How do resource-based powers in non-profit–government relationships shape social service arrangements in Finland? A case study of regional rehabilitation services.

Minna Mattila-Aalto, senior researcher, D.Soc.Sc, Rehabilitation Foundation

Paper presented at ISTR Voluntas Conference 21.-22.3.2014, Copenhagen, Denmark

The partnerships between the public sector and non-governmental organizations (NGOs) aim to resolve service production-related challenges through co-operation. The Finnish government has set high expectations for service production by NGOs, especially. This article examines what resources partners bring to the table in their network relationships from the viewpoint of social service production. The research leans on a mixed-method approach focused on a dataset consisting of both quantitative and qualitative materials collected in 2010–2013. The data focuses on regional rehabilitation cooperation and has been analysed using sociological theories of power with regard to examining power related to resources. The results demonstrate that partnerships manifest mainly in the form of service partnerships that are based on financial resource-related contracting controlled by public agents. NGOs have incremental powers to transform partnership relationships only, if the public sector needs their service delivery capacity or special services or recognises the benefits of non-profit networking and links to local communities. NGOs have a power disadvantage caused especially by poorly utilised information and technical resources. Non-profit actors lean on personified influencing in partnership relationships. As a consequence, social service arrangements are similar to a liberal interest group model rather than a democratic, mutually programmed cooperation model.

1 Background

Finland has a strongly state-oriented welfare model. The statutory responsibility for producing rehabilitation services is divided between many agents: 320 municipalities, the Social Insurance Institute (SII), pension related insurance companies and Finland’s 15 TE-Centres (the Employment and Economic Development Offices). These agents are obligated by law to arrange rehabilitation services, which are an integral part of many institutional welfare systems, such as health care, social work and employment services. A municipality is responsible for arranging medical and social rehabilitation services alone or together with other municipalities. The SII and insurance companies provide medical and vocational rehabilitation. The state is responsible for providing vocational and educational rehabilitation. The TE-Centres are responsible for organizing employment services, while municipalities are responsible for rehabilitation.

The association has had a strong role throughout the history of Finnish democratisation. Finland has been called the ‘promised land of associations’. It has a population of around 5.5 million people,
and approximately 135,000 associations with over two million members, almost 400,000 volunteers, and over 30,000 employed professionals (Ministry of social affair and health, 2014, p. 11; Finnish Patent and Registration Office, 2014). About 200 NGOs operate nationwide and approximately 8,000 associations operate regionally and locally in the social and health sector alone. The Slot Machine Association (FSMA) is a unique monopoly the profits of which are allocated to voluntary organizations in the social and healthcare sectors according to decisions by the Ministry of Social Affairs and Health.

In fact, the whole rehabilitation system leans traditionally on civic activity and philanthropy. Due to the historical development of Finnish associations, they have special expertise in e.g. substance abuse rehabilitation, low threshold and day centre activities. (Vuorinen & al., 2004, pp. 131–133; Terävä & al., 2011, p. 41.) In turn, the state has the power to authorise civic agents to provide rehabilitation services. Naturally, state actors have created networks with the private sector to produce welfare services for citizens. The private sector continuously produces a greater share of social services. Recently, the private sector as a whole has produced up to a third of all social service. NGOs produce over 16% of all social services and provide services that the public sector does not produce itself and for-profit enterprises deem not worth producing, such as social housing and drug rehabilitation for marginalised clients (National Institute for Health and Welfare, 2011; Eronen & al., 2013; Vuorinen & al., 2004). The Finnish government will set high expectations for service production by NGOs in the future as well (Prime Minister’s Office 2013).

The Finnish government is aiming to reform social and healthcare services in accordance with international models; these include out sourcing services and a purchaser-provider split (Junnila & al., 2012). Especially, NGOs produce rehabilitation by outsourcing services (Hakkarainen & al., 2012). Internationally compared the phenomenon has come to Finland fairly late and has only truly emerged during the last 15 years (Karsio & Anttonen, 2013). The European Council’s and Commission’s directives guide the purchase of services more stringently than national procurement procedures regulated by Finnish law do (Meagher & Szebehely, 2013). NGOs are concerned about the direction of development and especially about losing services they have traditionally delivered to marginalised population groups.

However, one of the government’s aims is a multi-stakeholder model wherein the public sector, for-profit organizations and non-profit NGOs form local partnerships. The concept of partnership is linked to building capacity or efficient service production (Pestoff, 2012). ‘Partnership’ is seen as a tool for tailoring services to local needs by leveraging the resources of various parties.
The study approaches partnership by mapping non-profit–government relationships, resources that emerge in these relationships, and the powers related to these resources. By studying these non-profit–government relationships we will be able to describe how the resource-related powers shapes provision of social rehabilitation services. The study analysed the special case of rehabilitation partnerships, and then drew conclusions from this analysis on how service provision was shaped by resource-related power in Finland’s non-profit – government partnerships.

2 Research objective and questions

Partnership can be defined as a relationship between the users of a service and its financers, or the clients and professional providers of public services. The third sector structures relationships between the state and the citizen. (Pestroff, 2012.) Thus, NGOs become a partner to the public sector, which is intended to represent the voices of citizens or clients. Co-production, defined as the provision of services through relationships between agents of a public service and NGOs (Parks et al., 1981; Ostrom, 1999; Bovaird, 2007), has historically been the adopted means of providing rehabilitation services in Finland. However, the historical co-production relationship between the public sector and NGOs is continually changing.

Critics have raised the idea of partnership, because individual, historical and socio-political perspectives connected to partnership relationships have been ignored. Partnerships are based on social change wherein different levels of power occur. Therefore, the role of the individual and personal social change is more important than relationships on the organizational level. (Lister, 2001.) It is widely recognised that the power dynamics within those relationships must be analysed.

The study focuses on the non-profit–government relationships in co-operative service production in the field of social rehabilitation. Rehabilitation is defined as an active form of social policy that aims to increase social inclusion and prevent social exclusion. The concept of social rehabilitation is complicated as are many others connected to term ‘social’. Social rehabilitation covers a wide range of activities and approaches that aim to improve the functional capacity of disabled people, and enhance coping mechanisms in the community (Ministry of Social Affairs and Health, 2013). Community-based rehabilitation is an approach wherein stakeholders are supported in their work to meet the basic needs and enhance the quality of life of people with disabilities and their families (WHO, 2014). In the Finnish context, the statutory provision of social rehabilitation consists of supported housing, recreational activities and activation programs for the long-term unemployed.
Although, ‘social’ is a crucial element in ‘adjustment training’, which is focused on learning to live as independent and balanced a life as possible, it is funded as a part of medical rehabilitation.

The study examines what kind of partners NGOs are to the public sector in the field of social rehabilitation service production. What resources do the partners provide to service production, and what is the connection between these resources and power? By answering these questions the study attempts to describe how resource-related power in non-profit–government relationships shapes provision of social services in Finland.

3 Overview of research theory

Partnership can be reached through many theoretical approaches. The study leans on the theory of resource dependence. The predominant idea of the theory is that parties enter into cooperation, because they lack essential resources (Child & Faulkner, 1998). Social relations entail ties of mutual dependence between parties. One party, A, depends upon the other party, B, if A aspires to goals or gratifications, the achievement of which appropriate actions by B can facilitate. Thus, it is more or less imperative to both parties that they can influence the other’s conduct. The partners are both in a position to facilitate or hinder the other’s gratification. In this context, power is a property of the social relation, not an attribute of the actor, and resides implicitly in the other’s dependency. (Emerson, 1962, p. 32.)

A partner’s resources in the relationship are resources in his behavioural repertoire that produce consequences of value for the other partner. The power to influence the other resides in control over the things he values. (Emerson, 1962, p. 32; Cook & al., 1983, pp. 287–288.) The valued consequences may be tangible objects (e.g. money or goods), social rewards (status or respect) or psychological states (self-esteem) (Molm, 1990, p. 428). The parties evaluate consequences on the basis of their own desires and interests (Emerson, 1962).

Power is a general phenomenon of social interaction in which one party seeks to influence another (Cobb, 1984, p. 482). On the basis of resource dependence, the partnership is related to structural power emerges in parties’ cooperation where roles and statuses of the parties are defined through the formation of a coalition. Performing a behaviour will only mean something, if it has coalition-relevance and the act gets value in the eyes of others. (Emerson, 1962, p. 38.) The performance is successful and party A has power, if he is able to get party B to do something B would not do
otherwise (Dahl, 1957 p. 204). A’s performance is ‘legitimate’ whenever supported by the coalition (Emerson, 1962, p. 38).

If A’s behaviour produces consequences for B, they are either positive or negative in value. The parties try to change these outcomes to their advantage. (Molm, 1990, pp. 430–431.) The valued resources get their sense through the parties’ own interpretations (Goettlich, 2011). Therefore, the definition of power is also tied to a given set of value-assumptions (Wrobel, 1999, p. 5).

There are many possible sources of power, such as rewards, coerciveness, legitimacy, reference, and expertise. Power is the function of a power source (Hunt & Nevin, 1974, p. 186) – in this case, the function of the resource the party has for bringing about consequences of value. A power advantage can be either positive or negative, which in turn is equal to a power disadvantage. Though, the power never drains out. Alternative relationships provide the parties with the opportunity to choose another relationship or to adopt the current one (Molm, 1990, p. 428). If B cultivates alternative sources outside the partnership, A’s power will deteriorate (Emerson, 1962 p. 35). However, losing power does not imply powerlessness (Cobb, 1984, p. 484).

Sarah Lister (2000) has studied partnership relations between NGO’s and donors adapting Dahl’s (1957) theory of power. Power is defined in terms of a relation among people and is seen as an expression in a simple symbolic action. Because the base of power is inert, passive, it must be exploited in some fashion. One party in the partnership relation does not simply get the other party to do what he would not do otherwise. Therefore, the actor (referring to individuals, groups, roles, organizations or other human aggregates) needs some means or instruments of exploitation that will alter the behaviour of others. (Dahl, 1957, p. 203.) Power may be exercised by shaping the needs of others.

In the findings of her analysis, Lister (2000, pp. 232–233) defines twelve resource flows emerging between co-operating organizations: financial, technical, networking, service delivery capacity, local knowledge, access to communities, link to grassroots, link to constituency, information, training, status and legitimacy. She argues that not all resources are of equal importance, because of resource dependence. Power is dependent on the resources the partners are able to utilize (Dahl, 1957, p. 203). According to Lister (2000, pp. 231–235), power depends on five components: the base of power, the means of power, the scope of power, the amount of power, and the framework of power.
The possible bases of power are e.g. patronage, the possibility of appealing (to law, sanctions, rewards, etc.) and the charisma of an actor (Dahl, 1957, p. 203). According to Lister (2000, p. 233), the means of power rely on the quality of personal relationships and the degree of institutionalisation, the possibilities of consultation, legally enforced contracts, and the like. The means of power are instruments to exert power over another. The instruments involve threats or promises to employ the basis of power. The means of power is a mediating activity by an actor between his base and the other’s response. Dahl (1957, p. 203) summarises the base of an actor’s power as consisting of all tangible or intangible resources (opportunities, acts, objects, etc.) that he can exploit in order to affect the behaviour of another.

In Lister’s theory (2001, pp. 233–234), the scope of power refers to exerted operational influence over activities and structural influence on the processes and procedures used. Dahl (1957, p. 206) identifies the scope of power referring overall to the responses of the respondents. Lister (2000, p. 234) connects the amount of power to the influence on the design of programmes and project activities and an amount of organizational procedures. The amount of power is related to the extent the actor has the “will” to use and, if how they are willing to use it. For instance, political skills are essential in using power effectively (Cobb, 1984, p. 485).

Lister (2000, p. 234) argues that the key element of power reframing is the control of resources. Because the control of resources legitimates power, one party cannot determine the parameters of the activity alone. She highlights that power is self-perpetuating, because it both uses obtained resources and shapes the actor’s need for such resources. Lister links the legitimation of resources to control. Legitimacy can also be connected to the basis of power (Hunt & Nevin, 1974, p. 186). Thus, the framework of power and the basis of power seem to have the same reference point. As the status of an actor occurs as a result of the legitimate behaviour, status can be analysed as a part of capacity in controlling resources.

The theories formulated by Dahl (1957) and Lister (2000) focus on dispositional character of power wherein power is viewed as the capacity or potential to affect change. Finally, the possibility of utilising sources and power depends on relationships among the actors and on the context. Viewed from an episodic approach of power, all components of power have equal relevance in exercising of power. Within the episodic approach, power is a function of the purposeful use of resources, whereas the dispositional approach focuses on success and failure. Therefore, the episodic approach extends beyond an asymmetrical distribution of resources and focuses on power as a manifestation by integrating the perspectives of the dispositional approach. (Cobb, 1984, pp. 482–485.)
4 Research data and used methods

The research data has been collected in the Rehabilitation Foundation’s project on co-operation between NGOs and the public sector in the field of rehabilitation services. NGOs are represented by the associations acting in the area of social rehabilitation production. The study was carried out with the permission of the Rehabilitation Foundation’s research ethics committee and was funded by the FSMA.

The research leans on a mixed-method approach focused on a dataset consisting of both quantitative and qualitative materials collected in 2010–2013. A survey on non-profit–government relationships was carried out via mail questionnaires sent to associations acting predominantly in the social sector and especially those providing mental health and drug rehabilitation for adults. We received responses from three hundred (n=300) associations. About a quarter of the associations operate nationwide, while the rest operate regionally or locally. The ratio between national and endemic activity goes hand in hand with a statistical description on Finnish NGO actors (e.g. Finnish Patent and Registration Office, 2014). The mail questionnaire was most often answered by the chairmen or the executive directors of the associations.¹

In addition, several service production actors have been interviewed with a focus on regional and local cooperation. For the purpose of our analysis we picked interviews conducted with thirteen actors, who operated in the two regional co-operation networks in rehabilitation service production.² The selected interviews deal with regional co-operation between two non-government–public networks located in Northern and Central Finland. The interviews represent communication, which indicates the actual co-operation in the ‘partnership networks’ when arranging regional rehabilitation services. Those interviewed predominantly held leading roles in governmental and non-government organizations. The transcribed data from these interviews comprises 202 pages.

The analysis progresses from a relationship analysis to a power analysis. First, the quality of co-operation relationships was analysed on the basis of the answer to the question: what kind of relationships are associations constructing with the public sector? The analysis focused on who the public partners are and what the forms of co-operation they took part in. Then, on the basis of the interviews were analysed what the resources that were produced by the association and the public

¹ The quantitative data for this project was collected by researchers Timo Saarinen, Mikko Henriksson and Mika Ala-Kauhaluoma.
² The qualitative data for this project was collected by researchers Outi Hietala, Iris Sandelin, Pirjo Lehtoranta and the author of the article.
sector for arranging regional rehabilitation services and what the connection was between resources and power.

By applying theories on power, the analysis set out to determine what kind of power is related to resources in non-profit–government relationships. The method utilised for analysis of the interviews is a theory-driven analysis of narratives (Polkinghorne, 1988, 1995) focused on the resources named in the data. In the first stage of qualitative analysis all to the resource categories determined by Lister (2000) were isolated with the exception of combing the components of ‘technical’ and ‘equipment’ that were determined were too similar to divide into two categories.

In addition to the explicit expressions of resources, narratives represent communication between the actors and provide insight into their relations. The implicit or inferred content is a matter of interpretation when the expression is not literally encoded in the text. (Currie, 2010, pp. 12–13.)

The theories of power from the integrative episodic approach’s point of view serve as a tool for deductive analysis. Power is examined with regard to resources that constitute the ‘partnership’ and create connections between parties through dependence and create opportunities for structural and operational influence i.e. getting the partner to perform. The reflections that focus on the actors’ resources are analysed according to the theories of power. Analytical reflection also includes the researcher’s reflection with regard to references of resources in the interview materials in relation to analytical theories when constructing the power related to resources (see Mezirow, 1997). The analytical approach is called abductive reasoning (e.g. Magnani, 2001).

Lister’s theory (2001) is only applied for analysing the basis of power and the means of power. This is because Lister’s theory (2001) has dissonant definitions of the amount, scope and framework of power. So, application of the theory as such does not justify its theoretical background enough for implementing the analysis on the basis of it, like the overview of the research theory is pointed out. The amount and scope of power are not comparable like basis and means of power are (Dahl, 1957, pp. 205–206). The basis of power is mapped firstly by determining the resources that the partners can use for reaching their goals and benefit. Secondly, the basis of power is studied by analysing how actors describe the partners’ possibilities of patronage, appealing, or chances to turn to some other relation. The means of power is analysed by defining the quality of relationships: how institutionalised the described relations are described to be. (See Dahl, 1957; Lister, 2001, p. 233.)

Legitimacy is analysed as a part of the basis of power related to the control of power. Status is believed to arise due to the legitimization of behaviour. Therefore, status is evaluated as an activity capacity related to the control of resources.
5 Components of resource-related powers

5.1 Partners and forms of co-operation

On the basis of the questionnaires, 44% of the associations (n=300) co-operate with the municipalities, 10% with regional hospitals owned by the municipalities, 14% with the SII and approximately 5% with employment services conducted by the state. Only 2% of respondents listed the FSMA as a co-operation partner. The most important donors that provide funding for the associations are the municipalities (58%), the FSMA (43%) and the SII (19%).

Respondents were given multiple-choice questions concerning the forms of co-operation between the associations and public actors. Most often respondents chose the alternative ‘co-operation related to clients’ (71%), ‘co-operation in networks’ (64%) and ‘co-operation in training and information’ (57%). 40% of the respondents reported that they participated in ‘Co-operation as partners’. All other answers are entered in the category ‘other co-operation’.3

5.2 Resources

There were 336 isolated references to resources in the interview data. The financing of statutory rehabilitation services and aids for civic activity were interpreted to represent ‘financial resources’. Financial contributions related to Finland’s or the EU’s employment policy were also listed in this category. The associations are engaged in business and gain some income by organising civic activity, such as different types of events.

‘Technical resources’ were interpreted to be tangible structures and tools of cooperation. The category include teams, task forces, and negotiations situated in concrete structures. Contracts, descriptions of models and procedures were also included in this category.

According to the data, ‘networking’ can be divided into two categories: association-centred networks and public administration-driven networks. The network responsible for statutory service provision regionally can integrate into a public service network, like an education network. Then, the municipality or the association act as the coordinating party depending on the network gathering around the client and the cooperation team collected by the association or whether the municipality is forming the network together with an associations chosen by the municipality.

3 The analysis and mentioned quantitative data findings were compiled by team members Timo Saarinen, Mikko Henriksson and Mika Ala-Kauhaluoma.
‘Service delivery capacity’ consists of the delivery capacity for providing statutory municipal rehabilitation services and the delivery capacity of participating associations. The latter extends beyond statutory services and aims to improve the working capacity and functional abilities of local people in general. The rehabilitation services produced by the project associations are an essential part of the regional service capacity.

On the basis of the study’s data analysis, ‘local knowledge’ is divided to two approaches. The first approach is related to the views of citizens and residents on service needs and functionality. The experiences of regional stakeholders and experiences on the services of the associations were connected to the discourse. The other approach involves resources from the view of the clients of the statutory services.

‘Access to communities’ is understood to refer to cooperation that ensures a client’s access to services (as an extended conception) or continuity of service delivery before losing a contact with a client. If the association have formal contracts with several public institutes, it has contractual structural resources, which can ensure access to communities.

‘Link to grassroots’ is related to personal contacts to people and personal familiarity. The actors working in associations are convinced that they have particular antennae for the clients’ needs. If an actor in an association is well-known among the residents and has a strong interest in lobbying, he may be able to create links to grassroots and open doors for small associations. However, it is also connected to technical resources near the clients. For example, a procurement procedure such as a voucher with which a client has the opportunity to choose among service providers transfers the contracting and provides a link to grassroots.

‘Link to constituency’ refers to possibilities for political activity and participation referring mainly to power linked to personal relations. An actor in an association can participate as a member of a municipal council or be invited to a municipal task force for planning a regional strategy. Likewise, a civil servant can participate as a member of an association’s board.

The component of ‘information’ was related to legislation, guidance by the government, and different types of reports on allocation and access to rehabilitation. Especially, information related to procurement and how well actors abide by laws and constructions were topics talked much about in the data. The associations consider this type of information as an administrative approach. The project applications and development strategies prepared in conjunction with the public sector and the associations produce information for expressing shared interests and conducting action. Also,
the mutual project application of the associations gives an informational impact of the shared interests to the public sector. Parties gather tacit knowledge about one another by familiarising themselves with the everyday practices of their partners often informally. Table 1 lists the resources isolated to each category of resource flow as formulated by Lister (2000).

Table 1. The sources for provision of regional rehabilitation services in non-profit–government -relationships.

<table>
<thead>
<tr>
<th>resource flow</th>
<th>resource groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>financial</td>
<td>service acquisition, project funding, employment-political assistance, targeted association aid, fund raising by associations, entrepreneurial income</td>
</tr>
<tr>
<td>technical</td>
<td>contracts, procurement procedures, project, service practices, working group, plan, operational modelling</td>
</tr>
<tr>
<td>networking</td>
<td>association network, public sector network, client-oriented network</td>
</tr>
<tr>
<td>service delivery capacity</td>
<td>agreement-based service, public service production, service financed by association, development project service, subsidy-based special service</td>
</tr>
<tr>
<td>local knowledge</td>
<td>knowledge on residents, knowledge on customers, information on services by associations, everyday knowledge on special groups</td>
</tr>
<tr>
<td>access to communities</td>
<td>working group membership, personal contact, board or executive board membership, cooperation with association in building the client's service path</td>
</tr>
<tr>
<td>link to grass-root level</td>
<td>everyday local service, assessment of client's everyday needs, volunteer work, service choice by the client, regionally well-known active member of association, &quot;sensors&quot; for the needs of citizens, participation of citizens in community activities, special group-specific skills, being familiar with people/ residents</td>
</tr>
<tr>
<td>link to constituency</td>
<td>trusted position in the municipality or association, appointment to a planning or development working group</td>
</tr>
<tr>
<td>information</td>
<td>legislation, public control of operations, monitoring/assessment, initiative, report, funding application, 'tacit knowledge'</td>
</tr>
<tr>
<td>education</td>
<td>product, training for a career, imprinting a model</td>
</tr>
</tbody>
</table>

Although, responses to the questionnaire found that ‘training’ was deemed to have an important role in cooperation, it was only referred to three times in the interview data. An actor in an association told about business related to the education of the public, another mentioned associations offer job training to students sent there by the public sector. A public actor concerned education as a choice for training the employees in NGOs to use the approaches and models developed by the public sector. Overall, ‘training’ related activities are claimed to occur too few.
5.3 Financial resources and service delivery capacity as a basis of power

The public sector is responsible for arranging statutory rehabilitation services. As a responsible part of cooperation, the public sector makes decisions on who are involved in service production and invited to strategic planning. The regional allocation of public financial resources in terms of the law is related to procurement and aid activities. (Helander & Sundback, 1998; Karsio & Anttonen, 2013; Mattila-Aalto, 2014.). The financial contributions related to Finland’s and the EU’s employment policy include terms which require local authorities. EU’s terms are considered more stringent than Finland’s terms. The next quote describes power emerging through appealing the terms.

“A certain share of the government’s budget is allocated to ELY Centres and other actors. We then compile a proposal on how the funds should be distributed with the ELY Centre. The Municipal Council then decides on how much is allocated towards e.g. employment, rural projects, enterprise development projects. The council makes the decision on internal distribution and, on the basis of this decision, the ministries then send the funds here. (...) It goes past the government in that the council decides on the internal distribution. It decides on all projects and ventures. Decision-making on these is in accordance with legislation, just like it is all over Finland. We initiate activities from employment administration policy. (...) ES (European Social fund) funded activities are required to have quite a bit more innovativeness, although employment policy aids are not granted for just any project. At any rate, the requirements for ES funding are more stringent.”

ELY Centre civil servant, NF, 3, 5, 15

The terms highlight services innovations. Therefore, project grants lead associations to engaging in the development of services.

“Operations can be further developed with EU and project funding. In this way operations become in large part service-oriented, this part of activities has changed for us as well. We provide services for the villagers that this area is lacking and which the municipal group or town are unable to provide.”

Director of association, NF, 90

Employment services have plenty of clients in low employment areas, like the northern network case area. The placement of all clients demands great service delivery capacity. In rural areas, local services near the clients increase the service delivery capacity while the government is centralising services to the centers of growth.

ELY centre is a centre for Economic Development, Transport and the Environment which is responsible for the regional implementation and development tasks of the central government. ELY Centres, are tasked with promoting regional competitiveness, well-being and sustainable development and curbing climate change.

The codes indicate the region of origin of the citations in the data (NF = Northern Finland network, CF = Central Finland network).
Associations have financial resources produced by business and civic activity. Those interviewed told us that these resources were insufficient for providing rehabilitation.

“I have named traditional acquisition of funds as sausage sales. We have all types of small events. Civic activity is our largest form of activity, and we have 152 member associations that support it. A lot of volunteer work takes place, and this is after all the backbone of civil society activities. In comparison to this work, the aid (financial) we receive is negligible. We made a decision as an association to establish two companies…”

Director of association, NF, 143

The previous citations open a window into the current Finnish trend where the associations incorporate their services (Eronen & al. 2013, pp. 89–92). If an association wishes to maintain the possibility of public financial resources, it has to show that its activity is non-profit. The next citation typifies how civic activity, non-profit service provision and business form alternatives.

“They (public sector) want to find out whether we provide assistance or the municipality's work, whether we are conducting business. (...) We should be able to mould ourselves in a way, so we are not the one to request assistance, rather we should be a, I must be careful not to use the term service provider. We need to be as professional as possible, without being professionals.”

Director of association, CF, 65, 66

An association, which has public financial resources, has to demonstrate the legality and the ideological background of its activities, if it wants to be treated as an NGO. The actors stress that cooperation with NGOs cannot be based on financial criteria alone. Instead, the added value produced by the civic activity of the NGO is a crucial element as it benefits all citizens. In practice, the position of NGOs is legitimated by separating purchased services from the services produced by civic activity.

5.3 Structural and personified resources

Municipalities are not required by any law to outsource the social and health care services that they are responsible for arranging for needs of residents (Karsio & Anttonen, 2013, p. 97). However, the control of financial resources gives the public sector an opportunity to promote ‘competition’ wherein associations will participate with pre-given procedures. The opportunities of associations to influence depend on how they are involved in contracting. So, technical resources, like such as procurements procedures and negotiations allow different possibilities to influence how financial resources will be used. According to the study’s interviews, due to poor knowledge on for instance the procurement procedures that guide the outsourcing of public services, the options remain unused.
“Matters related to acquisitions are in a key position in good as well as in bad, as we must figure out how to use the Act on Public Contracts to our advantage in building cooperation relationships and see to it that the act is not an obstacle to them. It has been poorly established, from what I have noted when I looked through it, whether we have entered into contracts through negotiations or direct acquisitions there have been no complaints. (...) Cooperation structures have formed between institutions. There is a team named by the hospital district’s board. It is not a gardening club, but rather has a legitimate position.”
Director of association, CF, 44, 46

Despite varying outsourcing practices, the bulk of outsourcing is implemented via so-called open and restricted procedures in which the contracting authority publishes a contract notice and open competition is favoured over negotiations (Karsio & Anttonen, 2013, 98). The more dialogue-based and deliberate procedures, such as direct award and competitive dialogue represent technical resources that will give associations better chances for participating in the control of financial resources. The actors revealed that there are plenty of technical resources, such as blueprints et cetera developed regionally, but they are rarely used in practice.

“A model has been drafted as a roadmap, operating guide or handbook for this type of associations and actors outside labour administration. It functions as guidelines for the activity of describing the path of clients participating in this type of projects in either the project or into the labour force. (...) These projects often personify themselves according to the people who take part in them. The employment service centre offered quite positive feedback on the employee’s work, but, to put it bluntly, it kind of left the feeling that the constructed model... that these processes did not follow the model.
ELY Centre official, NF, 21, 23

The previous citation raises a recurring theme of the interview data: personification favoured over technical resources. One of the interviewed parties compared personified activities to ‘reinventing the wheel’. Partly, the phenomenon of personification is explained by links to grassroots, in which the active actors in an association are considered as a specific resource to pass along the opinions of residents to public spheres. In addition, they are able to offer residents options to civic activity. Personal links to grassroots were believed to lower the threshold of participation and even employment of residents, just as two interviewed actors describe in next citations.

“The voluntary basis of this work is very important. I know from my own experience that it has an impact when it is a matter of individual persons and their situations. These people are well known as they move in these circles, and they know who can provide more assistance for this person in particular.”
Civil servant for social services, CF, 110

“The patient comes to the association at a low threshold. Different activities prove more effective. The people there are able to say what has helped and what has had a bad effect. This is a great help to academics.”
Civil servant for the Hospital District, CF, 125
“Their (associations) operations are quite diverse, and someone can be placed there directly from rehabilitation e.g. employment service centre. We enter into a framework contract with the association and the group of united municipalities and then the employees draft client-specific agreements.”
Civil servant for social services, NF, 112

The public sector evaluates the non-profit field on the basis of its potential to resolve societal problems, to develop new solutions and networking. From the view of the public sector, an association’s potential access to communities is promising when the association constructs a client-centred crossroads for creating a service path of a client. Position or status required diverse services and service contracts for an association. The next citation implies the trend of a multi-provider model, which will set expectations on the services produced by associations.

“Employment coaching and drug rehabilitation, so these two different sectors. In my view, we can produce services for both sides in such a way that the clients will most likely benefit from it. Then cooperation with these regional association, make sure they each have a task.”
Director of association, NF, 83

The association serving multiple client groups facilitates the efforts of civil servants in terms of centralisation. In the following, a civil servant tells about the special service provided by a small association. The service is excellent, but too small to be acquired.

“They provide day centre activities. They are incredibly good, but terribly small fragments. Social workers then work out whether there are any options open. Whether or not the local association of A-clinic Foundation has housing to offer, and who will provide support when this person has achieved sobriety in rehab or such and we’d need to person to enter into agreements with these people.”
Civil servant for social services, CF, 86

This kind of small fragments of service result in a large amount of work for the public sector, because this necessitates that the public sector enter into a number of contracts. On the other hand, services provided by the public sector are said to still be too set in stone and actors like the ones in the next citations are looking for solutions to implement more flexible services.

“Clients must regularly visit (the public sector) before a long-term solution can be initiated. Then the employee in charge changes. (...) The association cycle sucks you in. When you get into the cycle then the people there think more consistently about what will happen when that day come, what we could build and expertise and what level we are talking about, associations offer a very good selection. They offer services for immigrants and mental health services. (...) For example, during substance abuse counselling the client can be fed ideas about it (rehabilitation), and tell them about the possible pieces to the puzzle.”
Civil servant for social services, CF, 86, 86
“They (associations) already have a very diverse field of operations. They rely on volunteer work, but they already have professional people working there and they are continuously coming up with new areas and projects and their other activities are stable and unchanging. Starting from children’s afternoon activities to prison work and all types of special youth work.”
Civil servant for social services, CF, 89

Associations are asking for changes especially to care for clients who have long-term and multiple rehabilitation needs. The public sector appreciates professionalism and multi-disciplinary expertise in the services produced by associations.

5.5 Information as a resource

Information steering is a part of information management related to new public management. It refers to dissemination and sharing of information, which impacts on the activities of the target of steering. In practice, information is disseminated by means of research, plans, recommendations, training, peer learning etc. from central administration to municipalities. (Stenvall & Syväjärvi, 2006.) Associations are able to influence the terms of information steering via personal links to constituency. According to the data, links to constituency by no means lead necessarily to control of information steering.

“The third sector has been named a strong service provider in the programme drawn up by the group of municipalities. Even if a social and healthcare service director stamps their name on the papers that say that this is how it is going to be, an employee will then inform that no, we do not do things this way. The political field wants much stronger cooperation than the people who work for the municipalities”.
Director of association, NF, 174

The interview data contains many references to unrealised cooperation plans. Although an association has a link to constituency, communication with local government seems to remain modest. The public sector claims, for instance, that overly modest communication causes challenges for service allocation and scope. The next citations express how these hurdles manifest in service practices currently.

“We are in a way in a relationship with the group of municipalities in that I am a member of a municipal board, in other words we (associations) have a pretty direct connection there. (...) But what comes to authorities. We have surprisingly little contact with municipal authorities.”
Director of association, NF, 52

“It is a significant problem that these contents are not designed and thought out together, one just says we know how to carry out substance abuse work. This is where disappointments occur. There's no way the producer knows how to make a product description the way the party ordering the service wants.”
Civil servant for Hospital District, CF, 120
The public sector recognizes the versatility of the services produced by associations. Although, it does not have sufficient knowledge of how to best take advantage of this.

"We do not yet know how it works. Who do we contact? Who is here and there and what kind of service"
Civil servant for social services, CF, 117

Due to the scarcity of allocated financial resources, services have to been prioritised. The public sector, which is responsible for arranging statutory services for several target groups, will estimate prioritisation in the wider framework instead of only mapping the services of a specific target group. The next citation describes how the umbrella of social exclusion of young people includes information steering and preventive services for them are highly prioritised.

“Of course, at the beginning of each financial year we ponder what types of services the associations offer that we would like to procure. We negotiate with associations and think about whether this is something that would be worthwhile to take over to the public sector and whether we have the money for it, no matter how important it is. (...) Preventing the social isolation of youths is a matter that no one really dares to deny, we would just need to know what to do about it.”
Civil servant for the Hospital District, CF, 119, 121

The public sector emphasises the importance of services in resolving the socially most challenging cases. However, the public sector has experienced difficulties in harnessing resources controlled by associations, due to a lack of information. If the public sector only has vague ideas on the service options or good practices produced by local associations, resources will stay underused.

6 Resource-related powers shaping regional partnerships

Based on the quantitative analysis, non-profit–government relationships in the area of rehabilitation are primarily built between NGOs and municipalities. NGOs reported markedly less cooperation with state organizations, such as the SII and employment services. (Saarinen & al., 2012.) The finding can partly be explained with the sample focused on the NGOs working in the social and health sector. Secondly, municipalities are responsible for arranging the rehabilitation included in social and healthcare services unlike the state which is focused on employment policies, as well as vocational and medical rehabilitation offered nationwide.

According to the survey, client oriented operations are a distinctive feature of cooperation that occurs primarily in networks and includes cooperation in training and information (Saarinen & al., 2012). Less than half of associations considered cooperation as a partnership, which is usually based on a formal contract (e.g. Bovaird, 2005). This finding raises the question: are formal contracts less appreciated by NGOs than they should be? Because the partners perform several
behaviours in cooperation, the reciprocity can be a more discrete ‘transaction’ than any contract. (See Molm, 2010, p. 429.)

On the basis of the study’s qualitative analysis, regional networks focused on providing social rehabilitation have plenty of resources. Many associations are dependent on public financial resources, because they have experienced difficulties in achieving alternative relationships. If an NGO cannot balance power by having the potential to enter into other relationships, which have better benefits, it has a power disadvantage (Emerson, 1962, pp. 34–35). A partnership based on a formal contract between the partners becomes constrained due to financial requirements. The finding is parallel to the most frequently cited constraint to the formation of authentic partnerships; the control of money. It has even been suggested that unilateral control of financial resources makes true partnership impossible. (Lister, 2001, p. 229.)

Power asymmetry is explained by the membership of channel of resource distribution (Hunt & Nevin, 1974). As the public sector is involved in public governance, its organizations have strong power over financial resources which the NGOs are highly dependent on, because they lack the ability to access alternative relationships. Additionally, according to the study’s analysis NGOs have a power disadvantage due to their inability to influence the terms of contract implementation. In other words, NGOs have lacking power with regard to financial resources, because technical resources are under-utilised and NGOs lack the ability to influence information resources used for planning which control the production and development of rehabilitation.

According to the analysis, contracts in the social rehabilitation service field are focused on financial resources. Contracting that focuses on monetary subjects is considered as a moderate form of public management (Manfredi & Maffei, 2008). However, if formal contracting is limited only to financial resources, other forms of resources still remain bypassed and overlooked.

Still, NGOs are far from powerless. They can, for example exert power on the design of technical resources, as well as personalised influence via links to constituency. According to the analysis, information steering is a weak link in regional partnership, at any rate. The finding corroborates with previous research asserting that the utilisation of information causes problems to local governance (Stenvall & Syväjärvi, 2006).

Transforming information into a resource of partnership is a challenge due to scattered information management, disorganised data collection and plenty of tacit knowledge. Regional rehabilitation partnerships lean heavily on personalised relationships. Especially, NGOs rely on personal relations
when they attempt to influence the proceedings of the public sector. As a consequence of personalised influence targeting NGOs, technical resources, such as blueprints and process models may easily remain unutilised and underdeveloped. In a manner, financial contracting represents both resource planning information and technical resources by means of which the implementation of social service production is controlled. Personalised information related to experiences of individuals also remains secondary to evaluation information collected by the public sector. Finally, the weak co-governance of informational and technical aspects on the background of contracting essentially prevents a true partnership.

Service delivery capacity is a resource for exploiting public financial resources whenever an NGO can produce statutory services that the public sector is responsible for or that the public sector feels are needed. In addition, NGOs might exploit public financial resources by arranging regionally unique services and demonstrating innovative projects.

Voluntary and community organizations have traditionally provided special services. However, they have significant incremental change of their services considered as developmental activity which is separated from innovative activity related to paradigm transformation of their services and skills base. (Osborne, 1998.) Innovative activity is considered more as proactive strategic intent compared to the traditional and development aspects of the activity (Osborne & al., 2008, 152). Innovative projects in Finnish social rehabilitation services primarily represent development activity which produces incremental changes in services inner-directed, so to speak. NGOs develop services rather than service delivery cooperation strategic with the public sector. If NGOs have innovative activities in the sense of proactive strategic intent, they primarily focus on the associations’ own strategies.

The control of financial resources seems to be similar to patronage carried out by the public sector (see Dahl, 1957, 203), wherein NGOs are obligated to demonstrate that their activities are conducted in accordance with the law and follow regional action plans, and that the services are able to impact the target group, by helping them cope and gain work. When an NGO is able to provide evidence on the diversity of its services, its innovative development activities and its adequately professionalised service production, it has the preconditions to access contracting with the public sector. In turn, the public sector can have access to networking and links to grassroots, whenever entering into a contract with an NGO and get power to exploit the service delivery capacity of the NGO. In the process, the public sector actor improves their possibilities of acquiring access to local knowledge related to the everyday lives of clients, for instance. Therefore, as a
resource, networking approaches the nature of information, not a technical resource providing a ready-made model for a clients’ rehabilitation paths. This is how, partnership changes power relations incrementally by exploiting new resources (Pinel & Pecos, 2012, 595).

Taking advantage of resources is related to hierarchy, which arises when different bases of power open up new resources for the use of a partnership. Figure 1 illustrates resource-related powers as a flow chart drafted during the study’s analysis stage. The picture is meant to be read from top to bottom.

Figure 1. Hierarchy of resource flows in regional partnerships.

Information is divided into three forms: resource planning information, evaluation information and personified information. Resource planning is related to legislation and public management, evaluation information is related to the follow-up of service delivery, and personified information to tacit knowledge and expression of separate groups or individuals. Planning information, technical resources and links to constituency modify the terms according to which financial resources are allocated. Utilisation of public financial resources opens up service delivery capacity. Evaluation information related to exploitation of service delivery capacity opens a route to planning information and access to local communities, whenever an NGO entering into a contract with a public sector actor has also made formal contracts with several public organizations and is involved in NGO-networks that create links to grassroots by means of mediating local knowledge. The
dispersion of resource flows provides an explanation to the challenges connected to changes in information with regard to resource of partnership, especially.

When partnership is approached at a regional level, NGOs form because of fragmented information and are more a detached service provider alternative to for-profit service providers than some formal cooperative body with which the public sector will be contracting. As a consequence, social service arrangements are similar to a liberal interest groups model operating more with liberal welfare regime than social-democratic welfare regime wherein there is a mutually programmed cooperation model. (See e.g. Frič, 2012.) However, the public sector can benefit from enlisting the aid of NGOs, and NGOs from the public financial aid without any inherent conflict (Salamon & Anheier, 1996, p. 29). Instead, the conflicts can arise between NGOs that must compete with each other from public financial resources or between NGOs and for-profit sector organisations, whenever service provision includes business.

7 Quality of partnerships that shape social services arrangements in Finland

To summarise, rehabilitation partnership consists of several resources that create potential for shared administration with regard to interaction between partners that aims to influence the outcome of public policies. The public sector and NGOs as partners will only be able to exploit available resources, if they recognize these and rely on public benefits related to resources.

Currently, the concept of ‘partnership’ mainly refers to two kinds of relationships in Finnish service practices. On the one hand, partnership refers to formal financial contracts, and on the other, to informal personal contracts. A non-profit–government partnership seems to principally emphasise interpersonal relationships. However, informal contracts have rather limited power on generally shaping how social services are provided, because of personified information and fragmented expressions. Contracting primarily leans on public planning, evaluation data and technical resources defined by the public sector. True partnership remains unattainable due to overly finance-focused contracts supervised by the public sector.

When actors strongly rely on personified knowhow, the available technical resources may be ignored and remain undeveloped. As such, formal financial contracts and allocation of financial resources related to contracting provide a power advantage to the public sector in a partnership. An attempt to cover structural divisions between service producers, including clients and citizens, as well by means of contractualization comes off as halfcocked, if the concept still refers mainly to financial contracting.
The benefits of partnership can only be achieved, if both partners are afforded the possibility of defining the terms of contracting, which cover more than just financial resources. The more partners succeed in exploiting resources, the more routes will be opened for delivering services that disabled people and their families need and for developing the quality of service production. However, due to poor administration of recently used resources the partnership may reach innovative activities in the sense of proactive strategic intent poorly. By using different ways and forms of interaction at different levels, partners can reach their potential to influence the outcome of public policies and achieve a better quality of life for disabled people and their families.

Partnership relationships seems to be personified as the NGO actors, who have the capability to cooperate at different levels of service production, and the civil servants, who understand the service production procedures of NGOs just because of difficulties related to recognizing resources and co-management of them. The problem of unequal power relationships between the public sector and NGOs can hardly be resolved by increasing interpersonal work and contracting. Interpersonal relationships cannot cover the gap caused by deficiencies in inter-organizational relationships. Therefore, there is a need to develop more and better tools for strengthening the inter-organizational relationships by means of which parties can recognise each other’s strengths in service co-production.

References


