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THE RELATIONSHIP BETWEEN PUBLIC VALUE AND CHANGE

The Case Study on Public Value Creation in relation to the
Regional Governance, Health and Social Services Reform
in Pirkanmaa

ABSTRACT

Satu Rajala: The Relationship between Public Value and Change – Case Study on Public Value Creation in Relation to the Regional Government, Health and Social Services Reform in Pirkanmaa

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A break first from Traditional Public Administration (TPA) and later New Public Management (NPM) has gradually offered new angles to the governance. For instance, Moore created an analogue to the private value creation, and as a result, the ideology of public value creation has emerged worldwide. Since then, scholars have developed a conceptual understanding of public value. Compared to the NPM public value management embraces post-competitive achievements and broader governmental goals. Yet, the empirical research on public value management, especially in the Finnish context, is rather unknown.

This study examines how a public organization defines the process of public value creation in relation to the government program. The significance of public value arises when discussing health and social services. For this purpose, a case study on the preparation of the regional government, social and health services reform in Pirkanmaa was conducted. The reform of regional government, social and health services was an extensive reform program that Sipilä's Government introduced in 2015. The reform proposal purposes of removing the duties from municipalities to the new governance units – the counties – that are responsible for arranging services to the larger population base. The preparation of the reform has partly delegated from central governance to the Regional Councils. In Pirkanmaa the preparation progressed well in mutual agreement. For this, among other reasons, Pirkanmaa is a compelling research object.

The design of this study utilizes qualitative research methods. Both primary and secondary data were collected to gain in-depth understanding. The primary data was collected interviewing seven professionals with different expertise at the case organization, Pirkanmaa2021. To decrease interview biases secondary data was gathered. The analysis of the data was content driven. A table, which identifies elements that contribute to the public value creation, was formulated based on the analysis.

The research findings implicate that the public value creation has been unintentional, a self-guiding process. If the reform is implemented successfully, it can be expected that the process feed value creation to the public, which fosters not only the performance of the public organization but also the citizens' well-being and regional development. These findings nevertheless are specific to the time and place. Since the Government suddenly resigned prior the parliamentary elections the preparation of the reform was run down. Despite the efforts in Pirkanmaa, it is unsure whether the potential value can be realized as planned. Overall, this study contributes to the literature of public value management, and thus serves as a basis for further research in the Finnish context.

Keywords: Public Value Management; Value Co-creation; Measuring Public Value; Regional Government, Health and Social Services Reform; Regional Studies; Maakuntaudistus; Sosiaali- ja terveydenhuollon uudistus

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1 Introduction

The will to dismantle the bureaucratic structures required a break from Traditional Public Administration (TPA). The shift in the managerial orientation has caused several reform waves to governance. New Public Management (NPM), which has been the dominant reform ideology since its emergence in the late 1970s-1980s, adopts managerial implications from the private sector. However, the scholars have emphasized that NPM's rather narrow governmental goals do not respect democracy and meet its traditional values. As a consequent, the public management literature has gradually offered new alternatives – digital-era governance, collaborative governance, new public governance, service management and public value management – to compete against the weaknesses of NPM. (Greve, 2013; Hyndman & Liguori, 2016; Lynn, 2001; Osborne, 2010.) Instead of returning to the bureaucratic era, the alternatives trigger a change attempting to redefine how the public sector, its purpose and thus the ways of operating and managing it are seen (O'Flynn, 2007).

Although NPM draws attention to private sector management ideologies, a long-standing idea has been that management differs in public compared to the private sector (Osborne, 2010; Greve, 2013). Moore (1995) has studied public management under institutionalized conditions. He created an analogue to the private sector value creation and concluded that public managers are engaged to create public value. From his analogue, the concept of public value creation emerged to the rest of the world. Public value management (PVM) steers the public value creation process. (Greve, 2013.) Yet, these concepts are not exploded nor studied widely in the Finnish context (Pekkola, Tuurnas, Stenvall & Hakari, 2015; Rusko, 2009).

The significance of value discussion arises explicitly in the context of health and social services. The reform of health and social services has been a debated topic in Finland for the past two decades (Jäntti, 2016), which is a sign of increasing importance of the value patterns. In the following pages, the policy context of this study is introduced. Besides, the following pages discuss the previous research on health and social services reform in Finland conducted in the field of administrative sciences.

1.1 Policy Context

Traditionally, Finland is seen as a Nordic welfare state sharing similar value notions and policy environment with other Nordic countries (OECD, 2010). The governance is unitary and consensual, yet relatively fragmented. The structure of the administration is decentralized. (Pollitt & Bouckaert, 2011.) The general administration in Finland is organized in two – national and local – level of governance. Local governance has traditionally had a strong position in governance and service delivery. (Kyösti et al, 2017.) The relation of the minister and civil servant is separated and fairly politicized (Pollitt & Bouckaert, 2011). In terms of public values, governments are generally striving for good and reliable governance in the eyes of stakeholders (Salminen & Ikola-Norrbacka, 2010). In Finland, it means that the central government operates impartially, equally, cost-effectively, openly and transparently as well as with high quality and trust (Arvot ja virkamiesetiikka, 2019). Finnish citizens tend to trust the system and public bodies (Salminen & Ikola-Norrbacka, 2010). Although the trust is perceived high and openness as one of the fundamental values, citizens' interest to participate seems periodic, in which decreasing voting percentages and harsh criticism towards politicians are few examples of (OECD, 2010).

Like the other Nordic welfare states, Finland is facing complex challenges, such as aging population and the shifts of the global economy, which have drawn attention to the discussion on the sustainability of the Nordic welfare model (OECD, 2010). Rather than implementing NPM intensive changes, Finland has selectively used NPM tools to reform the public sector (Pollitt & Bouckaert, 2011). Since the 1990s, the central government has introduced several reform programs in general administration. Rather tense reform initiatives have strived to restructure governance top-down but on the other hand, sought to redesign the service processes bottom-up. (Kyösti et al, 2017). Like also mentioned earlier, the reform of health and social services has been a debated topic for the past decades. In the mid-2000s, several municipalities have either merged or formed joint regions in order to respond to the external pressures and changed conditions. Later this program was called Paras-project, which came to its end in 2011. In addition, the past Governments have initiated several other reform programs, such as Kainuu regional government experiment in 2003-2012 and the municipal reform in 2012-2015. (Jäntti, 2016.) Despite the efforts, none of the programs has been implemented fully.

In the parliamentary elections, in 2015, the Centern Party received a mandate to constitute the Government. After the negotiation, the Prime Minister Juha Sipilä formed the Government with the

National Coalition Party and Finns Party, and on May 29th the Government informed a Strategic Programme of Prime Minister Juha Sipilä's Government to the Parliament (Mykkänen, 2016; Valtioneuvoston kanslia, 2015). Mykkänen (2016) has criticized Finnish governments from the lack of horizontal alignment of policies, from which Sipilä's strategic program slightly differs. The Programme of Sipilä's Government includes several reform objectives, in which the regional government, health and social services reform is one example of (Valtioneuvoston kanslia, 2015). Although the reform objectives aim to stabilize the financial imbalance in the long-term, and thus reflect the continuity in decision-making, there are some fragile elements. It has been said that the content is prepared in a rush, which then easily leads to the poor preparation of decisions. (Mykkänen, 2016.)

According to the current legislation, the municipalities are responsible for arranging the health and social services, and some municipalities have formed joint regions to reach higher population base. In the Government Programme and the detailed reform proposal (HE 15/2017), the responsibility is planned to re-delegate from the municipalities to the regional counties – 18 autonomous counties will be established. As a result, the third layer of governance will be founded. Besides the health and social services, the counties would be responsible for arranging other services to a larger population base, such as emergency and rescue services, environmental health services and regional business development, and for ensuring the collaboration with other counties as well as improving the county's cultural image and identity. In the regional elections, citizens would vote representatives to the county council, which is the highest decision-making body of the county. (Maakunta- ja sote-uudistuksen yleisesittely, 2018.)

The reform proposal (HE 15/2017) underlines that the aging population, an increased need for services and diverged financial capacities of municipalities are the driving forces of the change. Compared to municipalities, the autonomous counties are more capable of delivering services and allocating resources according to the service needs. The counties would also be able to utilize specialization and the mass production of services. The primary aims of the reform are to narrow health differences, to provide equal access for citizens and to restrain the costs. The reform is expected to save 3 billion euros by 2029. To meet the goals of equity and cutting the costs, the counties are delivering services in collaboration with the private and third sector parties. (Maakunta- ja sote-uudistuksen yleisesittely, 2018.) The Government also proposes to increase the citizens' freedom of choice, which means that citizens would have a right to choose a service provider according to their preferences (Valinnanvapaus, 2018). The dominant public sector

relinquishes space for private and third sectors creating competition to the market. The purpose is to improve the availability, quality and cost-effectiveness of the services (Valinnanvapaus, 2018).

The reform proposal (HE 15/2017) suggests that the counties would not have the taxation right, which differs from the current legislation. The municipalities are fully autonomous since they have a legal right to collect taxes. This financial arrangement requires additional changes in the current taxation since the tax income would flow from the central government to the regional and the local governments. The central government's objective is to follow the cost development, and thus, it finances the counties. The counties, in contrast, are responsible for coordinating services at their territory. The responsibility to coordinate services includes a few objectives as well. The first objective is to govern internal service production and external service providers. The county also has to determine incentives criteria and eventually distribute funds to the multiple service providers. Due to service integration, service charges are the same across all the sectors, and service providers receive capitation compensation for delivering services. This is another financial element, which demands remarkable changes compared to the current system. Service integration additionally guarantees that the customers receive services in time, which improves the equality. Furthermore, it aims to enhance the smooth information flow between different health- and social service providers as well as professionals, which also contributes to the enhancement of cost-effectiveness. (Sosiaali- ja terveystalveluiden integraatio, 2018.)

1.2 Previous research on regional government, health and social services reform

The reform of regional government, health and social services is a massive institutional change, which does not only create a third layer of governance but also redesigns the complete service structure. It can, therefore, be expected to strengthen, change or diminish the common public values. Yet, the public sector reforms rarely ever draw attention to public values. (Reynaers, 2013.)

The reform proposal has received a lot of public criticisms for its complexity and massive content, and recently it has also received growing empirical attention. For instance, the county structure and its finance, the initiative of freedom of choice as well as the question of the legitimacy and EU notification have been criticized by several scholars. (c.f. Heikkilä, 2019; Lehto, 2017; Lehtonen, Hiilamo, Erhola, Arajärvi, Huttunen, Kananoja, Kekomäki, Pohjola, Tainio, Lillrank, Saxell, Silander & Vartiainen, 2018; Raitio, 2018; Väärälä, 2015.) The reform proposal bases on centralized county administration, which leaves far more narrow latitude for local solutions

(Stenvall, Vakkala & Sandberg, 2017). Centralization divides opinions at the local government level – big cities tend to have a more qualified attitude towards the proposal compared to the smaller rural areas (Kyösti, Jäntti & Airaksinen, 2017). Furthermore, the local governments are worried about the financial sufficiency and the regional development due to the re-directing the tax incomes. However, the general atmosphere is more engaging, which substantially differs from the programs initiated by the past governments, which often have been opposed by local authorities. (Stenvall et al, 2017.) However, the preparation in counties has progressed in different pace partly due to the lack of existing organizational structures. There is no public entity that operates to the extent as they are planned in the future. The municipalities are also afraid of potential rising power imbalances between the municipal and county officials. (Kyösti et al, 2017.)

Nevertheless, the preparation representatives at the local level have noted on their statement to The Ministry of Social Affairs and Health that the reform is needed, and the aims are acceptable in principle (Hokkanen, 2016). On the other hand, the aims are also questioned. For example, freedom of choice is estimated to neglect the principles of equality (Lehto, 2017). Lehto, Sinervo & Tynkkynen (2016) have further studied the freedom of choice and its relation to the integration. They estimate that the aims of freedom of choice and service integration are partly contradicting. The freedom of choice is claimed to debilitate integration despite that the public-private partnerships have been the growing trend in the past years. They also conclude that the rhetoric discussion on choice and integration is unfamiliar at the local level. There are several perspectives on both the freedom of choice and integration, which calls for a clear definition of the terminology. In the context of freedom of choice, the reform proposal places emphasis on the market, which requires regulation of the market mechanisms so that the market contributes to the integration. Otherwise, there is a risk that integration does not correspond with individual service needs or that the market favors only a few service providers since the small and medium-sized enterprises cannot respond to the growing competition. The second scenario does not create real competition between service providers. (Lehto et al, 2016.) In the era of connectivism, the market is generally becoming increasingly complex, and the relationships between market actors more interdependent, which call for shifting the attention from the short-term economic gains to the long-term public value creation. However, the interests between the market actors are often competing, causing tensions to the market. (Van Dijck, Poell & De Waal, 2018.) According to the legal experts, the reform proposal includes market elements, which are against the EU's legislation, and thus requires notification by the European Commission (Raitio, 2018). The notification is a time-consuming process, and the schedule to approve the legislation is tight.

To conclude, the scholars have often shed light on the reform as a whole or the single parts of the proposal. Stenvall et al. (2017) have conducted a real-time evaluation on the preparation of the reform and the future's outlook on the role of the municipality, whereas Virtanen, Smedberg, Nykänen and Stenvall (2017) have conducted multiple case studies. Virtanen et al. (2017) have examined the existing conditions and the effects of the integration of social welfare and healthcare as well as its relation to the customer information systems in eight different municipalities. They have interviewed a wide range of professionals from municipalities, regional councils, National Institute of Health and Welfare, Finnish Social Insurance Institution, National Audit Office of Finland and universities. Similarly, Kyösti et al. (2017) have studied the city regions of Tampere and Turku as well as medium-sized municipalities, and have interviewed central bureaucrats from all of these areas. From this brief review on existing research, it is possible to draw a rough conclusion that previous research has focused on a broader horizontal perspective rather than examining a single county vertically. Yet, the counties differ from one another and as quite often highlighted in administrative sciences – one size does not fit all.

1.3 Research Aim and Questions

This study is descriptive. The research aim is to find out how public value is present in the case organization and how public managers perceive the creation of public value in the context of the government program. In addition, the aim is to widen the existing research view on the preparation of the Finnish regional government, health and social services reform. The research topic is narrowed to a single county, and the emphasis is only on the preparation of the reform due to the uncertain political situation. For this purpose, a case study was conducted on the preparation of the regional government, health and social services reform in Pirkanmaa.

The regional government, health and social services reform is an institutional change, which can be expected to produce additional public value (Kyösti, Airaksinen, Parkkinen & Kolehmainen, 2017). It can also be expected that the reform changes the current public values substantially, and thus it could be expected that the public managers are keen on to steer the value creation. Therefore, the theoretical background of the study discusses the literature of public value creation. Based on the literature and expectations, this study addresses three research questions.

The first research question strives to find out whether the public value has created in the case organization or not. Since public value is expected to be created the question also addresses the notion to which degree public value steers the preparation to understand better the process of value creation.

To what degree does public value creation steer the preparation of the regional government, health and social services in Pirkanmaa?

The second research question, in turn, seeks an explanation of how the process of public value creation has been facilitated in the case organization. In addition, both the first and second research questions aim to provide arguments on why public value either is or is not created.

How does the process of public value creation function in Pirkanmaa?

Finally, the third research question seeks an answer to how the public managers' attitude towards the creation of public value in the case organization and eventually strives to understand what may motivate them to create public value.

How do professionals (at Pirkanmaa2021) perceive the creation of public value?

1.4 The content of the study

This study consists of six chapters. The first chapter, an introduction, introduces the topic, policy context, previous studies from the field as well as the research aim and questions. In the following pages, the concept of public value paradigm is discussed. The theoretical framework basis on the literature of public value management, value co-creation and value measurement.

Then, the emphasis is shifted towards the empirical part of the research. The third chapter reviews the research design and methodology. Furthermore, it introduces the case organization. Next, the description of data gathering will be examined, which is then followed by the descriptive analysis of data. The fifth chapter is the discussion, which reviews the outcomes of the research and outlines both the creditability and the limitations of the research. Finally, the sixth chapter concludes the research and suggests future research opportunities. The conclusions also discuss the changes in the empirical context, which occurred during the research process.

2 The Interchange of Governance towards Public Value Creation

The traditional public administration perceived democratic values as the primary governmental objectives. The respect for law, politics and citizens was guiding the governmental actions. Nevertheless, since post the Second World War, the traditional approach has been criticized, and in the 1970s it was claimed that administration had received a point of crisis and disintegration. (Lynn, 2001.) The rise of NPM is linked to the collapse of TPA and other global megatrends in administration. For instance, the turbulent economic development has enforced to reverse the growth of government spending's and restrain the costs. Consequently, the privatization has shifted the emphasis of service distribution away from the core government institutions. The rapid development of information technology has as well increased the efficiency of service delivery and obligated to redesign the structure of the services. Finally, the increased international policy agenda due to the globalization has called for intergovernmental cooperation. (Hood, 1991.) NPM adopts managerial implications from the private sector and places emphasis on the production-oriented focus and marketization (O'Flynn, 2007; Osborne, 2010). However, it has often been criticized for ignoring traditional governance values (Hoods, 1991). The increased demands of the citizenry have nonetheless caused the continuous evolution of the governance, and as a result, the administration has gradually moved beyond the NPM approach (Bryson, Crosby & Bamberg, 2014). The alternatives emphasize the service-dominant logic, which contributes to the value discussion (Lusch & Vargo, 2008). The notion of public value creation has originally emerged from Moore's (1995) analogue, and it has become a hot topic among the scholars and the practitioners (Bryson et al, 2014). The concept of public value places between the TPA and NPM. It embraces traditional democratic values but also acknowledges the importance of efficiency. (Macron, 2014.)

Since its emergence, only a few scholars have studied the public value paradigm in the empirical context. The empirical research has centered on the normative perspective on public values. Despite the lack of empirical view on public value, especially in the singular, several scholars have nevertheless developed the theoretical concept of public value paradigm. It has also received criticism, whether it is an empirical theory or a normative instruction (Alford & O'Flynn, 2009). Pekkola et al. (2015) have identified five perspectives for studying public value as an analytical concept:

1. Normative perspective by Bozeman (2007)

2. Adding value and outcome by Moore (1995) and O’Flynn (2007)
3. Value creation through co-production by Osborne, Radnor, Kinder and Vidal (2015)
4. Mechanisms to measure public value by Harrison, Guerrero, Burke, Cook, Gresswell, Helbig, Hrdinova and Pardo (2012), Spano (2014)
5. Non-normative perspective by Meynhardt (2009)

Normative perspective

The normative perspective of public value is better understood as a set of values guiding the government activity (Pekkola et al, 2015). Bozeman (2007) highlights that public values are contextual, negotiable and vary with time, culture and context. He defines that public values are expressions of discrete preferences that public policies are based:

“Public values are providing normative consensus about (a) the rights, benefits and prerogatives to which citizens should and should not be entitled to; (b) the obligations of citizens to society, the state and one another and (c) the principles on which governments and policies should be based.” (Bozeman, 2007, 13.)

The literature of public policy, political sciences and public administration draws either direct or indirect attention to public values, and often refers to some fundamental values, such as transparency, accountability, equity and political participation (Bozeman, 2007). These values are endorsed into democracy – laws and regulations – and thus they not only vary with time but also are the ideologically independent variable (Van Dijck et al, 2018). For instance, in a stable society, competing values may arise during the elections (Bozeman, 2007). However, Jorgensen and Vranbaek (2011) stress that values differ in how easily they change. Peripheral values change more frequently than deep core values institutionalized in Western democracies. Thus, the external or internal pressure towards the core values may cause resistance to change.

The empirical research has centered on the normative perspective. Jorgensen (2007) has conducted a series of Danish cases. He concludes that public values are abstract at the surface, and thus must be interpreted from one individual, context and period to another. Vrangbaek (2009) has studied Danish public values as well. He argues that due to the common value base across the different administrative levels, traditional public values have succeeded to remain, even if values empathize innovation and change increasingly. He adds that the relatively frequent changes call for collaboration between political bodies and administrative levels. Van der Waal and Huberts (2008) have examined the differences between organizational values among the public and private

managers. They argue that public-private values are intermixing, and value solidity appears the dominant aspect in both sectors. Unlike NPM suggests public sector has not adopted business values, and neither has the private sector adopted public values. Van der Waal, Pekur and Vrangbaek (2008) have further studied public values in a comparative light, while Pekkola et al. (2015) have studied public values in localized service delivery in Finland. Pekkola et al. (2015) argue that whereas top management understands localism as a value per se, professionals tend to see that localism and participatory practices enhance service delivery and professional collaboration. Demir, Reddick and Nank (2015) have examined the relationship between public service values and administrative involvement in the policy-making process. They conclude that service values, like knowledge, collaboration, stewardship and fiscal realism, encourage public managers to get involved in the policy-making. Reynaers (2013) has studied the relationship between public values, reforms and public-private partnerships (PPPs) in the context of an infrastructure PPP in the Netherlands. She argues that public values are either threatened, safeguarded or strengthened depending on the reform phase.

Adding value and outcome

The perspective of adding value and outcome is recognized as a study of public value creation (Pekkola et al, 2015). O'Flynn (2007) describes public value as a multi-dimensional reflection of collectively expressed and politically debated preferences, which are consumed by the citizens. In the private sector, value creation often refers to a transformation from the relative value of a certain good to a relatively higher value of the very same good (Meynhardt, 2009). Moore (1995) argues that public value creation is reforming public organizations in such a way that the value to the public increases both in the short and the long-term. In his perspective, the greater value is produced, if the quantity or quality of public outputs per resource expended is enhanced, the costs are reduced but also the responsiveness and the capacity to innovate are increased. O'Flynn (2007) adds that public value paradigm is post-competitive, and thus emphasis is on outcomes and processes, which may generate trust or fairness. Therefore, the question of differences between public value and public goods arises here. Public goods are strictly limited to outputs, whereas public value includes but is not limited to outputs. The emphasis lies on outcome fulfillment. (Alford & O'Flynn, 2009.) Ideally, the creation of public value is shared responsibility between different market actors, like governments, public institutions, non-governmental organizations, private enterprises and citizens (Van Dijck et al, 2018).

Value creation through co-production

This perspective stresses that the interaction among users creates more public value (Pekkola et al, 2015). Public's involvement, in which the public is not perceived only as customers but also as stakeholders, has progressively expanded in the literature (Macron, 2014). Osborne et al. (2015) argue that co-production is an essential part of service delivery. They empathize that public value is an indicator of public service effectiveness rather than an internal measurement of public service efficiency. However, misleading co-production process may have negative impacts on public value and public service effectiveness (Osborne et al, 2015). Further, value co-creation has emerged from that participative viewpoint of service delivery (Lusch & Vargo, 2006; Osborne, 2018). Value co-creation is

Mechanisms to measure public value

The literature is centered on explaining the public value paradigm but recently measuring it has received growing attention (Spano, 2014). Harrison et al. (2012) have created a framework for assessing public value, which is a useful tool for practitioners. They argue that public value is delivered when government and citizens interact transparently and collaboratively. Spano (2014) has identified that public value is created either by a single organization or multiple organizations. A single organization may create value as a whole or in relation to a policy or program, whereas multiple organizations often contribute value creation in relation to a policy or program. The measurement of public value in the context of policy or program takes evaluative aspects. Moore (1995) has proposed program evaluation, emphasizing the cost-benefit ratio, as an approach to measure public value, whereas Spano (2014) suggests broadening the emphasis on impact analysis. Faulkner and Kaufman (2018) have conducted an in-depth review of existing research of public value measurement. They have identified the current state of critical components, which are necessary for measuring the extent to which a public organization creates public value. Their framework adds equal significance on both efficiency and outcome achievement and is valuable for researchers keen to improve the empirical understanding of the public value paradigm.

Non-normative perspective

According to Meynhardt (2009), the public value in the non-normative context is created at every societal level. Public value characterizes the relationship between an individual and a social entity that further defines the quality of this relationship. Collective values, like trust and solidarity,

strengthen the public value. Similarly, the values underpinning the extreme individualism are public value, if they describe how individual perceive the public. Thus, any value, which ultimately impacts on how individuals or groups fulfill their basic needs, is recognized as a public value. However, value subjected to an individual is hard to deliver. As a consequent of this relational view, the public value paradigm does not only compensate the market failure or ‘public-value failure’ as noted by Bozeman (2007). Public-value failure occurs when neither the public nor any other sector corresponds to the service needs. Adding public value, therefore, contributes beyond the market values in order to correct or extend the market to respond to the lack of services and ultimately maximizes citizens’ welfare. (Meynhardt, 2009.)

Despite the importance of values (plural), this study concentrates on value (singular) creation. The value discussion, especially in economics, examines a value judgement rather than a cognitive sense of values (Bozeman, 2007). However, value thinking combines values, institutions and service delivery, which eventually may foster a broader view on public sector reforms (Gunthrie & Russo, 2014). Thus, the theoretical framework is built on public value management, co-creation perspective and measurement of public value.

2.1 Public Value Management

Moore (1995) compares in his analogue private value creation to public value creation. According to Moore, the managerial viewpoint differs from the normative perspective on public values. Whereas citizens express their multiple desires, public managers concern is to reflect on them collectively and define which are the desired outcomes. Public managers create value by deploying resources – money and authority – and by meeting citizen’s desires. They are expected to act coherent and normative, even though they would have their doubts. Both sectors have dual groups to satisfy, customers and stakeholders. However, a stakeholder is much more fluid and diverse concept in the public sector than in the private sector. Since public managers receive the political mandate to create public value, authorization calls for political and administrative management, where the emphasis is added on adapting the ever-changing environment. Often private managers respond to complex matters by defining strategic goals and operational plans. Moore’s ideology supports the very same strategic principles. A strategy for public organization simultaneously contains three elements: (1) it states the overall vision and/or purpose of an organization, (2) it offers an account of the sources of support and legitimacy that will be tapped to sustain society’s

commitment and (3) it explains how public organization should be organized and operated to achieve the determined objectives. These elements must be built in a coherent alignment by forming a strategy as substantively valuable, politically legitimized and operationally feasible. Thus, the strategy should reflect on downward toward the organization's production processes as well as up- and outwards towards the politics. Following Moore's alignment, Greve (2013) describes that public managers are in a strategic triangle between legitimizing environment, organizing environment according to the focus and producing results that are favorable for value creation process (figure 1). Figure 1 showcases the three sides of the strategic triangle.

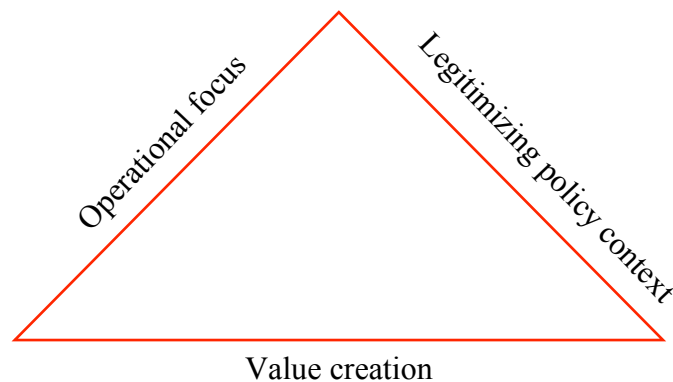


Figure 1: Strategic triangle. (Moore, 1995; Greve, 2013)

Moore (1995) continues that strategic planning draws attention to these diverse, yet equally as important, alignments – substance, politics and organizational implementation. Moreover, the strategic planning helps public organization to maintain a sense of purposefulness and allows refocusing the objectives in the interest of creating additional public value. However, if an alignment is ignored, a value-creating path will be lost. Thus, the interaction between the three different alignments likely increases value creation. Similarly, Bryson (2010) describes public value creation in terms of strategic management. He stresses that strategic management is viewed as the appropriate and reasonable integration of strategic planning and implementation across a public entity in order to enhance the fulfillment of the mission, continuous learning and sustained creation of public value. Such a public value embraces both financial and non-financial measures (Meynhardt, 2009).

The idea of public value management (PVM) emerged from Moore's notion of public value creation (Greve, 2013). O'Flynn (2007) has compared PVM to one of the most significant reform

theories NPM. She addresses the efficient and results-oriented focus as the weaknesses of NPM, while embracing PVM from the post-competitive achievements and broader governmental goals. Value creation pursues multiple objectives, such as outputs, satisfaction, outcomes, trust and legitimacy. Compared to aggregating individual preferences, PVM sees collective preferences as expressed. The relationships have a dominant focus as a wide range of stakeholders receives legitimacy to involve in government activity. Furthermore, PVM relies on multiple accountability systems and deliveries contain various alternatives selected pragmatically, and thus value creation process is said to rely on politically adjusted preferences, which citizens have determined valuable (Greve, 2013). PVM approach perceives governments as complex adaptive systems rather than bureaucratic machines, in which public managers have an active role, and networks is a distinctive channel for decision-making and service delivery (Marcon, 2014). This calls for a redefinition of the role of public managers as they move beyond earlier adopted roles as implementers of grand political plans or promoters of efficiency goals towards network governance and ultimately value paradigm. Network governance acknowledges that government activities are interconnected and require collective efforts. Therefore, public managers are expected to be open in learning and deploying resources from a wide range of sources. This emerging view on networks, therefore, supports broader functional matching to select between the sectors – public, private or non-profit. However, this requires an ability to weigh, which preconditions, like governance structure and relationship form, function best in a given situation. (O’Flynn, 2007.) All in all, this contributes adapting open view on procurement rejecting the one-size-fits-all approach (O’Flynn, 2007), which advocates to increase the role of user’s choice as a mean to search alternative channels to receive services (Marcon, 2014), which, in contrast, calls for transparency (Harrison et al, 2012). Transparency in value creation refers to the availability of timely, relevant and reliable information. Transparency fosters accountability and potentially increases legitimacy. Accurate information, in addition, enables citizens to do something they find valuable, otherwise, transparency is an empty promise. (Harrison et al, 2012.)

Public value management is also related to performance measurement. Searching impacts in governance activities have received growing attention post-NPM oriented reforms (Pollitt & Dan, 2013). Since the public sector is not a profit-oriented, performance should be understood as a multidimensional construct (Kearney & Meynhardt, 2016). Public value paradigm provides a wider perspective to measure government performance and guide policy decisions (Alford & O’Flynn, 2009). While NPM strives to balance the relationship between inputs and outputs, and often ignores the question of suitable targets, PVM is shifting the emphasis from the enhancement of outputs to

the end outcomes (Macron, 2014). Briefly, this means that public organization with a set of inputs (tax incomes and other resources) creates outputs (efficient and high-quality services), which lead to desired social, economical, environmental and cultural outcomes in a way that trust in public bodies increases. If the relation of input, output and outcomes works optimally, it builds a positive cycle, in which service delivery is enhanced in terms of outcome-based delivery. (Lovio & Kivisaari, 2010.) Outcomes are the effects taking place outside the organization. Whereas an output may lead to the result(s), an outcome must appear in order to achieve impact. However, to satisfy the chain, is often hard and increased trust can also be a result of many other factors, such as economic boom. Hence, assessing impacts is complex and requires interpretation. (Pollitt & Dan, 2013.) Alone, the target setting seems challenging in practice (Kearney & Meynhardt, 2016).

Scholars also emphasize that value thinking contributes to the democratic processes, which appears lacking in long-standing ideas that democracy is limited to voting in elections or surveys on customer satisfaction. Value management, in contrast, postulates a circular and continuous process of democratic exchange. Democratic dialogue evokes a definition to bind collective decisions at each stage of the decision-making process. (Marcon, 2014.) However, not all democratic processes automatically create public value. This is a resource that must be activated. (Sandfort & Quick, 2015.) Participation is a form of involvement, which must be directed towards goals that are carefully defined and acknowledged by government feedback. The citizens' inputs generate outcomes that are visible to stakeholders in value creation. (Harrison et al, 2012.) Another newer approach to engagement is building deliberative capacity, which potentially contributes to the creation of public value in two ways. First, it enhances the influence of publicly held values in framing public problems and formulating policy solutions. The second, it intrinsically increases the valued feature of good governance. (Sandfort & Quick, 2015.) Deliberative democracy relies on public opinions, inputs, which are perceived to boost the responsiveness of the public sector (Parkinson, 2012). Thus, deliberative democracy can be understood as 'reason-giving' to justify the decision-making. The reason-giving opposes bargaining between competing interests and assumes that the crucial political act is a public act. (Marcon, 2014.) The third form of involvement, co-production, has already been presented by Moore (1995) as a strategy to create value by distributing services with a wider group of participants. The next chapter will take a closer look at the dynamics of public value creation through co-production.

2.2 Value Co-creation

A shift from traditional public administration first to client focus and eventually to the service-centric logic has affected customers' involvement in the value creation process. Service-dominant logic understands service as a process of doing something for someone, which contributes to value creation and exchange (Lusch & Vargo, 2008). Consequently, different approaches have emerged from that view. For instance, stakeholder literature underlines that value is created in a relationship with several stakeholders, including citizens, non-profit organizations and the private sector. By responding to the stakeholders' needs and demands a public organization gains a strategic position at the market. Joint interests, in which are built on shared objectives, create a basis for collaboration, interaction and sense of understanding between multiple stakeholders seeking account for long-term strategic goals rather than short-term economic profits. Long-term objectives and even aligned strategies strengthen the joint interests and eventually may improve social outcomes of service. Although common interests may differ between parties, the willingness to invest in long-term collaboration creates additional value and an opportunity to enhance their interests. (Kujala, Lehtimäki & Freeman, 2019.) Similarly, co-production, which perceives the users not only as customers but also as voluntarily or involuntarily producers of the services, seeks an account for collectively consumed public value (Alford, 2016; Osborne, Radnor & Strokosch, 2016). The literature of co-production is widely discussed among American, European and Australian scholars as noted by Osborne et al. (2016), it has emerged in the literature already in the 1980s but has expanded later in 2000s.

Public value and its dimensions are complex from their nature. Yet, the public organizations are responsible for producing it, but at the same time, they create private value as well. (Moore, 1995; Alford, 2016.) Lusch and Vargo (2006) stress that all economic entities are resource integrators. Application of these integrated resources motivates value exchange both economically and socially. Thus, any co-productive process likely creates dual value for the public and private sector. Dual value creation means that both sectors benefit from it. The fact that they are produced together in the same process means that there is interdependence between them. Thus, taking account of private value and its relationship to public value is part of the analysis of public value. By including service logic, the interdependence is enhanced. (Alford, 2016.) Alford (2016) argues that public organizations cannot create public value and deliver services unless the customer actively participates in its production, while Osborne et al. (2016) emphasizes that public service-dominant logic (PSDL) links co-production directly to co-creation of the value. Alford (2016) adds that public

organizations tend to depend on co-productive resources to achieve its purposes, since public values are assessed focusing on outcomes and interactions with the customers rather than on outputs. Thus, a unit of analysis is often broader and more fluid. However, the degree of dependence is influenced by several conditions. First, to which extent users have necessary skills for production. Second, to which extent users are contributing. Third, to which extent integration between organization and customer is efficient. Fourth, to which extent co-producers are engaged. The relationship between these conditions can either be dependent in one-way, where public organization relies on citizens' contribution, or in both ways in the form of more systematic co-production.

Co-production nevertheless requires time and effort to participate in providing services. Therefore, the main concern often is, are the users willing to co-produce? In order to activate service users, public managers need to know what they want from them. Then, public managers are able to distinguish citizens' roles and duties as co-producers, and to encourage them to participate. Compared to encouragement defining citizen's roles has received little attention. Public value process mapping is a promising tool to address these questions. Value mapping outlines a chain leading to desired outcomes, identifying candidates for co-production role, delineating their possible tasks seeking to understand what particular factors might elicit that contribution. (Alford, 2016.) Co-production also has its limitations. For example, there may be no real understanding of policy contexts nor understanding of the multiple desired outcomes. Conflicting values call for complex judgments by public managers in determining the weight of the values. (Alford, 2016; Osborne et al, 2016.) Thus, Lusch and Vargo (2006), among other scholars as noted by Osborne (2018), argue that co-production has been rooted in production-dominant logic and linear Fordist market. Osborne, Radnor and Nasi (2013) argue that public service delivery is not fit for purpose, if service offerings emphasize production logic instead of service-dominant logic. Production-dominant logic sees value as added in the value of the good during its production. Value-in-exchange logic captures the exchange of the money and thus emphasizes the wrong means of public service delivery. (Lusch & Vargo, 2008.) Meanwhile, value co-creation within service encounters has received growing attention. Value is co-created through trust, learning and adaptation. This ideology recognizes that value is not created for customers, but service offerings have the potential to create value for them. In service offering, also known as value-in-use, customer's way of using the service creates value. Accordingly, offering interaction based on the social context is seen to construct the value, so-called the value-in-context. Therefore, value co-creation supports the view that service users with the help of public organization create the performance and the value of public service by themselves. (Osborne, 2018.) Individuals do not only co-create for themselves but

at the same time, they also contribute to the collectively created value for other users (Osborne et al, 2016). However, the public organization must integrate and facilitate the service offerings according to the citizens' needs, personal abilities and experiences as well as societal context (Osborne, 2018). Value co-creation moves the emphasis on market-with orientation rather than viewing the market as market-to-someone (Lusch & Vargo, 2006). Through value co-creation, it is potential to re-conceptualize the delivery of public services. However, there is a lack of knowledge to actualize the concept. The gap can be better understood by clarifying: (1) the nature of value in the context of public services, (2) the balance between individual and collective value in the public service delivery, (3) the impact of multiple stakeholders delivering the public services, (4) the processes to facilitate value creation and by whom are the service users supported, (5) the resource integration. (Osborne, 2018.)

2.3 Measuring Public Value

Again, the distinction between public values in the plural and public value in singular arises, when it comes to the interpreting value creation processes. Public values, and their close relation to the organizational values, are fundamental components of culture, which inform and guide behavior. Thus, values are relevant to detect, define, operationalize, weigh, quantify and hence integrate into management. (Macron, 2014.) For instance, the changes in an organization may adjust values, which triggers political actors to ensure that the new mix of values fits their ideas of what constitutes public value. Thus, engaging the political actors is required to achieve operational objectives, sustain accountability and authorize change and innovation. (Moore, 1995.) Creation of public value is an argument for stimulating innovation and structural changes (Harrison et al, 2012). A focus on value glues the debates of values, systems, processes and people together, which enables to link insights from different analytical perspectives to redesign performance measurement and further to foster a broader view on public sector reform (Macron, 2014). Once this is highlighted, the attention can be turned to public value measurement. Faulkner and Kaufman (2018) have built a framework, which bases on the knowledge of the current state of public value measurement. The framework is universal – it comprises a wide range of policy and national contexts, and thus can be applied in different research settings. The framework identifies the essential dimensions of public value measurement (figure 2.1).

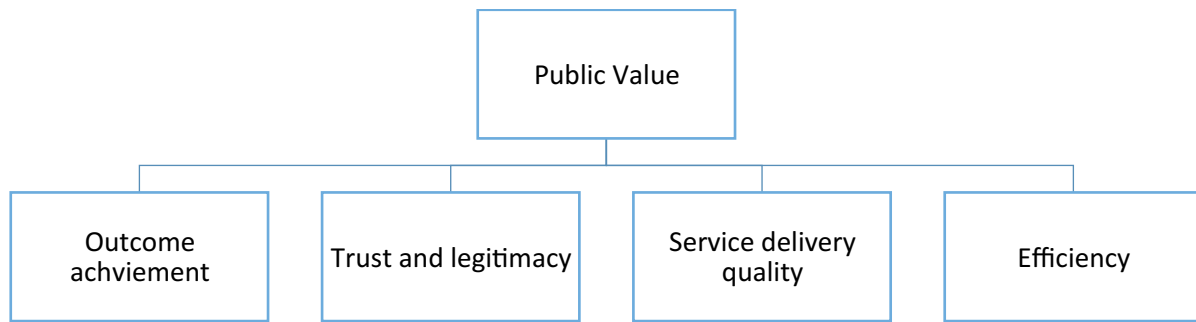


Figure 2.1. Framework for dimensions of value measurement (Faulkner & Kaufman, 2018)

Figure 2.1 displays the four value dimensions: (1) the outcome achievement, (2) trust and legitimacy, (3) service delivery quality and (4) efficiency. The outcome achievement refers to the extent which public organization is improving publicly valued outcomes across a variety of different sectors. Trust and legitimacy, in turn, refers to the extent to which an organization and its activities are perceived as legitimized by the public and other stakeholders, while service delivery quality refers to the extent to which services are delivered in a high-quality manner that also considerate of users' needs. Finally, efficiency refers to the extent to which an organization is achieving maximal benefit with minimal resources. (Faulkner & Kaufman, 2018.) Literature shows that public value creation tends to enhance the outcomes in the short and long-term. Strategic management promotes the values that are approved in the society – public managers are in a strategic triangle between legitimizing, organizing and producing results according to the value environment. (Moore, 1995; Greve, 2013; Bryson, 2010.) Nevertheless, the focus should not be only on financial but also on non-financial outcomes, which increase the trust (O'Flynn, 207).

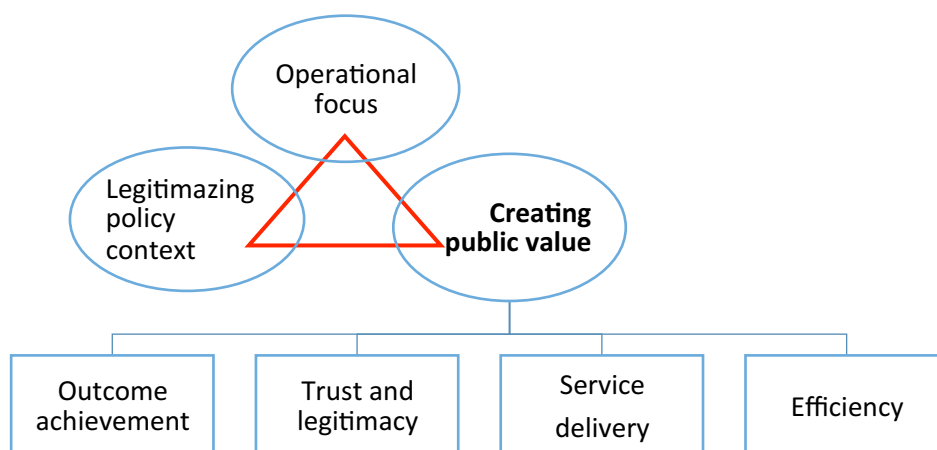


Figure 2.2. Adapted framework for strategic value measurement (Faulkner & Kaufman, 2018; Moore 1995)

Following Faulkner and Kaufman's (2018) model, a framework of this study was designed (figure 2.2). Figure 2.2 demonstrates that the strategic triangle by Moore is embedded in Faulkner and Kaufman's model. Since the governance has gradually moved beyond TPA and NPM towards public value creation (Bryson et al, 2014), this study is interested in interpreting how the process of value creation has proceeded. Value creation is often understood in terms of strategic management. Moore (1995) describes that strategic management is a triangle, which strives a balance of legitimizing the policy context, operational focus and value creation. Strategic management emphasizes open dialogue between parties and points out where public managers stand. While the four dimensions identify the crucial value measurements, which strive to understand the different areas of public value management (Faulkner & Kaufman, 2018). However, the concept of public value is abstract. Moreover, the reform of regional government, health and social services has increasingly become a complex phenomenon partly due to the massive content of the reform proposal and partly due to the political disagreements. Therefore, this adapted framework strives to describe both phenomena and eventually respond to the following research questions:

To what degree does public value management steer the preparation of the regional government in Pirkanmaa?

How does the process of public value creation functions in Pirkanmaa?

How do professionals (at Pirkanmaa2021) perceive the creation of public value?

Spano (2014) stresses that public value measurement can take place ex-ante, on-going or ex-post, in which ex-ante refers to the time before the activity, whereas on-going refers to during the implementation of the activity and ex-post to after the implementation. In this study, public value is measured in relation to a government program, the initiative of the regional governance, health and social services reform in Finland. The empirical part of the study concentrates on the on-going preparation of the reform, and the case organization is introduced in detail below.

3 Research Design

This chapter describes the design of the research, and it contains three sub-chapters. To start with, this chapter discusses the methodology and provides arguments for the chosen methods. Then, the discussion shifts the emphasis on the case in question and introduces a research object and the subjects of the research. Finally, the third sub-chapter describes how the semi-structured interviews were operationalized.

3.1 Methodology

Both qualitative and quantitative methods seek to develop theories and are equally relevant to social science research (King, Keohane & Verba, 1995; Masue, Swai & Anasel, 2013). The post-positivism is understood as a quantitative form of research and staying objective as an essential aspect of the study. The constructivism strives to generate or develop a pattern of meaning and often applies qualitative research methods. The social constructivism perceives that humans construct meanings as they interpret the world, whereas the transformative worldview is a change-oriented and recognizes that political agenda confront the social issues. The transformative approach relies on participatory action research. The pragmatism, in contrast, is not committed to a single philosophical meaning and reality. The researcher is free to choose the research methods that meet the best the purposes of the study, and therefore, the pragmatism applies mixed research methods. (Creswell, 2014.)

The qualitative and quantitative methods are often perceived to complement one another (Hirsjärvi, Remes & Sajavaara, 2009). While the quantitative research takes a deductive and variable-oriented approach to develop statistical generalizations, the qualitative research seeks an inductive approach to explore, describe, explain, change or evaluate the social phenomenon. The qualitative approach attempts to understand the phenomenon from the point of view of the research subjects. Focus is on either conceptual or thematic methods to draw attention to the subjects' knowledge and insights. Thus, the qualitative approach suits well to gain an in-depth understanding and provide an explicit interpretation of a social phenomenon. (Masue et al, 2013.) This study intends to shed light on the regional preparation of the reform by focusing on individuals' experiences, and thus applies a qualitative research approach.

The qualitative approach bases on the notion of the existence of multiple realities. Reality is socially constructed, and social phenomena are context specific. Therefore, qualitative methods are often case-oriented. (Masue et al, 2013.) A case study examines a contemporary phenomenon in its real-life context, when the boundaries of the phenomenon and the context itself are not clearly evident (Yin, 1981). A case study is a thick description of the phenomenon (Laine, Bamberg & Jokinen, 2007). Thus, case studies are relevant to study knowledge utilization. Although the combination of the contemporary phenomenon and its context is considered as one of the strengths of the case study, it also may create tensions. Once the context is combined into a study, the number of variables of interest will certainly be greater than the number of the data points. (Yin, 1981.) This study utilizes a single case study approach. A single case study is a relevant approach to test a well-formulated theory since it contributes to knowledge and theory building (Yin, 2003). Another justification for a single case study is to reflect what can be learnt from this specific case (Laine et al, 2007). This so-called typical case represents a standard phenomenon among other phenomena. The lesson learnt from a typical case is assumed to be informative. (Yin, 2003.) The selection of the case is introduced in more detail below.

To collect multiple sources of evidence is relevant for a case study (Yin, 1981). An interview is a qualitative approach to gather in-depth data (Masue et al, 2013), and it is one of the most used methods in social sciences due to its flexibility (Hirsjärvi & Hurme, 2014). Interviewing is communication – it is a direct discussion between the researcher and interviewee participants (Hirsjärvi et al, 2009). It is a suitable approach when the phenomenon is not commonly known, or the results are placed in the broader context. If the research phenomenon is known to be complex, the interview may generate multi-dimensional results. On the other hand, interpreting and analyzing interviews is often complicated since there are no universal patterns. (Hirsjärvi & Hurme, 2014.) In this study, semi-structured interviews were used as a primary method to collect data. A semi-structured interview identifies thematic focuses and positions between the structured and open interviews (Hirsjärvi et al, 2009). A structured interview is very standard, for example, the interview questions are always addressed in the same order. On the contrary, the order of the semi-structured interview is more flexible, and the researcher is allowed to use her discretion. An open interview, in turn, is a discussion that does not have a pre-defined orientation, whereas the semi-structured interview targets a set of themes, which are discussed during the interview. The interview questions are pre-defined, but the wording may vary in each interview. The researcher may further address additional questions. The semi-structured interview intends to bring forth the interviewees' insights. Hence, the interviewees are active participants, and they are perceived as research subjects.

(Hirsjärvi & Hurme, 2014.) From these premises, the semi-structured interview suited well to the design of the study. In this study, the semi-structured interviews implement the themes arisen from the theoretical discussion and the policy background. Additionally, the interview offers an opportunity to observe the interview situation. Observations intend to inform a researcher how the interviewee participants behave. Observations usually examine the environment of the interview and the participants' facial expressions. (Hirsjärvi & Hurme, 2014.) In this study, the interviews were recorded in audio format. Hence, the observations rely on the researcher's memory.

However, there are a few flaws related to the interview as an approach to the data collection. The researcher, for instance, cannot be sure whether the interviewee participants provide only socially acceptable answers (Hirsjärvi & Hurme, 2014). Therefore, the interview situation is open to the interpretations, and another person could interpret it differently. Hence, to increase the credibility of the study, secondary data was collected. Secondary data may partially respond to the research questions, which may, therefore, result in unpredictable research findings. In this study, the collected secondary data, the minutes of meetings, was raw from its nature. Raw data means that it has not been processed earlier for research purposes. (Saunders, Lewis & Thornhill, 2009.)

The sample of the qualitative studies is often more limited compared to the quantitative researches, which often use the random sampling technique. However, in qualitative researches, the quality of the data is expected to be higher. (Laine et al, 2007.) In this study, both primary and secondary data contributes to the quality of the data. It is also expected that the quality of the interviews is high due to the purposive sampling. The purposive sampling ensures that the relevant interviewee participants are included in the sample. The relevant participants are expected to have meaningful insights that will best help to find answers to the research questions. The size of the sample should be large enough to describe phenomenon in-depth. (Creswell, 2014.) The detailed process of data collection is described below in the fourth chapter.

The content analysis is a method to interpret data. The gathered data, both primary and secondary data, is analyzed through theory-driven content analysis, in which the theoretical background is guiding the analysis (Laine et al, 2007). The extensive literature review on public value paradigm builds the theoretical base for the empirical analysis (Yin, 2003). In this study, the primary data was first transcribed, and then the secondary documents were selected to supplement the primary data. Finally, the data was categorized by the themes and the conclusions were formed based on the direct content analysis. (Hirsjärvi et al, 2009.) The purpose of the direct content analysis is to

validate the theoretical framework (Laine et al, 2007). Furthermore, the conclusions intend to draw attention to the practical applications (Yin, 1981).

3.2 Case Selection

Universally, the reforms consist of several phases: (1) preparation, (2) implementation and (3) operation, and each phase can be studied separately or as a whole chain. The Finnish Government has presented several legislative proposals in order to implement the reform of regional government, health and social services. However, the legislative proposals were never voted in the parliamentary. Instead of they were passed from the Government to the parliamentary committees back and forth several times. After the lengthy political debate, the reform proposal was run down, and the Government resigned on 8th of March 2019. (Ministry of Finance & Ministry of Social Affairs and Health, April 8, 2019; Merikanto, February 22, 2019 & April 7, 2019.) For the purpose of this study, it is not necessary to discuss deeply about the details of the failure at this stage. However, it is needed to mention that the uncertain political situation has affected to the design of this study. When the research process was kicked off in autumn 2018, the preparation phase was still on-going. In this light, a case can be called as open, which means that the researcher does not know, in which direction does a case develop and what is a result of the reform (Häikiö ja Niemenmaa, 2007). Thus, the scope of the research is only on the first phase – the preparation of the reform.

The preparation of the regional government, health and social services reform has been organized top-down. At the central governance level, the Ministerial Working Group, the Ministries and the project committee are the key officials responsible for preparing the reform. The project committee is led by the Secretary of State, who is reporting directly to the ministers. The regional preparation has further been delegated from the central governance to the Regional Councils. (Valmisteluorganisaatio, 2018.) Due to the delegation and the limited resources, the research object is narrowed to one county. This correlates to the research design, which then was formed as measuring public value creation in a single county in relation to the government program described earlier.

Pirkanmaa was chosen as a research object because the preparation in Pirkanmaa progressed well compared to the rest of the counties (Alatalo, March 16, 2019), which makes it as an interesting object to study. Pirkanmaa located in South Finland has half a million citizens, and it is the second

most populated county in Finland. In the past few years, the population has been growing incrementally, and the growth has been predicted to continue at the same pace. However, the growth is centered on the city of Tampere and the surrounding municipalities. The dependency ratio of the demographic is above the national average, which indicates that there are more elderly or children than the labor force. The regional differences are nevertheless significant. The aging population is a central issue in the rural areas close to the neighboring counties, whereas the amount of children is the highest in the surroundings of Tampere. (Konttajärvi, 2016.) Pirkanmaa shares a border with six counties. The neighboring counties are Etelä-Pohjanmaa in the northwest, Keski-Suomi in the northeast, Päijät-Häme in the southeast, Kanta-Häme in the south, Varsinais-Suomi in the southwest and Satakunta in the west. There are 22 municipalities in Pirkanmaa – the center is a growing city Tampere, but there are also rural areas especially close to the borders of Pirkanmaa. (Pirkanmaa perustietoa, 2018.) Currently, there are eight joint regions, in which two municipalities arrange health and social services together, and the other six municipalities are responsible for arranging the services by themselves. There is also a university hospital, which provides specialized care and medical research in the region. (Salkoaho, 2016.) Furthermore, Pirkanmaa is considered economically vital, and the region has a strong tradition in developing the structure of the services. For example, the city of Tampere is known for the purchaser-producer model, which was launched in 2007 and brought administration closer to political decision-making. Although the model came to the end of its life in 2017, it has during its ten-year journey determined a certain path dependent road for the development in the future. (Miettinen & Lehto, 2014; Uusi-Illikainen, 2018.) Besides, to mention, researches [master theses] from different perspectives have recently been conducted from other counties (c.f. Suppala, 2018; Tenho, 2018; Vaisto-Sund, 2016), and therefore it is not rewarding to re-study the same regions again. All in all, for these reasons, Pirkanmaa is a compelling research object.

The preparation of the reform in Pirkanmaa began in October 2016, when the preparation was delegated to the Regional Counties, and the reform team Pirkanmaa2021 (former Pirkanmaa2019) was founded. Ever since the preparation work has continued in three half-year periods. Pirkanmaa2021 is an ad-hoc team that is fairly independent of the mother organization, the Council of Tampere Region, which the municipalities of Pirkanmaa form jointly. The highest decision-making body is the Assembly with 59 representatives, from which the eleven representatives form an executive board, a government. (Halme & Pikkuaho, 2016.) Figure 3 presents the organization structure and the hierarchical relations between the bodies.

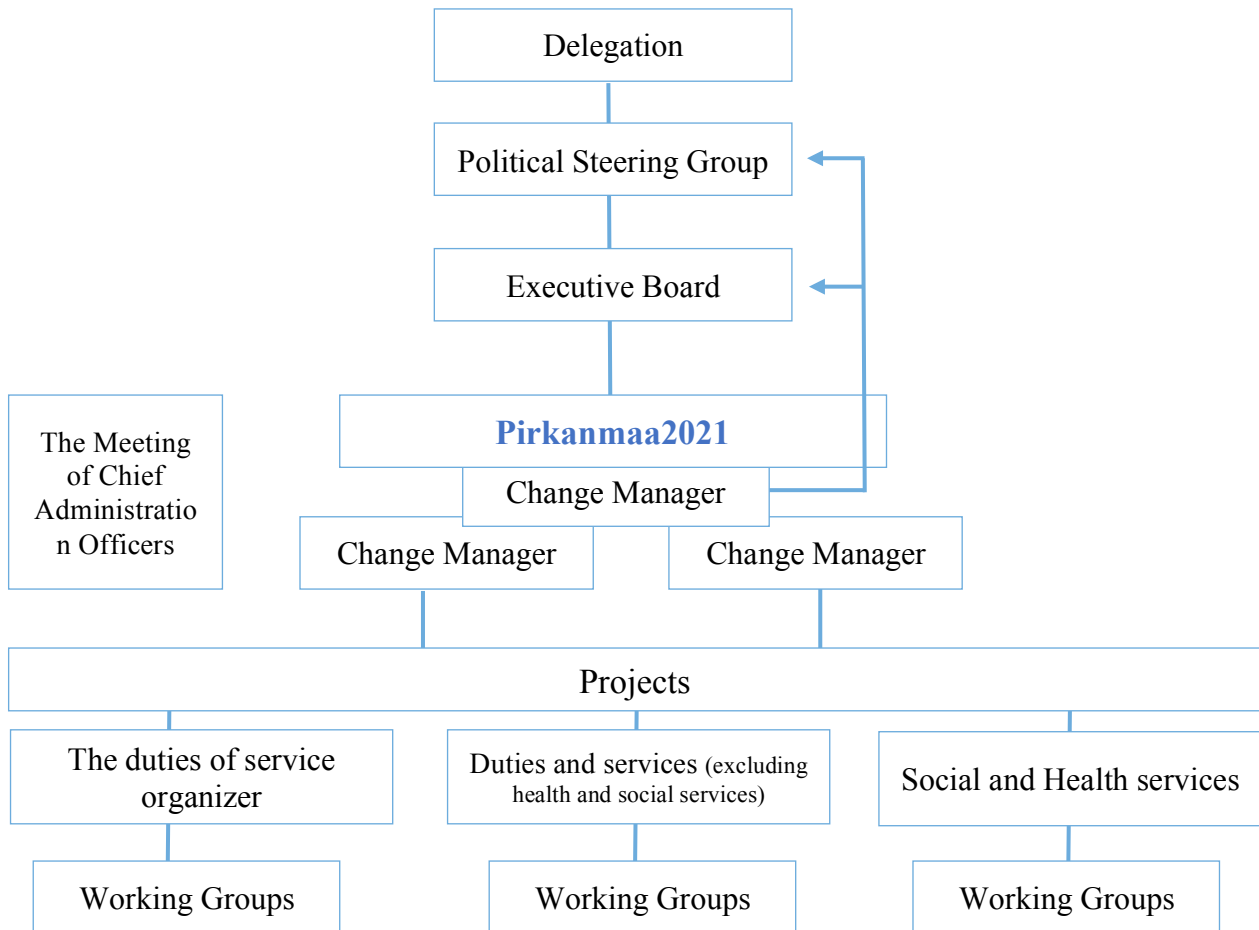


Figure 3. The structure of the organization. (Adapted from Pirkanmaa2021, 2018)

Pirkanmaa2021 is governed by the delegation, the political steering group and the executive board. The delegation is meeting rather seldom, and the purpose is mainly for sharing information. It seems to appear that the Delegation has not continued their meetings at some point during the preparation. The political steering group and the executive board are steering the progress of the local preparation, controlling the interest of the county and guiding the operative work. The political steering group consists of the board members of the sitting Assembly of Tampere Region, whereas the executive board is formed from the bureaucrats representing the Pirkanmaa's municipalities, the Council of Tampere Region, the Pirkanmaa Hospital District, the Center for Economic Development, Transport and the Environment of Pirkanmaa, the Rescue Department of Tampere Region and the employee organizations. The meeting of Chief Administration Officers brings senior managers from the municipalities and other officials from the resigning organizations around the same table. Pirkanmaa2021 employs three change managers, Päivi Nurminen, Jaakko Herrala and Jukka Alasentie, as well as 38 project leaders and several other project assistants. A change manager Päivi Nurminen is a presenting official for the political steering group and the executive board and reporting directly to them. The preparation has been distributed into sub-projects, which

are structured in three main blocks: the duties of service organizer, social and health services and other services. The change managers Jaakko Herrala and Jukka Alasentie are responsible for steering the projects. Additionally, each project is supported by the external working group. Project leaders, who are representing a wide range of different expertise areas, are responsible for coordinating the external working groups and compiling their work. (Pirkanmaa2021, 2018; Sote- ja maakuntaudistus Pirkanmaalla, 2016.) The employees of Pirkanmaa2021 are the research subjects of this study. However, it is essential to notice that this study does not provide an in-depth analysis of single projects carried through the preparation but strives to draw a comprehensive overview of the preparation as a whole.

3.3 Operationalizing the Data Collection

Operationalization is the process to define the empirical equivalent of a theoretical concept. It is often more relevant in quantitative research. However, in social sciences, the theoretical concepts may be impossible to examine as such, which calls for operationalization. (Eskola & Suoranta, 1998.) Nonetheless, operationalization is not entirely objective since there may be several empirical equivalents for one theoretical concept. In other words, this means that a theoretical concept can be understood in different ways, and thus, the researcher is required to interpret the phenomenon being studied. (Hirsjärvi et al, 2009.) In this study, the empirical equivalents identify the thematic focuses. The themes are selected rather systematically and categorized under the four value dimensions presented in figure 2.2. They have emerged both from the literature and the discussion of the policy context.

First, to gain an understanding of public managers position in relation to the legitimizing policy context and organizing operational focus, the following themes were brought up at the beginning of the interviews:

- Dialogue with national and local politicians
- Operational environment

The interview questions were formed loosely around these themes, and the interviewees were asked to describe the phenomena, as they perceive. The themes have emerged from Moore's notion of public value creation and are in line with the strategic triangle.

Utilizing the second part of the applied framework requires more context-specific criteria to select the themes. Although Faulkner and Kaufman (2018) purpose a few examples of which themes can be categorized under the four dimensions of value measurement, they emphasize that they are fairly context-specific. Therefore, the identifications by Hyndman and Liguori (2016) were used to select which themes are examined in this study (appendix 1). Like many others, Hyndman and Liguori have compared the NPM and NPG reforms to the traditional public administration and identified characteristics of each of the eras based on the comparison. The identifications of NPG are appropriate in the context since both approaches PVM and NPG places in the post-NPM era and puts equal emphasis on network governance and the expansion of the citizens' involvement (Marcon, 2014). These identifications recall as what may be recognized as public values. Here, the selection criterion is context specific – the selected themes have arisen either from public value literature or the context of the research. Figures 4.1, 4.2, 4.3 and 4.4 describe the themes as well as precise interview questions.

Outcome achievement

As stressed in the literature, public value shifts the emphasis from the outputs to the outcome achievement (Moore, 1995; O'Flynn, 2007). Reform proposal (HE 15/2017) purposes that regional counties in collaboration with municipalities are responsible for promoting good health and welfare in the region. Additionally, counties would be responsible for fostering regional business development, cultural identity and environmental health services. Therefore, it can be argued that the reform aims to achieve long-term impacts on social, economical, environmental and cultural development. Strategic impacts imply on organization's economic or political advantages, opportunities or goals as well as resources for innovation and planning (Harrison et al, 2012). Figure 4.1 shows that strategy and measuring outcomes have selected as the focus of the outcome achievement. Interviews will concentrate on finding out how Pirkanmaa2021 preparation has strived to define outcomes and measurement on impacts.

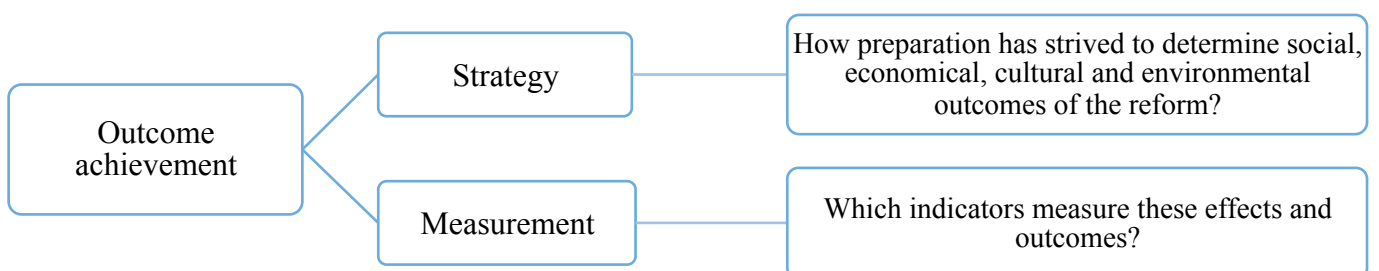


Figure 4.1. The thematic focus of the outcome achievement.

Trust and legitimacy

The reform proposal (HE 15/2017) proposes opening the market. Accordingly, regional authorities will deliver services and share responsibilities more in collaboration with private and third sector partners, and citizens have the freedom to choose their service provider. Governing multiple service providers calls for mutual trust. Trust is an outcome of the successful interaction, which builds transparency and fair process. Thus, trust is an important aspect in change situations. The strategic choice to develop trust improves organizational performance and increases partners' engagement in value creation. (Kujala et al, 2019.) Transparency, which requires access to information about the actions of government officials or operation of the government program, enhances the accountability on government (Harrison et al, 2012). Network governance is perceived to increase mutual trust (O'Flynn, 2007).

The reform proposal (HE 15/2017) presents partnerships as a mean to co-development, which refers to a collaborative development strategy deploying resources from different sectors. Co-development bases on common goals, trust and transparency. The public value may diminish, for example, due to the privatization, but there is little empirical evidence either supporting or rejecting the assumption that public-private partnerships (PPPs) have a negative effect on public value. Nevertheless, several scholars argue against them. They claim that PPPs hinder accountability if public servants lose decision-making authority. Further, PPPs are claimed to decrease transparency due to the non-involvement by public officials. However, PPPs are a promising alternative as they in theory enable governments to protect the creation of public value. Whether they do so in practice remains unclear. (Reynaers, 2013.) Therefore, this study aims to find out which kind of governance structure is constructed in order to foster organizational legitimacy. Figure 4.2 points out that network and partnership approaches, as well as transparency and accountability, have been chosen as thematic focuses of the second value dimension. The thematic focus of the interviews has been formulated accordingly.

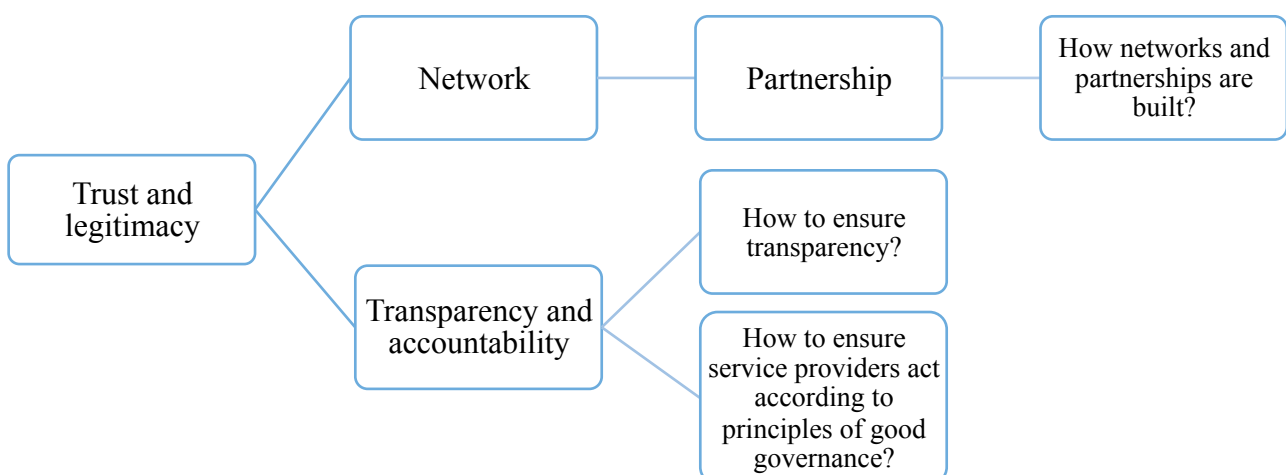


Figure 4.2. The thematic focus of trust and legitimacy.

The quality of service delivery

The main principle of the reform is to improve the quality of the service delivery by ensuring equal access to the services for every citizen (HE 15/2017). The market is perceived as a partner in order to supplement the service delivery. Collaboration with a private partner is often said to cause conflicting interest. However, there is not enough empirical evidence for the claim that the aim of the private partner to increase profit strives to optimize a minimum level of quality and therefore hinders the public sector's responsiveness to the public (Reynaers, 2013).

The literature emphasizes that participation and means to co-create the value are an essential aspect to achieve high quality (Alford, 2016; Osborne, 2018). The frequency and intensity of direct involvement in decision-making and service production contribute not only to the quality but also to the responsiveness and legitimacy (Harrison et al, 2012; Parkinson, 2012). The service integration between service providers is seen as a critical element to improve quality and provide services to the customers in time (Sosiaali- ja terveystalveluiden integraatio, 2018). However, service integration requires a change within the system towards the employee and customer-orientation. Co-creation, which is often performed by an employee, accelerates redesigning the services. Middle management is in the central role to steer employees towards value co-creation. (Virtanen et al, 2017.) Thus, it is expected that public managers aim to attain a customer-orientation approach and ultimately increase citizens' involvement. Figure 4.3 describes the thematic focus of the third value dimension. Here, participation, integration and certain market mechanisms are seen to improve the quality of the service delivery, and the interview questions reflect on this relationship.

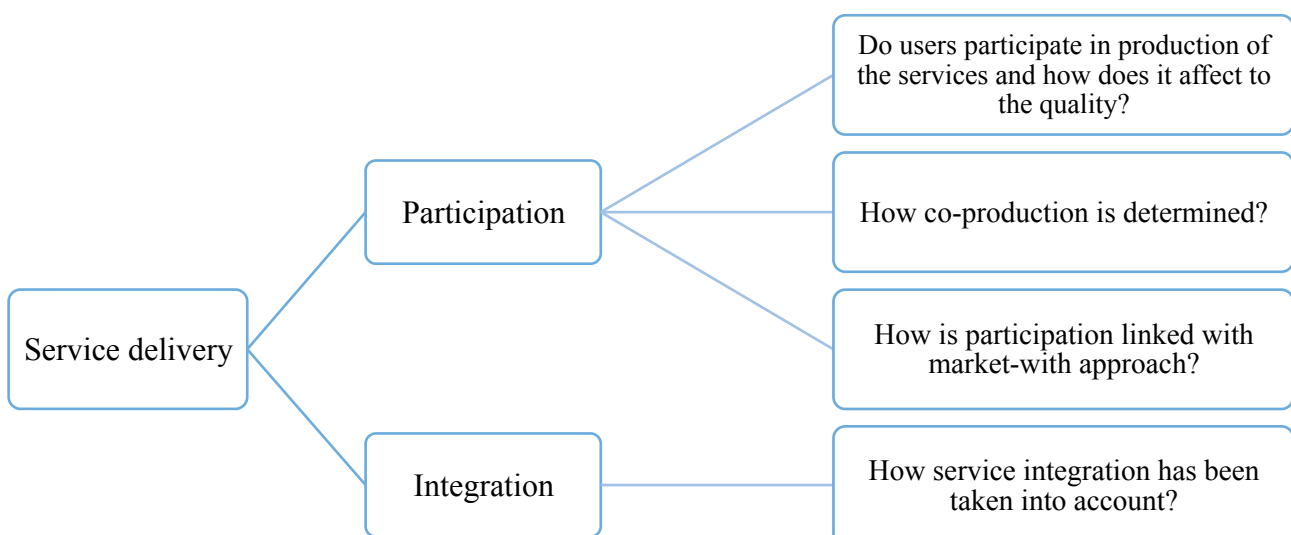


Figure 4.3. The thematic focus of the quality of service delivery.

Efficiency

Although public value management is seen as post-competitive, the reform proposal (HE 15/2017) draws attention to efficient service delivery. In terms of public value, efficiency means obtaining increased outputs with the same or lower resources (Harrison et al, 2012). Moore (1995) argues that outcomes can be achieved by increasing either the quality or the quantity of the inputs. Effectiveness, in turn, refers to the principles of increasing the quality of desired outcomes (Harrison et al, 2012). However, the question of sustaining finance to maintain services is a central challenge and calls for the changes in service delivery and administration. Since the counties would be state-funded units, the principles to create value for money also arise as a critical question (HE 15/2017). Figure 4.4 displays the thematic focus of the fourth value dimensions. The focused interview questions reflect on these themes.

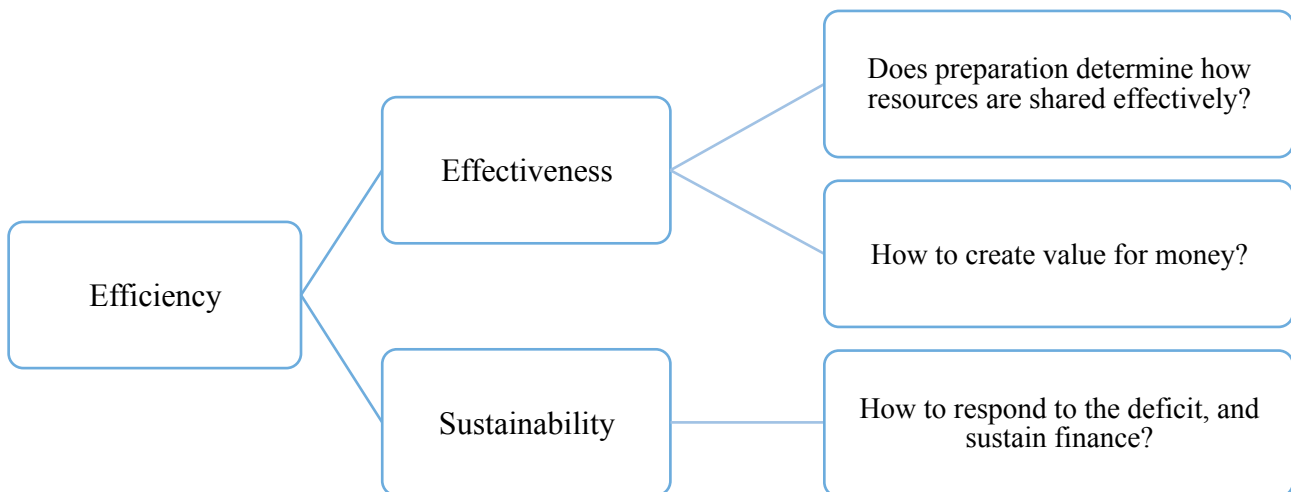


Figure 4.4. The thematic focus of efficiency.

4 Empirical Data

The following pages discuss the data collection. First, the description of the data gathering is reviewed. Then, the analysis of the data is conducted. The qualitative research methods suited the best for the purpose of this study. Since a single case approach is utilized, both primary and secondary data were gathered. The analysis is conducted inductively, and the operationalization is guiding the analysis.

4.1 Description of Data Gathering

Semi-structured interviews were conducted in February 2019. The interview request was sent to ten professionals by email on the 7th of February 2019. The interviewee participants were selected based on their profession at Pirkanmaa2021. This purposive sampling technique ensures that individuals with important insights are included in the sample of interview participants (Greswell, 2014). The selection criteria was following the themes arisen from the literature, and based on the relevancy following professions were contacted: change manager and 9 project leaders from the fields of governance structure, strategic planning, financial instruments and planning, involvement program, knowledge management, market-based services, freedom of choice, procurement and service design. Seven persons replied, and they were interviewed between 14th-28th of February (table 1). Other attendees were re-contacted on 13th of February without receiving a response. One person was mentioned during the interviews frequently and was contacted later on 25th of February without receiving a response.

Table 1 lists the interviewees according to their professions and the date of the interview. From now on, the interviewee participants are referred to as an interviewee A-G based on the interviewee number. The interviews were held face-to-face in Finnish at the office of the Council of Tampere Region. Additionally, one interview was held at the office of the City of Tampere. In both locations, the interviews were held in the meeting rooms. Each interview lasted from 30 minutes to an hour. Since the researcher did not take the leading position, the interviewee participants had an opportunity to provide their own opinions. Hence, the interviews were very conversational-like. At the beginning of the interviews, the participants were asked to describe their profession. The first question strived to open a discussion without restrictions and further build a confidential atmosphere. It was also noticed that it eases the understanding of the researcher in order to construct a comprehensive overview of the preparation.

After the first question, the themes were brought up in natural order. The order of the themes, as well as the extent of a single theme, varied between each interview. The nature of the interviews was to some degree evaluative and reflective – the interviewees reflected on their insights. For instance, the successes and matters, which could have been done differently, were brought up during the conversations. However, there were not many contradicting insights. Instead, the interviews completed one another. Furthermore, the interviewee participants behaved neutral, which corresponds well with their professional status. The atmosphere was slightly waiting mostly due to the progress of the national preparation. One interviewee participant also presented presentation material to the researcher. The interviews were recorded, and the researcher also took notes, when it was necessary. The recorded material was transcribed in the original interviewing language at the beginning of March 2019. All in all, the quality of the data was, as expected, high due to the involvement of top management and different expertise areas.

Interviewee number	Profession	Interviewed on
Interviewee A	Change Manager	28 th of February 2019
Interviewee B	Project Leader of governance structure	14 th of February 2019
Interviewee C	Project Leader of strategic planning	25 th of February 2019
Interviewee D	Project Leader of financial instruments and planning	21 st of February 2019
Interviewee E	Project Leader of involvement program	27 th of February 2019
Interviewee F	Project Leader of knowledge management	19 th of February 2019
Interviewee G	Project Leader of market-based services	18 th of February 2019

Table 1. The list of the interviewees.

To decrease interview biases, secondary data was collected. Overall, the secondary data increases the credibility of the research. Secondary data includes the minutes of the meetings of the political steering group (table 2). The minutes of the meetings are open documents, which were collected from the archive of the Council of Tampere Region. The public has open access to the archive

online. It nevertheless must be noted that the decisions are not binding since the political steering group is not a legal decision-making body. However, the minutes of meetings indicate the expression of political consensus.

During the preparation, the political steering group met 22 times (Pirkanmaa julkaisu, 2019). The documents were searched by using keywords, like governance, service provider, service organizer, freedom of choice, and they were selected based on the relevancy. Table 2 displays, which documents were used and when the meeting was held. The selected documents were dated between April 2018 and February 2019, which allows examining the preparation and possible changes in the phenomenon over a longer-term. However, the minutes of meetings do not solely answer the addressed research questions since the material may be incomplete (Creswell, 2014). Thus, the analysis primarily underpins the interview data, which secondary data supplements if necessary.

The minute of meeting	Decision number	Meeting held on
Organizing the production of the services and governance models	§ 41/2018	9 th of April 2018
Organizing the governance of county	§ 76/2018	4 th of June 2018
The county's principles and models of the participation	§ 79/2018	4 th of June 2018
The governance of direct freedom of choice service providers	§ 120/2018	29 th of October 2018
Public enterprises and corporate governance	§ 147/2018	17 th of December 2018
The overview of the means of arranging the social and health services	§ 19/2019	18 th of February 2019

Table 2. The list of the minutes of meetings.

4.2 Analysis of the Data

The analysis of the data is divided into three sub-chapters based on the theoretical framework. The first part examines the relationship between politicians and professionals. Then, the second part of the analysis discusses the operational environment in Pirkanmaa. And finally, the third part focuses on the phenomenon of public value creation.

4.2.1 Legitimizing policy context

Interviewees point out that national preparation has guided the preparation in Pirkanmaa. Ministries and national networks lead by them have been the key stakeholders of the preparation, and thus have played a central role in the regional preparation. Certain areas have required closer collaboration since it has been essential to know how politicians perceive these particular matters, whereas other projects have received less political attention.

“Pirkanmaa2021 has actively participated in national preparation and gave speeches in the events. This has been part of the dialogue between the counties. Somehow natural that the preparation of the administrative system has been prepared in close collaboration with the national network, whereas the substance is prepared closer to the regional circumstances.” (Interviewee B, 2019.)

The national network has been extremely active, which is a sign of increasing importance of network governance. The active network has fostered the development, which has already led to the improvements in the current service structures. Although many things are pending for legal approval, some initiatives can be exploited already during the preparation phase, and even if the reform falls.

“During my career, I have never seen such a wide national network developing social and health services. Much has been done. The past two years, the entire Pirkanmaa has developed services together.” (Interviewee G, 2019.)

The interviewees also estimate that the dialogue with the regional policymakers has been systematic. The political steering group supervises the entire project in Pirkanmaa. They together with the executive board and the chairpersons’ meet approximately once a month, whereas the delegation assembles less frequently. Interviewees perceive the political steering group as the bridge between professionals and the elected council in the future. Collaboration has strived to steer the progress of the project as a whole and to gain confirmation on prepared matters. In addition, Pirkanmaa2021 has hosted evening classes¹, and adopted less formal ways of working. In each evening class, a project or single parts of it have been presented to the political steering group by

¹ Evening class is the central government’s informal meeting established in the 1930s (Finnish Government, 2019).

the Project Leaders. The evening classes were seen beneficial for both parties, although interviewees mentioned that they have been useful in particular for the political steering group. Professionals have established a channel to create a sense of urgency, and evening classes have offered an opportunity for both sense-making and sense-giving to decrease the change resistance.

“Evening classes have offered an opportunity to give oral arguments for certain things. [...] Discussions have created mutual understanding [...] and brought additional value to the preparation itself but particularly helped decision makers to realize the urgency of the change.” (Interviewee B, 2019.)

The interviewees also estimate that a committee model, which has been pre-selected as the institutional form of regional government, has opened a floor for further dialogue. A committee model – its content, structure and end results – differs from a traditional board model. It aims to achieve more permanent decisions and lower hierarchy by bringing the professionals and policymakers around the same table.

“The model combines two different perspectives, knowledge-intensive management and political leadership. Unlike knowledge-driven professionals, politicians have received a mandate from the citizenry and represent certain ideologies. The combination aims to achieve mutual respect and long-lasting decisions, which are glued together by both parties – professionals and politicians – in the early phases. It would be great to test the new initiative in practice to see how these two perspectives greet each other’s and whether decisions are or are not more permanent.” (Interviewee A, 2019.)

Reducing the gap between professionals and politicians is not a solely groundbreaking idea. The committee model aims to stand out by breaking the bureaucratic rather traditional ways of working, which rarely manage to respond to the internal and external changes quickly enough. One could argue that this has already been practiced to some extent by hosting the evening classes. However, the decisions made by the committee are not binding, which is also a reason why it has been a debated topic.

“Workshops and new ways of working arise next to the traditional meeting format. Whereas the traditional format is rather stiff, the committee model seeks to find

collaborative working methods, which feed the process. [...] Decisions made by the committee are not legally bound but an expression of will, and thus politically strong.” (Interviewee A, 2019.)

The committee model also strives to engage citizens and politicians to joint discussions, and thus, it may produce additional value to the decision-making. So, to speak, the structure of the committee as much as the new operational culture differs radically from the traditional board models. This calls for behavioral changes. Both parties are required to reconsider their roles and relations towards each other. To improve compliance of policy processes, behavioral change is necessary.

“Professionals are required to re-think their role and to accept that the political agenda steps forward earlier. [...] Politicians do not only base on the facts but also rely on the opinions, [...] whereas professionals, for instance, are not only assisting the meeting. [...] Politicians and professionals are different, but both are needed to build good solutions.” (Interviewee A, 2019.)

4.2.2 Operational environment

As mentioned earlier, the driving forces of change are the same across the whole country. Therefore, the preparation in Pirkanmaa follows the Government’s legislation proposal closely. This utilized top-down approach determines the preconditions, and the rest a county is able to apply according to its strategic choices. It was brought up that the top-down approach is easier to implement than the bottom-up approach. This can be the case because the criticism and change resistance is often centered to the government program as a whole, whereas the preparation in Pirkanmaa has proceeded in unified agreement (Alatalo, 2019).

“The reform is lead top-down, which has its advantages. There are less single moving parts compared to the bottom-up approach. To lead change regionally bottom-up may be more challenging, even though there would be mutual will-power.” (Interviewee A, 2019.)

Nonetheless, the strategy and strategic planning have not been in the core of the preparation, even though once the county starts the operation, it is the topmost document guiding the entire

organization. This has been either intentional or unintentional choice that strategy will progress on the side of other matters.

“Strategy has not led the preparation in Pirkanmaa [...] it has been formed in iteration with the whole entity of the preparation.” (Interviewee B, 2019.)

The strategy has not led the preparation, since the preparation and implementation phases differ from each other. However, the interviewee C empathizes that the strategies from both phases could have been prepared on the side of one of another to support the smooth transition between the phases.

“Pirkanmaa could have reinforced a smooth transition between the phases by preparing both strategies under the same umbrella. Either I have failed to promote this, or there have not been conditions to succeed.” (Interviewee C, 2019.)

Despite that the strategy has not guided the preparation phase, a few principles have been accepted to guide the preparation internally. These chosen principles have reflected horizontally and vertically to the whole preparation in Pirkanmaa. The principles embrace broad governance goals. However, it can be only guessed from where they have been adopted. Is there, for instance, a path-dependent continuity?

“Some accepted principles have been emphasized throughout the preparation: citizen-centric, strong organizer, competitive service provider and a clear single channel of governance.” (Interviewee B, 2019.)

Although the driving forces of change are known and the regions are facing similar challenges in the near future, each county differs from one another. Therefore, the preparation has focused on the analysis of the current operational state in Pirkanmaa. The analysis has been rather an explanatory description of the current situation. Alone the internal differences within Pirkanmaa are significant, which eventually calls for harmonizing services in order to meet the varying needs of customers. It has been recognized that varied sources of knowledge are needed to respond to these needs.

“Knowledge management and knowledge itself are needed to plan service needs for the future. The current rate of service use is not enough in order to meet the needs.”

(Interviewee F, 2019.)

Some external change factors, which will influence the environment in the near future, have been identified. Based on those a few scenarios, have been developed. For example, the rapid growth of the aging population takes place in 2021, which is planned to be the first year of operation. At the same time, the financial preconditions are tight due to the transition and overlapping contracting periods (§ 19/2019). It was underlined in the interview that this causes financial imbalances, which has to be taken into account in the budgets for the first years of operation.

“The challenge – Pirkanmaa is aging – requires changes in the service structure. The amount of the senior population will grow rapidly in 2021.” (Interviewee D, 2019.)

In this light, the strategy is seen an essential for gaining competitive advantage in the market. The county is obliged to perform multiple duties, and therefore it must position itself in relation with both the competitors and the neighboring counties. For this purpose, Pirkanmaa2021 has aligned ‘test-strategy’ for the organization-to-be during the preparation. The process has been participative internal practice – Project Leaders have had a chance to share their point of view. This internal practice strives to create a comprehensive understanding, which eventually contributes to the multiple expertise areas and lines of services.

“The pool of dozens of professionals has created the content of the test-strategy. It was a challenge first to facilitate strategic thinking, and then to focus on how more narrow expertise areas should foster the strategy. Professionals do not see a forest without a single tree unless someone demands. A generalist sees the forest as a whole and tries not to understand a single tree at all. To combine these two perspectives has succeeded well. Test-strategy serves its purposes – it outlines principles, which are strived to execute throughout the more specific programs.” (Interviewee C, 2019.)

The test-strategy is constructed around the citizen-centric principle. It defines three roles for citizen – a customer, an influencer and a member. The rest of the strategy is constructed around these three roles and states a service promise for each role. Several parties see this as an innovative approach to build a strategy since it differs from a traditional approach.

“Traditional approaches often state what an organization does despite the customer. [...] Thus, the citizen-centric view can be called as an innovation [...] not a structural innovation though.” (Interviewee C, 2019.)

Further strategic requirements have been identified during the preparation. Once legislation is approved, the elected council is expected quickly to implement so-called strategy 1, which may lean on the test-strategy. The next elected council, in turn, is expected to implement strategy 2. Whereas the strategy 1 emphasizes the importance of the first few years of operation, strategy 2 outlines long-term, often more stable, goals and is wider participative.

4.2.3 Creating public value

The creation of public value has been unintentional and to some extent a self-guiding process. The following analysis of the public value creation is further divided into four sections according to the value dimensions: (1) outcome achievement, (2) trust and legitimacy, (3) service delivery, and (4) efficiency.

Outcome achievement

The whole reform proposal aims to create better outcomes. Outcomes are sought from a variety of different fields, like social, economic, environmental and cultural outcomes (HE 15/2017). One interviewee estimated that citizen-centric alignment increases impacts and emotional value charge. The emotional value charge may increase the feeling of solidarity but does not create outcomes out of the blue. Counties are obliged among other duties to promote welfare and health. Promoting welfare and health, strives to enhance citizens' well-being, decrease inequality and poverty, as well as increase participation. According to the current legislation, the duty crosscuts every department in the municipality and involves all the governance levels. (HE 15/2017.) The reform proposal does not altogether remove the responsibility from municipalities to counties – promoting welfare remains mandatory in the other lines of services, such as education. Similarly, the external service providers are expected to promote welfare and health, which calls for capability to collaborate with different sectors. Thus, the interviewees also emphasize the role of networks is essential to create impacts.

“Promoting welfare and health is not only counties’ responsible but also municipalities. [...] Also, external service providers are obliged to advance well-being.” (Interviewee G, 2019.)

It was also mentioned that outputs do not equal to outcomes. However, pointing and measuring the outcomes is complex, and thus calls for intermediate goals. It has been recognized that determining outcome measurements requires know-how at each organizational level, and thus, the emphasis is on competence development. Furthermore, preventive services that promote well-being, as well as continuity of decision-making (§ 79/2018), are perceived as a significant factor to create long-term impacts. The pre-evaluation of impacts contributes to the continuity perspective (§ 79/2018). Regardless, there is a lack of research and national guidance on scaling and measuring outcomes. Hence, for example, standardizing processes is seen as a starting point to scale them.

“Impacts do increase based on what is reached, not how many times a patient visits the clinic. For this purpose, the preventive services should be in the center. [...] However, there is no common compilation of statistics on measuring impacts and outcomes. By finding common practices and standardizing reporting procedures eventually leads to finding common outcome measurements. We [at Pirkanmaa2021] think that ministries should facilitate this work and create common units of measurement. The development should begin by taking baby steps.” (Interviewee G, 2019.)

The same view on preventive services was brought up by another person, who stated that several parties have agreed on the importance. Similarly, standardizing processes, which eventually leads to redesigning whole service system, was pointed out in this interview. However, outcome improvement has not guided the preparation. Instead, it has been prepared on the side of the projects.

“Several parties agree that preventive services create long-term effects for both citizens and the usage of public money. Primary care, which prevents the need for heavier services that have higher costs, creates long-term impacts. This calls for redesigning the complete service system, which takes time. Planning the outcome improvement has not been in the center of the preparation, although every operative action strives to reach that.” (Interviewee A, 2019)

Nevertheless, it was stressed that the target setting should always begin by determining the end-outcomes, which then steer the other levels of the chain. One interviewee emphasized that the four levels of the target setting are: (1) rhetorical targets, (2) executive targets, (3) operational targets and (4) outcomes. Rhetorical targets are defined in the strategy, whereas executive targets steer the inputs. Operational targets refer to the outputs, and outcomes to the desired impacts. However, it seems that defining outcomes is complex. This is shown by the slightly dissenting insights, which hint that the fourth level, to define outcomes, has remained in the shadows of the preparation.

“Although the target setting should begin by defining the desired end outcomes, it often is not the case because one does not understand to think as far as should. The problem is that the development of the chain ends before it even starts. Each level of the chain is needed, it is a matter of building the chain in the correct order.”
(Interviewee C, 2019.)

Trust and legitimacy

Interviewees stressed that public operation is based on trust, and building trust has been the principle of the preparation. However, it was also mentioned that the process of building trust takes time, and there are no short cuts to achieve it. It was also seen that the citizens’ involvement fosters good governance.

“Public operations are based on trust – transparency and openness create trust. Participation adds openness, and together with publicness, it promotes the principles of good governance.” (Interviewee E, 2019.)

Decision numbers § 41/2018, § 76/2018, § 120/2018 and § 147/2018 outline the governance structure of the county. The highest decision-making body is the council (§ 41/2018). The representatives of the council form the government, which is led by the governor. The administration is structured under the government according to the three lines of services. (§ 76/2018.) Decision § 41/2018 notes that corporate governance, as well as performance and financial management, are means to govern internal service production, whereas the external service providers are governed through contract governance. Decision § 147/2018 specifies that the governance organized through a single channel require interaction between the parties to meet efficient principles, but on the other hand, to increase trust. On the side of the formal structure,

informal governance practices are stressed to share knowledge and a common base for the development (§ 41/2018). The role of knowledge management was also emphasized in the interviews.

“Knowledge management ensures that governance works – knowledge is power. [...] The content of the contract is crucial in order to demand the right knowledge from the external partners. Otherwise, a partner may have no interest to provide knowledge to the public competitor. However, demanding the right knowledge is complex because the environment changes frequently.” (Interviewee F, 2019.)

The interviewees agree that the informal governance practices, such as the dialogue between parties, create trust and transparency. Decision § 120/2018 confirms the same viewpoint on building trust via systematic dialogue. Furthermore, the decision (§ 120/2018) outlines that the norm, resource and information governance are part of the governance structure. According to the decision, the norm governance means criteria for service providers, whereas resource governance refers to the allocation of the financial compensations and information governance signifies knowledge-based management. These aspects, among others, were also highlighted in the interviews. The content of the management rule and contract were seen as a crucial aspect to the governance. In addition, defining service descriptions and the model of capitation compensation were perceived increasing transparency. For instance, compensation model has the potential to build mutual trust between service organizer and external service providers.

“The management rule, single contracts, service description, and incentives are all means to govern external service providers.” (Interviewee G, 2019.)

The committee model provides new angles to governance. The increased collaboration between politicians and professionals aims to decrease the level of hierarchy. Flat hierarchy also contributes to building trust. This was perceived as an advantage of the committee model. In addition, flat hierarchy and team-based operational culture aim to achieve a new type of management structure, not the traditional bureaucratic model.

“Collaborating with politicians and offering shared tools in the early stages have created trust, which displays how the committee model would work at its best. [...] Things do not trust each other's – people do.” (Interviewee A, 2019.)

The quality of the service delivery

The service promises and service integration both reflect on the quality of the services as stated by the interviewee B. Service integration divides services according to the service portfolio, then ties them down to a comprehensive chain and further strives to reflect on an individual customer plan. During the preparation, administration and substance have been interconnected, which contributes to the smooth transition to the implementation phase.

“Different functions have already been integrated as much as possible during the preparation, which supports the integration later in the transition period.”
(Interviewee G, 2019.)

It has been recognized that successful integration calls for utilizing knowledge and competencies. Knowledge and know-how are seen as a crucial player to stay competitive in the market. Thus, knowledge management is required in both strategic and operative levels. Decision § 147/2018 notes that the operative level needs autonomy to respond to the changed conditions in the environment by developing service production, which also strengthens the view that knowledge is essential in each management level. For instance, financial information is steering substance level, and thus integrated into every process already during the preparation.

“Service integration is much about integrating knowledge. Understanding phenomena requires real-time knowledge and know-how. To stay competitive, both aspects are essential.” (Interviewee F, 2019.)

Decision § 79/2018 notes that participation should be part of decision-making and service planning processes. Both representative democracy and direct means of democracy contributes to the principles of participation. The test-strategy notes that everyone is a member, whether they want to be involved in democracy or not. However, it also aligns that citizens are influencers, if they vote in the regional elections or participates to the dialogue in other means. Hence, participation has also been taken into account widely among different professionals. Deliberative democracy may respond to the increased pressures among the citizens and potentially improve the quality of the services.

“Due to the citizen-centric principle participation program has to compose the strategy. [...] Thus, every project has pointed resources in participation automatically. [...] Participation is not only duty, but the increased pressures by the

citizens also oblige [public sector] to respond to the claims and advance the co-creation.” (Interviewee E, 2019.)

Direct democracy provides concrete ways to accomplish strategic alignment. It has been purposed that multidimensional channels, such as moderated digital network, events, customer juries and focus groups, would enable participation. These means have already been in use widely in the resigning organizations. (§ 79/2018.)

“Not everyone wants to participate in a representative democracy but rather wants to be part of direct democracy, which is enabled through multi-channels. [...] Everyone, who has a will, has an opportunity. The weakest individuals have to have the same opportunities, and thus the level of education, diseases and disabilities should be taken into account already in the preparation. This is remarkable in preventing social exclusion, which also creates impacts on value creation, if succeed well.” (Interviewee E, 2019.)

Open communication creates prerequisites for participation. It was seen that the dialogue between shareholders increases trust and enhances the service delivery. Furthermore, it was estimated that participation creates value for each party and allows organizational legitimacy. If citizens’ are heard, the legitimacy of the organization is fulfilled, and there is a potential to decrease critique.

“Participation is taking people’s opinions into account, which then improves the quality of the services. It is less likely to receive criticism, if the process has been participative.” (Interviewee E, 2019)

The means of direct democracy should be utilized in management, service delivery and drafting incentives to the external service providers (§ 79/2018). However, as pointed out earlier, the local differences in Pirkanmaa are significant, which also sets limitations for participative service delivery. Decision § 79/2018 specifies that co-production processes could base on five service districts. Furthermore, it is purposed that each district has a multi-professional forum, which facilitates dialogue, events and feedback collection. For instance, feedback should be used as a part of the planning service network. Although feedback has been collected, it was estimated that the process should be more systematic.

“The means of co-production should be planned locally within Pirkanmaa. One of the primary forms of participation is to collect feedback. Feedback has already been collected through surveys and some face-to-face encounters, but the plan is to continue the work in the future.” (Interviewee G, 2019.)

Integration and participation were seen as contributing to the market-with approach. Service integration supports the role of different service providers – service providers with different backgrounds may easily find each other's and form an integrated market. The service integration may breed potential sub-contracting chains, which in turn may boost the emergence of micro enterprises. This also supports the vitality of the market (HE 15/2017) and creates additional value for every participant. However, it was pointed out that an ideal approach might not be the reality due to the competitive nature of the market.

“In an ideal world, integration would enable participative market, but perhaps it is not reality.” (Interviewee F, 2019.)

Since public health and social services are partly entering the market, the role of foot voting was emphasized in the interview. An interviewee also emphasized that is often forgotten from the debates that there is already limited freedom of choice. However, it is not possible to monitor in advance how many would use their freedom of choice, hence securing the minimum level of the county's internal service production is appropriate (§ 19/2019). Therefore, according to the interviewee, also public sector needs to earn customers' trust, if the market is open.

“Election is not only voting channel, people also vote with their feet. The new view of earning the customers emerges.” (Interviewee G, 2019.)

Earning customers' trust is a strategic issue, which calls for updating the service network. The lack of availability is a recognized weakness. Digital services could respond to the flaw and improve availability. For example, it has been identified that there is a service need for an online chat that is open outside the office hours. Many of the competitors have utilized technology much better than the public sector, and there also lies a competitive advantage.

“Municipalities have not invested in information technology, instead, they have waited for counties to step in. Online booking and chat, to name a few, are a current

date. Yet, the public sector is 15 years behind, and the challenge is to catch up in two years. This is a matter that can be changed even without the reform, if there is a will.” (Interviewee G, 2019.)

In the end, the county is responsible for the quality of the services. The three service lines are in charge of planning, guiding, controlling and evaluating the services and the other duties (§ 76/2018). The multidimensional governance ensures that the services meet the quality standards. It also enables to build a competitive and productive service network, which is essential to sustain the inclusive growth. Although the public sector seems to struggle with technological development, its greatest advantage is the size, which guarantees volume benefits. Due to the great volume, the public sector has an opportunity for breeding radical innovations. In theory, it means that catching up in two years can be possible. However, that requires comprehensive success and inputs of a wide group of different expertise. Governance must be interconnected to the service delivery and another way around.

“One may argue that the public sector starts behind compared to the market. However, it benefits for its great volume, if we succeed to utilize the volume in order to build an effective service network.” (Interviewee D, 2019.)

Efficiency

Decision § 41/2018 specifies that efficiency, in which three perspectives further crosscuts, is the core of the management structure. These three perspectives – impacts, cost-effectiveness and competence development – are sought in each governance practice. For instance, the committee model, which reduces the hierarchy, enables the efficiency in governance while contributing to the impact aspect by creating long-term solutions. The interviewees also seem to recognize the aim of restraining the costs. Limited resources are well known and also require producing more outputs with fewer inputs. Although performance management places emphasis on the input-output ratio, the decision § 41/2018 stresses the importance of outcomes. Nevertheless, this seems to define the preparation to some extent.

“Efficiency, effectiveness and productivity are essential to restrain the costs. It is known that resources are limited, and thus, it is required to achieve greater outputs using fewer inputs.” (Interviewee A, 2019.)

Since the county is funded through coercive collected taxes, creating value for money is not only the interest of public bodies but also citizenry. Pirkanmaa is committed to create value for money and doing its part not to raise the tax rate. Attaining value for money may also enhance organizational performance. However, there have not been conditions to develop know-how nor measurements for further implementation.

“Creating value for money is discussed topic since funding is circulated through the tax incomes. Thus, it is also highlighted in the test-strategy. However, at this phase, there are no concrete means how to create value for money since there have not been real conditions to produce knowledge on efficiency, productivity and resource perspectives.” (Interviewee D, 2019.)

An assessment of potential saving objects has been carried out, and possible savings have been identified for further assessment. It has been recognized that services cannot be built on top of the old structure. Instead, the whole service structure needs to be renewed. In addition, the assessment compares Pirkanmaa to the other comparable counties. It was noticed that other counties have had even fewer opportunities to develop knowledge on efficiency, productivity and resource perspectives.

“An assessment of potential saving objects identifies possible subjects to increase productivity in order to arrange services more effectively. When the time comes there won’t be easy decisions, and thus the saving objectives require further examination. However, identifying means also acknowledgment – we have acknowledged that painful decisions as much as the whole reform itself are needed to sustain finance in social and healthcare services.” (Interviewee A, 2019.)

Integration contributes to both aspects the efficiency and outcome achievement. It may remove overlapping outputs, which has been identified as an issue. Hence, integration may also accelerate organizational performance. However, the preparation has focused on the realism about financial limitations, and therefore, there is not a real understanding of how much integration adds value for money.

“Unified practices and integrated services increase efficiency. Certain customer groups need more help to be integrated into the services than others, and minor

groups need a diversified team around them. However, these minor groups increase costs, and thus integrating those services creates value for money. Cost development should always walk hand-in-hand with the desired impacts.” (Interviewee G, 2019.)

Furthermore, knowledge, participation and procurement were perceived as an opportunity to achieve savings and create additional value for money. Participation often bears additional value for every stakeholder involved. From the county’s point of view, it can add value for money by identifying shortcomings and eventually allocating resources, where they are needed the most. To bring forth these unknown shortcomings requires knowledge as much as a possibility to utilize a variety of different channels for participation. Technology, as a platform for participation and service delivery and as a tool for professionals, enables flexibility and therefore also efficiency. One interviewee points out that technology should be utilized in real time to achieve greater performance benefits. The other interviewee concludes that technology and knowledge is a combination, which enables the cost savings.

“To achieve the major cost savings, Hetemäki estimates 4,6 billion, knowledge and technology should be utilized better.” (Interviewee F, 2019.)

The freedom of choice influences on the procurement since enterprises and third sector organizations can freely apply for service providers if they fulfill the county’s criteria. Although these services are not procured ‘publicly’, procurement remains as a significant part of strategic planning. The counties are large procurement entities that are obliged to follow national procurement legislation and directives of the European Union. The reform proposal (HE 15/2017) states that procurement does not exploit the potential savings, which can be achieved by collaborating and centering procurement more intensively. Innovative procurement does not only improve productivity and sustainability but also contributes to the quality and outcome achievement. Innovative procurement, nonetheless, demands knowledge of the market in order to balance all the four aspects. Furthermore, the central government has referred to the Sitra’s review² on impact investing. Impact investing is a growing trend and financial agreements, like social impact bonds, have potential to release private funding for the use of the public sector to sustain welfare (Valtioneuvosto, 2018). In the context of procurement sustaining service structures is essential. In order to success the know-how and competencies once again play a crucial role as

² A review published by Sitra, which is the Finnish Innovation Fund (Pyykkönen, 2016).

stressed in the interviews. Competencies are needed from variety of different expertise areas, which requires collaboration between different professionals.

“Productive procurement requires knowledge of procurement and knowledge of substance to achieve quality standards.” (Interviewee B, 2019.)

5 Discussion

The process of public value creation in relation to the preparation of the regional government, health and social services reform in Pirkanmaa has not been intentional, rather it has been a self-guiding process. This is shown by several factors summarized in table 3. Table 3 presents the themes covered in the interviews, recognized characterizations from the literature and then identifies the research findings – how public value is created at the national and regional level. Although this study does not evaluate the content of the reform proposal, the principles of the public value are included in the reform proposal, and thus, the creation process is guided to some extent top-down. Furthermore, Pirkanmaa has introduced initiatives, which can be recognized as increasing public value and therefore feeding the value process.

The dimensions of public value creation	Literature on public value paradigm	The reform proposal (HE 15/2017)	The process of value creation in Pirkanmaa
Outcome achievement	<ul style="list-style-type: none"> • Post-competitive and outcome fulfillment (Moore, 1995; O'Flynn, 2007) 	<ul style="list-style-type: none"> • The duty of promoting welfare and health 	<ul style="list-style-type: none"> • Input-output-outcome thinking • Investing in preventive services
Trust and legitimacy	<ul style="list-style-type: none"> • Network governance (O'Flynn, 2007) • Transparency (Harrison et al, 2012) 	<ul style="list-style-type: none"> • Partnerships base on common goals, trust and transparency 	<ul style="list-style-type: none"> • Multidimensional governance via single channel • Committee model • Dialogue
The quality of service delivery	<ul style="list-style-type: none"> • Deploying resources broadly (O'Flynn, 2007; Marcon, 2014) • Involvement, deliberative democracy and value co-creation (Marcon, 2014; Osborne, 2018) 	<ul style="list-style-type: none"> • Freedom of choice • Integration • Customer orientation 	<ul style="list-style-type: none"> • Strategic alignment citizen in the middle • 3 roles for citizens • Participation models
Efficiency	<ul style="list-style-type: none"> • Additional value (Moore, 1995) • Performance management (Marcon, 2014) 	<ul style="list-style-type: none"> • Legislation on funding elements 	<ul style="list-style-type: none"> • Financial realism • Integrating knowledge better

Table 3. The research findings.

The literature of the public value paradigm stresses that value creation is post-competitive, and the emphasis is on outcomes (O’Flynn, 2007). In this specific case, the outcomes are sought from different fields according to the counties’ duties (HE 15/2017). Pirkanmaa2021 presents a governance model, where impacts are sought in every governance practice (§ 41/2018). These governance tools also contribute to the quality of service delivery. The operative level has the possibility to respond to the changes in the environment. However, that requires knowledge as much as competencies. Knowledge is needed at every organizational level to guide strategic and operative leadership. Pirkanmaa has furthermore recognized a need to invest in preventive services in order to enhance citizens’ well-being but also to create value for money. However, like pointed by scholars (Kearney & Meynhardt, 2016; Pollitt & Dan, 2013) as well as empathized in the interviews, indicating the outcomes is complex, and there is a lack of common measurements to scale them. This requires intermediate goals and standard processes. Yet, as underlined by one interviewee, target setting should always begin by defining the end-outcomes, which like stated above is not often the case. This hints that the intermediate targets are defined, but the end-outcomes are not entirely clear. Therefore, the question arises whether the outcome fulfillment is realized profoundly enough, or does it remain loosely structured in the prepared governance system? Hence, this is a matter that requires further examination and national guidance.

Network governance shifts the emphasis on collaboration and entrusts more and more fluid structures (O’Flynn, 2007). Partnerships offer an opportunity to a co-development (HE 15/2015). This development strategy enables to deploy various resources. Network governance and partnership models, therefore, strive to improve the quality of the service delivery. However, this calls for trust and transparency in governance. To find the best functional matches also calls for competencies to utilize knowledge. (O’Flynn, 2007; Marcon, 2014; Harrison, 2012.) Presented governance model in Pirkanmaa is multidimensional, and there are signs of network governance. To ensure transparency, the aim is to utilize governance via a single channel. This, like many other processes, requires successfully integrated knowledge and open dialogue. The informal governance practices and open dialogue have indeed received increasing attention in Pirkanmaa. For instance, the introduced committee model aims to decrease hierarchy and eventually achieve continuity in decision making, which contributes to the fulfillment of outcome achievement. The political agenda steps in earlier once politicians and professionals are meeting at the early stages of the decision-making process. This, however, calls for behavioral changes. Both parties are required to reconsider their roles towards one another as stressed both in the interviews and the literature (O’Flynn, 2007).

To conclude briefly, the committee model meets the principles of public value management very well, and there is a potential to increase value to the public.

The quality of the service delivery is notified widely in the reform proposal. For instance, customer orientation is emphasized throughout the reform proposal. (HE 15/2017.) In Pirkanmaa, the test-strategy is constructed around the citizen. Being a customer is just one role out of two other roles for the citizenry. The two other roles are an influencer and a member, which hints that the strategy as a rhetorical document steers the outcome achievement. The citizen-centric principle also displays that the needs of the citizenry do not limit to the services but are generally wider. Different participation models can respond to these needs. Scholars agree that public value management contributes to the exchange of democratic processes. The literature offers several means to foster the exchange, like deliberative democracy, participation, co-production, stakeholder involvement and value co-creation to name a few. (cf. Marcon, 2014; Alford, 2016; Kujala et al, 2019; Osborne et al, 2016.) In Pirkanmaa, the program of participation stresses two principles the representative democracy and direct democracy. The direct democracy obtains additional value, if citizen's inputs are successfully utilized to identify shortcomings and resources are allocated accordingly. This contributes to the reason-giving at a larger scale (Marcon, 2014). At the operative level, co-production is a service strategy that adds value to the service delivery (Alford, 2016; Osborne et al, 2015). Value co-creation has the potential to contribute to the public value collectively for every stakeholder (Osborne, 2018). In Pirkanmaa, the participative operational strategies are integrated into processes but co-creation is not necessarily progressed holistically. However, participation models were planned to meet every citizen's abilities and societal status, which is also emphasized by Osborne (2018). Participation, in general, was perceived to bring forth additional benefits for every user, which may, in the best scenario, contribute to the market-with approach. The direct democracy is planned to compliment value creation in the big picture, however, it remains unclear does it add value at the operative level.

Like Marcon (2014) points the freedom of choice is expected to improve the quality of the services since the county has to determined criterion that service providers need to meet. The county must as well earn the customers, which will likely foster its service delivery. The freedom of choice does not only create competition but also improves the availability of the market. It can further enable small and medium-size enterprises to enter the market, which can enhance the economic development of the region. It can nevertheless be challenging to predict which service provider the customers choose, and hence, the county is required to reserve resources for potential market

failures. For this purpose, active two-way dialogue is a mechanism to steer the development and regulate the market. However, it may be naïve to think that the market is sustainable and post-competitive immediately once the public sector abandons the nearly perfect monopoly that it is holding in the current system. To find a common interest with partners can be challenging. It is critical to consider whether the private sector meets the goals of the public sector, or is the third sector more suitable counter partner than the private sector? However, to attain value for money, it is required to allow private invests to flow in the system. This viewpoint leads the discussion towards the procurement of public services, which according to the literature of the public value management perceives to reject the one-size-fits-all approach but instead advocates deploying resources broadly (O'Flynn, 2007). Unfortunately, the Project Leader of strategic procurement did not response to the interview invitations. Insights on procurement were given briefly by another interview participant, but further conclusions cannot be drawn. However, the market in Pirkanmaa, especially in Tampere and the surrounding municipalities, is vivid. There is a potential to attract investors to invest in social impact bonds. The social impact bonds may turn out an exceptional value-laden, if they are implemented successfully, and also the competitive investors find them attractive.

The legislation proposal leaves a narrow space for counties to fund their operation, and thus the preparation in Pirkanmaa has concentrated to the financial realism. Demir et al. (2015) stress that fiscal realism reassures the public managers involve in the policy-making process, which, in turn, contributes to the dialogue between professionals and politicians. It is known that greater outputs are required to obtain with fewer inputs. However, at this stage, there have not been conditions to produce knowledge on efficiency, productivity and resource perspectives. The perspectives of input-output ratio and outcome achievement seem in any case slightly contradicting. The governance model, in which seeks efficiency in each practice, strives to balance these two differing perspectives. Efficiency is constructed around three aims, impacts, cost-effectiveness and competence development, which like said are further integrated into every management process. (§ 41/2018.) Since more inputs are not available, the prepared structure meets Moore's (1995) principles to create value, if the quality is enhanced per resource expended. This, in turn, may call for higher capacity to innovate. Although the main principle of service integration is to improve the quality, it has been identified that the potential savings can be achieved via integration (HE 15/2017). In Pirkanmaa, processes are interconnected closely during the preparation phase – everything is related to everything, which is also visible from the discussion above. Ideally, integration may foster market-with approach or even breed innovation, if the county manages to

advance knowledge and competencies to a greater degree. In this case, the county as a public entity may benefit for its great volume, but on the other hand, public managers are also required to be open in learning opportunities like stressed by O'Flynn (2007). Similarly, Bryson (2010) and Osborne (2018) underline that value is created through continuous learning and adaptation. The role of know-how was also brought up in the interviews, which hints that public value creation has – perhaps unintentionally – steered the preparation of the regional governance, health and social services.

5.1 Limitations

The limitations of this study relate to the chosen qualitative research methods. The research design utilized a single case approach, and thus, the findings are specific to time and place (Masue et al, 2013). The phenomenon of being studied is complex. The reform of health and social services has been a debated topic for several years. In the interviews, it was indicated that there is a lack of statistics and even a lack of common definitions on measurement criteria. Due to the lack of common measurements, the quantitative research methods would be difficult to utilize. The researcher is required to interpret the surrounding world and construct an understanding of it when making the methodological choices (Creswell, 2014). Thus, the qualitative approach suited better to conduct the data gathering. In this light, the qualitative research may serve as a basis for quantitative research.

However, there are some biases related to data gathering, which challenges the reliability of the research. For instance, purposive sampling is a rather subjective technique to select interview attendees. On the other hand, then the quality of the data is expected to answer the research questions lowering the response biases. However, four persons a researcher wanted to interview were not participating in the interview, causing a participation bias. Furthermore, the researcher cannot either be sure that the participants told the whole truth or socially accepted answers due to the sensitive nature of the issues, which, in contrast, may cause bias in the responses. To decrease the possible interviewer bias the researcher tried to act as objectively as possible. (Saunders et al, 2009.) To fill these gaps, relevant secondary data was gathered, which strengthens the overall creditability of the research. Since the researcher did not attend to the meetings of the political steering group, she does not know what was unrecorded in the minutes of meetings. Thus, the purpose of secondary data is to supplement the primary data (Creswell, 2014; Saunders et al, 2009). It should also be noted that the original language of the primary and secondary data is Finnish. This

may cause some biases to the results since the researcher is interpreting data in another language. Some expressions are also culturally specific (Hirsjärvi et al, 2009), and therefore it is either difficult or impossible to interpret the data in its true meaning. Hence, the analysis of the data respects the content instead of the direct translations.

The qualitative research is not necessarily intended to be repeatable (Saunders et al, 2009), but it is likely that repeating the data gathering in a similar context would generate similar research findings. This longitudinal case approach studies the same phenomenon in two different points of time (Yin, 2003). However, the major changes in the empirical environment question the validity of the research. Yet, the reform of health and social services likely stays in the next government program, and already prepared matters can be exploited when negotiating the content of the new government program. After the implementation of the change it is often advised to look back to analyze the changed conditions. Similarly, the same applies to the failures. Due to the evaluative nature of the research, it is possible to analyze the lessons learnt from the specific case in question. Furthermore, in terms of democracy, it is essential to evaluate what kind of decisions, reforms and goals are being pursued in order to increase legitimacy. It is also possible to identify good practices, which can be carried with and in which direction models can be developed. Therefore, this study contributes to the analysis post the resignation of the government, which also offers interesting research opportunities in the future.

Finally, to conclude, the epistemological view of qualitative research assumes that the truth is relative. According to the assumption, there is no single truth – no right or wrong. The truth is value-laden and drawn from interpretation of what is observed. (Masue et al, 2013.) This assumption also applies to this study. Hence, the research findings are not causal, and no single conclusion can be drawn. Here, the conclusion attempts to answer research questions and draw attention to the practical implications. The following pages discuss the conclusions in a more detailed manner.

6 Conclusions

The aim of the master's thesis was to widen understanding of the preparation of the regional government, health and social services reform. This study also contributes to the literature of public value management, which is still rather unknown in the Finnish context, and thus serves as a basis for future research. The public value creation was studied in relation to the preparation of the regional government, health and social services reform in Pirkanmaa. The findings of this study indicate that public value paradigm may generate significant impacts to the health and social services since it contributes beyond the market values and respects democracy to a greater degree than NPM.

This study addressed three research questions. Both, the second research question, *how does the process of public value creation function in Pirkanmaa*, and the third research question, *how do professionals (at Pirkanmaa2021) perceive the creation of public value*, attempt to draw attention to what cannot be made based on the first question. An answer to the first research question, *to what degree does public value management steer the preparation of the regional government in Pirkanmaa*, is it does to some extent. However, the process has been a self-guiding. Thus, the motivation to create public value is rather unintentional, although public managers seem to be eager and even recognize the need to create additional value. Nonetheless, it remains slightly unclear whether public managers perceive value exchange purely as an exchange of money instead of exchange beyond market values (Osborne et al, 2013; Lusch & Vargo, 2008; Osborne, 2018). The preparation is organized top-down, and the value is added to the content of the reform proposal, which hints that the value creation is enforced top-down. This enhances the process of public value creation instantly. In Pirkanmaa, the preparation is further organized on separated sub-entities, projects. The projects are interconnected tightly, which further fosters the self-guiding process of public value creation. Furthermore, Pirkanmaa has presented initiatives that have great potential to add public value. For instance, Pirkanmaa's test-strategy indicates that the citizen's needs have become more diverse. The direct democracy is perceived to meet the diverse needs and ultimately to add value to the public. Some of these initiatives have been recognized as structural innovations. Partly, these innovations may follow path-dependent development. For instance, the committee model can be a natural continuity for the purchaser-producer model from which Tampere, the center of Pirkanmaa, is well known (Miettinen & Lehto, 2014). However, path dependency seems as unintentional as the process of public value creation in general. Nevertheless, due to these

initiatives, the self-guiding process turns out better than initially assumed. The value process can be expected to accelerate the performance of organization in question but also to promote citizen's welfare and health as well as regional development, but only if the initiatives are implemented successfully.

The preparation in Pirkanmaa progressed well and in a mutual respect. This was not the case at the national level. The political disagreements caused lengthy debates on the content of the reform proposal, especially the freedom of choice received public attention. This led to the difficulties to approve the legislation, which caused changes to the initially tight schedule. The preparation phase was prolonged, which gave time to prepare matters more carefully. However, the pressures of upcoming parliamentary elections made politicians more and more hesitant. In the end, the government resigned just a few weeks before the elections on 8th of March 2019 and the preparation of the reform was run down. (Mäntymaa, 2019, March 11.) The failure seems to be a result of various issues. The right-centrist government represented significant ideological change compared to the previous. It seems that the reform proposal threatened the public values during the preparation phase of the reform (Reynaers, 2013). The radical changes towards the institutionalized core values are unexceptional since the previous reforms have so far been rather incremental (Kyösti et al, 2017). The changes in institutionalized values, as pointed by Jorgensen and Vranbaek (2011), caused change resistance. The government was also accused of bargaining between competing interests – although the regional government model, driven by the Centern Party, and the market model, driven by the National Coalition Party, can both be considered as EU's requirements for integration and health policies (Kyösti et al, 2017; EU Health Policy, 2019). However, the overwhelming public attention towards bargaining may have reinforced the resistance to change. In the end, the tight schedule may have been the last straw, which resulted in the poorly prepared reform, as Mykkänen (2016) had previously assumed.

The parliamentary elections, in April 2019, were extremely tight and there are signs of polarization in the society. The Social Democrats (+6), the Greens (+5) and the Left Alliance (+4) gained most seats compared to the results in 2015. The Finns Party and the National Coalition gained both one seat, whereas the Centern Party lost 18 seats. The three biggest parties, the Social Democrats, the Finns Party and the National Coalition, have only one seat difference between each other. (Eduskuntavaalit tulospalvelu, 2019.) From these premises, nobody holds extreme power over one another. This time, the Social Democrats received the mandate to start negotiations in order to constitute the Government. Currently, when the conclusions were written, Social Democrats are

negotiating about the government program with the Centern Party, the Greens, the Left Alliance and the Swedish People's Party (Hallitusneuvottelut, 2019). This means that the state of the negotiations is open, and again the researcher does not know in which direction negotiation is progressing (Häikiö ja Niemenmaa, 2007).

Unlike the past government, these five parties represent less conservative alignment. If they form a new government, there will likely reoccur changes in the value base. However, the reform of health and social services will likely stay in the government program since the driving forces for change have remained unchangeable. Hence, it would also be desirable that the reform is implemented within the next four-year period. According to the State Secretary, the next government gains significantly from the initial preparation (Strömberg & Rinta-Tassi, 2019, March 9). However, the changes in value base may reflect to the content of the reform, and the content may differ substantially. The reform will probably be implemented county driven as prepared initially, whereas the freedom of choice will most likely drop out of the reform package. This direction hints that both the regional governance and service structure are equally important. However, if there is no real freedom of choice, the market remains incomplete. The public sector has not only the nearly perfect monopoly position but also the power to regulate the market, which can be perceived manipulative and artificial. The public sector may, for instance, favor some service providers over another. However, as stated earlier, it is not very realistic that market would be sustainable immediately once it is more open. Even the EU's (2019) priorities for health policy promotes competitiveness together with safety, which is a sign that there are always conflicting interests in the market. Conflicting interests, in turn, requires mutual trust and means to regulate the market. The market principles, which have emerged to the administration during the NPM, often emphasize maximizing the profit as a side of service delivery. Thus, the question arises, is profit-making a new public norm and is it suitable in the context of healthcare and social services? For this reason, it should be considered, if the market should be opened gradually, when time is mature. The more market is open, the more there is competition, which fosters the regional development. Economic growth eventually returns to the public sector in the form of increased tax incomes, which enhances the fulfillment of economic outcomes. This positive cycle is lost, if the market remains nearly closed.

Furthermore, the critique has often stated that such a major institutional change is impossible to implement at once, and thus, it should be implemented incrementally. The incremental approach may reduce the change resistance. But, on the other hand, there is a risk that the aims of the reform are not achieved, and the desired impacts are lost. For instance, if health and social services are

separated from one another, integration is unlikely to occur. However, in the current service system, there is a major lack of integration. Partly due to the lack of integration, it should be one of the main priorities of the reform. Considering only the public sector, the multiple professionals are performing overlapping duties. Naturally, this is inefficient and causes higher costs. Nevertheless, this is an issue, which could be tackled by integrating knowledge and standardizing processes. Indeed, it is a matter of will. Hence, the difference between radical and incremental approaches should be considered critically.

Meanwhile, Pirkanmaa has taken steps towards a municipality driven model (Kalliosaari, 2019, May 11), which is a sign of the strong will to execute the prepared initiatives rather than waste more time. This bottom-up approach also hints that the government structure is secondary compared to the structures of services in Pirkanmaa. However, like underlined by the interviewee, a massive operation level and the multiple lines of services require administration as well in order to operate efficiently. During the preparation, the hierarchical structure of the governance has nevertheless prepared as flat as possible, which also allows the efficiency in governance. Since the politicians and bureaucrats have prepared the reform in a unified agreement it can be expected that the bottom-up approach does not cause more conflicts in Pirkanmaa. What can then be learnt from the case in Pirkanmaa? The first, and possibly the most important, is to establish a channel to create sense of urgency. If the next Government is willing to gain the benefits from the initial preparation, the national network should stand active and participate in the government negotiations. The municipality officials have real-time knowledge, which could be utilized nationally. Enforcing the bottom-up approach in nationwide may decrease the change resistance since the preparation might not seem so distant to the citizens. Furthermore, the bottom-up approach could also assign decision-making power to the local level, which, in contrast, results in local solutions. Since the regional differences are substantial in Pirkanmaa it can be assumed that the differences are even more significant nationally. Hence, the local solutions may meet the needs of the citizenry better. The research findings also point out that the citizens' needs are more extensive than the customer-orientation assumes. Again, to co-create value, the bottom-up approach may correspond better with the multiple needs of the citizens. Healthy competition, or benchmarking, between the regions may even enhance the value creation. Indeed, one size does not fit all, as already highlighted in the beginning.

The discussion on possible development paths naturally opens a floor for further research opportunities. It can be studied whether the changes in value base influence on the process of the

public value creation. It can also be studied does the bottom-up approach generate more desirable results in terms of public value compared to the top-down approach. It is also recommended either to expand the research object beyond one county to gain a broader view on public value creation at the societal level or to narrow the research object even closer to the operational level to recognize how the service strategies advance the creation of public value. Furthermore, outcome achievement is perhaps the most essential part of public value creation. The focus on outcomes, especially in the context of healthcare and social services, has the potential to create long-term impacts, which would significantly contribute to value creation and eventually restrain costs. However, the research findings hint that there have not been conditions to invest in outcome achievement profoundly enough. Thus, it would require further examination both in theoretical and empirical light.

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Interviews

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Hannelius Riikka, Pirkanmaan liitto, Pirkanmaa2021, Projektipäällikkö maakuntien rahoitus ja talouden ohjaus, interviewed on 21.2.2019.

Heusala Anne, Pirkanmaan liitto, Pirkanmaa2021, Projektipäällikkö osallisuus maakuntahallinnossa, interviewed on 27.2.2018.

Nurminen Päivi, Pirkanmaan liitto, Pirkanmaa2021, Pirkanmaan muutosjohtaja, interviewed on 28.2.2019.

Puskala Tarja, Pirkanmaan liitto, Pirkanmaa2021, Projektipäällikkö konsernirakenne ja johtaminen, interviewed on 14.2.2019.

Siren Riku, Pirkanmaan liitto, Pirkanmaa2021, Projektipäällikkö strateginen suunnittelu, interviewed on 25.2.2019.

Appendices

Appendix 1. Identifications by Hyndman and Liguori. (Hyndman & Liguori, 2016.)

Keywords Identification

<i>Traditional PA System</i>	<i>NPM System</i>	<i>NPG System</i>
<ul style="list-style-type: none"> ● bureaucratic/ bureaucracy ● citizen ● rules/norms/ requirement ● compliance ● cash/ commitments ● administrator/ bureaucrat ● execute/ executor ● hierarchy/ hierarchical ● neutral ● objectivity/ objective/ impartial ● expenditure/ spending ● procedures ● central(ised) ● function ● independence 	<ul style="list-style-type: none"> ● NPM/managerialisation ● efficiency ● effectiveness ● output/results/outcomes ● satisfaction ● customers/client ● managers/managerial ● strategy ● performance/performance measures/indicator/ target/objective ● accruals/resources/value for money ● contract/PPP/PFI ● quality/appropriateness ● expenses ● audit/auditing ● cost/amortisation ● process ● flexibility ● decentralised/devolved ● independence/ independent/autonomous ● managerial responsibility/ responsibility centre ● ‘public business’ ● market ● corporatisation/agencies/ agencification ● competition/tendering/ benchmarking ● privatisation ● deregulation 	<ul style="list-style-type: none"> ● governance ● transparency/ transparent ● external accountability ● stakeholder ● network ● partnership/partners ● sustainability/ sustainable ● ethic ● equity/social fairness ● participation/ participative ● integration/integrated ● consolidation/ consolidated ● negotiation/ consultation (with external stakeholders) ● civil society/non-profit/ third sector