services to outsiders should be charged for. Cost accounting requires accounting for time worked.

There is very little business statistics. Projects completed on time, handling time for consular cases, number of cases of different kinds in different missions, receptions of delegations at home and abroad, Sweden promoting events, number of participants... a long list is waiting to be recorded and eventually related in yearly business reports – in addition to costs for various activities.

Evaluations made by internal as well as external people should be made part of the culture of the organization if it is to develop into a “world class foreign service.”

*A modern FS in a modern office building*

In order to become a truly modern organization the Swedish FS must undergo some fundamental changes. The most important have been dealt with previously. In addition a modern organization is characterized by some basics: recurrent customer (in this case: other ministries, agencies, private businesses that have been served) feedback surveys, quality control systems, recurrent staff opinion surveys, staff welfare programs, continual staff and management training, an environmental management system, a program for information security (IT and in general). Some of this should be undertaken for the Government Offices as a whole.

The question remains: is it possible to weld together an organization, now located at so many addresses even in Stockholm – five, but in effect even more since several buildings have been united by winding corridors, hallways, stairways and elevators (which lends a byzantine impression to the organization). Charming but impractical. The symbolism of putting all of the Ministry for Foreign Affairs into one, modern office building would be great.