Tampere University

Ruut Uurtimo

A SHIFT TO NETWORK GOVERNANCE?
Cooperation Between Third Sector Organizations and Local Government Pilots on Employment

ABSTRACT

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The aim of this thesis is to investigate the cooperation between third sector organizations and municipalities in providing public employment services. The research question is the following: How do third sector organizations and municipalities cooperate in providing public employment services? The context of this study is local government pilots on employment. In the pilots, the authority of municipalities regarding the organization of public employment services is strengthened. To answer the research question, a total of eight interviews have been conducted with third sector professionals and heads of local government pilots from four different pilot areas.

The topic is approached through theories of a shift to a new governance approach in public policy. Scholars have identified a change in public sector development towards a governance model where the public sector and non-state actors increasingly cooperate in network-based relationships. Instead of hierarchy or market principles, network relationships are based on trust, mutual interdependency, and continuous inter-organizational interaction. The thesis aims to investigate whether the cooperation between third sector organizations and municipalities reflects a shift to network governance.

The findings of this study suggest that a new institutional logic is emerging in the cooperation between third sector organizations and municipalities. The new logic seems to be a hybrid form which includes characteristics of network-based governance, such as recognition of mutual interdependency and increased aim to develop effective exchange between the public sector and non-state actors. However, the findings show that the new logic of cooperation includes also characteristics identified by earlier literature as the New Public Management approach to the organization of public services. In fact, cooperation is developed towards models where municipalities purchase services from third sector organizations through contracts where prices and responsibilities are defined. For third sector organizations, this means that they must develop competencies traditionally perceived as characteristics of private enterprises.

Based on the findings, many third sector organizations are placed in a difficult position in their dual role as civil society actors and service providers, where the requirements and preconditions for operation do not match. It seems that if third sector organizations are expected to participate in the provision of employment services with current capacity also in future, a new funding mechanism directed at third sector organizations promoting employment should be developed.

In the reform that is planned to be introduced in Finland in 2025, municipalities will be incentivized to develop services that effectively reduce unemployment, rather than simply organize services for the unemployed. Third sector organizations often work with groups who face multiple barriers to employment or whose process to open labour markets is long. In a context where fast proceedings to the open labour markets are prioritized, it is difficult to argue for services that support the most disadvantaged groups without established research concerning slower development in the capabilities of unemployed persons or clients. Therefore, more research is required to explore the intermediate phases in rehabilitation towards open labour markets.

Keywords: active labour market policies; employment services; third sector organizations; inter-agency collaboration; networks; governance

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1. Introduction

Finland has been struggling with high levels of long-term unemployment for several decades. In Finland, a high level of 'chronic unemployment' has been a significant problem since the deep economic depression in the early 1990s (Aho & Arnkil 2008, p. 57). Since then, several governments have introduced various reforms and development projects to develop employment services that would more effectively support the unemployed to open labour markets. However, reducing long-term unemployment has turned out to be a difficult task. Indeed, unemployment has been described as a 'wicked problem' (Rittel & Webber 1973): a complex phenomenon which is interrelated with other societal problems and to which definitive solutions cannot be developed.

As the latest attempt to develop public employment services that would effectively respond to the varying needs of unemployed clients, Prime Minister Sanna Marin's government announced in 2019 that the responsibility of municipalities in organizing employment services would be strengthened (Programme of Prime Minister Sanna Marin's Government 2019, p. 130-131). Previously, public employment and business services have been provided by regional Employment and Economic Development Offices (TE offices) which work under the Ministry of Economic Affairs and Employment.

On the first of March 2021, the government started local government pilots on employment which were the first implemented measure in the government's wider programme for the transfer of public employment services to the local level. For the duration of the pilot projects, the responsibility for arranging certain public employment services was transferred from regional TE offices to municipalities in areas participating in the pilot. According to the Ministry of Economic Affairs and Employment (2022a), those "unemployed jobseekers and jobseekers covered by employment services who are not entitled to earnings-related unemployment allowance" had been transferred under the responsibility of the pilot organizations. In addition, the target group involved "all jobseekers under the age of 30 and all immigrants and foreign-language speakers who are either unemployed or covered by employment services" (Ministry of Economic Affairs and Employment 2022a). A total of 118 Finnish municipalities participated in the local government pilots. In most areas, several municipalities together formed a pilot area, constituting 25 pilot areas across the country (Ministry of Economic Affairs and Employment 2021a).

The aim of the pilots was to develop new services and service models that would increase the employment of especially long-term unemployed and other hard-to-employ people. The idea was to

combine the resources of municipalities and central government more effectively and to integrate different services to better respond to the varying needs of the unemployed clients (Ministry of Economic Affairs and Employment 2022a).

In Finland, third sector organizations have participated in the provision of employment services especially after the economic depression of the 1990s. During the depression, unemployment rates multiplied in a short amount of time. Furthermore, the level of unemployment did not rise back to normal even when the economy started recovering (Aho & Arnkil 2008, p. 54). As a part of the attempts to solve the problem of high levels of long-term unemployment, expectations were directed towards third sector organizations to provide employment opportunities and support for the unemployed (von Hertzen-Oosi, Vaittinen, Ruoppila and Virtanen 2010, p. 5). Currently, third sector organizations participate in the provision of employment services by organizing various services and forms of support, including employment opportunities via pay subsidies, rehabilitative work activity, and work try-out places (Huotari 2016, p. 35; Vates-säätiö sr 2019, p. 7). Third sector organizations often cooperate with municipalities, schools, and regional TE offices (Vates-säätiö sr 2019, p. 18-20).

The aim of this thesis is to investigate the cooperation between third sector organizations and municipalities in the context of increasing authority of municipalities over the organization of public employment services. I am interested in how municipalities utilize the local resources of third sector organizations in developing more effective employment services in the area. The research question is: *How do third sector organizations and municipalities cooperate in providing public employment services?* To answer the research question, I conducted a total of eight interviews with heads of local government pilots and professionals working in third sector organizations from four different pilot areas. Each pilot area comprised municipalities which had together formed a joint pilot area.

Previous literature has identified a shift in the implementation of public policy and delivery of services towards a governance model where the public sector and non-state actors increasingly cooperate in network-based relationships (Osborne 2010; Stenvall et al. 2016). These networks are based on mutual interdependency, continuous inter-organizational interaction, and trust (Rhodes 1996, p. 660). Network-based relationships have been argued to be especially useful for responding to wicked problems. This is because networks allow the public sector to utilize local resources in order to respond to complex problems and changing circumstances (see Hudson 2004). In this study, the cooperation between third sector organizations and municipalities was analyzed in relation to arguments about a shift to network-based governance. The findings suggest an emergence of a new

logic in the cooperation between municipalities and third sector organizations but not one reflecting a shift to network governance in a form identified by previous literature.

The thesis is organized as follows: in chapter 2, I outline the context of the study regarding the field on employment policy. I also describe the local government pilots on employment and present the key reforms regarding the organization of employment services which were prepared at the time the study was conducted. In chapter 3, I describe the main characteristics of Finnish third sector and its role as a provider of employment services. In chapter 4, I introduce the theoretical framework of the study which includes earlier literature on network-based governance and the key characteristics of network relationships. In chapter 5, I address the methodological choices and explain how the study was conducted. In chapter 6, I present the main findings from the conducted interviews. In chapter 7, I discuss the findings in light of previous literature on network-based governance. Finally, in chapter 8, I draw conclusions, discuss the limitations of the study, and provide recommendations for future research and policy decisions regarding the role of third sector in the provision of employment services.

2. Employment Services in Finland

This study concentrates on the cooperation between third sector organizations and municipalities in local government pilots on employment. However, at the time the research was conducted, Prime Minister Sanna Marin's Government had recently initiated significant changes to the organization of public employment and business services across the country. Furthermore, a large-scale reform of social, health and rescue services had been agreed on and was prepared. Therefore, the roles and responsibilities of municipalities across the country seem to be changing more permanently in near future. In this chapter, I outline the context of this study by first describing the complex field of employment policy. After that, I provide a short overview of the initiated and agreed policy reforms most relevant considering the topic of this paper. I describe the local government pilots on employment and outline the broader changes regarding the organization of public employment services. After that, I shortly describe the reform of social, health and rescue services that were on the agenda at the time the research was conducted in 2022.

2.1 The Complex Field of Employment Policy

In European countries, long-term unemployment has become a persistent problem that does not disappear even in times of good economic climate (Keskitalo & Karjalainen 2013, p. 7). The term structural unemployment has been developed to describe unemployment that does not decrease even when there is a shortage of labour in many sectors of the economy (Aho & Arnkil 2008, p. 57). To decrease and prevent structural unemployment, a large spectre of actors and wide-ranging public policies are required (Keskitalo & Karjalainen 2013, p. 7).

According to Keskitalo and Karjalainen (2013, p. 8), policies that aim to get unemployed citizens quickly back to labour extend to many different policy fields, particularly economic, social and labour market policy. However, labour market policy is the term that is widely used in literature that addresses measures to bring the unemployed back to labour markets. According to Aho and Arnkil (2008, p. 46), labour market policies are typically divided into active and passive policy measures. Passive labour market measures refer to policies that compensate for wage loss in case of unemployment. In turn, active labour market measures refer to services that aim to foster employment. The aim of active labour market policy is to increase matching between demand and supply of labour. According to Aho and Arnkil, active labour market measures can be further divided

into general employment services directed to all job seekers and employers and to selected services that are targeted at those who are unemployed or at risk of unemployment.

Nordic countries have a long tradition of arranging active labour market policies. The history of active labour market policy stretches back to the 1950s when ideas of active labour market policy were developed by Swedish economists Gösta Rehn and Rudolf Meidner. The Rehn-Meidner model was a combination of general economic policy, wage policy and labour market policy (Sihto 1994). The ideas of active labour market policy spread to Finland in the 1960s in form of practices such as placement services, labour market training, vocational guidance and mobility allowance, although many of the central ideas of the Rehn-Meidner model were not adopted (Julkunen 2013, p. 24-25).

Even though the history of active labour market policies extends several decades back in Finland, pressure to ensure active participation of the working-age population has increased in recent decades for several reasons. According to Keskitalo and Karjalainen (2013, p. 8), a significant reason is population ageing which results in an increased demand for welfare services and decreasing amount of workforce to participate in the funding of services. Another reason identified by Keskitalo and Karjalainen is ideological: the spread of neo-liberal economic thinking has increased the popularity of arguments which drive for cuts in public expenses. Furthermore, Keskitalo and Karjalainen state that the economic competition in the global markets has made it more difficult for individual nation-states to do independent decisions regarding for example taxation.

These phenomena are shared between most European countries. Bonoli and Natali (2011, p. 8) state that since the 1990s, European countries and the United States have experienced an 'activation turn' regarding employment policies. According to Bonoli and Natali, the focus on activation has meant that more emphasis is put on activation and investments in human capital, rather than on the income protection of unemployed individuals. Julkunen (2013, p. 35-37) states that in Finland, increased emphasis on activation has been reflected in policy decisions especially since the 1990s. According to Julkunen, this direction has translated into various reforms, such as larger investments in activation measures and individual guidance, sanctions in case of disobedience with activation measures and large amounts of innovative forms of activity to respond to the growing pressure to promote employment.

Despite various efforts to reduce unemployment with the development of policies and services, the results have often been disappointing. In fact, prolonged unemployment as a policy problem has been described as a wicked problem, a concept introduced by Rittel and Webber (1973). Rittel and Webber make a distinction between "tame" and "wicked" problems. According to Rittel and Webber, in the

case of tame problems, attempts to solve the problem can be controlled, attempts can be run in a "trial-and-error' manner and there are certain criteria for determining whether the solution has been successful. Wicked problems are complex and intractable, they are interlinked with other societal problems and there are no definitive solutions to resolve them (Rittel & Weber 1973; Head 2008, p. 101-102).

In the case of unemployment, the complexity of the problem means that the required responses extend to many policy areas. Concerning public employment policies, people facing barriers to employment often require help that transcends the traditional divisions of policy sectors (Heidenreich & Rice, 2016 p. 2). Extended unemployment is often intertwined with complex social problems. Therefore, a wide variety of services which incorporate educational, social, rehabilitative and health aspects is needed (Heidenreich & Aurich-Beerheide 2014, p. 7). Since the needs and situations of hard-to-employ people vary significantly, individualized service is perceived as a key factor in providing effective service (see European Commission 2019). To be able to reconcile different policy sectors and provide tailored services, effective coordination between actors is required. This involves coordination between different levels of governance, between different policy sectors and between public, private and third sector organizations (Fuertes, McQuaid & Heidenreich 2021, p. 94).

Due to various phenomena linked to unemployment, actors from different areas and several sectors are involved in providing services for the inclusion of the unemployed into the labour markets in Finland. In Finland, the responsibility of employment services is divided between a large number of actors, including actors who are working under the central government (for example TE offices, ELY centres, Kela), municipal actors (municipal employment units and social and health sector), external service providers (third sector organizations, companies, and educational actors), and multi-professional cooperation units where different actors work together (eg. TYP centres) (Annala et al. 2019, p.12).

2.2 Transfer of Public Employment and Business Services to the Local Level

In Finland, the role of public employment and business services, typically referred to as TE services (työ- ja elinkeinopalvelut) is to "make the labour market function by ensuring the availability of competent workforce and by improving jobseekers' employment prospects and employability" as well as "assist new entrepreneurs and make it easier for enterprises to operate successfully" (Ministry of Economic Affairs and Employment 2021b). Prior to the reforms that were ongoing at the time of

writing, services have been provided by regional TE offices which work under the Ministry of Economic Affairs and Employment. Along with TE offices, municipalities have participated in providing public employment services. The central government and municipalities have worked in cooperation: municipalities have offered services designed for those long-term unemployed who are not capable of participating in services provided by TE offices (Ministry of Social Affairs and Health 2021).

In 2019, the Finnish Government of the term 2019 to 2023 published their government programme. One of the important aims stated in the programme was to increase the employment rate (Programme of Prime Minister Sanna Marin's Government 2019, p. 130-131). According to the programme, the strategy was to strengthen the participation of the difficult-to-employ groups in the labour market, lengthen the working careers at the beginning, middle and end, develop the direction of labour market policy from passive to active, and increase the targeting of services. One of the measures to achieve the targets was to develop the governance of employment services. As a part of this measure, the government announced in its programme that the responsibilities of municipalities in arranging employment services would be strengthened.

On the first of March 2021, the government started local government pilots on employment. The pilots were the first implemented measure in the government's wider programme for the transfer of public employment services to the local level (Ministry of Economic Affairs and Employment 2022a). The aim of the pilot project was to find solutions that would cross different spheres of governance and support especially the employment of long-term unemployed and other hard-to-employ people. The idea was to combine the resources of municipalities and central government more effectively, integrate different services better, and develop both practices and services to better respond to the varying needs of the unemployed clients (HE 87/2020 vp, p. 3; Ministry of Economic Affairs and Employment 2022a).

On a concrete level, the authority and responsibilities of municipalities were strengthened in those municipalities that participated in the pilot project. For the duration of the pilots, the responsibility for arranging certain public employment services in the area was transferred from regional TE offices to municipalities. According to the Ministry of Economic Affairs and Employment (2022a), those "unemployed jobseekers and jobseekers covered by employment services who are not entitled to earnings-related unemployment allowance" had been transferred under the responsibility of the pilot organizations. In addition, the target group involved "all jobseekers under the age of 30 and all immigrants and foreign-language speakers who are either unemployed or covered by employment services" (Ministry of Economic Affairs and Employment 2022a). A total of 118 Finnish

municipalities participated in the local government pilots. In most areas, several municipalities together formed a pilot area, constituting 25 pilot areas across the country (Ministry of Economic Affairs and Employment 2021a).

In the spring of 2021, the government announced that the responsibility of providing employment services would be transferred to the local level everywhere in the country (Finnish Government 2021, p.16). At the time of writing, the reform was planned to be enforced on the first of January 2025 (Ministry of Economic Affairs and Employment 2022b). In the rationales of the reform, the local nature of all policy areas related to employment was emphasized. According to the Ministry of Economic Affairs and Employment (2022b), the transfer of public employment services to the local level would bring the services closer to both the unemployed clients and the employers. After the reform, public employment services, educational services, and business services would be under the responsibility of the same authority. According to the Ministry, the municipalities would have the capacity to arrange services best fitted to serve the needs of both the unemployed customers and the local businesses.

At the time the research was conducted, the government had recently left a proposal of the law regarding the reorganization of public employment and business services for consideration in the Finnish Parliament. The proposal was delivered for the Parliament in October 2022. The proposal included several significant reforms to the organization of employment and business services. Only the changes most relevant to the research interest of this paper are discussed here.

According to the proposal (HE 207/2022 vp), the responsibility of public employment and business services would be transferred to local labour market policy areas, consisting of a labour force of a minimum of 20 000. Therefore, most of the municipalities would form a legally binding cooperation unit to arrange the services together.

Based on the proposal (HE 207/2022 vp), also the system regarding the financing of unemployment benefits would change and the responsibility of municipalities in the funding of unemployment benefits would increase. The aim of the reform was to develop a financing system which would encourage municipalities to develop services that effectively support the unemployed to open labour markets (Ministry of Economic Affairs and Employment 2022b). Prior to the intended reform, municipalities have been responsible for the funding of unemployment benefits only regarding labour market support (työmarkkinatuki in Finnish). According to the Finnish Social Insurance Institution Kela (2022), the state has been responsible for financing labour market support received by an unemployed jobseeker until the unemployed jobseeker has received labour market support for 300

days. After that, the municipality has been responsible for 50 per cent of the expenses. After 1000 days of labour market support, the responsibility of the municipality has increased up to 70 per cent of the labour market support of the unemployed jobseeker. However, days when the unemployed jobseeker has participated in employment services have not been counted in the calculation system (Kela 2022). Therefore, municipalities have not been entitled to participate in the financing of the labour market support for the 'activated' unemployed.

Based on the proposal (HE 207/2022 vp) in the new system, the responsibility of municipalities would be broadened so that instead of only participating in the financing of labour market support, municipalities would also participate in financing unemployment daily allowances (työttömyyspäiväraha in Finnish). The responsibility of municipalities over unemployment benefits would start earlier: after the unemployed person has received unemployment benefits for 100 days, the municipality would finance 10 per cent of the benefit. After that, the responsibility would gradually increase, so that after 700 days, the municipality would finance 50 per cent of the benefit. The increased expenses of municipalities would be compensated by the state through a system that would make it economically beneficial for the municipalities to support the unemployed to open labour markets more efficiently. Furthermore, after the reform, participation in activation policies would not impact the municipalities' responsibility for financing the benefits.

2.3 Reform of Social, Health and Rescue Services

At the same time with the transfer of employment services to the local level, a major change of governance structure was initiated regarding health and social services. As described above, one of the important aims of the Prime Minister Sanna Marin's government was to increase the employment rate. Another significant aim of the government was to develop public health and social services towards better availability and cost-effectiveness (Programme of Prime Minister Sanna Marin's Government 2019, p. 163-164). To achieve these targets, a large-scale reform of healthcare, social welfare and rescue services was initiated.

In June 2021, the government adopted legislation on the establishment of wellbeing services counties. According to the new legislation, the responsibility of health, social and rescue services will be transferred from municipalities to 22 wellbeing services counties completely on the first of January 2023 (HE 241/2020 vp). The decision to establish wellbeing services counties at the start of 2023 seems to mark the end of a long process started already by previous governments to restructure health

and social services. Based on the government programme (Programme of Prime Minister Sanna Marin's Government 2019, p. 144),

the reason behind the reforms was that due to the ageing population, restructuring is required to prevent the increase of costs and to ensure the availability of services in all areas of Finland. Municipalities as smaller units compared to wellbeing services counties are not able to fund and organize the services and therefore wider areas must be established to carry the responsibility.

Despite the fact that employment services and social services are separated in the welfare system, they have many shared organizational borders. One of the services crossing the lines of social and employment services is rehabilitative work activity. Even though being part of the social service system, the purpose of rehabilitative work is to increase the coping skills of a person and develop the person's capacity to be employed (Laki kuntouttavasta työtoiminnasta 2001/189). Due to the interconnectedness and cooperation between the two sectors, changes in the governance of health and social services impact also the area of employment services.

As described above, at the time the research was conducted it seemed that the governance structures of both employment and well-being services would be changing significantly in Finland. However, one could describe the reforms as following opposite logics. Whereas employment services were set to be transferred to the local level, the health, social and rescue services were to be transferred to a larger unit. From the perspective of municipalities, their responsibilities in the area of employment were about to increase significantly. Around the same time, however, their responsibilities over health, social and rescue services were about to decrease radically. Therefore, at the time the research was conducted, it seemed that the overall service system under the authority of municipalities would look significantly different in the near future. The priorities of municipalities would be shifting from health and social services to the area of employment and business.

3. Third Sector Organizations in Finnish Employment Policy

In this chapter, I provide an overview of the Finnish third sector organizations as partners of the public sector in the promotion of employment. First, I will offer a definition of the third sector utilized in this thesis and describe the key characteristics of the Finnish third sector. After that, I will outline the main developments concerning the role of Finnish third sector organizations as partners of the welfare state from the 1960s to the 1990s. Finally, I will discuss the role of Finnish third sector organizations in the area of employment services.

When considering the role of third sector actors as providers of services that support employment, it is difficult to make a clear distinction between organizations providing employment services and organizations that focus on the provision of health and social services. Third sector organizations provide a broad array of different services and actions with the aim of supporting people in difficult situations. Many third sector organizations provide both social and employment services. Furthermore, the history of third sector actors as providers of these services extends further than the introduction of many modern public employment services. Therefore, also literature regarding the role of third sector organizations in the areas of health and social services is discussed even though the main focus remains on employment services.

3.1 Key Characteristics of Finnish Third Sector Organizations

According to Voitto Helander (1998, p. 33), multiple different terms have been used to describe third sector and third sector organizations in different national contexts. One of the most broadly used terms is "nonprofit sector" which has spread from the United States of America. Another widely used term is "civil society organization". However, "third sector" became broadly used as a scientific concept from the 1970s onwards (Anheier & Seibel 1990, p.7) and has received a firm status in Finnish research in the area. Therefore, in this paper, the concepts "third sector" and "third sector organizations" are used to describe the field.

Third sector can be defined as an area located between markets, the public sector, and individual households (Ruuskanen, Selander & Anttila, 2013). The third sector includes a wide variety of actors with differing goals and purposes. However, there is a number of common features that characterize third sector entities. The criteria for defining the third sector have been formulated in several ways

by different scholars, but the same main elements seem to be included in many of them (Helander 1990, p. 53–63).

One definition, developed for international comparison and suitable also for the Finnish context, has been provided by researchers of John Hopkins Center for Civil Society Studies. According to Salamon, Sokolowski and List (2004, p. 9–10), third sector entities can be defined based on five structural-operational characteristics. First, third sector entities work as organizations; therefore, they have an institutional structure. Second, they are private, implying that they are not part of the state although they might receive support from the government. The third feature is that their work does not aim to produce profit. Third sector organizations can produce surpluses, but the surpluses must be invested in the actions of the organization. This means that the surpluses cannot be distributed to shareholders or managers. The fourth feature is self-governance, meaning that their decision-making is independent of anyone outside the organization. Finally, third sector organizations are voluntary, implying that membership is not compulsory.

In Finland, the key third sector actors consist of registered associations and foundations, jointly referred to as organizations (Smolej 2017, p. 4). The Finnish Register of Associations was first established in 1919 (Siisiäinen 2002, p. 9). Through registration, third sector organizations receive legal capacity and are able to for example procure property for the organization. Finland is perceived as a country of active participation in third sector organizations. At the end of 2021, there were 108 398 registered associations and religious communities in Finland (Patentti- ja rekisterihallitus 2022). According to register numbers, most of the Finnish associations are working in the area of culture, sports and free time (Patentti- ja rekisterihallitus 2021). In Finnish law, associations are regulated through Finnish Association Act (Yhdistyslaki 1989/503). The law regulates for example decision-making and economic activity in third sector associations. However, the law leaves significant leverage for the rules set up by the organization itself.

The members of a third sector organization can do voluntary work in the organization, participating in the actions of the organization during their free time without pay. However, many organizations have also paid personnel who ensure the continuation of the activities and work following the mission of the organization, defined in the rules of the organization (Dufva 2003, p. 16). According to Ruuskanen, Selander & Anttila (2013, p. 10), the majority of Finnish registered organizations work entirely based on voluntary work. However, the amount of paid labour in the Finnish third sector has increased significantly since the 1990s (Smolej 2017). Kirsikka Selander (2018, p. 10) states that based on the numbers from Statistics Finland, 70 000 employees (modified to full-time workers)

worked in the third sector in 2016, amounting to 70% more than in 1990. The main reason for the shift is the increased role of third sector organizations as service providers, discussed further in the next sections.

The way third sector organizations gain funds to organize their activities differs between countries. The predominant perception has been that in Nordic countries, the public sector is the most important provider of funding for the third sector (Helander 1998, p. 93). On the other hand, for example Ferreira (2006) found in her comparative study that the Nordic third sector was relatively independent of public funding. According to a study conducted by Finnish research company Taloustutkimus in 2021 (Taloustutkimus Oy 2021), 81 percent of the Finnish organizations that participated in the study received public funding. Regarding most respondents, public funding was received through the Ministry of Education and Culture, the Ministry of Social Affairs and Health or through municipalities. However, 60 percent of the respondents reported that membership fees were the most important source of funding for their organization. One could conclude that in Finland, the public sector is a significant provider of funding for third sector organizations but the way organizations gain funds differs largely between different third sector actors. Whereas some organizations are largely dependent on public funding, many gain funds through membership fees or by selling services or goods.

According to Ruuskanen, Selander and Anttila (2013, p. 9), third sector organizations can be seen to have a two-fold role in society. On the one hand, they are an important part of civil society, gathering citizens together and raising interests, experiences, and identities to the public discourse. On the other hand, third sector organizations produce services that complement the public and private sectors. According to Möttönen and Niemelä (2005), third sector organizations have had a significant role in the development of Finnish society and democracy since the 20th century. The role of third sector organizations as civil society actors has thus been important in Finnish society. However, in this thesis, the focus is on the role of third sector organizations in providing services that complement the public welfare services. This aspect is discussed in the next section.

3.2 The Increase of Service Provision in Finnish Third Sector Organizations

Aila Leena Matthies has studied the role of third sector organizations in the Nordic welfare states. According to Matthies (2007), the functions and characteristics of third sector organizations vary between different welfare states. Basing her argument on the famous work by Esping-Andersen

(1990), Matthies (2007, p. 60) provides an overview of the traditional role of third sector organizations in four welfare state types. Of the main interest here is the traditional role of third sector organizations in the Nordic universal welfare states, which Finland is perceived to represent. Matthies argues that in universalistic welfare states, third sector organizations have traditionally been predominantly interest groups with complementary and specialized roles as service providers, while the main responsibility of providing welfare services has been on the state. However, as argued also by Matthies, the role of the third sector in Nordic welfare states, including Finland, is not static. Indeed, the role of third sector organizations as service providers in the Finnish welfare state has evolved over time and continues to be a subject of various pressures for change.

According to Ruohonen (2003, p. 43), organizations based on voluntary participation started their actions in Finland already in the 1840s in the form of charity work. During the time the welfare state was built, municipalities and the state often took responsibility for providing social services originally arranged by third sector organizations. Möttönen and Niemelä (2005, p. 15) state that during the phase of strong welfare state ideology in the 1960s and 1970s, the responsibility of providing universal welfare services was assigned to the state. The role of third sector organizations was a complementary one and the share of social and health services provided by the third sector was comparatively small. Möttönen and Niemelä argue that at the time, third sector activity was largely perceived as a rudiment of the past.

According to Möttönen and Niemelä (2005, p.84-85), perceptions started to change during the 1980s and 1990s when ideas of New Public Management (discussed further in chapter 4) settled in Finland. Möttönen and Niemelä state that during that time, efficiency became a significant focus of public service production. Following the New Public Management approach, a central question was whether it was most efficient for the municipalities to produce certain services by themselves or purchase them from other service providers. At the time, municipalities started to consider how they utilized local third sector organizations in their service provision (Möttönen & Niemelä 2005, p. 85).

However, a significant change in the role of the third sector in the Finnish social policy came as a result of the economic depression of the early 1990s. The dramatic economic downturn resulted in increased demand for welfare services while public economics experienced increased budget deficits. Julkunen (2006, p. 119-120), states that in this context, expectations were raised regarding the role of the third sector: third sector organizations were expected to broaden their role as providers of services and social support to alleviate the pressure in public welfare services. Furthermore, Julkunen (ibid.) states that third sector organizations were able to respond to new social problems created by the economic depression, such as hunger, substance use and prostitution.

According to Möttönen and Niemelä (2005, p. 33-40), the recession took place around the same time as a large reform concerning the financing of public welfare services was introduced. Möttönen and Niemelä state that until the early 1990s, the state had a strict control system over municipalities regarding the arrangement and financing of welfare services. According to Möttönen and Niemelä, the system had raised strong critique in municipalities which saw that the strict authority of the state created limitations for local democracy. Furthermore, the system was economically inefficient from the perspective of the state since it encouraged municipalities to increase their expenses to receive larger shares for the provision of services. At the time of the recession, municipalities had gained authority over the financing of the welfare state but were faced with difficult decisions in the context of decreasing resources (Möttönen & Niemelä 2005, p. 33-40). Therefore, third sector organizations became important partners especially for municipalities. Due to the developments of the 1990s, third sector organizations gained a significant role in the area of social policy in Finland. According to Julkunen (2006, p. 119-120) the work of third sector organizations has concentrated on disadvantaged groups, as well as preventative and rehabilitative work.

3.3 The Role of Third Sector Organizations in the Area of Employment Services

The economic depression of the 1990s and the critical increase in unemployment rates that followed had dramatic effects on the whole welfare state. It also brought unemployment strongly into the agenda of the third sector. According to Helander (1998, p. 15), especially after the mid-1990s, discussions regarding the third sector revolved largely around unemployment. Von Hertzen-Oosi, Vaittinen, Ruoppila and Virtanen (2010, p. 5) state that in the context of high rates of long-term unemployment left behind by the recession, high hopes were directed towards the possibilities of third sector actors to provide participation and employment for the unemployed. At the time, concerns regarding a decrease in paid labour in society were also high on the agenda and questions about the possibility of the third sector to respond to this problem were raised (Helander 1998, p. 89).

In 1998, a new form of pay subsidy, at the time called "combination subsidy" (yhdistelmätuki in Finnish) was introduced. The new pay subsidy allowed the employer to receive a higher and more long-term subsidy when recruiting a person in a difficult labour market position (Aho & Arnkil 2008, p. 58). The introduction of the combination subsidy strongly improved the possibilities of third sector organizations to employ, and third sector actors came to have a strong role in offering job opportunities via pay subsidy (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5; Aho & Arnkil 2008, p. 58). The idea was that the job opportunities provided by third sector

organizations would strengthen the work capability of the unemployed and thus integrate excluded individuals back to the labour market (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5). However, according to Aho and Arnkil (2008, p. 58), to a large degree, the underlying aim was to prevent the marginalization of the unemployed, rather than effectively bring them back to the open labour markets. Third sector organizations were eager to utilize the possibility of pay subsidy, and more than 10 000 people were recruited via the pay subsidy in the third sector already in 1999 (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5).

According to the laws that were in force in 2022, a pay subsidy could be received by an employer recruiting an unemployed person who does not have sufficient vocational competence, has a long-term sickness or disability that affects work capabilities or is over 60 years old and long-term unemployed. An employer was able to receive either 30, 40 or 50 per cent of the wage costs. However, on certain conditions, third sector organizations were able to receive the total 100 per cent of the wage costs (Ministry of Economic Affairs and Employment 2022c).

At the time of writing, third sector organizations provided a large scale of different services and forms of support with the aim of increasing capability, work capacity, and employability of the unemployed participants or clients. These included for example rehabilitative work activities, traineeship places, employment via pay subsidy, assessments of work capacity, places for work-try out, and practical work training (Vates-säätiö sr 2019, p. 7). In addition to providing services, many third sector organizations aim to influence decision-making and bring the experiences of their participants to wider discussions for example through experts by experience (i.e. persons with recent personal experience of the topic concerned) (Vates-säätiö sr 2019, p. 10).

Only little statistical information is available regarding the various forms of employment services provided by third sector actors. One reason behind this is probably the fragmented nature of the third sector: for example, in addition to organizing employment services as a permanent form of activity, many third sector actors organize services as temporary projects funded by for example Finnish public sector units or the European Social Fund. Furthermore, there are regional differences in the amount of active third sector organizations working in the area of employment.

Some indicators of the respective role of third sector organizations are available. In 2016, 25 percent of workshops were maintained by third sector organizations (Bamming 2017, p.27). According to Vates (2019), the URA database maintained by the Ministry of Economic Affairs and Employment (original source no longer available) shows that in 2015, a total of 2583 third sector organizations provided employment via pay subsidy (Vates 2019). Furthermore, according to Vates

(2019), the same database reveals that around 22 percent of employment periods through pay subsidy were started in third sector organizations.

According to Vates (2019, p. 18-21), third sector actors that provide employment services often cooperate with municipalities, education institutes and TE offices. For example, professionals in TE offices route unemployed clients to the services provided by third sector organizations. Municipalities might have contracts with local third sector organizations considering the organization of certain services. In coordination with local schools, third sector organizations can provide support and traineeship places and make contracts regarding studification. In the process of studification, skills and training acquired at a workplace are recognized and documented as parts of a degree.

Regarding funding, most of the third sector organizations which work to promote employment receive funding from several different sources. In the case of third sector organizations, an important question is whether the forms of support are provided based on the principle of common good or provided as services in the markets. The demand to distinguish these forms of action has increased in recent years due to stricter interpretations of competition legislation of the European Union (see Julkunen 2006, p. 125-127). For example, some funding sources cannot be used for service provision in the markets. Furthermore, in financial accounting, a third sector organization must distinguish economic activities from activities that are organized based on common good (Vates-säätiö sr 2019, p.13).

Due to the large scale of different funding sources utilized by third sector organizations, only some of the key funding sources are presented here. Many of the third sector organizations that provide employment services receive funding from municipalities. Municipalities can provide different types of financial aid for local third sector organizations. Besides financial aid, they might provide for example facilities for the use of third sector organizations without charge. Furthermore, municipalities can purchase services from third sector organizations. In this case, the municipality arranges a competitive procurement for which third sector organizations can bid (Vates-säätiö sr 2019, p.12-18).

Third sector organizations can also receive employment policy project support, which is a government grant for organizing project activities. The grants can be awarded by TE offices (Ministry of Economic Affairs and Employment 2022c). Third sector organizations can receive funding for development projects also from the European Social Fund. Furthermore, the Funding Centre for Social Welfare and Health Organisations (STEA) is an important provider of funding for

third sector actors that promote health and social well-being in Finland, including third sector organizations that work in the area of employment (Vates-säätiö sr 2019, p. 11). STEA is a state-aid authority that works in connection with the Ministry of Social Affairs and Health (STEA 2022a). However, the grants awarded by STEA cannot be used for economic activities (STEA 2022b). This means that service provision must be funded through other sources.

Many third sector organizations which work to promote employment provide a part of their services on the markets. These services can be purchased by for example municipalities, municipal corporations, the Finnish Social Insurance Institution Kela or the clients themselves (see SOSTE 2020). Since third sector organizations do not aim to produce profits, the potential profits gained from service provision are used for the development of the organization.

As mentioned previously, the role of third sector organizations as service providers increased after the economic depression of the 1990s (Julkunen 2006, p. 119). At the same time, professionalization has increased in third sector organizations (Möttönen & Niemelä 2005; Smolej 2017, p. 4-5). Instead of relying mainly on voluntary work, many of the forms of support organized by third sector actors are provided by professional staff. The increase of competitive procurement concerning publicly funded services has also affected the role of third sector organizations as service providers. Municipalities are required to follow the principles of competitive neutrality and therefore must treat third sector service provision similarly to the service provision of private enterprises (Julkunen 2006, p. 125). In third sector organizations, this has raised concerns regarding for example the quality of services and discontinuous client relationships (Möttönen & Niemelä 2005, p. 141-143).

These development concern also the work of third sector organizations in the area of employment promotion. Many of the third sector organizations that provide employment services have become sizeable organizations with professional staff and large service provision. However, the field continues to be heterogenous: there is also a large amount of small third sector actors organizing support for employment. Furthermore, many third sector organizations for example employ unemployed individuals via pay subsidy on the side of other main activities.

4. From Government to Governance

In this chapter, the theoretical framework of this study is outlined. As the theoretical bases of this study, literature on the development of public administration and delivery of services is utilized. The focus is especially on claims of an emergence of a new governance approach in the implementation of public policy and delivery of public services. I will first concentrate on previous literature concerning three different regimes in the development of public sector from the late nineteenth century to the 2000s. I will explain the current trend towards a new governance approach in the development of public policy as identified by previous literature. After that, I will describe the key characteristic of the new governance approach, namely network form of relationships between the public sector and non-state actors.

4.1 Three Regimes in the Development of the Public Sector

Among many scholars, Osborne (2010, p. 1-12) has argued that in many Western countries, three different phases can be identified in the implementation of public policy and delivery of public services since the late nineteenth century. Osborne has chosen to call these phases "regimes". Based on the overview provided by Osborne, the first one of these regimes is "Public Administration" which lasted from the late nineteenth century until around the turn of the 1980s. The second one is the "New Public Management" regime, influential since the late 1970s. According to Osborne, a third regime, called "New Public Governance" has been emerging since the start of the twenty-first century. Stenvall et al. (2016, p. 26-46) argue that similar phases can be identified in the development of Finnish public administration.

Based on the description by Osborne (2010, p. 2-3), the first influential institutional logic in the implementation of public policy and delivery of public services was Public Administration. Referring to Hood (1991), Osborne states that the main characteristics of Public Administration include a strong emphasis on set rules and guidelines and a strong role of the bureaucracy in implementing public policy. Locating the developments to the United Kingdom, Osborne (2010, p. 2-3) argues that as a field of practice, Public Administration was at its strongest during the years 1945-1979. According to Osborne, during this time, the welfare state was perceived to take care of the needs of the citizens in both economic and social arenas, and Public Administration was an instrument that was believed to ensure equality through administrative procedures.

Similarly in Finland, several authors have identified the 1960s and 1970s, partly also the 1980s, as a phase of strong welfare state ideology in the Finnish public sector (eg. Möttönen & Niemelä 2005, p. 15, 31; Stenvall et al 2016, p. 36-40). During this time, Keynesian economics was the standard of economic thinking: it was perceived that public expenses and the welfare state enabled good economic development (Stenvall et al. 2016, p. 36). Providing welfare for the citizens was seen first and foremost as the duty of the welfare state. According to Sakari Möttönen and Jorma Niemelä (2005, p. 15), at the time, the municipal welfare services and social security offered by the state were perceived to completely fulfil the welfare needs of citizens. The state financed most of the welfare programs and guided the work of municipalities strictly (Stenvall et al 2016, p. 38; Möttönen & Niemelä 2005, p. 31).

Based on the overview by Osborne (2010, p. 3-4) the chronologically second regime was New Public Management which started spreading from the 1970s onwards. According to Stenvall et al. (2016, p. 40), ideas of New Public Management were first utilized in Great Britain and the United States but gained a footing in several countries during the 1990s. According to Osborne (2010, p. 3-4), one of the central ideas of New Public Management was to apply models inherited from the private sector to the development of public sector organizations. These included entrepreneurial leadership in public sector units, performance management and focus on cost management and output evaluation. Osborne states that in many countries, for example in Anglo-Saxon regions, New Public Management included also increased use of markets and competition in public service delivery.

According to Stenvall et al. (2016, p. 40), ideas of New Public Management settled also in Finland during the late 1980s and early 1990s. Stenvall et al argue that in Finland, the discourse was dominated by a critique of the welfare state which claimed that the welfare state lacked efficiency and result orientation and its bureaucracy had become too heavy.

According to several authors, a rise in the instability of societal contexts and increased global interconnectedness of societies has created pressure for public administration change (Vedres & Scotti 2012, p. 1). It has been argued that the quickly changing societal contexts require responses that the public bureaucracy is not able to produce alone: instead, the public sector must develop cooperation with other actors of the society (Vartola 2009, p. 37). Reforms in the *structures* of public administration have lost prominence compared to the development of actual *practices*. Rather than serving as a starting point of reform, accommodation of governance structures might be required as a result of changes in the practices and processes (Möttönen & Niemelä 2005, p. 79-80). Attention has shifted from the capacity of the public governance organization to react and adapt to changes

internally to the way the public organization is able to utilize the local resources at hand (Möttönen & Niemelä 2005, p. 89).

This change of perspective has been described with a conceptual distinction between government and governance. According to Anttiroiko et al. (2007. p.168), Anttiroiko and Jokela (2002, p.130) outline that government refers to a system where elements such as hierarchy, internal processes of government, coercive power and regulation are emphasized. In contrast, governance emphasizes external relationships with non-state actors, setting of initiatives and development and coordination of network relationships. One of the terms that have been used in the study of governance is New Public Governance. According to Osborne (2010, p. 7), New Public Governance concerns a shift where governance is not only an element in public policy implementation and delivery but has come to form a distinctive regime. The concept of New Public Governance is disputed and has been criticized as vague and ideologically empty. Definitions of New Public Governance vary depending on the context, and the concept has been used as a description of a phenomenon, as an analytic tool and as a theory (see Pierre & Peters 2000, p. 24). Despite these challenges, several authors perceive that New Public Governance has significant explanatory power in analyzing the recent changes in the development of the public sector.

Certain key elements have been identified as the core of the concept. A crucial element of New Public Governance is its emphasis on collaboration between the public entity and other actors of society. While previously attention has been on the development of internal processes and structures, now cooperation and relations with other actors are highlighted: the role of the public sector is to support other actors and develop cooperative practices (Möttönen & Niemelä 2005, p.79-80). Instead of reforming administrative structures, development of governance processes is now the main interest (Bekkers et al 2007, p. 14). Stenvall et al. (2016, p. 45) state that in practice, New Public Governance translates into increased cooperation between public governance actors, third and private sector actors, citizens, and different stakeholders.

4.2 Network-based Governance

As described earlier, in many countries the participation of non-state actors in the provision of public services was a key element of New Public Management reforms. Indeed, some scholars perceive New Public Governance as merely an adaption of New Public Management. However, many scholars perceive that there is a significant difference in the way the relationship between the public entity and

non-state actors is perceived in New Public Governance literature compared to the ideas emphasized in the traditions of both Public Administration and New Public Management (Osborne 2010; see also Klijn 2008).

The nature of the relationships between public entities and non-state actors in the New Public Governance approach compared to other approaches can be described by utilizing a conceptual distinction between three different forms for organizing relationships: *hierarchy, markets* and *networks*. Based on the overview by Powell (1990) hierarchy refers to an organizational form which is based on a clear line of authority from the highest organizational level to the lower levels. Formal procedures regarding administration and decision-making form the basis of the relationship. In comparison, markets refer to an organizational form which is based on market transactions: the value of the exchanged goods forms the key aspect of interaction. The relationship between actors in itself is not important or is perceived similarly to a commodity. Prices determine exchange and no future commitments for cooperation are involved. Powell (ibid.) states that in contrast, networks are typically longer-term relationships where reliance and solidarity are key aspects. Networks are based on mutual benefit gained by a pooling of resources and a dependency of the participants concerning each other's resources.

Firstly, it can be argued that in the tradition of Public Administration, the relationship between the public sector organizations and non-public actors is predominantly organized following a hierarchical organization form. The central idea is that successful implementation and delivery of public services are best achieved by a hierarchically organized state (Osborne 2010, p. 8). The hegemony of the public sector in the provision of public services is strong.

In New Public Management, the relationships between public sector and non-state actors largely represent the market form of organization. According to Klijn (2008, p. 507-508), the New Public Management approach emphasizes the development of bureaucratic structures inside public organizations. The role of the public entity is to create clear and effective steering mechanisms and incentives and to leave implementation for non-state actors. In the New Public Management approach, non-state actors are seen as alternative service providers to the public sector (see Möttönen & Niemelä 2005, p. 85). According to Osborne (2010, p. 8), in New Public Management, the provision of public services is perceived as an intraorganizational process where the aim is to turn inputs into outputs as efficiently as possible. Competition, the price mechanism and contractual relationships are the key mechanisms for allocating resources. Osborne states that in the New Public Management approach, actors are seen as independent service units, ideally competing with each other in the marketplace. Therefore, it has been argued that the New Public Management approach

has only a limited capacity to respond to challenges posed by the fragmented and interorganizational societal environment (Rhodes 1997).

In contrast, in New Public Governance the relationships between the public sector and other actors in the society are based on inter-organizational networks, where mutual dependency and interaction between public sector organizations and non-state actors form the basis of the relationship (Osborne 2010, p. 9; Klijn 2008, p. 510-511). In his texts concerning network-based governance, Rhodes (1996, p. 660) summarizes the characteristics of networks as follows:

1) interdependence between organizations
2) continuing interaction between organizations as a result of the need to exchange resources and negotiate shared purposes
3) Game-like interactions that are based on trust and rules previously negotiated by each of the participating organizations
4) A significant degree of autonomy from the state. Governments can only indirectly steer and guide networks, but networks are not accountable to the state.

Authors have identified an international shift in public services organizations towards network-based governance (see Ferlie et al 2011). Network-based governance has been perceived as especially useful for responding to wicked problems, such as unemployment. Hudson (2004) emphasizes two factors that make the network form of organization more advantageous compared to hierarchical and market forms. According to Hudson, the first advantage of networks is access to rich and localized knowledge. In responding to problems where solutions are uncertain and multifaceted, large amounts of information and knowledge are required. However, a large part of knowledge is of localized nature. Through networks, local knowledge can be shared both between and within organizations. According to Hudson, the second benefit of networks is that through coordination and pooling of resources, networks are more capable of creating innovative solutions and adapting to changing circumstances compared to hierarchical forms of organization. Hudson argues that both of these factors enable the development of more effective and efficient solutions to policy problems.

Indeed, according to McQuaid (2010, p. 127), the promotion of increased interagency cooperation between government departments, public agencies, private enterprises and third sector actors has become an important standpoint in strategies regarding labour market policy and social inclusion internationally. According to McQuaid, this is due to increased recognition that to respond to the complex and multi-dimensional problems faced by unemployed individuals, a multi-agency approach is required.

Also in the Finnish context, the collaboration between different stakeholders in employment policy has received increased recognition. In recent years, a term 'ecosystem of employment' has been utilized to describe a network-based service system in the area of employment policy (see Arnkil, Spangar & Jokinen 2019). Recently, some Finnish municipalities and areas have announced the aim to develop a well-working ecosystem of employment where the cooperation between different stakeholders is developed (see eg. Centre for Economic Development, Transport and the Environment 2020). On a broader level, network governance has been developed for example in various city development projects (Stenvall et al 2016, p. 45).

Despite the suggested advantages of network relationships, it has been recognized that for inter-organizational networks to be successful, certain key factors are important. Scholars have identified several conditions and factors that predict the success or failure of an adoption of network-based governance. According to Huxham and Vangen (2005), there is a significant resemblance in the factors identified by researchers in various collaborative settings. For the purposes of this study, overviews by Provan and Kenis (2008) and Hudson (2004) are utilized to summarize the key aspects required for the successful adoption of network-based governance.

According to Provan and Kenis (2008), one of the key contingencies that are critical for the successful adoption of network-based governance is trust. According to Powell (1990), networks are often utilized in situations where the value of cooperation and exchange is not easily measured. Compared to market-based relationships, the benefits cannot be as clearly specified and measured on monetary terms. In networks, trust forms the basis of coordination and sharing of knowledge (Hudson 2004, p. 79-80). Without trust, the basis for cooperation between the participants of the networks is little (Provan & Kenis 2008).

According to Provan and Kenis (2008), another crucial aspect is consensus over goals. This involves agreement on both the content of the goal and the appropriate process to achieve it. Hudson (2004) distinguishes between domain consensus and ideological consensus. Domain consensus refers to shared views regarding the roles and responsibilities of each participant. This requires a mutual understanding of the interdependency between the participants. Ideological consensus, on the other hand, refers to a shared conceptualization of the problem that is collaboratively addressed and of the right means to resolve it.

Based on the overview by Provan and Kenis (2008) another key factor for success in network-based governance is network-level competency. Competency is defined in relation to both internal and external factors. Internally, competencies concern the nature of the task that is jointly performed. For

example, if the task involves strong interdependency between participants, effective coordination must be attained in the network (Provan & Kenis 2008). Furthermore, concerning participant-level competency, McQuaid (2010. p 136) states that the key stakeholders of the cooperative unit must possess both financial, organizational and professional capacities to contribute to the performance of the task. Provan and Kenis (2008) argue that competencies are also defined in terms of abilities to respond to outside demands and pressures, such as changes in funding or regulations. The successful adoption of network-based governance requires that the network is able to protect itself from these shifts in the outside environment.

5. Methodology

The aim of this thesis was to investigate the cooperation between third sector organizations and municipalities in providing public employment services. The research question was the following: *How do third sector organizations and municipalities cooperate in providing public employment services?*

In this chapter, I will describe the methodology and methods that I used to answer the research question. I will first set the study into context and theoretical framework and explain the choice of a qualitative research approach. After that, I will outline the process of data collection, including semi-structured thematic interviews. This is followed by a description of the interviewees and the interview process. After that, I will describe how I utilized thematic analysis to analyze the data. I will also reflect on the ethical aspects and limitations of the study.

5.1 Research Design

At the time the study was conducted, a major reform of employment services in Finland was planned to take place in a couple of years. In the reform, the responsibility of arranging employment services was planned to be transferred to a local level to create more effective services that would better fit the local labour market conditions (Ministry of Economic Affairs and Employment 2022b; HE 207/2022 vp). Before the introduction of the reform, increased municipal responsibility in arranging employment services was piloted through local government pilots on employment. The goal of the pilots was to develop new services and service models that would increase the employment of especially long-term unemployed and other hard-to-employ people. The idea was to combine the resources of municipalities and central government more effectively and to integrate different services to better respond to the varying needs of the unemployed clients (Ministry of Economic Affairs and Employment 2022a).

Third sector organizations have participated in the provision of employment services in Finland especially after the economic depression of the 1990s (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5; Aho & Arnkil 2008, p. 58). At the time the study was conducted, third sector organizations provided a broad array of different services with the aim of increasing the capabilities and employment prospects of unemployed persons (Vates-säätiö sr 2019). Despite this, the role of

third sector organizations in complementing public employment services has remained a largely uncharted area in academic research.

In the context where municipalities are developing new practices to increase the effectiveness of employment services, it is relevant to explore how they cooperate with local third sector actors to utilize the resources provided by third sector organizations. The aim of this thesis is to provide insights into this question by investigating the collaborative relationship between third sector organizations and municipal employment services in areas participating in the local government pilots on employment.

This study concentrates on understanding the specific dynamics of the cooperative relationship between municipalities and third sector actors. Therefore, I chose to approach the topic through a qualitative research approach. Typically distinguished from quantitative research, qualitative research pays attention to the perspectives of participants and the everyday practices concerning the topic of study (Flick 2007, p. 2). Based on the overview by Queirós, Faria and Almeida (2017), qualitative research is a suitable approach for producing in-depth information concerning the dynamics of social relations.

My research question is: *How do third sector organizations and municipalities cooperate in providing public employment services?* In this study, the cooperation between third sector actors and municipalities is approached through theories of shifting regimes in public policy implementation and delivery of services. Scholars have identified a change in public sector development towards a governance model where the public sector and non-state actors increasingly cooperate in network-based relationships (Osborne 2010, 6-12). By answering the research question, this study aims to investigate whether the cooperation between third sector organizations and municipalities reflects a shift to network governance. According to previous literature, a network is a distinctive form of relationship, based on trust, mutual interdependency or benefit, and continuous inter-organizational interaction (Powell 1990; Rhodes 1996 p. 660). I concentrate on investigating whether the cooperation reflects the patterns of network-based governance as identified by earlier literature.

It is not in the scope of this study to propose suggestions for a "best practice" for cooperation between third sector organizations and municipalities. However, the aim is to provide cues for how the forms of cooperation shape the role of third sector organizations in the area of employment services and what kind of developments can be expected concerning the future of third sector organizations promoting employment.

To answer my research question, I conducted eight expert interviews with professionals working in the field of employment services in four areas that participated in the local government pilots on employment. From each of the four pilot areas, I interviewed the head of the local government pilot and a professional working in a third sector organization that provides employment services.

5.1 Data Collection

Qualitative interviews were chosen as a method for data collection for three main reasons. Firstly, professionals working in the field are likely to have valuable insights into the situation of their own area. As explained in more detail in chapter 2, the local government pilots on employment introduced changes to the context of cooperation between public employment services and third sector organizations in Finnish municipalities. Furthermore, at the time the research was conducted, significant reforms to the organization of employment services were planned to be established in near future. It was likely that the reforms would also impact the collaboration between the public and third sector in providing employment services. Therefore, the context of the study placed further importance on collecting views of professionals who would recognize the first signals of the effects of the upcoming reforms.

Secondly, no literary data was available in municipal or state-level documents that would provide a comprehensive enough description of the specific practices of collaboration and communication between public sector and third sector organizations in the area of employment in Finnish municipalities. The third reason for the choice was that compared to surveys or quantitative interviews, qualitative interviews provide a possibility for gaining more in-depth data regarding the topic of interest.

The conducted interviews were semi-structured thematic interviews. According to Choak (2012, p. 92), semi-structured interviews follow a set of predetermined questions. However, the order of questions can be changed depending on the content of answers provided by the interviewees. Furthermore, in semi-structured interviews, the researcher might ask the interviewees to expand their answers for further clarity. According to Choak, this allows the researcher to gather similar content from each interviewee whilst acknowledging the differences in the viewpoints of interviewees.

The interviewees of the study were professionals in the field of employment services, working either in the public sector or the third sector. Each of the interviewees had substantial experience working in the field. To be able to present relevant questions and ask for clarification where useful, I placed

special attention on conducting background research concerning the phenomena of interest. In the case of my research process, I was able to gain background knowledge through working as an intern in a third sector organization's research project which concentrated on the collaboration between third sector organizations and local government pilots on employment.

5.2 Interviewees and Interview Process

A total of four areas participating in the local government pilots on employment were included in the study. The pilot areas comprised municipalities that had together formed a pilot area. I chose to include areas that comprised municipalities with intermediate and small population. I excluded pilot areas that either included the very largest Finnish municipalities or comprised only small municipalities to avoid potential distinctive features in the cooperation between third sector actors and municipalities.

To be able to include the perspective of both the local government pilots and the third sector organizations, professionals from both sectors were interviewed from each of the four pilot areas. Reports on earlier trials and development projects have found that professionals working in different sectors or units might have differing opinions on how the cooperation between units has worked (see eg. Annala et al. 2019, p.12).

A total of eight interviewees participated in the interviews. Four interviewees represented the pilot organization and the other four represented third sector organizations. Regarding each of the four pilot areas included in the study, the head of the local government pilot was interviewed. The heads of the pilots are municipal officials. The head of the pilot is the manager of the pilot organization. From each area, one professional working in a third sector organization that provides employment services was interviewed. Three of the interviewed third sector professionals were executive directors of the organization. Executive directors lead the daily operation and management of the organization. One interviewed third sector professional was an employee whose work involved the organization's cooperation with the municipality in the field of employment services.

The third sector organizations included in the study were local organizations, in contrast to large organizations that operate nationally in several different areas. Furthermore, all of the included third sector organizations had paid personnel instead of relying mainly on voluntary work. Each of them also had a long history of cooperating with the municipality.

The interviews were conducted either through a phone call or via a video meeting in the Microsoft Teams platform. The interviews lasted from 50 to 100 minutes. All of the interviews were recorded and transcribed verbatim. Two different sets of questions were designed for municipal and third sector professionals. Interviews were both conducted and transcribed in Finnish. Interviews were semi-structured. Therefore, along with the previously determined questions, some additional questions were asked when relevant for grasping a better understanding of the viewpoints of the participants.

5.3 Analysis Process

I used thematic analysis as a method to analyze the interview data. According to Maguire and Delahunt (2017, p. 3353), the aim of thematic analysis is to identify themes in the data which are important or interesting in order to tell something about the interest of the research. Braun and Clarke (2022, p. 4) define thematic analysis as "a method for developing, analysing, and interpreting patterns across a qualitative dataset, which involves systematic processes of data coding and development of themes". According to Braun and Clarke (2022, p. 9-10), different forms of thematic analysis can be distinguished based on the role of theory in the analysis process. This division can be expressed by separating between more inductive and more deductive thematic analysis. Braun and Clarke state that in deductive analysis, existing theoretical constructions guide the coding of data and the development of themes. My analysis approach represented more inductive analysis, where the content of the data is guiding the coding process and generation of themes. Based on Braun and Clarke, inductive analysis does not aim to test pre-existing categories or theories.

In the process of data analysis, I followed a six-phase guideline provided by Braun and Clarke (2022). In the first phase, I familiarized myself with the data. This involved reading the data set several times in order to form an understanding of the contents of the data. In the process of re-reading, I made notes of initial analytic ideas regarding the content of the data set. In the second phase, I started the coding process. In thematic analysis, codes are the smallest units of the analysis which capture specific meanings in the text. In this phase, I underlined meaningful units from the data transcript and gathered the codes into separate datafile. Since my analysis approach was data-driven, I looked for units that captured interesting aspects concerning the research question but did not have any pre-determined categories for coding. I re-read the codes and the whole data set several times to grasp an understanding of the meaning of the codes. In the process, I used post-it notes and digital note templates. I modified the codes several times and added some new codes along the way. The data set consisted of interviews with participants from two different institutional settings, namely from public

and private sectors. In this phase, I chose to collect the codes from interviews with these two different groups separately to gain a comprehensive understanding of the differences between the two groups in the interview data.

After coding, I started to develop initial themes by arranging the existing codes into groups that constructed meaningful units and seemed to provide answers to the research question. Before conducting the interviews, I had assumed that I would find at least some clearly recurring ideas already on the very surface level of the data. During the processes of data collection and analysis, I recognized that the data included significant variance both between the two interviewee groups and among them. However, through re-reading and making notes, I started identifying recurring meanings in the data for the two interviewee groups separately. After arranging the codes into initial groups for the two interviewee groups separately, I looked at the codes and initial code groups regarding both third sector and public sector professionals together. During this phase, I started identifying a small set of broad ideas or meanings that recurred in the data concerning both interviewee groups.

After having the initial set of themes, I reviewed the themes by going through the existing codes and themes as well as the whole data transcription several times more. I critically reviewed whether the themes represented the whole data set and if they were too broad or narrow. During this phase, I modified the themes, eliminated some of them as well as added new ones. For example, I recognized during the process that some of the themes had to be divided into two separate themes.

After reviewing the themes, I defined the themes by identifying the main idea or overarching essence of each theme. In this study, a total of six themes were identified. The identified themes were the following: 1) strengths of third sector organizations in complementing public employment services, 2) interaction between local government pilots and third sector organizations 3) reforms in municipalities' funding for third sector organizations, 4) simultaneous changes to the funding of third sector organizations 5) the interest of municipalities for future cooperation 6) pressure for increased professionalism in third sector organizations. I collected each code and theme into separate data file. I did not want to hide or ignore a large amount of variety in the data. Therefore, I strived to create themes that captured the main ideas while allowing the variance to be included in the findings.

Finally, I wrote the analysis chapter based on the identified themes. I concentrated on analysing which ideas were shared between the heads of local government pilots and the third sector professionals and where they differed. In writing the analysis, I utilized previous literature concerning the new governance approach where public actors and non-state actors cooperate through network-based relationships. Based on previous literature, network relationships are based on trust, mutual

interdependency, and continuous inter-organizational interaction (Powell 1990; Rhodes 1996). According to Powell (1990), networks are a distinctive form of relationship which can be distinguished from market-based relationships and hierarchy-based relationships. I concentrated on analysing where the cooperation reflected the patterns of network-based governance as identified by earlier literature and how the cooperation differed from the characteristics of network relationships.

5.4 Ethics and Limitations

Regarding ethics, I followed the guidelines of ethics formulated by The Finnish Advisory Board on Research Integrity (2012). I provided a clear description of my study and its purposes for the potential participants before recruiting them. I offered the participants the possibility to contact me after the interview regarding any questions or comments.

After the interviews were conducted and transcribed, the data was anonymized. In the selection of data extracts presented in the analysis chapter 6, I made sure to not select phrases that could possibly reveal the identity of the interviewee.

Considering limitations, one clear weakness of my study is the limited number of cases. Therefore, the findings cannot be generalized to describe the role of third sector organizations as providers of employment services in all areas participating in local government pilots on employment. Many relevant factors that impact the coordination vary largely between areas. Aspects such as the number of unemployed job seekers, the sufficiency of personnel in employment services, and the number of third sector actors involved in employment services differ largely between different areas. Therefore, my thesis can only reveal some of the dynamics regarding the collaboration between the third sector organizations and local government pilots in providing employment services. Determining the generalizability of the findings would require further research.

Furthermore, all of the third sector organizations that participated in the study represented large organizations with a long tradition of providing employment services. As described in chapter 3 of the thesis, the third sector involves a large number of organizations that differ significantly for example regarding their purpose, size, and financing mechanisms. Therefore, the views and experiences described by the interviewed third sector professionals do not represent the thoughts of all of the third sector actors involved in organizing employment services.

6. Findings

In this chapter, I will present the findings of the thematic analysis I conducted to the total of eight interviews with heads of local government pilots on employment and professionals working in third sector organizations. The chapter is structured thematically into six subchapters and aims to answer the following research question: *How do third sector organizations and municipalities cooperate in providing public employment services?* The first subchapter concentrates on the role of third sector organizations in the local employment promotion. The second subchapter focuses on communicational aspects. The following two subchapters concern the funding of third sector organizations. Finally, the last two subchapters focus on the future of cooperation between municipalities and third sector organizations. I have translated all of the direct quotations that are presented in the chapter from Finnish to English. The original quotations can be found in Finnish in Appendix 1.

6.1 Strengths of Third Sector Organizations in Complementing Public Employment Services

The interviews demonstrated that the heads of local government pilots and the third sector professionals had similar perceptions concerning the role of third sector organizations in local employment promotion. Both interviewee groups perceived that cooperation between the municipality and the third sector was important.

The role of third sector organizations in organizing employment services and as employers was seen as an important part of the local employment policy by each interviewed head of a pilot. All of the interviewed heads of pilots talked about strong cooperation with local third sector organizations in the area of employment services. Each of the municipalities included in the study had a long tradition of cooperating with the local third sector in the employment service sector.

The interviewed heads of pilots perceived that third sector organizations provided support and service for unemployed clients in varying situations. On the one hand, organizations were seen as an interim phase before proceeding to the open labour markets: a place where the individual is active but receives support for well-being and for developing skills required in the open labour markets. On the other hand, organizations were perceived to maintain a low threshold platform for those unemployed clients

who are further away from getting employed in open labour markets and whose process back to employment is long.

>Extract 1: "*Organizations offer a platform to certain work fields as a path and as a platform to get employed in that field, or to develop skills or maybe even rehabilitate back to work in some field. But then again, they [organizations] work in a sense in the first phases of supporting back to labour markets, which are further away from labour markets, but then they are also the first, kind of an intermediate phase between productive work and perhaps not-that-productive work, where there is still development of skills, where there is still support for well-being.*" (Head of a pilot).

Two of the interviewed heads of pilots brought forward also the role of third sector organizations in providing possibilities of participation for clients whose prospects of getting employed or returning to the open labour markets were low.

>Extract 2: "*Certainly it [cooperation with third sector organizations] will sustain, we nevertheless have that certain group of clients who are not yet ready to go straight to the open labour markets and then, to be honest, we also have the group of clients who might never return to open labour markets and they may be working with pay subsidy in these organizations. For example, if one is eligible to get pay subsidy because of a disability or a sickness.*" (Head of a pilot).

Furthermore, the heads of pilots identified several strengths in the work of third sector organizations compared to public officials. The identified strengths concerned third sector actors' comprehensive understanding of the needs of the unemployed, as well as their capacity to respond and react to those needs. For example, one interviewee stated that due to their nature as civil society organizations, third sector organizations were able to offer services and means of support that the public officials could not arrange, such as home visits. Another interviewee noted the manoeuvrable nature of third sector organizations, enabling them to respond to changes in the needs of unemployed clients. A third interviewee expressed the professionalism of third sector actors in combining different services and innovating new services to meet the needs of the clients.

Extract 3: *"As they [third sector organizations] have perhaps even stronger professionals, we seek to cooperate specifically regarding the aspect of how these services could be combined, used sensibly to improve the situation of the client. Or then, what kind of completely new services should be created which would be effective in those most challenging situations that a client has."* (Head of a pilot).

All of the interviewed third sector actors had cooperated with the municipality for a long time. The interviewed third sector professionals had generally positive views of the collaboration between the municipality and the organization they worked for. When asked about the relationship with their organizations and the municipality on a general level, each of the interviewees described the relationship positively, with phrases such as "long-term cooperative relationship", "confidential relationship" or simply as a "very good relationship". In the case of at least three of the interviewed organizations, the relationship with the municipality was not restricted to the area of employment, since their activities encompassed also other areas, such as the social and health sector or social inclusion and participation. However, only comments concerning the area of employment were included in the analysis.

The interviewed third sector organizations perceived their role in the provision of employment services in the area as distinctive from other actors. According to the interviewed third sector professionals, third sector organizations arranged services and actions that no other actors in the area were interested in, or even capable of organizing. The interviewees brought forward their unique role compared to both public and private sector actors. For example, one interviewee stated that whereas the municipal employment pilot had only recently started to aim for client-centred services, the individual approach had been the core of the work of the third sector organization from the beginning. Furthermore, two interviewees stated that through cooperating with the third sector organizations, municipalities were able to have services in the area that they otherwise could not arrange. For example, third sector organizations were able to combine employment services and actions that produced common good for the citizens of the area.

Extract 4: *"Concerning employment policy, there are two aspects to the work we do here. The other one is that we look from the perspective of the employed person, how is he/she*

developing and how he/she proceeds to the open labour markets and so on. But providing

employment is also a part of societal service provision here." (Third sector professional).

In comparison to private enterprises, the interviewees brought forward that the fact that they did not aim for profit enabled them to provide support and customize the work tasks based on the capabilities of the employed individual. The interviewees perceived that this approach differed significantly from the logic of businesses, where the idea is to find the best candidate for carrying out the predetermined work tasks.

Extract 5: *"I am not able to provide a very beautiful or exact definition for it, but the point is that usually, the employers define the job description for which they seek the best possible employee. In third sector organizations, we accept any employee and customize the job so that is fitting for that person. So, the threshold for that is very low. It is about acting according to each person's individual working ability and capability and accepting all kinds of working abilities."* (Third sector professional).

In summary, the interviewed heads of pilots and third sector professionals seemed to have a similar understanding of the role of third sector actors in the provision of employment services in the area. Both perceived that third sector organizations were an important part of the local network providing employment services and had characteristics that made them distinctive from actors in other sectors. Furthermore, both third sector actors and heads of pilots expressed generally positive views concerning the collaborative relationship, perceiving cooperation as important for both parties.

6.2 Interaction Between Local Government Pilots and Third Sector Actors

The interviews indicated that the heads of local government pilots and the third sector professionals had varying experiences regarding communication. Whereas some of the interviewees perceived that communication was quite active and effortless, others brought forward that interaction was not as active as they might hope. Furthermore, practices of communication seemed to vary between areas.

All of the interviewed heads of pilots described that they had joint meetings with the local third sector actors providing employment services. However, the interviewed heads brought forward differing views regarding the communicative relationship with local third sector actors. Half of the interviewed heads of pilots stated that they perceived the interaction with the local third sector as mutually active. The same interviewees stated that the municipality had introduced practices to develop communication with third sector actors. The interviewees brought forward that there was a clear structure for the communication between the third sector and the municipal employment services both at the level of client work and at the level of management. Furthermore, the interviewees stated that the local third sector had a cooperative approach which enabled active and well-working communication.

Extract 6: *"At least I have been happy. Communicative cooperation has been active. And we have been able to listen to each other's problems and also to react to those on both sides and be flexible. Through that, the experiences regarding our cooperation have been quite positive on both sides."* (Head of a pilot).

On the other hand, half of the interviewed heads expressed that the communication with local third sector organizations was not active enough. According to one of the interviewees, the interaction with some of the third sector organizations was too one-sided, with the municipality usually being the one to contact the third sector organizations. The interviewee brought forward a wish that the organizations would not hesitate in contacting the municipal employment services also outside official meetings. Another interviewee perceived that the lack of active communication was a result of the rush inside the pilot organization. According to the interviewee, the pilot organization would have to find more time for discussions.

Two of the interviewed heads brought forward problems in the interaction with local third sector actors which hindered the cooperation between the municipality and the third sector in supporting unemployed clients forward. In both cases, the problems were related to the way third sector professionals perceived their role as providers of employment services in comparison to the municipal professionals. Based on the interviews, there was a lack of mutual trust between the third sector actors and municipal professionals. According to one of the interviewees, the local third sector actors were sometimes hesitant to talk openly about the situation of an unemployed customer in joint meetings between a municipal professional, an unemployed customer and a third sector actor. The interviewee

believed that the third sector actors were afraid of the consequences for the customer if they mentioned problems that had occurred during the period in the employment service. According to the interviewee, this protective approach decreased the possibilities to respond to the problems of the customer.

Extract 7: *"For example, if the issue has been that the person should come five days a week but the person is hardly able to come three days a week. Or is late every other morning. Or there is a doubt that the person has problems with substances. These issues should be bravely raised into discussion. Often they might know the main reason but don't have the courage to talk about that with the [municipal] worker because they think that the customer ends up in a bad situation. Or the unemployment benefit of the customer is cut. At least I think that this is the reason that those issues are wrongfully presented when in reality we are doing a disservice to that person."* (Head of a pilot).

Another interviewed head of pilot stated that third sector organizations sometimes seemed to perceive the public officials as not having adequate knowledge or understanding of the situations of the unemployed customers. According to the interviewee, the third sector actors would need to understand that the public officials were not oblivious to the realities of the customers. The confrontational approach would have to be replaced with mutual trust.

Extract 8: *"At times we laugh that third sector organizations are just like, they always come to teach us because us officials do not know what is happening on the field, how the customers are doing. So, it would have to be kept in mind that we are not complete fools. -- So now we are seeking the trust. That we should trust more that the other does understand and is capable, more of how can I help you so that you could do it better. That is the question. We are not competing with each other."* (Head of a pilot).

Similarly to the interviews with the heads of the pilots, the interviewed third sector professionals had differing views concerning the communicative relationship with the pilot. One of the interviewees described the relationship with the municipal employment services as a "strategic partnership", where the two parties were frequently in contact and knew each other's actions well. Based on the

interviews, the other interviewed third sector professionals did not perceive the two organizations as strongly interconnected. However, half of the interviewees stated that they were happy with how active the communication with the pilot was. According to these interviewees, it had been easy to exchange thoughts and discuss with the management of the pilot and there was mutual trust between the organizations. As one factor enabling fast and effortless communication, the interviewees brought forward that there was a clear structure of whom to contact inside the pilot, both at the level of management and at the level of client work. According to these interviewees, the responsible persons had been available for their organization and had an active approach regarding cooperation.

Extract 9: *"I would say that for the third sector, it is also that you know that you have person x there, for example it has been very easy for me to cooperate with the head of the pilot office. I have never experienced that I would have been avoided if I call, even if I have a stiff thing that I want to discuss. On the contrary, it has been a good forum to bring these issues forward."* (Third sector professional).

However, two of the interviewees stated that the rush in the pilot hindered active communication between the pilot and the third sector organization. The interviewees brought forward the lack of resources and a significant amount of new recruits as challenges inside the pilot. Furthermore, the interviewees stated that the reforms regarding the employment services were now being prepared in such a hurry that the pilot had to focus on implementing the changes inside the organization. According to the interviewees, it was understandable that at the moment, there was not enough time for communication with the third sector on the side of the pilot.

Extract 10: "*Well of course there is the head of the pilot. But he/she is undeniably so busy that it is difficult to get a contact, via phone it is not possible but via email to some extent. It is under-resourced. They cannot be blamed, there is just so much work there. I downright wonder how they manage with those things.*" (Third sector professional).

Regarding the communication with the municipal employment pilot, three of the four interviewed third sector professionals noted that communication with the head of the pilot was easy and natural, as opposed to an overly formal or rigid relationship.

Extract 11: *"It is easy to be in contact, with first names and "hi" -style. Very nice and easy. And surely since this is a natural way of working for the head of the pilot, I do not tend to start working with any other approach. So, this has worked, we have been able to develop the sort of easy contacts."* (Third sector professional).

The interviewees seemed to experience interaction as happening between two professionals from different sectors, involving no unnecessary hierarchies. For example, two of the interviewed third sector professionals described the easy and respectful communication by expressing that they found it easy to contact the head of the pilot whenever a problem or an urgent issue arose.

Extract 12: *"As we have cooperated for such a long time, it has understandably lowered the thresholds, so I could almost say that you don't have to start thinking whether you can raise some issue or if you would need to wait for an official meeting, you can bring it up whenever there is time for that."* (Third sector professional).

In summary, the views regarding the communication between the municipal employment services and the third sector organizations varied. Concerning two of the areas included in the study, both the heads of the pilots and the third sector actors described that they had clear practices for communication and the interaction was rather effortless and active. On the other hand, in the other two areas, both the municipality and the third sector actors brought forward that the interaction was not as active as they might hope. Most of the interviewed third sector actors perceived that the communication between the pilot and the third sector organization was respectful and natural. However, some of the interviewed heads of pilots mentioned problems concerning a lack of trust from the side of the third sector organizations.

6.3 Reforms in Municipalities' Funding for Third Sector Organizations

As described in chapter 3, municipalities are an important provider of funding for third sector organizations. Municipalities might purchase services from third sector organizations, allocate financial aid for third sector or provide property for the use of third sector actors free of charge (Vates-säätiö sr 2019). The interviews indicated that the municipalities were interested in developing their

systems of providing funding for the third sector. In most of the areas included in the study, the municipality had established a reform to the funding of third sector organizations in the past years or was discussing a reform.

The municipalities included in the study had differing practices and systems of providing funding for third sector organizations arranging employment services in the area. It is noteworthy that based on the interviews, none of the municipalities had exactly similar systems even though similar instruments were available for each municipality. Aim for efficient use of resources regarding the funding of third sector organizations was a theme that was brought up during most of the interviews with the heads of the pilots. However, the interviewees described differing ways through which the municipality had sought to achieve this goal.

In two of the municipalities, changes had been previously introduced to the way funding for third sector organizations was arranged in the area of employment services. Based on the interviews, the reforms had stemmed from an observation that results gained from the cooperation were not sufficient compared to the amount of money spent. It is worth mentioning that in both two municipalities, the change of the funding practices regarding the third sector was only one part of the introduced reforms, albeit a central one. Therefore, the changes did not only impact the funding of organizations but had also broader implications for the cooperation with the third sector in the area of employment.

In one of the municipalities, a centralized "umbrella" model had been built where one of the local third sector actors formed partnerships with other third sector organizations in the area and took the responsibility of financial management regarding employment services in the third sector. Therefore, the municipality had established a partnership and a contract with only one third sector actor. All funding towards the third sector in the area of employment went through this one partner. According to the head of the pilot, the reform had resulted in increased flows of clients to the organizations. It had also made it easier for the municipality to create shared strategies with the third sector regarding employment services. After the reform, the responsible third sector actor participated also in a preparatory unit directly involved with the decision-making processes concerning employment services. Therefore, the municipal officers and third sector representatives were able to exchange ideas and views in the early stages of decision-making.

Extract 13: *"We had run into a discussion where the financial aid for operation for example to that local third sector actor would have been cut completely or then the other option - which then actualized - was that we increase funding but on the condition of an*

action plan which increases significantly the number of places in work activities. And this organization was able to create this action plan. And the partnerships with the other organizations were a part of it so the coordination of activity and financial governance became the responsibility of this so-called host organization" (Head of a pilot).

In the other municipality where reforms had been previously established, a new public procurement system for employment services had been introduced. Previously to the reform, the municipality had distributed financial aid for a small number of third sector organizations for providing employment services. In the new system, the service providers received money for each client entering their services. The financial aid to the third sector organizations promoting employment had not been cut completely, but a significant share of resources flowed through the new purchasing system. According to the head of the pilot, the reform had resulted in a significant increase in service providers in the area. The new system had also improved the quality of the services as it increased the motivation of service providers to support their clients forward from their own services.

Extract 14: *"Our municipality has actually quite a strong tradition of cooperating with third sector organizations but regarding employment services we only had four actors. And now we have forty actors. So, concerning employment services the role of third sector organizations and overall the increase of actors has happened after 2018. And it is especially due to the new purchasing system. So, the purchasing system changed. Previously, our money went to three of four actors and that was it. We stopped doing that -- and as a result, the number of service providers became richer and better."* (Head of a pilot).

The same municipality had also sought to develop more effective coordination between third sector organizations and learning institutions by making a contract with a local school regarding studification. The process of studification means that skills and training acquired in a workplace are recognized and documented as parts of a degree. Many third sector organizations provide unemployed clients with the possibility for studification (Vates-säätiö sr 2019). The interviewed head of pilot stated that the contract between the municipality and the local school allowed the municipality to use the amount of student cooperation as a criterion or requirement when making decisions about

financial aid for organizations. It had also allowed more efficient processes of studification when the service providers did not have to negotiate their own contracts with the schools.

> Extract 15: "*The municipality made a contract with the school concerning studification and we agreed on the aims and responsibilities, what are the roles and tasks of the service provider, the school, the client, the sending organization. And we can appeal to this contract when we are giving for example financial aid for workshops. So, with these financial aids for workshops, we want to agree on how much we want them to do studification, how much their clients get parts of degrees, how much there are apprenticeships, how much other sorts of development of skills, or cooperation to decrease drop out from school.*" (Head of a pilot).

The other interviewed heads of pilots did not mention any recent changes to the funding of third sector organizations in the area of employment services. At the time the interviews were conducted, the municipalities gave financial aid to third sector organizations that provided employment services in the area. However, one of the interviewees stated that they would see the funding system as possibly changing in the future. According to the interviewee, the municipality could start purchasing the employment services from the third sector organizations instead of giving financial aid. Similarly to two other interviewees, increased effectivity was the rationale for a possible reform of the funding policy. The head of the pilot perceived that purchasing the services would increase the ambitiousness of the work in the organizations, as the municipality could set clear criteria for the prices of the rehabilitation periods. Furthermore, a reform might allow the municipality to make a contract regarding extra money that would be received by the organization if a client would get employed after the period in employment services.

> Extract 16: "*I believe that it would make the work a bit more ambitious if there would be strict criteria about the price of one person's rehabilitation period in the organization. And when the client has for example proceeded to the open labour markets and been there for six months, maybe we could pay extra to the organization, according to the contract. So maybe it would also be more motivating compared to us giving financial, that is just financial aid.*" (Head of a pilot).

It seems that from the perspective of municipalities, the main issue regarding the funding of the third sector in the area of employment services was to organize it in a way that allows efficient use of resources. Based on the interviews with the heads of the pilots, it seems that calculations concerning money spent on a certain period in a work activity per person have been an important basis for the observations regarding the efficiency of cooperation with the third sector. However, the heads of the pilots brought forward also the aim of developing cooperation qualitatively. Aspects such as active development of new services, increased cooperation between education institutions and the third sector, and efficient strategy-building between the municipality and the third sector were mentioned as the aims considering funding for third sector actors. Therefore, the objective seems to also have been to create funding mechanisms that would encourage the development of services which effectively support people in proceeding to open labour markets.

From the perspective of the heads of pilots, the increased effectiveness of the third sector cooperation served the interests of the unemployed clients: efficient cooperation meant that more work and rehabilitation places were available, and the services were well designed to help the unemployed back to open labour markets.

6.4 Simultaneous Changes to the Funding of Third Sector Organizations

In most of the interviews with third sector professionals, *lack or uncertainty of funding* was a central theme when discussing the financing of the third sector. The interviews with third sector professionals indicated that several simultaneous changes were posing a threat to the funding of third sector organizations.

The way the interviewed third sector organizations gained funds varied. Some of the organizations received financial aid from the municipality, while others sold their services to the municipality or municipalities. Some of the organizations received funds also from other sources. Furthermore, some of the organizations received project funds from differing sources. As described in chapter 3, it is typical for third sector organizations working in the area of employment and social services to gain their funds from several different sources (Vates-säätiö sr 2019).

The limited financial resources were brought forward by three of the interviewed third sector professionals as a significant factor impacting their role as organizers of employment services. All of the interviewed third sector professionals expressed a view that the importance of the work of third sector organizations in the area of employment services was not properly understood by

policymakers. It is noteworthy that the interviewed third sector organizations did not perceive that the municipality lacked interest in supporting and funding organizations. Rather, the lack or uncertainty of funding resulted from decisions made at the level of central government or even the European Union. Nevertheless, the financial pressures were seen as significantly impacting the ability of third sector organizations to continue serving the role as employers and providers of employment services in the municipality. By the interviewed third sector organizations, the uncertainty of funding was perceived as a threat to their abilities to uphold their current role as partners of municipalities.

As described earlier, organizations often gain funds for their actions from many different funding sources. Based on the interviews, it seems that a decrease or uncertainty of funding concerned several funding mechanisms typically important for third sector organizations working in the area of employment and social services. When the interviews were conducted, several reforms directly connected with funding for third sector organizations providing social and employment services were taking place in Finland. As described in chapter 2, a large-scale reform of health and social services was under preparation. Under the reform, the responsibility of organizing health and social services is transferred from municipalities to wellbeing services counties in January 2023 (HE 241/2020 vp). In Finland, rehabilitative work is part of the social services and one of the services where the third sector is a significant service provider. Due to the reform, contracts between the third sector organizations and the new wellbeing services counties had to be negotiated. In many areas, a large part of the preparatory work was still to be done, and it was uncertain how the rehabilitative work was to be organized. According to one interviewee, the uncertainty of funding posed threats to the work of the third sector organization.

> Extract 17: "*And now this wellbeing services county that is being established, for example rehabilitative work will be transferred there. However, no one knows the format of how it will be organized, will it be vouchers or something else. It is a fact that we will have the current clients until the end of the year at most, but I cannot keep employed personnel there before I know what will happen at the turn of the year because, in the third sector, we do not have money anywhere in a stash, we practically live hand-to-mouth all the time. And as I said, our funding is very strictly allocated.*" (Third sector professional).

Some of the interviewed organizations identified a trend in the granting of funding towards more emphasis on the private sector. For example, one threat to the work of third sector mentioned in the

interviews was the reform of pay subsidies that has been planned by the Finnish government to come into force at the beginning of 2023. The aims of the law are to increase the use of pay subsidy in the private sector and reform the pay subsidy received by the third sector (HE 175/2022 vp, p. 6). The current law allows third sector organizations, foundations and religious associations to receive 100 percent of the wage costs when they offer services that increase the employability of the person (TE Office 2017). This possibility has been actively utilized by third sector organizations. In the reform that is currently prepared, the possibility to receive 100 percent of wage costs would be restricted, impacting especially large third sector organizations. The reform would impact also other conditions regarding pay subsidy and unify earlier differences between pay subsidies (HE 175/2022 vp).

Extract 18: "*There is now this orientation on the side of the central government that they want to direct all these modes of support to becoming directly employed in the open labour markets which can mean that the third sector organizations currently offering jobs cannot provide them anymore in the future because the financial support is decreasing. For example, the pay subsidy is smaller. And it is quite rare that a third sector organization would have such business activities that they would be able to pay all the wage costs.*" (Third sector professional).

Another interviewee perceived a similar shift of interest in funding from the European Social Fund. The interviewee stated that the criterion with which the European Social Fund granted support for projects had changed. According to the interviewee, the focus of the fund had shifted in the last decades from emphasizing social aspects and well-being to stressing the start of new businesses, thus making it more difficult for third sector organizations to receive funding.

Extract 19: "*For the background, it is important to notice that many third sector organizations working in the area of employment fund the organizational management through for example ESF projects. And that comes back to the way the criteria of ESF projects change and have changed. And unfortunately, the direction of ESF projects has increasingly moved away from the original. The original perspective was social and people's well-being and all such. Now it is more and more about how many businesses*

are born et cetera. But when we look at employment services, the first question is not that of how many businesses are started, it really is not." (Third sector professional).

Furthermore, the interviewees brought forward that the emphasis on the private sector regarding support to employment might result in a situation where many of the unemployed would be left with decreased opportunities to receive support in getting employed. According to one of the interviewees, businesses did not have the same capacity to employ persons who would need a job description that is tailored to fit their work ability. Furthermore, one interviewee stated that entrepreneurs might find it difficult to employ persons who needed additional support because they did not get financial compensation for the working hours they used for supporting the employed person. Therefore, the decreased ability of third sector actors to fulfil their role in the so-called transitional labour markets would result in a situation where it would be increasingly difficult for many unemployed persons to find the required support.

Extract 20: *"Third sector organizations are often the kind of employers who are capable of significant flexibility, considering the work ability and capabilities of the client or the employed person. And I do not think that the same type of resilience can necessarily be found in businesses. And that is why it is somehow…I don't know what is coming to replace that for those people who will be directly employed in the open labour markets."* (Third sector professional).

Extract 21: *"It is a similar situation for entrepreneurs: a person might come in who has for example 30 % work ability, and they should have someone there to give support almost all the time. The businesses cannot employ them. No one gives them support, not a euro of compensation for the working hours they use for the good of the employed person. The entrepreneur should pay it from their own budget and this is the reason they don't employ these people, they do that very little in this area. So the model should be changed if they want entrepreneurs to do that."* (Third sector professional).

Two of the interviewed third sector professionals stated that due to the limited financial resources, it is difficult to uphold an organization that would meet the requirements of a professional service provider. Upholding an organization with professional personnel requires that the organization is able

to pay salaries equivalent to the professional status of the employees. A significant amount of resources must also be spent on the organizational management and financial management of the organization. Two interviewed third sector professionals described that they constantly experienced difficulties in balancing their finances.

Extract 22: *"For example, our organization has the collective agreement of third sector organizations working in the area of social affairs and health and we must follow that. And this is a peculiar thing when for example employees get raises based on the collective agreement, yearly raises, or for example simply maternity leaves and we have the responsibility to pay salaries, so our funding does not recognize these. -- And perhaps this is not always understood. I get the feeling that organizations are seen in a certain way, that we do volunteer work, this is some nice fiddling done by women when in truth today the organizations working in social and health sector; we are a big, professional service provider."* (Third sector professional).

Based on the interviews with third sector professionals, it seemed that uncertainty regarding funding was a pressing concern for many actors in the third sector. However, there was also one interviewee who did not directly mention pressures concerning funding. Furthermore, none of the interviewed third sector actors perceived that their own organization might have to completely end their actions in the nearby future, but several interviewees mentioned the fear that especially smaller organizations might find it difficult to continue their actions. According to the interviewees, third sector actors were in differing positions regarding the financial prerequisites for operation.

In summary, limited financial resources was a theme that could be observed in the interviews with both the third sector professionals and the head of the pilots. However, it indicated very different things for the two interviewee groups. For third sector organizations, the lack of funding and uncertainty regarding the future were posing difficulties for organizations to continue their role in providing employment services. Based on the interviews, it seems that several simultaneous changes were increasing the uncertainty of funding in the third sector. From the perspective of third sector organizations, the lack of funding meant that also unemployed clients would lose opportunities to receive support.

This is in contrast to the way the heads of local government pilots perceived limited resources. Based on the interviews with the heads of the pilots, for municipalities, the aspect of scarce resources seemed to translate into aims of developing the cooperation with the third sector in a way that would create better value for money in form of increased amounts of work and rehabilitation places, increased quality of the services as well as clear and transparent governance of the collaboration.

6.5 Municipalities' Interests for Future Cooperation

The interviews indicated that heads of local government pilots and the third sector professionals had differing views concerning the interest of municipalities to cooperate with third sector organizations in the future. On the one hand, most of the heads perceived that the increased authority of municipalities would strengthen the cooperation with the third sector in the area of employment. On the other hand, a change of financial incentives included in the reform of employment services (HE 207/2022 vp) was seen as a possible threat to cooperation, especially among the third sector professionals.

Concerning the future of cooperation with third sector organizations, the interviewed heads of pilots brought forward varying aspects and themes. However, a common perception seemed to be that the collaboration between the municipal employment services and third sector actors was to continue. One interviewee brought forward that forming stronger networks with both employers and third sector organizations was a part of the municipality's long-term strategy for the development of employment services.

> Extract 23: *"We have done the employment strategy of the area for the years xxxx-xxxx and then we have an implementation plan. And there it is stated that this cooperation and doing together and seeking for success through networks has become stronger so that we have employers and the third sector, we are more together."* (Head of a pilot).

Furthermore, two of the interviewed heads of pilots stated that they hoped that communication with local third sector organizations would be stronger in the future. According to these interviewees, more active and lively interaction with the third sector would benefit municipal employment services. Moreover, at least three of the pilots included in the study seemed to be actively seeking new ideas

or practices to develop cooperation between the third sector and the municipality in the area of employment. For example, two of the interviewed heads described new projects that were currently discussed in the pilot, both connected to the employment services provided by the third sector.

Extract 24: *"More regular communication [with third sector organizations], that would serve the level of administration."* (Head of a pilot).

The changing context of employment policy due to the reforms was brought forward by each of the interviewed heads of pilots. The interviewed heads of pilots mentioned various aspects regarding the upcoming changes to laws. The permanent transfer of the responsibility of employment services to the municipalities was seen as a welcome change by each interviewed head of a pilot. Three of the interviewed heads argued that the increased power and scope of action at the municipal level had also a positive impact on the cooperation with third sector actors. One argument was that compared to the central government, the municipality had a stronger interest to ensure the flow of unemployed clients to the services and labour needs of the third sector organizations. Previously, municipalities had provided funding for the local third sector actors but were not able to ensure that the services of third sector organizations were efficiently utilized.

Extract 25: *"Well of course when we were partners we had a smaller role and we were kind of, how to put it, at the mercy of the TE office. What they agreed to. But now when we got our own authority and our own clients and we can access the data, we are able to guide the people already from our own group to the labour needs of the third sector in a whole different way."* (Head of a pilot).

Another argument was that the increased authority of the municipality allowed the introduction of new practices for cooperation with third sector organizations that fitted the local context. Furthermore, one of the interviewees stated that municipalities were capable of negotiating smaller and more manoeuvrable solutions with the local actors, as opposed to organizing large competitive procurements where only large actors would have the possibility to participate. Municipalities had also strong connections with actors in the area, enabling the development of new and innovative services together with the local actors.

Extract 26: *"If we have needs here for example in the employment services, we negotiate solutions between the municipal organization and the local actors of the area. The TE office does a whole different thing, for example, the purchasing system is different. They always require large actors, they do not have the connection to the local area, and they do not have a similar ability to develop this kind of small solutions compared to us in the municipality. It is very useful that we are able to develop these small, manoeuvrable and flexible solutions. Not having just big, beautiful, skilful writers for projects or funders or participants in the competitive biddings who then might have a very weak connection to the area."* (Head of a pilot).

The interviews with the heads of the pilots contained few comments regarding challenges that the reforms might cause to the current practices of cooperation between third sector actors and their home municipality. Both the broad reform of employment policies and the reform of health and social services in 2023 were identified by three interviewed heads of pilots as sources of uncertainty regarding the organization of employment policy in the future. However, only one interviewed head of pilot directly expressed that it might not be possible to maintain the municipality's current model of cooperation with the third sector after the reforms to the law. Furthermore, all of the interviewees mentioned the transfer of responsibility concerning rehabilitative work as an upcoming change to the organization of employment services. One of the interviewees stated that the municipality might have to develop a new type of service to support those unemployed customers who required more extensive support. However, none of the interviewed heads shared further thoughts on how the reform of health and social services would concretely impact their current form of cooperation with the third sector organizations.

An exception to the lack of comments regarding negative impacts of the reforms on the cooperation was one interviewed head of pilot who shared concerns regarding the future of third sector organizations. According to the interviewee, changes to the financial incentives of municipalities brought about by the reform of employment services might pose a threat to third sector actors that organize services with a focus on maintaining the inclusion of the participants without a strong connection to the open labour markets. The interviewee stated that since the reform cut the connection between financial compensation and activation services, it might be that the municipalities do not support the low threshold services for those unemployed customers further away from open labour markets with the same resources as before.

Extract 27: *"This is related to the activation of the unemployed, so this new finance system for municipalities that will probably cut the connection between services and financial compensation: will it be detrimental for those organizations that currently maintain a low threshold path for inclusion where the tasks might not be that strongly related to producing value for the national economy but are focused on inclusion. And if the municipalities are no longer rewarded and the activities are not connected to the requirements of today's working life, will that work cease to be done?"* (Head of a pilot).

The interviewed third sector professionals had differing stances regarding the effects of the reforms on the cooperation between third sector actors and the municipality. Several interviewees stated that since the preparation for the reform of social and health services was not complete, it was difficult to know what the effects for the cooperation with the organization and the municipality would be. Regarding the transfer of responsibility of employment services to the municipalities, both positive and negative views were expressed.

One of the positive effects identified by one of the interviewees was that during the pilot and after the reform, the municipalities had the freedom to develop their own services in cooperation with the third sector actors, instead of having a unified model for all services. Another interviewee stated that some municipalities might start purchasing more services from the third sector organizations instead of providing them themselves. On the other hand, the same interviewee stated that the municipalities might start providing the services themselves instead of purchasing them from third sector. According to one interviewee, the reform would result in financial distress for the municipality and decreased resources to arrange employment services. Therefore, third sector professional's perception regarding the effects of the increased municipal authority were differing and even somewhat contradicting.

Despite the variety in the views of third sector professionals, a common issue brought forward by most of the interviewed third sector actors was the financial incentives of municipalities. According to the interviewees, the way the responsibility of financing the employment services was to be divided between the municipalities and the state would have a significant impact on the actions of the municipalities. According to some of the interviewees, the effectivity of the services for the unemployed customer might not even be the main concern for the municipalities. Some of the interviewees expressed worry regarding the incentives that the municipalities would have after the responsibility of employment services would be transferred under the municipalities.

Extract 28: *"I think that we cannot ignore the financial incentives, be it concerning the unemployed customer or the financial incentives of the municipalities. Now the state pays for each day of rehabilitative work activity. Or the financial responsibility of the municipality decreases when a person is directed to activation measures. This as a system will change in a couple of years. We really do not know what those incentive systems will be. But they will guide the actions. I think it is an undeniable fact and there is no use in avoiding that or ignoring that. But many times they are ignored, especially regarding this focus group, or people do not want to see them. But only take into account the personal characteristics or capabilities of the unemployed."* (Third sector professional).

In summary, most of the interviewed heads of pilots perceived that the transfer of responsibility for employment services had a positive impact on the cooperation with third sector. The interviewed third sector organizations had varying thoughts regarding the impact of the increase of the authority of municipalities. Most of the third sector organizations and one of the heads noted the financial incentives of municipalities as an important factor shaping the cooperation with third sector actors.

6.6 Pressures for Change in Third Sector Organizations

The interviews indicated that both the heads of pilots and the third sector professionals perceived the trend observed in earlier literature regarding the increase of professionalism in third sector would continue in future (see eg. Smolej 2017). For example, two of the interviewed heads of pilots perceived that the role of third sector organizations as service providers for the municipality would be increasing in the future. From the perspective of the municipality, purchasing of employment services from the third sector was seen as a good way of utilizing the professionalism of the third sector organizations. To be able to produce services, third sector organizations would also increasingly require paid personnel.

Extract 29: *"Well, I think that [in the future] there are more third sector organizations with paid personnel and organizations are increasingly producing services, this is what I believe."* (Head of a pilot).

Another interviewed head of pilots stated that the development of third sector organizations towards the characteristics of private enterprises was a general phenomenon in all areas where third sector organizations provided public services. The interviewee stated that many organizations working in collaboration with public sector had significant cash flows and comparatively small amount of active members. According to the interviewee, this development was quite far from the traditional idea of third sector actors as participatory organizations based on a sense of responsibility among a broad group of active citizens. Instead, the interviewee perceived that as a result of these developments, many third sector organizations could be described as organizations that were organized based on the Finnish Associations Act but acted more following the logic of businesses.

> Extract 30: *"If we accept that a third sector organization that participates for example in the organization of employment services has a cash flow of millions, the amount of members could be 25 and the size of the government could be six and that is okay, then all is fine. But well, then the organization resembles more, how to put it, actions organized by certain active and responsible persons, and it might work following more a sort of a business logic compared to representing shared actions and sense of responsibility among a large group of actives."* (Head of a pilot).

One of the interviewed head of pilots perceived social enterprises as a growing trend. The interviewee stated that the start of social enterprises was also a development that the municipality was interested in supporting as a way to empower the third sector. According to the interviewee, themes regarding sustainable development might be easily combined with the social enterprises. The same interviewee mentioned that third sector actors were likely to be increasingly following revenue logic and business.

> Extract 31: *"It is definitely in the interests of the municipality to try to strengthen and empower the broad array of third sector actors and social entrepreneurship is a theme that certainly will be strongly written inside the municipal strategy. It is a growing direction, everything that goes under the social entrepreneurship. And probably it will smoothly connect to wider themes of sustainable development."* (Head of a pilot).

However, also the role of third sector organizations as civil society actors was brought forward by the heads of pilots in the comments regarding the future of cooperation. According to the heads, for example the inclusive and participatory nature of civil action organized by third sector actors was valuable for the municipality. Two of the interviewed heads emphasized that they hoped that the local third sector organizations would continue their activities in the municipality also outside the provision of employment services. The heads perceived that third sector organizations had a distinctive role in the municipality that differed from the tasks of public officials and thus was important to preserve. Aspects such as active participation of citizens and organizing of support and services for people in difficult situations were mentioned as important activities maintained by the local third sector.

> Extract 32: *"But I think that much remains also in the civil action and responsible activity, which might represent more the kind of traditional actions of third sector organizations. These certainly will show in the mission statements and strategies of the organizations. And precisely, the activation of citizens and the development of villages are that kind of actions and they are priorities for our city. Certainly, there are a lot of possibilities for these actors in the area of vitality policy."* (Head of a pilot).

According to one of the interviewees, the continuation of active civil action in its traditional forms was an ideal that was unfortunately becoming difficult to maintain due to changes in culture and citizen's interests. However, the interviewee perceived that the increase of individualism created also new possibilities and demands for the activities of third sector organizations in municipalities.

> Extract 33: *"This sort of thing has eroded quite strongly, so the things that one pursues in life, due to for example the rise of environment ideology and the choices related to that we do not have this kind of strong majority anymore that differs basically only based on whether one goes to high school or vocational school, the specter is much broader. And this also sets its own demand and possibilities for the work of third sector organizations, it certainly is also a challenge."* (Head of a pilot).

An important theme in the interviews with third sector professionals was that third sector organizations must react and respond to the ongoing changes to be able to continue as partners of the

public sector in the area of employment services. Several of the interviewed third sector professionals perceived that the direction towards increased financial pressure was likely to continue in the future. Therefore, the interviewees brought forward that to maintain their role as providers of employment services in the future, third sector organizations must actively develop their operations in a professional manner. They are also required to acquire skills that might not be traditional characteristics or strengths of the third sector.

The interviewed third sector professionals talked about the need for development mostly on a general level, not as an issue their own organization was currently struggling with. This is probably related to the fact that all of the third sector organizations included in the study were sizeable organizations with a long history of providing employment services. Therefore, they were not representative of the whole field of third sector organizations operating in the area of employment services. The interviewed organizations had been developing their operations and accommodating to increased pressures for a long time. Therefore, the comments of the interviewees reflect the understanding that not all third sector organizations had been as active in responding to the changing circumstances.

According to the interviewees, one of the pressures for development was the increasing requirement for professionally organized employment services. The services and training practices must be skillfully organized and provided by trained personnel. According to one interviewee, employment services could no longer be organized on the side of another activity but would have to be specifically designed to serve the purpose of the employment aspects.

Extract 34: *"The organizations that want to take part in the area of employment policy, on one way or another, they really need to operate professionally. They need to have good, professional personnel, it [organizing employment services] can no longer happen somehow on the side of the other activities. So somehow, I see that strengthening the competence in providing training is one of the important aspects."* (Third sector professional).

According to the interviewed third sector organizations, the increasing uncertainty of funding discussed in the previous section was also posing pressure on third sector organizations to develop their competencies regarding finance. In the comments of the third sector professionals, the increased need for expertise concerning finance translated into several points of development for the third

sector. For one, the decrease of public money requires organizations to develop their own service production and independent fund raising. The decrease of grants and project funds means that third sector organizations must be able to gain a larger share of funds for operation through the selling of services and products. According to one of the interviewed third sector professionals, third sector organizations would not be able to base their operations to temporary project funding in the future. Furthermore, to be able to provide services in collaboration with the public sector, third sector organizations would be required to internalize the principles of competitive markets. This means that both the quality and the price of the services would have to be competitive.

Extract 35: "*It is simply so that those organizations that can develop services to be sold, those organizations have a chance. Then again, projects can have a supporting role, but if it is only project funding and, in a sense, the same thing over and over again, time and again applying for project grants, the funders cannot provide funding for that because it is not allowed to allocate funding for the same action twice.*" (Third sector professional).

Extract 36: "*The second thing is that the third sector organizations that want to take part in the employment policy, they need to understand that we are operating purely on competitive markets. This can be a significant threshold and a difficult question for many organizations if they are used to operating based on grants. In the future it is purely selling of services. And then you compete above all with, or as much with quality as with price.*" (Third sector professional).

Moreover, interviewed third sector professionals perceived that in order to be recognized as a professional service provider and to defend their funding, third sector organizations must be able to communicate their expertise and explain effectively how the public sector units benefit from the operation of the third sector organizations. Several of the interviewed third sector professionals brought forward that the magnitude and the high quality of the services provided by third sector is not always understood in the public sector. According to the interviewees, third sector actors must be active in arguing why their actions or services are worth the investment. The interviewees perceive that this is not a traditional strength of third sector actors. A reason identified by one of the interviewees is that promoting one's own expertise or services is rather foreign for many third sector organizations. Different to most actor on the private sector, the activity of third sector organizations is typically based on the idea of producing common good. Driving to strengthen the position of the

organization itself is not traditionally perceived a core task of the organization. Therefore, many third sector organizations also lack the competence in communicating their expertise externally.

Extract 37: *"I am reflecting a bit on how third sector organizations work. We certainly could strengthen our dialogue with the public sector and between us third sector actors. As I said, third sector actors have not traditionally been very good at promoting themselves because us third sector actors are in a sense very kind and compassionate, we do important work with a big heart, so we might not be very good at competing with the private sector actors who have much bigger and traditional ways of lobbying. So, we lose there."* (Third sector professional).

Furthermore, the interviewed third sector professionals identified a need to produce more data regarding the effects of work done in the third sector. Without reliable data, it is difficult to argue about the benefits that third sector actors provide for the public sector. Especially the economic benefits of work done in the third sector must be shown through data and research. According to two of the interviewees, it is much easier to negotiate with the providers of funding when one is able to provide clear data regarding the significance of the work. One of the interviewees pointed out the absence of research in the area. According to the interviewee, there is an urgent need for academically valid research on third sector organizations which could be utilized in discussions with the high-level decision makers in public sector. Another interviewee brough forward also the need to strengthen the skills concerning financial management in third sector organizations. Therefore, it seems that for an individual organization, the increased need for reliable data means that the financial aspects of the organization's operations must be documented and calculated more carefully.

Extract 38: *"Right now we need research so that the societal significance of third sector organizations can be shown through studies. Now if you talk in the ministry or other places about the significance, they ask for proof, do you have research findings? No, I don't. So now there is a need to study the effects of work done in third sector from different perspectives. Because then we can talk much more convincingly and say that this study shows that these are the effects, is this not worth the investment. At the moment, we have*

very little research that looks at the societal effects of the work done in third sector organizations from different perspectives." (Third sector professional).

Interestingly, one of the interviewed third sector professionals identified the fragmented nature of the third sector as a source of difficulty for third sector organizations to maintain a role in providing welfare services. According to the interviewee, it is difficult for small third sector actors to participate in competitive procurements organized by public sector. The competitive procurements tend to be large in size, and smaller units are not able to provide a sizeable enough offer. The interviewee stated that a model where one organization would act as a central organization, taking the main responsibility of the service production would be advantageous. Contrary to the private sector, this model is not typical for the third sector.

Extract 39: *"If we start competing with private sector in the competitive procurements, as is likely to happen on some areas, I am a bit worried about the preparedness of third sector organizations to do that. We have a lot of small actors and we don't have a sort of central organization that would bid for the competitive procurement. Public procurements are sometimes very large so it is practically impossible for small actors to participate."* (Third sector professional).

In summary, the heads of pilots perceived that the increase of professionalism on the third sector was likely to continue in the future. However, most of the heads stated that they also wished that the civil action of third sector organizations would continue in the future. From the perspective of the third sector organizations, increase of professionalism and service production was becoming a stronger prerequisite for the organizations to maintain their activities in the future.

7. Discussion

The aim of this master's thesis was to investigate the cooperation between third sector organizations and municipalities in the provision of employment services in areas participating in the local government pilots on employment. In this chapter, I will discuss the findings in relation to previous literature concerning network-based governance. The chapter is divided in two sections. I will first discuss how the elements of cooperation found in the study connect to and deviate from the characteristics of network-based governance as identified by previous literature. I will present the argument that a new institutional logic is emerging in the cooperation between third sector organizations and municipalities. In the second section, I will consider the findings in relation to previous literature on success factors for adopting network-based governance.

7.1 Network Governance in the Cooperation of Municipalities and the Third Sector: Connections and Contradictions

As discussed in chapter 4, scholars have identified an emerging shift in the development of public sector administration towards a governance model where public organizations increasingly cooperate with non-state actors through network-based relationships (Osborne 2010). In the new governance approach, a key question is how the public organization is able to utilize local resources at hand (Möttönen & Niemelä 2005, p. 89). In this study, I aimed to investigate whether the cooperation between third sector organizations reflects a shift towards the new governance approach. Based on the findings of this study, it seems that the cooperation between third sector organizations and municipalities involves several characteristics identified by previous literature as defining features of the new governance approach.

First of all, the findings of this study suggest that municipal employment officials perceive cooperation with local third sector organizations to be important. In the areas included in the study, the municipality and the third sector organizations had a long-term cooperative relationship. Furthermore, municipal officials seem to have an interest in further developing cooperation with third sector organizations in the future. Most of the interviewed heads of the local government pilots perceived that the increased authority of municipalities regarding the arrangement of public employment services results in stronger cooperation with third sector organizations. The heads of pilots perceived that compared to nationally guided offices, municipalities were more capable of utilizing local resources such as third sector organizations. Therefore, it seems that the municipal

employment officials perceive third sector organizations as valuable local resources and are interested in developing cooperation.

An important element of the new governance approach is that the cooperation between the public sector and non-state actors is based on network relationships (Osborne 2010; Stenvall et al. 2016, p. 45). Based on previous literature, networks are a distinctive form of relationship. Previous literature on network governance suggests that mutual benefit and interdependency form the basis of network cooperation (Rhodes 1996, p. 660; Powell 1990). Based on the findings of this study, the mutual benefit of cooperation is well-recognized by both third sector organizations and municipal officials. It seems that the municipal employment officials perceive that the resources and services provided by third sector organizations are crucial for maintaining and developing the service and support system for the unemployed. From the perspective of municipalities, through third sector organizations, municipalities can have services in the area that they could not arrange independently. Cooperation with third sector organizations enables municipalities to utilize the innovative and holistic approach of third sector organizations. Furthermore, third sector organizations have valuable knowledge of the needs and situations of their focus groups that is not available to municipal officials.

All of the interviewed third sector organizations received funds from the municipality either by selling their services for municipalities or by receiving financial aid. As described in chapter 3, this is the case for many third sector organizations that provide employment services (Vates-säätiö sr 2019). Furthermore, public officials can guide unemployed clients to the services provided by third sector organizations. Therefore, well-working cooperation with municipalities is important also for many third sector organizations for maintaining their role in the area of employment and social services. Many third sector organizations also aim to impact policy decisions by bringing forward the experiences of their participants or focus groups. In one of the municipalities included in the study, successful cooperation with the municipality had enabled the third sector actor to be directly involved with decision-making concerning employment services.

Previous literature claims that an important element of network-based relationships is continuous interaction between public sector organizations and non-state actors (Osborne 2010, p. 9; Klijn 2008, p. 510-511). The findings of this study suggest that the activeness of communication between third sector organizations and municipal employment services varies between areas. Whereas in some areas interaction was described as continuous and effortless, in other areas both third sector organizations and municipal officials perceived that communication was not as active as they might hope. Based on the findings, a lack of resources in the municipal employment services was an important reason

for the lack of communication. However, the findings suggest that municipal officials had an interest in developing communication and saw effortless interaction as beneficial for the municipality, even if it was not yet the reality.

Regarding interaction between pilots and third sector organizations, it seems that inter-organizational communication took place between professionals from different sectors, instead of following a hierarchical structure. The findings suggest that from the side of the pilot, third sector organizations were seen as professional service providers with distinctive strengths compared to public-sector service provision.

However, despite involving many key elements of network-based governance, the findings of this study do not indicate a shift towards network-based governance in the cooperation between third sector organizations and municipalities. In fact, it seems that the cooperation between third sector organizations and municipalities is being developed towards structures that are in contradiction with the principles of network-based relationships. This is perceivable in the findings regarding the municipalities' funding for third sector organizations.

In most of the areas included in the study, the municipality had either already introduced reforms to the funding of third sector in recent years or was discussing a reform. In all of these reforms, a key aim was to move away from providing general financial aid. Instead, the municipality wanted to purchase services from third sector organizations through contracts or create a purchasing system where money would be distributed based on the flows of clients to the services provided by third sector organizations (i.e. 'money follows the customer'). The aim of the established or discussed reforms was to achieve better value for money. From the perspective of the pilots, it was perceived that this type of reforms increased the result orientation, quality, and efficiency of the work in the third sector.

Therefore, it seems that a growing trend in the cooperation between third sector organizations and municipalities is that municalities' cooperation between third sector actors is guided by contracts over prices and services, where third sector organizations assume a role of an alternative service provider. Based on previous literature, it seems that this development resembles the cooperation forms linked to New Public Management. According to Osborne (2010, p. 8), competition, the price mechanism and contractual relationships are the key mechanisms for allocating resources in the New Public Management approach. In contrast, network relationships are based on trust, mutual benefit and active interaction (Rhodes 1996; Osborne 2010, p. 9; Klijn 2008). The findings suggest that instead of relying solely on solidarity or mutual benefit as the bases of cooperation, municipalities seem to aim

for increased value for money through establishing contractual relationships where price and responsibilities are clearly defined.

Based on the aforementioned, it seems that a new *institutional logic* is emerging in the cooperation between third sector organizations and municipalities. Roger Friedland and Robert R. Alford (1991, p. 248) have defined institutional logic as a "set of material practices and symbolic constructions which constitutes its organizing principles and which is available to organizations and individuals to elaborate". In short, institutional logic refers to shared conceptual frameworks and principles that structure thinking and guide actors to behave and act following certain frames (Scott 2014, p. 225; Stenvall et al. 2016, p. 25).

In public governance, the dominant institutional logic shapes perceptions both regarding the ideals of the public service system as well as the suitable responses and practices to achieve them (see Stenvall et al. 2016, p. 25). The prevailing institutional logic restricts actors from choosing or even perceiving alternative modes of action and encourages proceeding inside the chosen structures (Scott 2014, p. 228). Therefore, institutional logic is a source of stability. However, institutional logic impacts also the way institutions are reformed and developed, for example if the public governance system does not work according to the prevailing paradigm (Stenvall et al. 2016, p. 25).

Based on the findings of this study, it seems that the new institutional logic guiding cooperation includes characteristics of network-based governance. The municipal officials perceive that cooperation with local third sector organizations is important and are willing to develop collaboration further. Mutual interdependency seems to guide the cooperation between third sector organizations and municipalities. From the perspective of municipalities, the nature of third sector organizations as civil society actors makes them distinctive from other actors and valuable partners in providing employment services. However, it seems that municipalities are aiming to increase the effectiveness of services provided by third sector actors by moving away from general financial aid towards purchasing services.

Looking back on the development of Finnish public employment services, Aho and Arnkil (2008, p. p. 50-51) state that the early phases of modern labour market policy in Finland were based on a state-centred idea of employment as a social right: an ultimate form of this approach was a legal responsibility of the public sector to provide employment for the long-term unemployed and young unemployed persons.

It seems that in the Finnish context, the participation of non-state actors in the provision of employment services was not primarily a result of a spread of New Public Management ideas,

where the aim is to increase efficiency by outsourcing service production. Instead, as described in chapter 3, the role of third sector organizations in the provision of employment services increased in the context of high unemployment rates caused by the deep economic depression in Finland in the 1990s (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5). The depression brought forward a need to create instruments for the inclusion of the long-term unemployed in the labour markets and more broadly in society. Especially the introduction of pay subsidy in 1998 strengthened the role of third sector in the provision of employment services (von Hertzen-Oosi, Vaittinen, Ruoppila & Virtanen 2010, p. 5; Aho & Arnkil 2008, p. 58). At the time, an important aim of the services was to prevent the marginalization of the unemployed from society (see Aho & Arnil 2008, p.58). Third sector organizations came to have a strong role in providing this type of services, such as employment via pay subsidy and workshops.

Based on the findings of this study, it seems that the goals set for public employment services are changing, also affecting the role of the third sector organizations. Instead of providing financial aid for third sector organizations to organize support for the unemployed, the municipalities aim to ensure good value for money in a form of larger client flows and professional services which effectively support the unemployed forward. Purchasing of services or establishment of procurement systems where money is distributed based on the number of client flows are seen as effective ways to implement these goals. The findings of the study do not suggest a disagreement between the local government pilots and third sector organizations regarding the goals of employment services. However, it seems that for third sector organizations to maintain their role as providers of employment services, they are required to internalize the demands of the new context. These demands are strengthened by a decline of funding for third sector organizations outside the municipal funding, creating increased pressure to receive funds through the selling of services.

According to Möttönen and Niemelä (2005, p. 85), in the New Public Management approach where contracts and market principles are emphasized, third sector actors are seen primarily as alternative service providers. Therefore, the value of the work of third sector organizations is determined with the same criteria as the work of private service providers. Indeed, many scholars have argued that in Finland, third sector organizations have faced strong pressure to develop towards professional service providers (see eg. Smolej 2017).

Based on the findings of the study, this trend is likely to continue and even increase in the future. It seems that from the perspective of the interviewed heads of local government pilots, purchasing services from the third sector is seen as a good way to utilize the resources of third sector

organizations in the area of employment services. Therefore, third sector organizations would also need to recruit more paid personnel instead of relying on voluntary work.

Similarly, interviewees from the third sector perceived that to maintain their role in the provision of employment services, third sector organizations would need to develop their operation towards characteristics of private enterprises. The third sector interviewees identified an increased pressure for professionally organized services provided by trained staff and developed specifically to strengthen the employment prospects of the unemployed clients, in contrast to providing employment services on the side of other main activities. Furthermore, the interviewed third sector professionals stated that due to increasing uncertainty of funding, better capabilities regarding finance were required. This involves an increase in the selling of goods and an ability to ensure competitive quality and price of the services. According to third sector interviewees, better skills in communicating expertise and production of reliable data regarding the value of work in third sector are also required. Furthermore, one interviewee brought forward that third sector might need to adopt a model where one central organization would bid for competitive procurements and distribute the work to several small third sector organizations.

On the other hand, the findings of the study show that from the perspective of municipalities, third sector organizations were *not only* perceived as alternative providers of services. Instead, the value of the work in third sector organizations was understood more widely, also incorporating their other actions as civil society actors. Several of the interviewed heads of local government pilots stated that they wished that third sector organizations would continue arranging activities also outside service provision. Aspects such as the organization of various services for people in difficult life situations and the development of village areas in the area were mentioned as forms of action that were important for the municipality. Furthermore, the interviewed third sector organizations emphasized their role as distinctive from actors in both public *and* private sectors. For example, the work in many third sector organizations was also part of societal service production, producing wider benefits for the area and citizens.

However, in a context of increased demand for professionalism, marketization skills and competence in finances combined with a simultaneous decline of funding in third sector organizations, it is relevant to ask whether third sector organizations promoting employment can combine the role of an active civil society organization and professional service organization in the future.

7.2 Future: Problems for Adopting Network-Based Governance Form

As described above, the findings of this study suggest that instead of network-based governance, the cooperation between third sector organizations and municipalities increasingly represents a mixed approach where characteristics of network relationships and more market-based relationships combine. Furthermore, the findings seem to question whether a network form of cooperation between municipalities and third sector organizations is essentially possible. Literature on networks claims that a crucial aspect for a successful adoption of network-based governance is trust (Provan & Kenis 2008). Networks are typically utilized in situations where the value of exchange and cooperation is not easily measured (Powell 1990). While it is difficult to define the specific gains of collaboration on monetary terms, trust forms an important basis for the exchange of information and resources (see Hudson 2004, p. 79-80).

It seems that in the context of arranging public employment services, trust as a single basis for cooperation between municipalities and third sector organizations is difficult to organize. This is reflected in the municipalities' reforms regarding funding of third sector organizations. It seems that from the perspective of the municipalities, it is perceived that binding structures and goals for cooperation are required to achieve better value for resources. Purchasing services from third sector (as compared to providing general financial aid) is seen as a practical way to implement this.

Furthermore, the findings of this study suggest that a lack of trust can create problems for the cooperation between third sector organizations and local government pilots on employment. Some of the interviewed heads of pilots reported problems regarding the exchange of information or an uncooperative approach in third sector organizations. Based on the interviews with the heads of pilots, it seems that the source of problems was that third sector actors perceived that the municipal officials did not have a similar understanding or sympathy towards the situations of the unemployed customers and felt that their responsibility was to defend their views and protect the customers against the municipal officials. Furthermore, several of the interviewed third sector professionals stated that in broad terms, public sector officials did not seem to understand the role of third sector actors as professionally working organizations.

Another factor that has been identified as a key aspect for adoption of network-based governance is consensus over goals among the participants of the network (Provan & Kenis 2008). This involves agreement also on the right means to achieve the agreed goals. An important aspect concerning goals in the cooperation between the third sector and municipalities is that the goals of the municipalities are shaped by decisions made on national level of policymaking. In the current system, the

responsibility of the municipalities over the financing of services decreases when the unemployed person is participating in activation measures (Kela 2022). The proposed reform would cut the connection between the financial responsibility of municipalities and the activation of the unemployed (HE 207/2022 vp). Therefore, the new system would not encourage municipalities to focus on the guidance of unemployed persons to employment services. Instead, they would benefit financially only if the unemployed would be employed in open labour markets. The findings of this study suggest that in addition to strengthening the interest of municipalities to increase the effectiveness of employment services, the reform might impact the overall interest of municipalities to use resources to the organization of employment services. The interviewed third sector organizations perceived that in case the system regarding the financing of employment services would change, the municipalities might not have similar interests for cooperation. According to third sector organizations, municipalities would be interested in strengthening their cooperation with the third sector in the area of employment only if it was perceived as financially beneficial.

A third important factor for the adoption of network-based governance identified in previous literature is network-level capacity. Network-level capacity is determined in relation to both internal and external factors (Provan & Kenis 2008). In the context of this study, one of the internal capacities is active communication between the pilot organization and third sector actors. The findings of this study show that the capacity for active communication between third sector organizations and municipalities varies between areas. In half of the areas included in the study, both the heads of pilots and third sector professionals experienced that communication was not as easy and active as they might hope.

In the areas where experiences regarding the activeness of communication were mostly positive, the municipality had introduced a clear structure for communication at the levels of both client work and management. However, in some areas rush and lack of resources in the pilot organization seemed to hinder active communication between the pilot and the third sector actors. The findings of this study suggest that successful communication between municipalities and third sector organizations is possible only if the municipality is able to invest resources to have sufficient personnel in the employment services.

Regarding capacity in relation to external factors, an important aspect is that third sector organizations providing employment services typically operate mainly based on external funding from the public sector and for example European Social Fund. Therefore, shifts in funding significantly impact the ability of third sector organizations to provide services. Based on the findings of this study, it seems that third sector organizations are subject to various simultaneous pressures regarding funding. Lack

of funding was perceived by third sector organizations as a threat to maintaining a professional service organization. However, the interviewed third sector organizations did not state that the lack of funding was a result of a lack of interest from the side of the municipality in supporting third sector organizations. Instead, the pressures resulted from decisions made on the national level of policymaking and from changes in the guidelines of the European Social Fund.

Based on the findings of this study, it does not seem likely that municipalities would start investing significantly more resources in the work of third sector organizations to replace the decrease of funding from other sources. Instead, as argued by the interviewed third sector organizations, third sector organizations are required to adjust to the changes of funding by reducing their activities and by developing towards professional service organizations. Therefore, the future of cooperation between third sector organizations and municipalities in providing employment services seems to be dependent on how well third sector organizations manage to internalize the principles of competitive markets.

8. Conclusion

The aim of this thesis was to investigate the cooperation between third sector organizations and municipalities in providing public employment services. The research question was the following: *How do third sector organizations and municipalities cooperate in providing public employment services?* The context of this study was local government pilots on employment, where the authority of municipalities regarding the organization of public employment services was strengthened. To answer the research question, a total of eight interviews were conducted with third sector professionals and heads of local government pilots from four different pilot areas. The pilot areas comprised municipalities which had together formed a pilot area.

The findings of this study suggest that a new institutional logic is emerging in the cooperation between third sector organizations and municipalities. The new logic seems to be a hybrid form which includes characteristics of network-based governance, such as recognition of mutual interdependency and increased aim to develop effective exchange between the public sector and non-state actors. However, the findings show that the new logic of cooperation includes also characteristics identified by earlier literature as the New Public Management approach to the organization of public services. In fact, cooperation is developed towards models where municipalities purchase services from third sector organizations through contracts where prices and responsibilities are defined. For third sector organizations, this means that they must develop competencies traditionally perceived as characteristics of private enterprises.

Furthermore, the findings of this study suggest that there are several obstacles to forming a network-based relationship as defined in earlier literature in the cooperation between third sector organizations. For one, it seems that core elements of networks, such as trust, mutual benefit and active interaction do not form a strong enough basis for the cooperation between third sector organizations and municipalities in the area of employment services. Instead, municipalities perceive that contractual relationships are required to ensure sufficient value for resources. A second obstacle is that the cooperation between municipalities and third sector organizations is strongly impacted by decisions that are established outside the scope of the local area. In the cooperation between the third sector and municipalities, goals are not solely negotiated at the network level, but the interests of municipalities are strongly guided by financial incentives established at the level of national policymaking. Finally, many third sector organizations are dependent on funding from outside the municipality. Therefore, cooperation is vulnerable to changes in the funding of third sector organizations.

Overall, only little academic research has been conducted concerning the role of third sector organizations in the provision of employment services in Finland. The findings of this study provide valuable insights into the way the municipalities and third sector organizations cooperate in the area of employment services. The findings of this study suggest that the logic guiding the cooperation is shifting. Due to the limited scope of this study, the findings cannot be generalized to reflect the developments in other areas of Finland. Furthermore, the findings show that there is significant variance in the practices of cooperation in different areas. More research on the area is required to investigate how the upcoming reforms impact the cooperation between third sector organizations and municipalities in different areas in Finland. Especially the implications of the reforms for unemployed clients must be investigated.

At the time the study was conducted, a major reform of employment services in Finland was planned to take place in a couple of years. In the reform, the responsibility for arranging employment services will be transferred to a local level across the country. Furthermore, the system regarding the financing of employment services is about to change drastically, possibly impacting their cooperation with third sector organizations in the future (HE 207/2022 vp). Based on the findings, the developments in local labour market areas form a fertile ground for more comprehensive research on how municipal employment services cooperate with other key stakeholders in the area of employment policy.

It is not in the scope of this study to draw conclusions of a 'best practice' concerning cooperation between third sector organizations and municipalities. However, the findings do provide insights into the development of the role of third sector organizations in the area of employment services. The findings of this study suggest that third sector organizations providing employment services are in a financially difficult position. Based on the findings of this study, several of the popular funding sources for third sector organizations are declining and many third sector organizations experience difficulties in balancing their finances. It seems that in order to maintain their operations, third sector organizations must increasingly focus on professional service provision and sell their services to the public sector.

However, the findings of this study suggest that while third sector actors are increasingly required to develop as professional service organizations, the current funding mechanisms do not support this development. In a context of uncertain and declining funding, it is difficult to maintain sizeable professional personnel or large facilities. Furthermore, third sector organizations cannot uphold large reserve funds which would allow them to survive through large shifts in funding. In addition, there are few resources available for third sector organizations to develop their competencies in service

provision, including aspects such as productization, marketing and service design. As discussed in chapter 3, for example funding from the Funding Centre for Social Welfare and Health Organisations (STEA) cannot be used to support any economic activity (STEA 2022b). There are few actors providing counselling or advice for third sector concerning these aspects. Therefore, it seems that many third sector organizations are placed in a difficult position in their dual role as civil society actors and service providers, where the requirements and preconditions for operation do not match.

Based on the aforementioned remarks, I would like to make a recommendation for the future concerning policies directed at third sector organizations working in the area of employment services. It seems that if third sector organizations are expected to participate in the provision of employment services with current capacity also in future, a new funding mechanism directed at third sector organizations promoting employment should be developed. While it is unlikely that municipalities would be able to allocate additional resources to the work of third sector organizations to compensate for the decline of other sources of funding, this new funding mechanism should be established at the level of national policymaking and be financed by the state. A new funding mechanism would enable third sector organizations to meet the requirements of professional service organizations.

The results of this study suggest that the significance of work in third sector organizations is a largely uncharted area. At the time the research was conducted, it seemed that the organization of employment services would be developed towards an increased emphasis on efficient support of the unemployed to the open labour markets. In the reform that is planned to be introduced in 2025, municipalities will be incentivized to develop services that effectively reduce unemployment, rather than simply organize services for the unemployed (HE 207/2022 vp).

As suggested by the findings of this study, third sector organizations often work with groups who face multiple barriers to employment or whose process to open labour markets is long. Without established research concerning slower, 'step by step' development in the capabilities of unemployed persons or clients, it is difficult to argue for services that support the most disadvantaged groups in a context where fast proceedings to the open labour markets are prioritized. Therefore, more research is required to explore the intermediate phases in rehabilitation towards open labour markets. Further research on the area might also enable the development of standardized models for both assessing and developing the effectiveness of services provided by third sector organizations.

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Appendices

Appendix 1: Data Extracts in Finnish

Extract 1:

Kuntakokeilun vetäjä: "Järjestöt esimerkiksi tarjoaa alustan tietyille aloille niin kun polkuna, ja alustana päästä sille alalle töihin tai rakentaa sitä osaamista tai ehkä kuntoutuakin jopa jollekin alalle takasin. Mutta sitte toisaalta, et jos ne [järjestöt] on niin ku tietyllä tavalla tämmösessä työhön paluun tukemisen polun tietyllä tavalla ehkä alkupäässäkin, jotka on aika kaukana työmarkkinoilta, mut sitte ne on myöskin se ensimmäinen niin kun sellanen, ne toimii aika usein sillain nivelvaiheena tuottavan työn ja ei ehkä niin tuottavan työn välillä, jossa on sit kuitenki osaamisen kehittämistä, jossa on sit kuitenkin sitä hyvinvoinnin tukea."

Extract 2:

Kuntakokeilun vetäjä: "Varmasti [järjestöyhteistyö] tulee säilymään, meillä on kuitenkin se tietty asiakaskunta, ketkä ei oo valmiita vielä sinne avoimille työmarkkinoille suoraan ja sitte rehellisesti sanottuna meillä on myös se asiakaskunta, jotka ei välttämättä enää koskaan palaa sinne avoimille työmarkkinoille ja he ovat sitten ehkä palkkatuella näissä yhdistyksissä, jos on vaikka vika, vamma tai sairauden perusteella palkkatukitöissä."

Extract 3:

Kuntakokeilun vetäjä: "Kun siinä [järjestöissä] on vielä meitä ehkä kovempiakin ammattilaisia niin haetaan sitä yhteistyötä nimenomaan siitä näkökulmasta, että millä lailla niitä palveluja sitten vois yhdistää, käyttää järkevästi sen asiakkaan tilanteen edistämiseen. Tai sitten minkälaisia, ihan uusia palveluita pitäs luoda, mitkä sitten olis semmosia toimivia niissä, just niissä haasteellisimmissa tilanteissa, mitä asiakkaalla on."

Extract 4:

Järjestön edustaja: "Kuitenkin kun tässä niin kun työllisyyden hoidossa kun on kaks näkökulmaa, mitä täällä tehdään. Niin se toinen on se, että me tarkastellaan työllistetyn näkökulmasta, miten hän kehittyy ja miten hän pääsee avoimille työmarkkinoille ja niin edelleen. Mutta se työllistäminen täällä on osa yhteiskunnallista palveluntuotantoa."

Extract 5:

Järjestön edustaja: "Et mä en osaa sitä jotenki hirveen kauniisti tai sillain niin ku täsmällisesti määritellä, mutta se, että yleensä työnantajat määrittää tehtävän, johon ne etsii parasta mahdollista tekijää. Ja yhdistyksissä otetaan vastaan niin ku tavallaan kuka tahansa tekijä, ja räätälöidään se työ hänelle sopivaksi. Et siihen se kynnys on jotenkin niin matala. Et se on tämmöisen kunkin yksilöllisen työ- ja toimintakyvyn mukaisesti toimimista ja kaikenlaisten työkyvykkyyksien hyväksymistä."

Extract 6:

Kuntakokeilun vetäjä: "Ainakin minä oon ollut tyytyväinen, et se on ollu aktiivista se vuorovaikutusyhteistyö. Ja me ollaan toistemme ongelmia kyetty kuuntelemaan ja niihin on kyetty myös molemmin puolin reagoimaan ja joustamaan ja sitä kautta ne kokemuksetkin on molemmin puolin ollu aika myönteisiä siitä yhteistyöstä."

Extract 7:

Kuntakokeilun vetäjä: "Et jos siellä vaikka on ollu siitä kiinni, että no, henkilön pitäis käydä viitenä päivänä viikossa, mutta se nippa nappa pääsee kolmena päivänä viikossa paikalle. Tai että se on joka toinen aamu myöhässä. Tai siellä esimerkiksi vaikka on epäilys, että on ongelmia päihteiden käytössä, niin ne pitäis vaan ottaa rohkeesti niin kun puheeksi, koska monesti kyllä siellä on ehkä tiedossa se juurisyy, mutta sitä ei välttämättä ehkä uskalleta ottaa puheeksi sen työntekijän kanssa. Kun ajatellaan, että se asiakas joutuu huonoon johonki tilanteeseen siinä. Tai että sen asiakkaan niin ku vaikka työttömyysetuus katkeaa. Tai näin mä ainakin mietin, että se varmaan johtuu jostain tämmösestä, et niitä asioita erheellisesti puhutaan, kun tosiasiallisesti mehän tehdään karhunpalvelus sille ihmiselle."

Extract 8:

Kuntakokeilun vetäjä: "Välillä me nauretaan tässä, että järjestöt on myös niin kun että, ne tulee aina opettaan meitä et kun ei niin kun viranomaiset tiedetä, mitä tuolla kentällä tapahtuu, mitä asiakkaille kuuluu. Sit seki on niin kun et pitäis myös muistaa, et ei me nyt ihan hölmöjä olla. -- Niin nyt me haetaan sitä semmosta luottamusta. Et meidän pitäis luottaa enemmän et toi toinen tajuaa tai osaa, mut enemmänkin, että miten mä voin jeesiä, et sä osaat sen paremmin. Se on se meidän kysymys. Ei me kilpailla keskenään."

Extract 9:

Järjestön edustaja: "Mä sanoisin et se on varmaan järjestökentälle, sehän on myös sitä, että sä tiedät, et sulla on siellä joku x ihminen, mulla on esimerkiksi helppo ollu aina tehdä tän kokeilutoimiston johtajan kaa yhteistyötä, en oo ikinä kokenu semmosta, et jos mä soitan, vaikka mulla olis joku tiukkakin asia, jota mä haluan hänen kanssaan käydä, et mua jotenkin vältelttäis. Päinvastoin on sellanen hyvä foorumi ollu tuoda näitä asioita esiin."

Extract 10:

Järjestön edustaja: "No tietysti on työllisyyden kuntakokeilun vetäjä, hänhän nyt toimii. Mut se, että kieltämättä hän on niin ylös otettu et on tosi vaikea saada, puhelimella ei onnistu ollenkaan, mutta sähköpostilla jossain määrin. Se on, siis aliresursoituahan se on. Ei heitä voi syyttää siitä, sitä vaan työtä on niin älyttömästi siellä. Tai niin kun suorastaan ihmettelen, et miten ne selviää niistä asioista."

Extract 11:

Järjestön edustaja: "On helppoa olla yhteydessä eli ihan niin ku, etunimellä ja "moikka moikka"-tyyppisesti, ihan niin kun tosi kivaa ja helppoa. Ja tietysti ku se on ihan hänelle luontainen tapa toimia niin en mä nyt lähde muulla tavoin yleensä työtä tekemäänkään. Niin se on kyllä onnistunu sillä lailla, et ollaan saatu ne kontaktit semmosiksi välittömiksi."

Extract 12:

Järjestön edustaja: "Ja kun on näin pitkään tehty tavallaan tätä yhteistyötä niin se on ymmärrettävästi madaltanut myös näitä kynnyksiä. Että voisin melkein sanoa, että siinä ei oo enää sellasta, että täytys ruveta miettimään, että voisinkohan mä tämän asian niin kun nostaa keskusteluun tai tarviiko mun nyt odottaa jotain virallista palaveria. Et kyllä sen voi ihan ottaa puheeksi heti kun siihen aikaa on."

Extract 13:

Kuntakokeilun vetäjä: "Me oltiin ajauduttu tämmöseen niin kun keskusteluun että joko se toiminta-avustus esimerkiksi meidän sille paikalliselle toimijalle oltais lakkautettu kokonaan tai sitten toinen vaihtoehto oli, mikä sitten toteutukin, että lisätään sitä rahotusta mutta sen rahotuksen ehtona oli semmosen toimintasuunnitelman laatiminen, joka selkeästi lisää asiakkaitten sitä työtoimintapaikkamäärää. Ja tää yhdistys pysty tän suunnitelman tekemään, ja yhtenä osana siinä oli nimenomaan sit nää kumppanuudet näitten muitten yhdistysten

kanssa eli se toiminnan ohjaus ja myös niinkun talouden hallinnointi sitten siirtyi tämän, voisko sanoa isäntäyhdistyksen harteille.”

Extract 14:

Kuntakokeilun vetäjä: ”X kaupungilla on itse asiassa järjestöyhteistyöhön aika vahva perinne ja tapa, mut työllisyyden hoidossa meillä oli vain neljä toimijaa. Ja nyt meillä on neljäkymmentä toimijaa. Niin työllisyyden hoidossa järjestöjen rooli tai ylipäätään niin ku toimijoiden roolin kasvu on tapahtunu 2018 jälkeen. Ja erityisesti tähän vaikuttaa uusi hankintajärjestelmä. Eli se hankintajärjestelmä muuttu eli meillä rahat oli vähän niin ku, meni niille kolmelle neljälle toimijalle piste ja siinäpä ne sitte olikin. Ja me lopetettiin se -- ja se teki sen, että meidän palveluntuottajien määrä rikastui ja parani.”

Extract 15:

Kuntakokeilun vetäjä: ”Me tehtiin siis sillä tavalla, että tää opinnollistaminen niin me otettiin tänne kaupungille ja kaupunki teki oppilaitoksen kanssa sopimuksen opinnollistamiseen liittyen ja me sovittiin siinä tavotteet ja sit sisältövastuut, et mikä on niin ku palveluntuottajan, oppilaitoksen, asiakkaan, lähettävän tahon niin ku roolit ja tehtävät. Ja tähän sopimukseen me pystytään vetoamaan siinä vaiheessa, kun me tehdään esimerkiksi työpaja-avustuksia. Eli työpaja-avustuksilla me halutaan sitte sopia taas että kuinka paljon me halutaan et ne opinnollistaa, kuinka paljon sieltä tulee tutkinnon osia asiakkaille, kuinka paljon siellä on oppisopimuksia tai muuten osaamisen kehittämisjuttuja tai koulupudokasyhteistyötä.”

Extract 16:

Kuntakokeilun vetäjä: ”Mä uskon, että se tekis siitä työstä vähän tavotteellisempaa, jos siellä olisi tiukat kriteerit, että paljoko yhen henkilön joku kuntoutusjakso nyt sitten kustantaa siellä yhdistyksessä ja kun se asiakas on vaikkapa sitten edennyt sinne avoimille työmarkkinoille ja siellä sen kuus kuukautta pysyny niin voiko siitä siinä vaiheessa maksaa sopimuksen mukaan vielä lisää sille yhdistykselle, että ehkä se olis semmosta motivoivampaakin, kun se että me jaetaan avustuksia niin ne on avustuksia.”

Extract 17:

Järjestön edustaja: ”Ja sitten nyt tämä hyvinvointialue, joka on nyt käynnistymässä, niin esimerkiksi kuntouttava työtoimintahan on siirtymässä sinne. Kukaan ei vaan vielä tiedä, millä formaatilla se tullaan hoitamaan, onko se palveluseteli vai joku muu taho. Fakta on se, että nykyiset asiakaskeissit meillä on maksimissaan vuoden loppuun, mutta mä en esimerkiksi

pysty pitämään palkattua henkilökuntaa siellä ennen kun mä tiedän, mitä vuoden vaihteessa oikeesti tapahtuu. Koska meillä ei oo järjestöpuolella mitään rahoja jemmassa missään, vaan me vedetään ihan kädestä suuhun käytännössä koko aika. Ja kuten sanoin, niin kaikki meidän rahat on tosi tarkkaan kohdennettuja."

Extract 18:

Järjestön edustaja: "Valtiohallinnon puolella on tällä hetkellä sellanen suuntaus menossa, että kaikki tällaset tukimuodot halutaan keskittää suoraan sinne avoimille työmarkkinoille työllistymiseen, joka voi tarkoittaa sitä, että yhdistykset, jotka tarjoaa nyt niitä työpaikkoja ei jatkossa niitä pystykään tarjoamaan, koska ne taloudelliset etuudet vähenee. Elikä vaikkapa, että palkkatuki pienenee. Ja aika harvalla yhdistyksellä on sitten sellasta liiketoimintaa, että he pystyisi suoraan niinkun maksamaan kaikki ne palkkakustannukset."

Extract 19:

Järjestön edustaja: "Tässähän taustalla pitää huomata se, että monet näistä järjestöistä jotka työllistää, hoitaa hallintoa ESR-hankkeitten kautta esimerkiksi. Ja tota se taas sitten tarkottaa sitä, että mitenkä ESR-hankkeitten kriteerit muuttuu ja on muuttuneet. Ja tota valitettavasti taas ESR-hankkeitten suunta entistä enemmän on menny siihen, pois siitä alkuperäsestä, ku alkuperäinen näkökulmahan oli se sosiaalinen ja niin kun sen ihmisen hyvinvointi ja kaikki tällaset. Nythän sinne koko ajan on tullu niin ku, montako yritystä syntyy ja niin edelleen, koska kun mennään työllisyyden hoitoon niin ei se ensimmäinen kysymys ole se, että montako yritystä syntyy, se ei todellakaan oo."

Extract 20:

Järjestön edustaja: "Yhdistykset on monesti sellasia työllistäjiä ja työnantajia, jossa pystytään huomattavan paljon joustamaan sen asiakkaan tai sen työllistyvän henkilön työkyvyn ja toimintakyvyn mukaisesti. Ja en usko, että ihan samanlaista resilienssiä yrityksistä välttämättä löytyy. Ja siks se on jotenkin niin kun, en tiedä että mitä on sitten tulossa tilalle niille henkilöille, jotka eivät avoimille työmarkkinoille suoraan työllisty."

Extract 21:

Järjestön edustaja: "Yrittäjillähän on sama tilanne, saattaa tulla tämmönen kaveri sinne, jolla työkyky on vaikka 30 pinnaa ja hänellä pitäis olla melkeen koko ajan joku siinä vierellä kulkija niin tota, ei yritykset pysty ottaa sellasia. Heillekään kukaan ei anna tukea, korvausta eurookaan siihen ja se työaika mitä he käyttää siihen työllistettyjen hyväksi, et jotenkin se

korvattais. Sitä vaan yrittäjä on vaan, omasta pussista maksaa sitten ja sen takia yritykset ei ota niitä. Hyvin vähän ottavat täälläpäin. Et se malli pitäis vieläkin muuttaa jos halutaan, että yrittäjät tekee."

Extract 22:

Järjestön edustaja: "Elikkä esimerkiksi meillä on sosiaalialan järjestöjen työehtosopimus, jota meidän on noudatettava. Ja tää on semmonen erikoinen asia, et kun esimerkiksi työntekijöille tulee TES:in mukaisia korotuksia, vuosikorotuksia, paikallisia eriä, tai sit vaikka ihan puhtaasti äitiyslomia, jolloin meillä on heille palkanmaksuvelvollisuus, niin rahoitukset ei tunnista näitä.-- Nii näitä ehkä aina ihan ymmärretä, et mulla on sellanen tunne välillä, et järjestöjä pidetään sellaisena, et me toimitaan vapaaehtoisvoimin, tää on sellasta kivaa naisten tekemää näpräämistä, vaikka tosiasiassa tänä päivänä sote-järjestöt, me ollaan iso, ammattimainen palveluntuottaja."

Extract 23:

Kuntakokeilun vetäjä: "Meillä on x seudun työllisyysohjelma tehty vuosille xxxx-xxxx, ja sit meillä on toteuttamisohjelma siinä niin tota, siinä on todettu että tää yhteistyö ja yhdessä tekeminen ja verkostomainen niin kun onnistumisten hakeminen niin on tiivistynyt, eli meillä on työnantajat ja kolmas sektori, me ollaan enemmän yhdessä."

Extract 24:

Kuntakokeilun vetäjä: "Mutta ne tätä johdon tasoa sitten palvelis, semmoinen säännöllisempi yhteydenpito [järjestöjen kanssa]."

Extract 25:

Kuntakokeilun vetäjä: "No totta kai se, että me oltiin sillon kumppaneina niin oltiinhan me niinkun pienemmässä roolissa ja vähän niin kun sen te-toimiston niin kun, miten sen nyt sanois, armoilla. Et mihin he suostuu. Mut nyt kun me saatiin se oma toimivalta ja ne omat asiakkaat ja me päästään niihin tietoihin kiinni niin mehän pystytään aivan eri lailla jo siitä omasta porukasta sitten ohjaamaan sitä porukkaa sitten niihin järjestökentän työvoimatarpeisiin."

Extract 26:

Kuntakokeilun vetäjä: " Jos meillä on tarpeita täällä esimerkiksi työllisyyspalveluissa, niin mehän neuvotellaan kaupunkiorganisaatio plus alueen toimijat ratkaisuja. TE-toimisto tekee

ihan eri, hankintajärjestelmä on jo erilainen. Niille pitää olla aina isoja toimijoita, ne ei oo paikallis-alueellista kytköstä ja se, että ne ei pysty tälläsiin näin pieniin ratkasuihin niin ku me kunta-alueella pystytään, se on erittäin järkevää, että me pystytään näihin pieniin, ketteriin joustaviin ratkasuihin. Eikä vaan niin, että meillä isot, kauniit, hyvät hankekirjottajat tai rahottajat tai kilpailutuksiin osallistujat, ja sitte niillä kytkös paikallis-alueelliseen voi olla hyvin heikko tai ohut."

Extract 27:

Kuntakokeilun vetäjä: "Ja sitten toinen, mikä liittyy tuohon työttömien aktivointiin eli tää kuntien uusi rahoitusmalli, joka katkaisee sen todennäköisesti sen palvelujen ja rahoituskompensaation välisen yhteyden, niin viekö se pohjan pois niiltä järjestöiltä, jotka tällä hetkellä pitää semmosta hyvin matalan kynnyksen osallistamisen väylää, elikkä tehtävät ei nyt hirveesti välttämättä liity semmoiseen kansantaloudellisen lisäarvon tuottamiseen vaan nimenomaan siihen osallistamiseen. Ja jos tarve enää niin kun rahoituspohjaa, eikä kuntia siitä enää palkita, eikä sillä ole yhteyttä tän päivän työelämävaatimuksiin, niin jääkö se kokonaan tekemättä?"

Extract 28:

Järjestön edustaja: "Ja mun mielestä ei voi jättää huomiotta nimenomaan niitä, tavallaan sitä taloudellista palkitsemisjärjestelmää, on se sitten siihen työttömään asiakkaaseen kohdistuva tai vaikkapa kuntien kannustinjärjestelmät. Et nyt valtio maksaa jokaisesta kuntouttavan työtoiminnan päivästä. Tai että kuntien rahoitusvastuut pienenee sillon, kun henkilö ohjataan aktivoiviin toimenpiteisiin. Tämä kokonaisuutena tulee muuttumaan parin vuoden sisällä. Et me ei oikeesti tiedetä, mitkä ne kannustinjärjestelmät on. Mutta se tulee ohjaamaan toimintaa. Se on mun mielestä niinkun väistämätön tosiasia ja sitä on turha niinkun jotenki kiistää tai jättää huomiotta. Mut monesti varsinkin tän asiakaskohderyhmän osalta se jätetään huomiotta tai ei haluta sitä nähdä. Vaan kiinnitetään huomiota vaan niitten työttömien persoonallisiin ominaisuuksiin tai osaamiseen tai työkykyyn."

Extract 29:

Kuntakokeilun vetäjä: "No, mä luulen, että [tulevaisuudessa] useemmassa järjestössä on palkattua henkilökuntaa ja järjestöt on entistä enemmän palveluntuottajia, mä uskon."

Extract 30:

Kuntakokeilun vetäjä: "No jos hyväksytään se, että järjestö, joka osallistuu vaikka tämmöiseen työllisyydenhoidon kumppanuuteen pyörittää miljoonia, jäsenmäärä saattaa olla 25, hallituksen koko 6 ja tuota se on niin kun ok, niin ei siinä mitään. Mutta tuota, kyllähän se sillon muistuttaa enemmänkin tämmöstä, noh, miten sitä sanois, tiettyjen aktiivisten tai vastuuntuntoisten henkilöiden toiminnan pyörittämistä, jossa ehkä noudatetaan enemmän sellaista niin kun yrityslogiikkaa kuin niin kun sitä, että se olis tämmöistä laajojen järjestöaktiivien tai massojen yhteistä tekemistä ja vastuun kantoa."

Extract 31:

Kuntakokeilun vetäjä: "Kyllä se kaupungin intresseissä on ehdottomasti koittaa vahvistaa ja voimaannuttaa kolmatta sektoria laajuudessaan ja se yhteiskunnallinen yrittäjyys niin kun teemana on se, mikä varmasti on, mikä varmasti kirjoitetaan vahvasti sisään tohon kaupunkistrategiaan. Et kyl se sellanen niin kun kasvava, vahvistuva suunta on, mitä kaikkii mahtuu sitten sen yhteiskunnallisen yrittäjyyden alle ja varmaan siihen luontevasti liittyy vielä laajempina teemoina sitten kestävä kehitys ja ne teemat."

Extract 32:

Kuntakokeilun vetäjä: "Mut varmaan paljon myös jää kansalaistoiminnan ja vastuullisen toiminnan osalle, joka on sitten varmaan sellaista perinteistä järjestökentän toimintaa. Tai niissä, mitä niitä on, toiminta-ajatuksia ja muita strategioita niin varmasti näkyy siellä aika paljon. Ja justiin niin kun ylipäätään kuntalaisten aktivoiminen ja kylien kehittäminen on semmosia ja x kaupungilla on, todella monessa muussakin paikassa, mutta kyllä ne on painopisteitä. Elinvoiman saralla on varmasti paljon mahdollisuuksia sitten näille toimijoille. "

Extract 33:

Kuntakokeilun vetäjä: "Tällanenhän meillä on rapautunu aika vahvasti, eli nää mitä tavoitellaan elämässä, johtuen ihan jo puhtaasti tämmösestä niin kun ympäristöideologian ja siihen liittyvien valintojen seurauksesta niin meillä ei ole tämmöstä enää vahvaa massaa, joka aiemmin jaottu vaan oikeastaan sen mukaan menikö se ihminen lukioon vai menikö se ammattikouluun, vaan se kirjo on paljon suurempi. Ja tääkin asettaa omat niin kun, oman kysynnän sille järjestötyölle ja myös mahdollisuuden, varmasti myös haasteen."

Extract 34:

Järjestön edustaja: "Ne järjestöt, jotka haluaa olla työllisyydenhoidossa mukana, tavalla tai toisella. Niin se vaatii ihan oikeesti ammatillista toimintaa. Eli se vaatii hyvää, ammattimaista henkilökuntaa, se [työllisyyspalvelun järjestäminen] ei voi enää tapahtua jotenkin niin kun sen yhdistyksen muitten toimintojen ohella. Et jotenkin nään, että sen valmennustyön osaamisen vahvistaminen on yks niitä merkittäviä."

Extract 35:

Järjestön edustaja: "Se on yksinkertaisesti se, että ne järjestöt, jotka pystyy maksupalvelutoimintaa rakentamaan, niillä on mahollisuus. Ja toisaalta sitten se, että siihen tueksi sitten hankepuolta, mutta jos se on pelkästään sitä hankepuolta ja sitä tietyllä tavalla sitä samaa myllyä, uudelleen haetaan rahaa, niin eihän rahoittajat voi sitä rahoittaa, koska samaan toimintaan ei saa kahta kertaa rahaa myöntää."

Extract 36:

Järjestön edustaja: "Ja sit toinen on se, että ne organisaatiot, jotka haluaa olla työllisyydenhoidossa mukana, niin niitten pitää ymmärtää, että toimitaan ihan täysin puhtaasti kilpailluilla markkinoilla. Et se voi olla monella yhdistyksellä se iso kynnys ja vaikea kysymys, jos on tottunut niin kun tämmöseen avustusperusteiseen toimintaan, ja jatkossa se on ihan puhtaasti palvelun myyntiä. Ja silloin kilpaillaan ennen kaikkea, tai yhtä paljon laadulla kun sillä hinnalla."

Extract 37:

Järjestön edustaja: "Vähän reflektoin järjestöjen omaa toimintaa, et me pystyttäis myös varmasti tiivistämään sitä vuoropuhelua julkiselle puolelle plus keskenämme. Et kuten sanoin, järjestökenttä ei oo ehkä ollu hirvittävän hyvä siinä oman hännän nostamisessa, et kun me ollaan aika kilttejä, järjestötoimijat on silleen tosi kilttejä, hyväsydämisiä, me tehdään tärkeää työtä isolla sydämellä. Niin me ei olla ehkä silleen hirveen hyviä kilpailemaan vaikka yksityisen sektorin kanssa, joilla on isompi ja tämmönen perinteisempi tää heidän lobbauskoneistonsa. Et mekin hävitään siinä."

Extract 38:

Järjestön edustaja: "Me tarvitaan nyt tutkimusta, jossa järjestöjen yhteiskunnallista merkittävyyttä pystytään osoittamaan tutkimuksien kautta. Koska nythän, se että kun, mä oon

vaan törmännyt siihen, kun ministeriöissä ja tuolla puhuu sitä, niin ne kysyy, että no, todista, onks sulla tutkimustuloksia? No ei ole. Niin nyt meidän pitäis saada tätä järjestöjen yhteiskunnallista vaikuttavuutta eri kanteilta tutkittua hyvin nopeesti. Koska sillon me pystytään paljon vahvemmin puhumaan vakuuttavammin ja sanoa, että tämä tutkimus osoittaa, että tämmöset on ne vaikutukset, niin eiks tälle jo rahotusta saa. Meillä ei oo järjestöjen yhteiskunnallista vaikuttavuutta eri näkökulmista juurikaan tutkittu, tällä hetkellä."

Extract 39:

Järjestön edustaja: "Jos me mennään kilpailemaan ton, kilpailutuksiin ton yksityisen sektorin kanssa, kuten todennäköisesti joissain käykin, niin mä oon ehkä vähän huolissani siitä, että miten järjestöjen valmius siihen on olemassa. Elikkä just ku meillä on paljon pieniä toimijoita ja ei ole olemassa mitään semmosta keskusjärjestöä, joka tekisi sen kilpailutuksen. Kun julkiset kilpailutuksethan on välillä tosi suuria, niin pienten toimijoiden on tosi, käytännössä mahdoton päästä niihin mukaan."