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How do local governments change? Variations in time and place for conflicts in different reforms

Jenni Airaksinen ja Arto Haveri

Abstract

Local government reforms are complex processes, where different frames define the attitudes towards reform efforts. In a situation where contradicting frames are visible, a frame conflict is possible and even probable. In this article we focus on the organizational dimensions of rescaling and the contingent character of governing tools. We focus on the important question concerning the relation of reforms, structures and institutions, and seek to answer how these different tools for reform have been able to affect the nationally, regionally and locally defined attitudes towards the desired futures of local government. We also analyze the disadvantages and strengths of different governing tools in producing change in local governance systems.

Introduction

Despite several studies focusing on public sector reforms and organizational changes, our knowledge about local-level institutional and structural change is still limited. Particularly the relationship between different means and tools of reforms and the changes that are realized (in the context of local government) call for more exploration. As Sanderson (2000, 447) expressed it, there is a need for approaches able to develop understanding of how policies and programs are implemented in practice; how they actually generate effects and change over time; and how their success depends on contextual circumstances and interrelationships with other policies and processes. In general, there is an increasing acknowledgement of the significance of the institutional and organizational context in the study of public sector reforms.

This article deals with the organizational dimension of change; the process during which municipalities as local-level actors make decisions and implement structural changes in order to improve their performance. Our argumentation is based on examination of two reforms, and especially the frame conflicts that occurred during the reforms that focused on rescaling of Finnish local governance.

We focus on the important question concerning the relation between reform, structures and institutions. We seek to determine how different approaches to reform have been able to affect the nationally, regionally and locally defined attitudes towards the desired futures of local government. We also analyze the disadvantages and strengths of different governance approaches in producing change in local governance systems. How can the dynamic change of local government amid deeply rooted institutional practices and conflicts be understood?

Our research questions are:

1) What do different times and places of conflicts tell us about network and hierarchy-based reform processes?
2) What is the role of networks and hierarchies as governance tools in producing structural and institutional change in local government?

Frames, institutional theory and reforms

In the theoretical framework, our main interest focuses first on frames and institutional theory, and secondly on hierarchies and networks as tools of governance. Framing and frame, in our approach, refer to the process when actors in municipalities describe and interpret the reform event, giving it meaning and trying to figure out how they should react to it. Frames are largely built upon underlying structures of beliefs, values, and experiences, and this is why local-level actors construct frames that differ in significant ways. Different interpretations exist as parallel ways of contemplating the reality of administrative reform and are equally true. These different interpretations – frames – define the attitudes towards reform. Frames help individuals to locate themselves and give order to the information around them (Goffmann 1974). Frames carry meanings and produce presumptions for situations and actions. We use framing to structure and arrange information. (Gray 2003, 12–14.) A frame is our response to the question "what is happening?" (Gitlin 1980). In this article we use frames as analytical tools for exploring the differences and similarities between different ways of interpreting local government reforms.

We see local-level governments as institutions. Institutions have many different definitions in organizational theories, but they are usually seen as value-based manifestations of social order. (Selznick 1957, 17). Institutions emerge at different levels of social life; we see institutions both in global life and in personal relationships. Institutions sustain continuity, but at the same time they are susceptible to gradual and radical changes in society. (Scott 1995, 33)

Institutional theory highlights the importance of institutions in shaping social action, picturing actors embedded in a structural-institutional context, including organizational arrangements, working procedures, rhetoric and values (Scott 1995; Fischer 2003). In local government reforms, nationally steered and planned structural changes create the "upper level setting" for change and decisions finally made at the local level. However, the actors frame and renew their policies differently inside this general framework. Different frames can significantly affect the intractability of a conflict by creating mutually incompatible interpretations of what is happening.

We assume decision-makers in municipalities to be goal-oriented and rational, though in a varied way; people who pursue their interests and making use of their powers to achieve their goals. But at the same time, we presume that institutions create meanings for the interpretations on suitable actions and thus influence the way municipalities make decisions on reform actions (see Berger & Luckmann 1966; March & Olsen 1987; DiMaggio & Powell 1991; Hall & Taylor 1996). As defined by Ostrom (1980): "Rules are crafted through pen and paper when constitutions, legislation and policy are formulated; but they also evolve through the artisanship and bricolage of institutional actors."

Hierarchies and networks as reform tools

The reforms studied make use of different governance tools in trying to reform local government functions. With regard to tools, for our study we distinguish hierarchical tools from network tools and define the different approaches by the amount of obligatory and voluntary elements included in the reform.

Governance tools in our approach refer to methods and tools for the coordination and steering of otherwise separate activities, the creation of common goals, the implementation of policies and for the resolution of conflicts. Governance tools are basically a question of how society is organized and how it functions as a social structure. Reform is a question of determining which tool to apply in a particular case in relation to specific concerns.

Differences in the two tools of governance are best illustrated by looking at their orientation towards the use of authoritative power. In the purest mode of hierarchy, considerable use of authoritative power is the normal way of

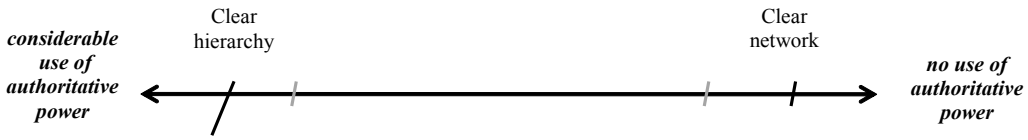

Figure 1. Governance tools on a continuum of authoritative power.

proceeding (Savitch & Vogel, 1996, 271; O'Toole & Meier 2000, 266–267), whereas in network mode of governance, authoritative power does not exist, but decisions and their implementation are based on voluntary action, interdependencies and trust (Bradach and Eccles, 1991, 283).

Theoretically, the two are clearly different and separated categories, but in real life, it might be more useful to illustrate them on a continuum (Figure 1) where there are mixed governance situations in addition of the clear/pure ones.

As a governance tool, networks can be considered as spontaneous social systems where trust helps people to rely on other people's word (Arrow 1974, 23). Trust can emerge from different sources and can be produced in different ways (Zucker 1986, 54). But while networks include many positive elements from the point of view of endogenous and sustainable change, they may pose problems which may cancel out the advantages (Tshuma 2000, Rhodes 2000, 72–76). Networks may consume lots of energy and time, especially if many partners and tasks are involved. When the number of cooperative parties involved in implementation increases within the network, and as the number of decisions requiring collective action grows, the prospect for collective action declines (Pressman and Wildawsky 1984, Ostrom 1980, Ferlie and Pettigrew 1996, 95–6). There may also be other problems in networks. Such attributes as legitimacy, accountability, and implementation have often been questioned in network operations (Keil 2000).

Reforming local government

Idealistically, reforming local governments can be seen as a process that has its start in the changes taking place in society, and proceeds from the interpretations about these changes to the aims, tools, implementation and effects, which form a process called administrative reform (Pollit & Bouckaert 2002). However the reality of reforms is much more complex than the often somewhat generic principles that they are based on. It is known that the realization of reforms is extremely challenging. Reform proposals have sometimes resulted in new practices and new structures, but sometimes the structural changes proposed and planned have not brought on visible institutional or organizational changes at the local level. In some countries, even among fairly similar politico-administrative cultures (for example, the Nordic countries) quite dramatic changes have taken place, while in other countries reforms have been under discussion but have been shelved time and time again. (Baldersheim & Rose 2010, 7.)

It is easy to understand that there is no universal recipe for appropriate local government structure. (see eg. Baldersheim & Rose 2010, 7). This leads to a fragmented reality concerning the right way of carrying out reform. We know that local government reforms are complex processes where interpretations, rhetoric and politics flourish (Haveri 2006). Often it is possible to reach consensus on pressure for change, the need to do something, because of the continuous socio-economic change. The interpretations of the character and nature and of the forces exerting pressure vary, and when it comes to the aims and means of the reforms, the interpretations can even arise against each other. Sometimes the result

is a somewhat redrawn map of local government, but sometimes the attempts at redrawing are rejected. (Baldersheim & Rose 2010, 1, 9) In local government reform processes, the tensions between efficiency, tradition, identity and democracy have probably been under debate the most visibly (see e.g. Dollery 2010; Hearfield & Dollery 2009; Burdess & O'Toole 2004).

The recent trend in reforming local government in Finland has been the pursuit of stronger units or *broader shoulders*, as it is expressed in Finnish. "Bigger is better", has been the hegemonic discourse in local government reforms in Australia, England and many European countries. Increased municipal size is seen as leading to greater efficiency. Dollery, Byrnes and Allan (2007, 473) have identified the main reasons behind the assumption that it is useful to increase the size of local government. Their analysis is based on Australian discussion, but similar assumptions are also seen in the discussions held in other countries. Economies of scale and scope are used as argumentations in service delivery, while improved technical and managerial capacities are seen to improve especially in countries with small local government units as well as bargaining abilities with the higher tiers of government (See Dollery 2010, 117). One famous argument is the assumption that amalgamations lead to reduced administration and compliance costs. Especially in urban areas, the need for bigger units is justified by emphasizing the advantages derived from a better fit between municipal boundaries and the population of urban areas. These arguments have been quite efficient, because the amount of local government units has decreased in many countries. In some countries the decrease has been quite dramatic while in others it has been more moderate. (for more, see Baldersheim & Rose 2010, 3.) Next, we briefly present two reforms included among the group of reforms that strive to strengthen the local level government by creating bigger units. These reforms took place between the years 2000–2012; both tried to produce institutional changes in the structures and practices of the local government of Finland.

SEUTU project

Municipalities have considerable autonomy in Finland. The municipality itself has the power to decide whether or not it cooperates or amalgamates with another municipality. Central administration's ambition has long been to reduce the number of municipalities. But because municipal mergers proved very difficult to implement in practice, promoting intermunicipal cooperation was the main method of State intervention until the middle of the first decade of the 2000's The most important of these interventions was the SEUTU reform (2001–2005), a multi-sector program initiated and implemented by the Ministry of Interior.

The goal of the SEUTU reform was to promote voluntary (network based) intermunicipal cooperation in order to ensure the availability and quality of public services, successful local economic development and effective implementation of land use planning and care of the environment. The project included new legislation as well as some financial incentives to allow eight pilot districts to test different, new methods and models of cooperation. With regard to the intermunicipal cooperation organs to be formed, for instance, detailed steering was reduced and additional power of decision and discretion in discharging municipal tasks were given.

In all, thirty districts volunteered for the pilot project. Eight different types of cooperation districts were chosen for the project in June 2001, as follows: Hämeenlinnan seutukunta, Lahden kaupunkiseutu, Loimaan seutukunta, Nivalan-Haapajärven seutukunta, Oulun kaupunkiseutu, Pieksämäen seutu, Pohjois-Lapin seutukunta and Turunmaan seutukunta. By Finnish standards, some of these cooperation districts are large urban areas while others are rural areas with a small population. An important selection criterion was that the cooperation districts chosen presented ambitious aims about how they would arrange cooperation during the experiment.

The governance tool of the project was to apply network-based arrangements to solve the problems of service-production and mu-

nicipal planning. Many unofficial, preliminary agreements on future services were made and a great number of reports on future intermunicipal cooperation was produced. The project seemed to proceed quite well, but the results were not that convincing and the project was quietly buried after 2005.

Self-government experiment in Kainuu region (2004–2012)

Reform took a different shape in a special self-government experiment in Kainuu region. The experiment was launched in 2004 owing to the poor economic situation of the municipalities, their difficulties in providing services, the growing unemployment figures and the very challenging demographical development. The Kainuu experiment can be seen as State-induced reform launched to test different aspects of regional self-government by moving decision-making powers upwards from municipalities to the regional level and downwards from central government under the decision-making authority of the regional council elected directly by the residents of the region.

The Kainuu reform has two significant differences from earlier intermunicipal cooperation models adopted in Finland. Firstly, a major share of the functions that used to fall under the scope of municipalities' responsibility now became the responsibility of a democratically steered intermunicipal organ. This meant that municipalities no longer had the decision-making power in these particular tasks. This change was a clear reversal compared against other models where the structures had been looser and the municipalities had more or less retained their power. The municipalities decided to take part in this experiment, but the tasks were moved to the regional council by obligatory legislation.

Secondly, the Kainuu reform was the first one in Finland where the decision-making power in intermunicipal issues rests in a directly elected regional council consisting of 59 representatives. The task of the council is to represent the residents of the whole region, whereas in other parts of Finland, the municipalities chose the regional council members to represent them.

The regional hierarchy, established by the municipalities, performed the following functions on behalf of the participating municipalities: health care and social welfare, upper secondary education, regional planning and development, and the finance of these functions. The region was also responsible for general economic development policy throughout the region. The directly elected regional council made decisions concerning the administrative regulations and other standing orders, the annual budget and the allocation of funding to the region's various activities. The council also had to ensure that residents throughout the region had adequate access to the services provided by the joint authority. (Jäntti et al. 2010, 18.)

Both of the presented reforms were based on *similar arguments concerning the need for change and similar reform goals*. According to the documentation on the arguments underlying both reforms, three main challenges are described to threaten local level service delivery in Finland: weakening municipal finances; a rapidly aging population including an aging local workforce; and an increasing propensity among Finnish citizens for internal migration. Both reforms aimed to ensure that high-quality services continue to be provided by local governments in the future. The reforms have naturally focused on services owing to the Finnish municipal structure, where the local level is responsible for almost all of the services regardless of the size of the municipality. *The tools, however, have been divergent*. While the SEUTU reform sought the answer through voluntary network-type arrangements, the Kainuu reform took a clear, legally defined hierarchy as its main tool. We argue that the tool applied is not insignificant, especially from the point of view of the times and places of the conflicts that have occurred. Within the conflicts, different ways of interpreting the reform and the core of the matter have clashed.

Next we present the three frames that have surfaced in conflicts in both of the reforms we scrutinized. From the point of view of these

different frames, the phenomenon of local government reform is experienced and interpreted differently.

Frame 1: **Local government reform as adaption into the environment**. Local government reform is a way to adapt to socioeconomic changes. The frame has its roots in perceptions whereby old structures are outdated and new forms of governance as well as bigger units are needed to address society's complicated and wicked problems. This view sees municipalities as a way of handling society's various tasks in either a broad or a narrow scope. Local government change is simply a tool for responding to societal changes. This is a quite vague, macro-level interpretation that has largely been accepted in the public discussion on local level reforms in many countries.

Frame 2: **Local government reform as an intervention in order to secure services.** The goal of this frame is to secure services for the municipal residents. Local government is a tool that implements national level policies at the local level Municipalities are not able to revise their functions without the support of the national level, but sticks and carrots as well as information are needed for them to be able to cope with the challenges they face. The institutional interpretation accentuate that fewer and larger local authorities (amalgamated or other joint authorities) enable Finnish local governments to combine resources to address the challenges posed by an aging and mobile population. It is based on the assumption that a larger local authority benefits from economies of scale in its purchasing and delivery of goods and services. The structures and tasks of local government are national concerns, and local government is an object for change. In the context of this frame, bigger seems better; local governments are seen as inefficient, unprofessional and in urgent need of reform. (See e.g. Dollery et al. 2010, 23.)

Frame 3: **Local government reform as a way to hollow out the local level**. Hollowing out occurs either by stripping local governments of all their tasks or by severing their roots to their genuine territorial entities. As a result, small and rural municipalities lose their vitality and later their residents. Autonomous local government has the right to decide on the structures and practices of democracy and service-provision. This is linked with the discussion on territorial identities and the significance of tradition and local innovations as solutions to local problems. Structural, standardized solutions are not seen as functional in solving locally rooted problems and problems in different operational environments. One size does not fit all. (Dollery et al. 2010, 24.)

Different frames sustain different realities that in are at least partly conflicting. The frames presented have existed side by side in the reality of reforming the local level government, and it is quite clear that the picture is not without contradictions. In a situation where contradicting frames can be seen, a conflict between frames is possible and even probable. Reforming local governance is a field where the relationship between different strategic interests and their struggles become evident at some point.

Depending on the frame, the reform was experienced and interpreted differently. Frame 1 was the connecting frame, which included all the vague statements contending that something has to be done. It was very easy to reach a broad consensus on that. Frame 2 and frame 3 were the ones that clashed. A conflict between frames occurred in both reform cases, but it became visible in different places and at different times. Here we strive to interpret that and contemplate on the role of different reform tools.

Analysis

Seutu reform: Good cooperation and vast consensus but no visible results

In the final evaluation of the SEUTU project (Airaksinen et al. 2005), conflicts between frames were clearly visible in this network-oriented change. The study revealed how the

key decision-makers in the pilot districts recognized the need for increased cooperation along the lines presented in frame 1. In this frame, local governments were seen to be facing more and more complicated problems that they couldn't easily solve alone. Growing problems called for new strategies, and cooperation with other local governments seemed to be a rational way of providing services or strengthening a municipality's competitive standing.

But the other, and quite opposite, frame began to gain influence as the municipalities approached the concrete and more detailed level of decisions on reform. Decisions at this stage often require the dismantling of existing structures; this, in turn, means that municipalities have to relinquish some of their decision-making power to joint organizations. When the frame changes from the general to the specific, the essential changes in the decision-makers' frame cause the ability to make decisions to become blurred.

Nearly all conflicts between frames culminated just before the finish line, when the municipalities were supposed to make decisions on the structural changes in their service organization or to make decisions that would transfer decision-making power from the municipalities to the intermunicipal bodies. This phenomenon of "backing up from the finish line" was clearly seen in one incident where the municipalities of one region planned to adopt a directly elected regional council to take responsibility for making-decisions on behalf of the municipalities. All five of the regions' municipalities were certain that they would be ready to elect a new regional council already in 2004. In the process of drafting the legislation, the five municipalities gave the initiative green light on three separate occasions. The legislation was drafted successfully and national level officials and politicians made the necessary decisions in short order. The fourth time the case was presented to the municipal councils, only two of the municipalities decided to support the initiative, two unexpectedly rejected the initiative and one was ready to support it but postpone the implementation for four years.

In public, the project appeared to be proceeding quite smoothly, but basically, no important decisions on intermunicipal arrangement of functions were reached. The lack of new cooperative arrangements was quite a surprise in view of the very convincing plans and reports drawn up in the early stage of the project. A gap between the speeches made in seminars and conferences and the actual results was also apparent. The evaluators of the project called the phenomenon 'the rhetorical wall', a device that was used to hide the real difficulties encountered in accomplishing changes at the level of decisions and practices. (See Haveri 2008.) By the end of the first phase of the project, it was accepted that voluntary cooperation is not the solution to the difficult problems faced by municipalities.

Our interpretation is that the conflicts between frames made it impossible for local-level decision-makers to make decisions solely from the regional point of view, as their mandates were obtained from local-level voters. The project was not evaluated as having been a great success. A new mode of local governance based on intermunicipal cooperation was not adopted as it should have been according to the plans and goals that had been defined. Throughout the project there was a great discrepancy between goals and expressed needs, on the one hand, and the concrete decisions actually taken, on the other.

Kainuu reform: Conflicts on many fronts

Contrary to the SEUTU reform, the Kainuu reform included many compulsory elements that would transfer decision-making power from different actors to the elected regional council. It is therefore understandable that conflicts of frame became visible at very early stages of the experiment. Moreover, the preparation phase of the experiment was affected by multidimensional lack of trust. The national level actors, which perceived the Kainuu region as an object of administration, were afraid to relinquish their power to a regional entity for a set amount of time. The municipal actors, for their part, criticised the

experiment because it stripped them of much budgetary power and transferred almost 60% of their tasks to the regional level. They saw the reform clearly from Frame 3 and were afraid that it would hollow out the tasks and power at the local level. The situation was difficult for the municipal actors, as the future of the region's municipal finances was dismal and the small municipalities struggled to provide social and healthcare services. On the one hand it seemed tempting to get rid of the most difficult and expensive sector of their municipalities, but on the other hand they were concerned about the loss of power and they feared the relocation of local services. (Airaksinen et al., 2005.)

The successful first phase of implementation of the experiment stemmed from two main reasons. The first was the quick and determined action of the central government. The experiment was launched by one of the leading politicians of the time and even though parts of the central government rejected the idea, it acted effectively during the preparation of the legislation. The region's leading politicians and clerks also proved to be crucial for the implementation of the first phase of the experiment. The development of the regional service-delivery system was led by a locally distinguished medical doctor also known for his leadership abilities. Together with a group of municipal managers and leading local politicians, he worked on behalf of the reform and was able to create a positive atmosphere for it. From the point of view of the municipalities, the timetable was too tight: opposing actors did not have time to organize their actions and when they acted, it was already too late: the parliament had already approved the Government proposal on the experiment. This hurry and the subsequent bitterness of the resisting actors resulted later in many bursts of conflict during the experiment. (Airaksinen et al. 2008, 202.)

Bursts of frame conflicts have been continuous. The first frame conflict burst occurred when the national parliament had to vote on transferring upper secondary education to the regional level. The teacher profession was one the rare groups that were successful in organizing their opposition to Kainuu-experiment. The group is small but they were loud enough almost to succeed in subverting the whole reform before it started. Their arguments were compatible with the frame of hollowing out the local level. Upper secondary education (secondary schools in particular) was seen to be crucial to the vitality of small rural municipalities. With the transfer of secondary schools to be subject to regional-level decision-making power, the fear of receding services culminated in claims that the loss of the school would be a death blow to local communities. From the point of view of the defenders of the experiment, the rationale underlying the whole reform was to secure the prerequisites for producing upper secondary education in the region by using resources more effectively and by enabling considerable cooperation between different schools

Once the experiment was launched, the conflicts continued to emerge. One extreme example was a private attempt to affect decision-making concerning regional-level health care services. An elderly man went on a hunger strike to oppose the structural changes that took place during the first two years of the Kainuu reform. The structural changes had affected three local health centers, moving all or part of the health care services a little further away. The hunger strike continued for 31 days and was ended only when the regional council decided to produce a set of definitions for the immediate services to be provided in all of the region's municipalities. From the point of view of the defenders of the experiment, the question was about rational decisions aiming at cutting costs and responding to the lack of medical doctors. It was impossible to hire medical professionals for the small units, so it seemed natural to concentrate by forming functional units having more patients and staff members. (Jäntti, Airaksinen & Haveri. 2010, 196.)

The evaluation reports on the Kainuu reform clearly stated that during the reform, the regional managers and leading politicians at regional level and in some municipalities had begun to understand and accept the emergence

of the conflicting frames. (See Airaksinen et al. 2005, Airaksinen et al. 2008 and Jäntti et al. 2010) At the same time, municipal politicians, municipal residents and even some municipal employees continued to have critical perceptions. The bitterness and fears had not melted away; they had materialized in different forms. The structures had changed but the perceptions had not. The final burst of frame conflict proved to be the downfall of the whole reform. In 2011, the municipalities were scheduled to decide on extending the experimental legislation. One out of the eight participating municipalities refused to continue the experiment: the arguments presented were familiar from the conflicts that had arisen during the earlier stages of the experiment. One of the small municipalities stated that the bigger entity had not been able to listen to the needs of a small and remote municipality. The nail in the coffin was the decision made by the seven other municipalities to give their State subsidies for social and health care to the regional level. The municipalities had previously been able to use State subsidy surpluses for local development and Puolanka, the municipality that caused the downfall of the whole experiment, had been lucky enough to have a surplus that eased municipal finances.

Discussion

First we present our four main results in a nutshell, and then we contemplate them briefly.

1. Conflicts are a natural part of local government change. The times and places of conflicts reveal something about the nature – the strengths and weaknesses – of specific reform tools
2. Network-based reform is time consuming and messy. At its worst it can lead to process that consumes a lot of effort to reproduce old action patterns, but it is better at creating meanings for actors and probably yields more legitimate and enduring structures than the hierarchy model
3. Hierarchy-based reform rapidly produces visible changes better than the network-based model. The downside is a weak ability to change institutions, and conflicts that can paralyze structures if left untreated.
4. The creation of structures, and changing institutions, take time as well as an open, reciprocal relationship between actors functioning in an atmosphere of rival frames based on arguments differing in rationale.

Conflicts are a natural part of local government change, given that various actors with their dissenting views are involved in the processes. The actors interpret and frame reform aims and events differently from their own perspective and their experience, giving sense to reform aims and events and developing responses that follow the meanings, values and ambitions created in the past. The frames in use are largely the product of contextual factors in the specific "institutional matrix of local government" where central government reform ideas, local reality, written rules and constitutions coexist. Equally important are the informal conceptions of appropriateness: what is considered acceptable and what is considered less acceptable.

Above we described the time and place of conflicts in two reforms that had applied different approaches to governance: namely, the network approach in the first and the hierarchy approach in the second. In the network model, conflicts became visible only in the very last part of the project, whereas in hierarchy model, there were conflicts at many points of the process, especially those where relevant and concrete changes were experienced.

The hierarchy model was able to fulfill the aims set for it quite successfully when evaluated from the point of view of the goals of the reform process. The new structure was able to find ways to solve many problems that the individual municipalities had not tackled. Yet battles were fought on many fronts within the new structure, and the structure was opposed from many directions.

Hierarchy with the exercise of authority was necessary to implement structural changes that contributed to the collection of re-

sources and the improvement of service performance. However, the exercise of authority was not able to make changes in institutions. Structures themselves changed, but somehow the institutions did not follow in step with those structural changes. Despite the fact that the Kainuu model had achieved good results in securing the services for the residents of the region, the residents and many local government actors in Kainuu did not trust the regional authorities and their decision-making and often relied on their old practices. Some of the functions of the joint organization were still judged strictly from the municipal point of view. This culminated in a situation where a successful structure was abandoned.

The network model did not have to function in an atmosphere of continuous conflicts. On the contrary, it seemed to proceed painlessly and in an ambience of vast consensus and harmony. Airaksinen (2009, 187) has described the reform in such terms as *organized inefficiency and rational apathy*, referring to a set of dynamics where many reports and plans are produced but where concrete decisions on new ways of function are rare. Many things were done to avoid having to change anything. The rhetorical reality produced a rosy picture of the reform, which did not solve any of the wicked problems facing local government. From the point of view of the reform and its goals, this approach was not a great success. However a look at the reality produced by the network model reveals that a lot of interaction took place in the pilot districts; interaction that has been crucial to the future of their structures. Three out of five of the pilot regions have planned a large district-wide amalgamation and two of them have been able to implement it after the reform. The actors see the plans made, and the personal networks created during the project, as one of the most important factors behind the structural changes that are later voluntarily executed in practice.

When we contemplate on this development from the point of view of institutional change, we see that structural change does not necessarily lead to changes in the creation of institutional meaning. If institutions are to be changed consciously in a particular direction, there ought to be actors who work to change those meanings and reveal the logic underlying the different frames used in making decisions on actions taken during reform processes. In line with the ideas presented in our theoretical framework, habits, conventions, and routines as well as rules and practices define what kind of behavior is appropriate for specific actors in specific situations, probably even more than organizational arrangements.

Of course the network model does not necessarily lead to institutional change or the desired future either. Vast interaction may yield shared meanings, but the direction may not cheer up some of the actors involved in local government reforms. However, reform is dealing with history, culture, interaction and meanings as much as it is about management techniques, structures or universal rationality.

Believing in interaction and networks can lead to legitimate processes of creating institutional change, but this is not necessarily the case. It can also lead to processes where much effort is used to reproduce old action patterns. The problem is that the approach is probably too slow for solving the problems now facing local governments. Slow processes that involve many people can lead to innovative ways of taking care of things. This can be interpreted as both a strength and a weakness of a system. In the worst of cases it leads to a blurred and shattered local level which is hard to monitor and evaluate.

Believing in structural change and creating big hierarchies with short processes having tight schedules and fierce demands may produce visible changes quickly enough. The downside of this approach is that it may create conflicts that can burst anytime at anyplace, and in the end such conflicts can became critical from the point of view of the future of the structures. Big hierarchies require bureaucracy. When going to bigger units, informal interaction is replaced by official interaction that makes some of the processes slower and more rigid. It is easy to blame a clear structure, particularly if it is very big and faceless, for problems that it cannot solve. Creating new structures does not assure the

development of processes and practices. And it is these processes and practices via which local government functions can be improved.

When considering this particularly in the context of local government, it is clear that any attempt to change institutions is no joyride. Creating and changing institutions require muddling through an environment affected by complex, reciprocal relationships between actors as well as functioning in an atmosphere of rival frames, all of which are based on arguments grounded in a different rationale.

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