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DECISION-MAKING AND CHOICE IN THE ADOPTION OF A MUNICIPAL
ENTERPRISE FORM IN PUBLIC HEALTHCARE ORGANISATIONS
– REASONING, GOALS, LEGITIMACY AND CORE DILEMMAS

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SUMMARY

Decision-making and choice in the adoption of a municipal enterprise form in public healthcare organisations
– Reasoning, goals, legitimacy and core dilemmas

This doctoral thesis concerns the transformation of publicly owned organisations into municipal enterprises during the 1990s and late 2000s, with specific reference to the bandwagoning effect. The aim is to explore the decision-making processes behind the phenomenon in three case organisations, all of which are publicly owned healthcare providers. The focus is on the reasoning and rationale behind the choices, the core goals of the adoption of the municipal enterprise form, and the extent to which the transformation met the expectations of the three organisations. Thus, it is the outcomes of earlier decision-making and change processes in terms of attainments and failures that are under explicit scrutiny. The results are further scrutinised and discussed from the three research perspectives.

In order to give a rich description of the decision-making in the three organisations, the reasoning and rationale related to the choices made, and how the transformation met expectations and goals, it was essential to construct a multi-dimensional interlocked analytical framework comprising interdependent elements. The research questions require the integration of theory and practice in recognising the significance of the major theoretical issues and concerns, while also addressing practical arrangements. This blending of theory and practice, as manifest in the findings of the study, is essential to the structure and efficacy of the research and analysis. The theory is presented as an integrated framework that serves to structure, guide and inform the empirical analysis. The interdependent theoretical elements of this integrated framework relate to institutions, institutionalism, legitimacy, reputation, dilemmas, and public- sector branding. The thesis comprises two parts: the synthesis (Part I) and four original research articles (Part II).

Article 1 investigates the reasoning behind the decision to transform into a municipal enterprise. Article 2 establishes the theoretical background on which Articles 3 and 4 are based, defines the municipal enterprise form and introduces dilemma reconciliation as an approach. Article 3 builds on the analyses in Articles 1 and 2, and develops them further by mapping the principle reputation risks and threats to legitimacy that arose in connection with the identified core dilemmas. Article 4 further develops the empirical analysis by combining branding theory with the dilemma approach and discursive institutionalism and discourse analysis.

The choice of qualitative methods and the data analysis applied in Articles 1, 2, 3 and 4 is in line with the philosophical background assumptions of the study. In ontological terms, reality is a result of social interaction thorough which meanings are given to things. The interest is in the issues the informants talk about. Further, on the epistemological level which relates to grounds of knowledge, the study is positioned as interpretivist.

The main contributions of this thesis to the academic discourse are the following. 1) It delineates the tensions within institutional isomorphic forces and shows how the tensions between the various forces (mimetic, normative and coercive) of institutional theory operate. The addition of the dilemma approach to institutional theory illustrates the competing pressures that are at work. 2) The study contributes to the discussion on institutional organisational theory in suggesting that institutional forces diminish and strengthen one another, and thereby create tensions that may end up as dilemmas posing reputation risks. 3) Although institutional isomorphic forces may have an existing legitimating status, the ultimate outcome may be the opposite: failure to gain normative and coercive acceptance. 4) The novel interlocked framework for exploring decision-making and transformation in organisations. In terms of managerial implications, managers and leaders responsible for organisational change would benefit from knowing how intended outcomes may differ from actual outcomes, and from understanding why this happens. A further practical contribution relates to the organisational learning aspect of change, which could be enhanced by internal branding in connection with the adoption of new organisational forms.

TIIVISTELMÄ

Kunnallinen liikelaitostaminen julkisen terveydenhuollon organisaatioissa
– Päätöksenteko, tavoitteet, legitimiteetti ja dilemmat

Kunnallinen liikelaitostaminen ajoittui uuden julkisjohtamisen siivittämänä voimakkaasti 1990- ja 2000-luvuille. Tuona aikana kunnalliset liikelaitokset kolminkertaistuivat niin lukumäärältään kuin liikevaihdoltaan. Olemassa oleva tutkimus käsittelee pääosin julkisen sektorin energiatuotantoa, teknistä tointa, joukkoliikennettä sekä vesi- ja jätehuoltoa.

Tässä väitöskirjassa tarkastellaan kunnallista liikelaitostamisilmiötä terveydenhuollonalan kontekstissa. Tutkimusaihetta lähestytään tutkimuksessa kolmesta näkökulmasta. Erityisesti tutkimuksessa perehdytään kohdeorganisaatioiden liikelaitostamiseen liittyvään päätöksentekoon, tavoitteisiin ja liikelaitosmallin hyväksymiseen liittyviin tekijöihin terveydenhuollon alalla. Tutkimuksessa pyritään vastaamaan seuraaviin tutkimuskysymyksiin: 1) Mistä syistä kohdeorganisaatiot tekivät liikelaitostamispäätöksen ja millaisia tavoitteita liikelaitostamiselle oli asetettu? 2) Millä tavoin kunnallinen liikelaitosmalli on vastannut sille asetettuja ennakko-odotuksia ja miten liikelaitosmallin hyväksymistä on mahdollista edistää? Lisäksi tutkimuksessa pyritään kartoittamaan ja tulkitsemaan kohdeorganisaatioiden liikelaitostamistavoitteisiin nivoutuvia dilemmoja. Tämän tapaustutkimuksen kohdeorganisaatioina ovat kolme yliopistollista laboratorioliikelaitosta. Tutkimuksen empiirisen aineiston muodostaa vuosina 2007 ja 2011 suoritetut teemahaastattelut, joita on yhteensä 24. Lisäksi tutkimuksessa on perehdytty kohdeorganisaatioiden asiakirja-aineistoihin ja julkisiin dokumentteihin. Tutkimusaineiston analyysissa on käytetty monipuolisia laadullisia menetelmiä.

Tutkimuksen integroitu teoreettinen viitekehys koostuu seuraavista osista: institutionaalinen organisaatioteoria, dilemmalähestymistapa, maine ja brändäys. Yhtäältä tutkimuskysymyksiin vastaaminen, sekä merkittävien ja kiinnostavien teoreettisten seikkojen jäsentäminen, edellyttävät teorian ja käytännön integraatiota. Toisaalta tutkimuksen integroitu teoreettinen viitekehys nivoo teoreettisen kontribuution organisaation päätöksentekoon ja muutosjohtamiseen sovellettavaksi. Laadullisten metodien valinta on sopusoinnussa tutkimuksen filosofisten taustaoletusten kanssa. Tutkijan ontologisen käsityksen mukaan todellisuus on sosiaalisesti rakentunut. Tutkimuksen epistemologinen tausta on tulkitseva ja ymmärtävä.

Väitöskirja koostuu kahdesta osasta. Ensimmäinen osa johdattaa ja toimii synteesinä toisen osan neljälle osatutkimukselle. Väitöskirjan osatutkimukset muodostuvat neljästä julkaistusta tieteellisestä tutkimusartikkelista. Ne rakentuvat systemaattisesti jäsentyen ja kronologisesti edeten ensimmäisestä neljänteen

osatutkimukseen. Tutkimuksen hermeneuttinen kehä muodostuu osatutkimuksien tulosten ja integroidun teoreettisen viitekehyksen analyyttisestä vuoropuhelusta, niin ikään edeten aina syvemmälle tutkimuksen empirian tulkinnoissa. Ensimmäisen osatutkimuksen tavoitteena on selvittää, miksi kohdeorganisaatioissa tehtiin päätös valita kunnallinen liikelaitos organisaatiomalliksi. Toisen osatutkimuksen tehtävänä on muodostaa alustava integroitu teoreettinen viitekehys seuraavalle osatutkimukselle. Toisessa ja kolmannessa osatutkimuksessa tunnistetaan ja kartoitetaan kohdeorganisaatioiden päätöksentekoon liittyvät dilemmat. Kolmannessa osatutkimuksessa kartoitetaan kohdeorganisaatioiden maine- ja legitimiteettiriskit, jotka muodostuvat päätöksenteon dilemmoista. Vastaavasti neljännessä osatutkimuksessa paneudutaan siihen, miten tutkimuksen informantit ymmärtävät liikelaitoksen organisaatiomuotona ja brändinä.

Käsillä oleva tutkimus tuo esille institutionaalisen organisaatioteorian eri institutionaalisten voimien (mimeettinen, koersiivinen ja normatiivinen) välisen dynamiikan, ja sen millä tavoin nämä voimat saattavat muodostaa jännitteitä organisaation arvojen ja tavoitteiden välille. Tutkimuksen tulosten perusteella voidaan esittää, että institutionaalisten voimien ja institutionaalisen logiikan merkitys kohdeorganisaatioiden liikelaitosmallin valintapäätöksissä oli ilmeinen. Erityisesti kaksi kohdeorganisaatiota oli päätynyt liikelaitostamaan toimintojaan kolmannen kohdeorganisaation esimerkkiä noudattaen. Dilemmalähestymistapa kuvaa, kuinka institutionaaliset voimat kilpailevat keskenään voimistaen ja/tai vähentäen toinen toistensa vaikutusta. Empiirisen analyysin tuloksiin nojaten käsillä oleva tutkimus esittää, että kaikki kolme kohdeorganisaatiota kohtasivat institutionaalisten voimien luomia dilemmoja liikelaitosmallin valintapäätöksentekoon liittyvien tavoitteiden ja organisaatioiden arvojen välisistä jännitteistä johtuen.

Tutkimuksen perusteella voidaan päätellä, että institutionaaliset voimat muodostivat päätöksenteon dilemmoja, jotka saattavat edelleen muodostaa organisaation maineriskejä. Aiemman tutkimuksen mukaan institutionaaliset voimat edistävät organisaation legitimiteettiä. Tässä tutkimuksessa saadut tulokset tuovat esille näiden legitimoivien voimien keskinäisen kilpailun luomat dilemmat ja maineriskit, jotka saattavat altistaa organisaation legitimiteettiriskille. Dilemmarekonsiliaatiota hyödyntämällä on mahdollista tasapainottaa dilemmojen välisiä paineita ja institutionaalisia voimia sekä löytää uusia innovatiivisia ratkaisuja organisaation päätöksenteon tueksi. Lisäksi tutkimus antaa viitteitä siitä, että organisatorista oppimista voidaan tukea sisäisen brändäyksen keinoin. Tutkimus lisää tietoa myös siitä, mitä tulisi käytännössä entisestään kehittää ja hyödyntää julkisten terveydenhuollon organisaatiomallien valintapäätöksissä ja muutosprosesseissa. Lopuksi tutkimus esittää jatkotutkimusaiheeksi julkisen sektorin terveydenhuollon strategisen dilemmajohtamisen työvälineen, dilemmarekonsiliaatiometodin, kehittämistä toimintatutkimuksen menetelmin.

THANK YOU!

"Just wrap it up and do it – it will work, it will work – be positive, it is all about logic of sequencing the argument. It will be easy!" (Prof. Ian Thynne, 8 May 2015 at the University of Helsinki)

My career as a PhD student began for real in spring 2011 when I co-wrote my first conference paper with Professor Tomi J. Kallio, to be presented at the ANZAM conference in New Zealand. This eventually evolved into the first original journal Article in my thesis. I wish to convey my thanks to Professor Kallio, my primary supervisor for taking me through the long process that began in 2007 with my BA dissertation, and continued with my MA dissertation that I finalised in 2009. During my time as a PhD student he believed in my professional ability to teach and supervise BA and MA students, and consequently I have been part of the faculty as a university lecturer in The Turku School of Economics at The University of Turku. I wish to thank my employers at the Pori Unit for giving me the opportunity to pursue my academic career as a teacher and researcher all these years! I am also grateful for the financial support received from Liikesivistysrahasto (the Foundation for Economic Education), Satakunnan korkeakoulusäätiö and Turku School of Economics Association. I owe my heartfelt thanks, too, to all the informants and the case organisations for participating in my research.

Producing a doctoral dissertation is a long, emotionally and physically exhausting roller-coaster ride with constant dilemmas to be reconciled, and it is not accomplished without full commitment to the endeavour. Such commitment feeds on continuous motivating support, trust and faith from others, as illustrated in the words of my second supervisor Professor Ian Thynne (Australian National University and Hong Kong University). Thank you very much, Ian, for your constantly insightful and theoretically challenging comments on my PhD manuscript! What I also found amazing was the prompt feedback, which I always received from you within 24 hours and often within 15 minutes. I sincerely thank you for your precious guidance during the ups and downs!

I wish to convey my thanks to my pre-examiners, Professor Jari Stenvall (University of Tampere School of Management) and Professor Tommy Jensen (Stockholm Business School) for their valuable comments on my thesis. I am particularly grateful to Professor Stenvall for agreeing to act as my opponent. I also appreciate his insightful and constructive comments on my thesis and his novel insights into my theoretical elaborations and argumentation logic while I was working on the final amendments before handing over the thesis to be printed. Thank you very much!

During my PhD studies I have had many opportunities to network among scholars internationally and nationally at various conferences as well as in PhD

workshops. The co-operation that developed through the co-writing of articles for research journals with Professor Chris Chapleo, Assistant Professor Massimo Giovanardi and Khim Horton, PhD was especially fruitful: thank you all very much. I have received valuable comments on my PhD thesis at various research conferences, and have had the opportunity to discuss theoretical issues with Assistant Professor Mirko Benischke, Assistant Professor Tom S. Karlsson, Professor Jarmo Vakkuri and Professor and management philosopher Charles Hamden-Turner. Thank you, too, Jukka Kangaslahti, PhD, for introducing dilemma theory and Charles to me during our years in the European Parliament. I am grateful to you all: your contributions to my research process and my theoretical thinking were invaluable.

I am deeply grateful to Joan Nordlund, MA for her professional English-language revision and editing of my original Articles and this PhD thesis. Thank you very much, Joan! I would also like to convey my thanks to Hanna Suontausta, MA: I would not have managed without her never-ending patience and amazing technical skills with the software as well as her help with the figures and tables and with producing the print-ready version of my thesis. I am also very grateful to my former boss, the witty Pertti Laine, PhD for reading and commenting on my thesis manuscript, and for all his strong support and his faith in me. You really practise what you preach, Pertti: work-wellbeing is your mission. Thank you very much! Other individuals who deserve my thanks include my other former boss, Heikki Haaparanta, PhD for his continuous and encouraging support and faith in my research; my former colleague Professor Mikael Collan for his encouragement throughout this journey; the former director of the University Consortium of Pori (UCP), Harri Peltoniemi (Director of Finnish Education Evaluation Centre), who has always supported me; and Professor Aino Halinen-Kaila for her sound advice and guidance during this PhD process.

I have been fortunate in having intelligent, warm-hearted and good-humoured colleagues, to whom I convey many thanks for accompanying me on the journey. I have had the pleasure of co-writing several journal articles with Professor Ulla Hytti and Kati Suomi, PhD, and I am deeply grateful to both of you for reading my PhD manuscript and making valuable comments. Ulla has come to be my academic role model in many ways. Our Flow research team, comprising myself, Ulla, Kati, and PhD student Mervi Luonila, M.Mus., has given wings and reconciliation to many dilemmas. Without Kati's empathic and good-humoured support this journey would have been less enjoyable and less colourful: thank you very much, Kati! And I cannot forget that we began this journey with Mervi, ("villasukat jalassa") woollen socks on our feet, struggling with the systematic review of the literature in autumn 2011: "keep calm and carry

"Mami" endlessly sitting in front of the computer with earphones on during school holidays and family vacations, in evenings and at the weekend for last few years. I remember you both telling me, "Mami you really should have a break now". I now finally have "the break" and time for you both. It will be my top priority - I promise!

This work is dedicated to the loves of my life, Marco, Sivi and Oliver.

With "villasukat jalassa" (woollen socks on my feet) in Pori, 28th June 2015

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PART I:
SYNTHESIS

1 INTRODUCTION

1.1 The municipal enterprise form in Finland: background

In times of accelerating organisational change and reform in the public sector, the search for more efficiency in financial management and service provision on multiple levels seems to be a never-ending and tension-filled mission. Public administration attracted severe criticism for inefficiency during the 1970s and 1980s, and it is now close to three decades since the dawn of the new public management (NPM) era in various countries worldwide. Australasia, the UK and the US are recognised as notable promoters of NPM to other countries (Pollitt & Bouckaert 2011, 11), prompting public-sector reforms that are still in progress (Pollit & Bouckhaert 2011; see also Karlsson 2014 18–21). Reforms connected with the NPM discussion differ in different countries, and despite the potential problems, several leading scholars (Osborne & Gaebler 1992, 325; Pollitt & Bouckaert 2011, 12; Kettl 2005, 1; Dunleavy et al. 2006) have attempted to achieve consistency in labelling.

According to the literature, a common feature in NPM-influenced reforms is that they trigger the transformation into more business-like entities among different institutional bodies in the public sector (Hood 1991; 1994; Pollit & Bouckaert 2011; ter Bogt & Scapens 2009, 3). A common aim is to resolve the problem of political involvement in public-service delivery by separating and drawing a line between policy-making and administration. The idea is to allow elected politicians to concentrate on policy-making and to replace the traditional bureaucracy with a more market-driven model (Kettl 2006, 376–378). Administration is defined here as a process in which people carry out activities in pursuit of common objectives. The implication is that it involves at least two people working together in a coordinated and cooperative manner. It also covers the role of leadership and management in the pursuit of common organisational goals in publicly owned bodies. Organisations could be described as administrations, and in this thesis refer to profit and non-profit, private or public entities. (Karlsson 2014, 13; cf. Simon et al 2005 [1950], p. 3)

NPM-influenced public-administration reforms began in Finland during the 1980s. The aim was to downsize the heavy bureaucracy connected to public administration and to improve efficiency and effectiveness in the provision of public-sector services (Stenvall 2000, 209; Kallio 2014, 38–39; Pollit & Bouckaert 2011, 266–267; see also Lähdesmäki 2003). Efficiency has been

connected with 'doing things right', and effectiveness with 'doing the right thing'. In other words, the difference between them is that the former focuses on internal issues and the latter on external issues (Karlsson 20014, 22). Pollit and Bouckaert's (2011, 15) definition, in turn, is more closely related to economics: "Efficiency is a ratio between inputs and outputs, whereas effectiveness is the degree to which the desired outcomes result from the outputs."

Although not the prime focus in this doctoral thesis, the NPM reforms provide the general background against which to investigate organisational transformation into municipal enterprises and the consequent dilemmas that have arisen in Finland. The adoption of the municipal enterprise as an organisational form mushroomed exponentially in Finnish public-sector service provision during the 1990s and 2000s (Kallio & Kuoppakangas 2013; Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2013). The municipal enterprise is defined in this study as follows:

> "*According to the Finnish Local Act (519/2007), 'The council of the municipality or joint municipal board may set up municipal enterprise for the purposes of business or a task to be discharged according to commercial principles'. The Finnish municipal enterprise is defined as a component of municipal organisation, and the legislation of local government applies to its activities. Accordingly, municipal enterprises are not independent legal persons even though they are independent municipal profit centres and accounting entities with their own funds statements and balance sheets (Vinnari and Näsi 2008, p. 103).*" (Kallio & Kuoppakangas 2013, 22)

Whether or not NPM has succeeded in transforming the public sector may be a question that cannot simply be answered in the affirmative or the negative. An objective evaluation of the outcomes may need considerably more time before a definitive conclusion can be reached, if that is even possible. Nevertheless, on the level of intention NPM is generally considered to promote the common good of the taxpayer, even though it has also attracted considerable criticism (cf. Kallio 2014; Pollit & Bouckhaert 2011; Lähdesmäki 2003). Although the organisations in question remain distinctive vis-à-vis private-sector organisations (Lane 2009), the public-sector drive to adopt private-sector processes and tools in the quest for more economic, efficient and transparent service provision is still strong.

The four original empirical research articles comprising Part II of this doctoral thesis explicitly describe the analytical framework, including its motivation, and review the literature that covers the main theories, concepts and related ideas on which the thesis is based. Many of the studies on municipal enterprises in Finland are reported in Finnish, but because all four original articles are published in international peer-reviewed scholarly journals, the use of Finnish references in them is limited. For this reason, much of the literature reviewed in

this synthesis concerning the adoption of the municipal enterprise form in Finland is published only in Finnish.

The process of organisational transformation in the provision of public services began in Finland during the early 1980s, and accelerated during the economic crises of the early 1990s and throughout the 2000s (Kallio & Kuoppakangas 2013; Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al 2013; Salminen 2001, 57; Stenvall 2000, 209; Tiihonen 1999). The 1980s and early 1990s saw the municipalities establishing municipal enterprises to take over their service provision (Juppo 2004; Puttonen 2002; NAO 1999; Jalkanen et al. 1996; Heikkinen et al. 1996; Kiviniemi et al. 1994). According to Statistics Finland (2012), there were 70 municipal enterprises in 1997, as opposed to 177 in 2009, with a combined turnover of close to four billion Euros. The number of municipal enterprises declined slightly to 176 in 2010, and further to 172 in 2011 (see Table 1).
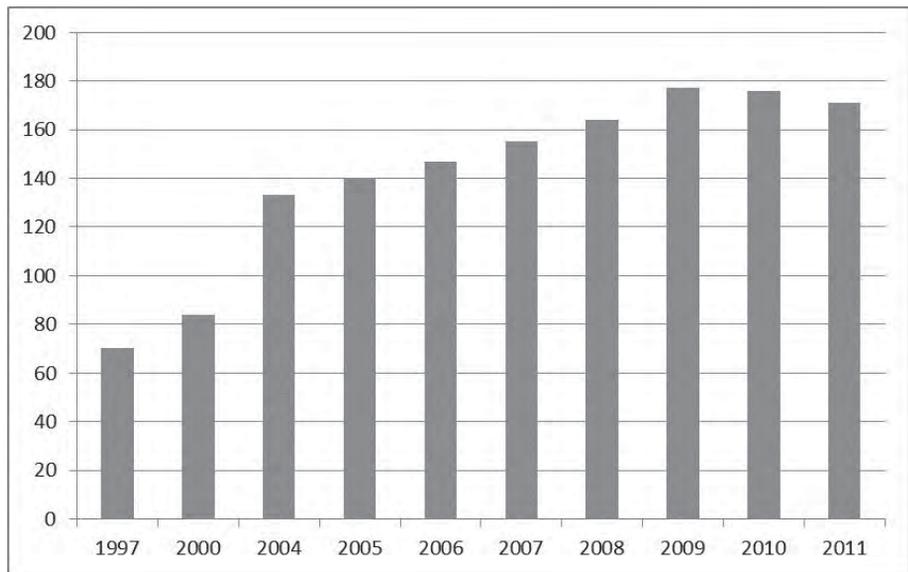
Figure 1   Finnish municipal enterprises, 1997–2011
             (Statistics Finland 2013, modified by Kallio & Kuoppakangas
             2013, 22)

Public water supply and waste and energy management were among the first sectors to experience transformation into a municipal enterprise form (Windischhofer 2007; Vinnari 2006; Ritavanen & Malkki 2005; Myllyntaus 2002a; Temmes 1998). Similarly, there was a gradual transformation of some public healthcare units into municipal enterprises during the 1990s (Myllymäki 2008; Uski et al. 2007; Virokannas 2004), followed later on by public water

supply, (primary) healthcare, commercial premises and equipment rental, internal municipal services, port administration, energy management, rescue services and public transportation.

In addition, the restructuring of local-government services for the 21st century through the PARAS[1] project (VM 2014a) was one of the triggering coercive forces driving Finnish municipalities to make their service provision more cost-efficient and productive. The main reason for instigating the project was the changing age distribution in the population and fluctuations in service needs, as well as the growing demands on public finances. (STM 2011; Meklin 2009; Pyy 2007)

The 320 municipalities (Statistics Finland, 2014) in Finland are responsible for the provision of social welfare and healthcare, which is consequently one of their main tasks. Local governments also have the right to collect municipal taxes from their residents, thereby giving residents the subjective right to sufficient social welfare and public healthcare, as well as to other statutory basic public services. Healthcare services comprise primary and specialised care. Finland is divided into 20 hospital districts, which are in charge of the provision of public specialised healthcare for the municipalities' residents. The provision of social welfare and healthcare heavily constrains municipal finances, accounting for almost 50 per cent of the local governments' annual expenditure. Moreover, over 30 per cent of public-sector employees work in occupations related to health and social care. (Association of Finnish Local and Regional Authorities 2013; see also Salminen 2001)

This current study was conducted as the phenomenon of creating municipal enterprises was mushrooming in Finland. The pressure had been increasing since the public-sector reform, and the number of municipal enterprises almost tripled between the 1990s and the end of the 2000s (see Figure 1). Simultaneously, providers of public healthcare were under increasing pressure in having to cope with the three E's[2] of NPM (economy, efficiency and effectiveness: Pollitt & Bouckaert 2011; Lane 2009; Salminen 2001; see also Stenvall 2000; cf. Vartiainen 2005; Osborne 2010; Thynne 2003; Salamon 2002; Kickert 2001; Rhodes 1996), as well as with other related expectations and demands more readily associated with the purchaser-provider model that relates to quasi markets

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[1] The successor of the PARAS project was kuntauudistus (VM 2014b), an on-going project aimed at bringing about reform in local-government structures. The objective of kuntauudistus is to ensure the provision of municipal services on a comparable level and of equally good quality throughout Finland within a fixed timeline.

[2] Some scholars added a fourth aspect, "equity", to the three E's, meaning treating citizens in a fair manner (Pollitt & Bouckaert 2011; Karlsson 2014, 22).

(Martikainen & Meklin 2003, 9–24). The model forms the basis on which public services are organised whereby the service purchaser and the service provider have different roles, and transactions are coordinated by means of service contracts (Hakari 2013, 51). For instance, the purchaser may be a municipality or a local-government co-managed body comprising several municipalities, and the provider may be a municipally owned or an external/private organisation. When both the purchaser and the provider are municipally/publicly owned, as municipal enterprises are, they operate in a market-like setting but not in genuine markets, in other words in quasi markets. The 1995 amendment to municipal law triggered the splitting of the purchaser and the provider, and the take-up of the model in Finnish municipalities (Martikainen & Meklin 2003, 4, 13–15; Hakari 2013). Accordingly, the need for rearrangement in organising service provision was obvious. The Finnish Government passed a resolution in 2001 entitled, *Securing the Future of Health Care*, which came into force in 2002. The resolution recommended, among other things, the adoption of the municipal enterprise as an organisational form in public healthcare laboratory and radiology utilities.

In spite of the developments described above, and the rapidly increasing numbers of municipal enterprises, it was not until 2007 that the municipal enterprise was officially defined in the Finnish Local Government Act (519/2007). Paradoxically, in the same year, 2007, the European Commission (EC) turned its attention to Finnish state-owned enterprises, requiring them to transform into state-owned limited companies due to the fact that they were operating against European Union (EU) competition law (Kallio & Kuoppakangas 2013; Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al 2013). Not surprisingly, this put additional pressure on the newly defined municipal enterprises to find a new form in order to comply with the law (Ahtela 2010; Valli-Lintu & Savolainen 2010; EK 2010; Jurvelin 2008; VM 2009a; 2009b).

The new law amendment was finally ratified in the Finnish parliament on June 18, 2013, as this thesis was being written, and came into force on September 1, 2013 (HE 32/2013 vp; HE 40/2013 vp). On the practical level the amendment is expected to give the municipalities until the end of 2014, and in some cases until the end of 2016, to make the necessary changes. The alternatives are either to operate in in-house markets and pull out of genuine markets or to become publicly owned limited companies (HE 32/2013 vp). The Finnish Business and Policy Forum (EVA) has reacted strongly to the seemingly long adjustment period of the final law amendment and the generally delayed process that has left the private sector in a disadvantaged competitive situation compared with the municipal enterprises. EVA claims that the new amendment is still unfair to private markets and encourages the municipalities to engage in tax evasion

(Pohjonen et al. 2013; Taloussanomat 26.6.2013). The full effect of the new amendment on municipal enterprises will only be seen in the years to come.

1.2 The structure of the thesis

This doctoral thesis comprises two parts. Part I is this synthesis, and Part II consists of the four original research articles. This introductory Chapter 1 gives the background of the study. Chapter 2 positions the research and discusses the motivation, explains the research purpose and sets out the questions and objectives. Chapter 3 describes the methodological choices, summarises the empirical data analysis, discusses the ontological and epistemological aspects, and assesses the trustworthiness and limitations of the study. Chapter 4 presents the integrated analytical framework. Chapter 5 summarises the four original research articles comprising Part II. The discussion in Chapter 6 focuses on the goals and attainments of the organisational change, its legitimacy and the core dilemmas connected to the adoption of the municipal enterprise form. Finally, Chapter 7 summarises the contributions and conclusions of the study, and gives suggestions for future research.

2 THE MOTIVATION FOR THE STUDY

2.1 The setting

There has been research on municipal enterprises in Finland over the years, notably in the water, waste and energy sectors (Windischhofer 2007; Uski, Jussila & Kotonen 2007; Vinnari 2006; Myllyntaus, 2002a; see also Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2013). Most recent research on or relating to municipal enterprises operating in public healthcare service provision is reported in Master's theses (Nurmi 2012; Seppälä 2012; Kuoppakangas 2008), and in Alatolonen's (2004) PhD thesis in which she scrutinises and describes future qualification expectations in the area of clinical laboratory work, with specific reference to professional and vocational commitment. The healthcare sector clearly differs from water, waste and energy services in many respects.

Moreover, the three case organisations examined in this study are professional bureaucracies, and they are also institutions. There appears to be no clear and strict distinction between organisations and institutions in organisation theory and sociology (Scott 1992; Clegg et al 2006; Peters 2014, 33–34). Organisations are commonly founded to serve a purpose and tend to be physical entities, whereas institutions are more conceptual in nature. For instance, railway companies and airlines are organisations whereas transport is an institution; the various courts within the judicial system are organisations, whereas the law is an institution; a school is an organisation, but education could be defined as a national institution.

Meyer's (1983, 235) distinction between an organisation and an institution in the educational context fits this study rather well: "*Thus, by organization we mean the formal relations of authority that manage education with in a broader institutional context of customs, rules, understanding, taken-for-granted practices, and so on.*"(ibid.). In other words, institutions include elements beyond the organisational system that directly manages and controls education. In the context of this study with its focus on public healthcare organisations, one could replace the term education with public healthcare, and the term school with a university-hospital clinical laboratory. It should also be borne in mind that organisation and institution as concepts overlap to some extent. (Mayer 1983).

Scholars are by no means unanimous in how they define an institution. The aim here is not to offer an all-inclusive, fixed definition, either. Nevertheless, it is

essential to clarify how the term is understood in this study. According to Scott (1995, 33): "*Institutions consist of cognitive, normative and regulative structures that provide stability and meaning to social behaviour.*" Olsen (2010, 19), on the other hand, describes institutions "*as social organisms that evolve over time in cooperation, competition and embody the experience, normative and causal beliefs of a population*". Both are rather extensive. Some definitions are criticised for including more than they exclude on the grounds that "*allowing almost anything to be defined an institution, the definition ends up meaning nothing*" (Karlsson 2014, 51). The criticism may not be targeted particularly on Scott's (1995) and Olsen's (2010) definitions, but may be more generally aimed at the literature on organisational theory and sociology.

However, Scott's (1995) and Olsen's (2010) definitions in combination may shed light on how the term institution is understood in this study. Institutions are part of the organisational environment, and they are social systems. Organisations that are strongly dependent on and influenced by healthcare professionals, such as the three case organisations examined in this study, have been termed institutionalised organisations that, by establishing good connections with their environments may attract resources and achieve legitimacy (Mayer & Rowan, 1977; Meyer et al., 1981; Scott, 1983b, 102). However, the task in this study is not to elaborate further and theorise on the distinction between an organisation and an institution: it is clear that the three case entities investigated are both publicly owned organisations and institutions.

The public sector in general is a complex setting with multiple stakeholders. Accountability and legitimacy concerns together with constraints related to public healthcare provision increase the complexity even more (see also Kuoppakangas et al. 2013; Tevameri & Virtanen 2013, 251–269; Tevameri & Kallio 2009). The complexity in healthcare organisations, especially hospitals, relates mainly to size and the multiplicity of tasks and targets in cure and care service provision (Glouberman & Mintzberg 2001; Hatch 1997, 170; Kallio 2015, 82–83). Antonyms of complex and complexity include "simple" and simplicity (Kannampallil et al. 2011, 943). Complexity and complex in this study refer to healthcare organisations and public-sector characteristics, unless stated otherwise. Complexity could be defined as interrelatedness among multiple components that influence each other in a healthcare organisation, as Kannampallil et al. (2011) effectively describe it.

> "*Complexity is relative: it increases with number of components (work is distributed between actors: physicians, nurses, residents and other clinical support staff and artefacts: information technology, machines, paper notes) in a system, number of relations between them, and uniqueness of those relations. While the sheer number of components of a system may make it 'complicated', it is the degree and number of*

relationships between the components, both manifest and latent, that makes it inherently complex." (Kannampallil et al 2011, 944; see also Bar-Yam 2006)

The term healthcare organisation adopted in this study refers to both hospitals and health centres. Health centres in Finland are publicly owned units responsible for primary healthcare and are maintained by the municipality or joint municipal authority. The existing research and literature do not always explicitly define whether the empirical case organisations in question are hospitals or health centres, or whether they operate in primary or specialised healthcare. The wide variety of healthcare-provision systems on the international level may explain this to some extent (see also Virtanen 2010, 26).

The three case organisations (municipal enterprises) investigated in this study are publicly owned university-hospital clinical laboratories for both primary and specialised healthcare (see also Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2014; Hytti et al 2014). The political influences that inevitably affect public-sector, publicly-owned and tax-funded organisations cannot be ignored, either. There is thus an urgent need for innovative management methods and organisational models, and the pressure to bring about organisational change is growing. Nevertheless, innovativeness has different implications and faces different obstacles – even different paradoxes – in the public and private sectors given that they are both sui generis (Olsen 2010; Thynne 2010; Virtanen & Stenvall 2010; Hampden-Turner 2009; Lane 2009, 8; Kangaslahti 2007; Pfadenhauer 2006; Scott et. al. 2000; DiMaggio & Powell 1983).

The discussion about the paradoxes in organisational research has intensified since the 1990s. However, various studies from earlier decades stress the need to understand the social settings in organisations that could potentially generate irregularities, illogicalities, paradoxes and dilemmas in order to facilitate strategy making and continuous development in the pursuit of goals (McKenzie 1996; Handy 1995; Hampden-Turner 1990; Maslow 1970; Mintzberg 1987; 1989; see also Rittel & Webber 1973, 155–169; Kuoppakangas 2014; Kuoppakangas et al. 2013). The definition and understanding of organisational strategy in this study is adopted from Wit and Mayer (2010, 282–283): "*Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, and noneconomic contributions it intends to make to shareholders, employees, customers, and communities.*" (ibid.) Organisations comprise individuals with their subjective features, including their rights, and formal components, processes and goals. Inevitably, bringing these elements into juxtaposition will create contradictions, tensions and possible paradoxes. It is therefore reasonable to expect public healthcare organisations to face growing

tensions in their strategy making and goal achievement (Kuoppakangas 2014; Kuoppakangas et al. 2013).

The successful use of business-type methods in public-sector organisations requires knowledge of leadership and management in both the public and the private sector. This applies especially in the Nordic welfare countries where public healthcare provision has historically been the preserve of publicly owned organisations (Esping-Andersen 1990; Kallio & Kuoppakangas 2013). Moreover, business methods need some modification to fit and function strategically and well in the public healthcare context, not only in Nordic welfare states but also in other democratic countries following the NPM framework (Pollit & Bouckaert 2011; Bouckaert 2010; Olsen 2010; Thynne 2010; Virtanen & Stenvall 2010; Lane 2009; Gilmartin & Freeman 2002; Salminen 2001).

The motivation for this study arose from the above-mentioned diverse demands, the effectiveness of public-sector healthcare in organising service provision, and the bandwagoning phenomenon of organisational transformation into a municipal enterprise form in Finland. Although the demands are portrayed as rational and essential in the current literature, as described above, the extent to which the targeted organisational attainments are explicitly scrutinised before the decision is made to adopt a new organisational form still seems to be uncertain and vaguely documented (Kuoppakangas 2008). Furthermore, the existing research focusing on these particular matters is somewhat scarce, especially concerning municipal enterprises in Finnish public healthcare. Hence there was a confirmed need to find out and describe how the outcomes of change in the three case organisations on which this research is based complied with the original goals. A further aim was to establish from where, as public-sector organisations, they derived their legitimacy, and what kind of reputational risks accompanied the organisational change. The complex public healthcare setting and the desire of decision makers to use business methods seemed to call for multi-dimensional theoretical and practical analyses that would explore and illuminate the dynamics of the transformation of the three case organisations into municipal enterprises.

There has been research on municipal enterprises in Finland over the years, but mostly in the water, waste and energy sectors (Windischhofer 2007; Uski, Jussila & Kotonen 2007; Vinnari 2006; Myllyntaus, 2002a; see also Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2013). Most recent research on or relating to municipal enterprises operating in public healthcare service provision is reported in Masters' theses (Nurmi 2012; Seppälä 2012; Kuoppakangas 2008) and in PhD theses of Alatolonen (2004) where she scrutinized and described the future qualification expectations of clinical laboratory work, with the outset in aspect of professional and vocational commitment. The healthcare sector clearly differs from water, waste and energy services in many respects.

2.2 The purpose and the research questions

The overall research objective in this thesis is to develop an integrated framework for exploring decision-making in the transformation of the three case organisations into municipal enterprises. The focus is on the reasoning and rationale behind the choices, and the extent to which the goals of the transformation have been attained. Thus, it is the outcomes of earlier decision-making and organisational change in the case organisations in terms of attainments and failures that are under explicit scrutiny. The three research questions set out below reflect the theory-practice relationship in the study.

> RQ1. *Why, and how might municipalities decide to transform their healthcare service-provision units into municipal enterprises?*

The first research question is scrutinised in the four original Articles included in this study, but from different perspectives. The mushrooming of municipal enterprises in Finland during the last two decades is the phenomenon that lies behind all three questions. It would therefore be highly relevant to find out how the complex context of public-sector healthcare and possible NPM influences in combination affect decision-making and choice in organisational transformation.

> RQ2. *What are the challenges – related especially to institutional design, structural and operational dilemmas, and questions of legitimacy – inherent in the transformation of healthcare service-provision units into municipal enterprise?*

The second research question is also addressed in all four original Articles, especially from the institutional perspective although based on different units of analysis. The focus is on the organisational level in Articles 1, 2 and 3, and more strongly on the organisational field in Article 4. The question of legitimacy is also scrutinised in all four Articles, and especially in Article 3 in connection with the issue of organisational reputation. The significance of organisational dilemmas is explicitly discussed in Article 2, and also from a somewhat different approach in Articles 3 and 4. It seemed to be a logical next step to consider the potential challenges connected to organisational decision-making and transformation.

> RQ3. *What has the Finnish experience been in adopting the municipal enterprise as an organisational form in the provision of healthcare services – and what lessons can be learned from the experience?*

The four original Articles contribute differently in addressing the third research question in that this synthesis serves to combine the results and analyses presented in them, and elaborates on their contributions to the discussion on the phenomenon under scrutiny in this study. The third question could also generate suggestions for further research and exploration.

These three research questions integrate theory and practice in recognising the significance of the major theoretical issues and concerns while also addressing practical issues as manifest in the findings of the study. The theory is presented as an integrated analytical framework that serves to structure, guide and inform the empirical analysis in the case studies through which the practice is described and assessed. Furthermore, the research questions combine the research objectives set out in the original four research articles. The objectives of the articles were, respectively:

1. To examine why the three case organisations constituted as municipal organisations were transformed into municipal enterprises. (Article #1)

2. To examine the municipal enterprise form adopted, with special reference to the core aims of the transformation processes and the distinction of the core dilemmas. (Article #2)

3. To examine the principal reputation risks and threats to the legitimacy of the three case organisations in their transformation into municipal enterprises. (Article #3)

4. To examine how healthcare professionals in the three case organisations understood the new brand, the municipal enterprise. (Article #4)

All four original articles serve the purpose of the study and address the research questions. The aim of this synthesis is to draw together the findings from the four articles, and to bring in additional insights in a comprehensive overview of the research topic, decision-making and choice in the adoption of a municipal enterprise form. The research topic is approached from four perspectives (see Figure 2).
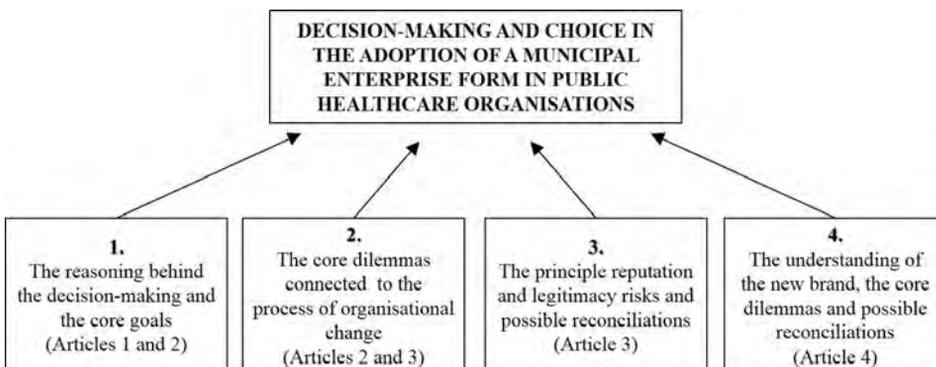
Figure 2   The four perspectives of the study

From the first perspective the focus is on the reasoning behind the decision-making leading to the transformation into a municipal enterprise, and on the core goals of the change processes (Article 1 and some parts of Article 2; see Figure 2). The aim is to enhance understanding of the rationale behind the organisational change in public healthcare. Windischhofer (2007), for example, found in earlier research related to public water supply that the processes of organisational change were rather rational and deliberate, but as noted above, water supply differs greatly from healthcare provision. Other studies conclude that, to some extent, organisational change in the public sector reflects adaptive behaviour rather than deliberate design (Olsen 2019, 19; Hyvönen et al. 2012; Frumkin & Galaskiewicz 2004; Thornton & Ocasio 2008, 100; see also Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2013). This potential shifting mix of deliberate design and adaptive behaviour in the decision-making of the three case organisations is also addressed as part of the reasoning process (Olsen 2010, 19; see also Brunsson & Olsen 1998; March & Olsen 1989; March 1981; see also DiMaggio & Powell 1983).

The second perspective is that of dilemma reconciliation, focusing on the core dilemmas connected to the main goals of the organisational change in the three case organisations (Articles 2 & 3; see Figure 2). It has been found that an essential element of strategic change management is to identify and map core dilemmas before the change takes place (Hampden-Turner 2009; Kangaslahti 2009; Suomi et al. 2014). With regard to this study, therefore, it was considered more relevant to identify the core dilemmas connected to the main goals of the change processes, than to identify all potential organisational dilemmas. A further aim is to contribute to the discussion on finding an alternative to rationalism (Olsen 2010, 18–19; Oakeshott 1991, 5). Institutions are thus seen in this study "*as social organisms that evolve over time in cooperation, competition and embody the experience, normative and causal beliefs of a population*" (Olsen 2010, 19), which also includes imperfect processes that may create dilemmas.

With regard to the third perspective (Article 3; see Figure 2), the focus is on the principle risks to reputation and legitimacy that arose in connection with the core dilemmas identified in Article 2. Public healthcare organisations seem to be highly institutionalised, making organisational change challenging to achieve (see also Tevameri 2014; Kallio & Kuoppakangas 2013). The urgent need for innovative management methods and business-type models in public healthcare organisations could create tensions between the contradictory aims and values of public healthcare and business. Moreover, reputation and legitimacy concerns together with constraints related to public healthcare provision further increase the complexity and the potential for dilemmas (see also Shortell & Kaluzny 2006; Kuoppakangas et al. 2013; Tevameri & Virtanen 2013, 251–269; Tevameri & Kallio 2009). A further significant factor concerns the political influences that

inevitably affected the decision-making in the three publicly owned and tax-funded case organisations (see also Virtanen & Stenvall 2010).

Finally, from the fourth perspective (Article 4; see Figure 2) the focus is on how employees in these new municipal enterprises understand and commit to the new organisational brand, and on the particular dilemmas that arise in this connection. The aim is to investigate how healthcare professionals in the three case organisations understand the new brand and the related practices, and the extent to which the dilemmas are connected to their understanding and interpretative repertoires. How has their understanding of the new corporate brand shaped their activities in the municipal enterprise (Potter and Wetherell 1987)? According to Schmidt (2006), discursive institutional ideas constitute discourses that help in (re)constructing actors' understanding of organisational change and stability, and could also (re)direct actors and their actions within the institutions. Discourses could be described as a set of ideas that bring in new values, rules and practices—in other words, change. They may or may not legitimate those ideas. The way in which the ideas are translated may affect the way they are adopted in the organisation (Schmidt 2006; Peters 2012, 112–126; see also Bonnedahl & Jensen 2007; Czarniawska & Sevón 1996).

Milton et al. (2014) argue that among the challenges to branding in the public sector is the apparent restriction of the meaning of the brand. There is a lack of understanding of it and inadequate use of strategic management. Branding activities in public-health organisations may create tensions between the core aims and values of public healthcare and the branding activities. The tensions may create organisational dilemmas that need to be reconciled. The issue of dilemmas and their possible reconciliation is highly relevant and worth studying further. Although some studies investigate paradoxes and dilemmas, they typically focus on *what* the dilemmas are and leave out the *how* in terms of their reconciliation (Smith & Lewis 2011; Pollit & Bouckaert 2011; Mahmood & Rufin 2005; Agyris 1999; 2004; Handy 1994; Quinn 1988; Miller 1992; see also Karlsson 2014). The new insights here concern *how* the core dilemmas identified in the case organisations could be reconciled, and *why* they arose (Hampden-Turner 2009; Kangaslahti 2009; Suomi et al. 2014).

3 METHODOLOGY

3.1 Philosophical assumptions of the thesis

Chapter 3 reviews the researcher's methodological choices, as well as the process of gathering and analysing the empirical data. All this is described in some detail in the four original journal articles, which exploit the same empirical data (Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Hytti et al. 2014; Kuoppakangas et al. 2013). Revisiting it once more adds to the transparency and allows readers to follow the thesis process from beginning to end and to make their own judgements and evaluations of the empirical choices. The epistemological and ontological foundations of the study are also presented. The final discussion covers the robustness of the research and the study's limitations.

The ontological and epistemological foundations of this thesis are built on Berger and Luckmann's (1997) social constructionist view of reality, which may also be labelled subjective rather than objective. The ontological stance involves assuming that reality is a result of social interaction, through which meanings are ascribed to things. Further, reality is based on perceptions and experiences which change over time and may vary from person to person (Eriksson & Kovalainen 2008) In accordance with the purpose of the research – to explore the reasoning behind the decision-making and how the aims of transforming to a municipal enterprise were met in the three case organisations – the focus is on the issues the informants talked about, and how discourse can be seen as an essential area of social practice (Berger & Luckman 1997; Laasonen 2012, 46; see also Blaikie 1993, 94). Furthermore, the grounds of knowledge in epistemological terms in this study it is accepted that individuals can begin to understand the external world through their own observations and interpretations. This research is positioned as interpretative and further characterised as hermeneutic epistemology (Eriksson & Kovalainen 2008, 14–15; Outhwaite 1975).

Positioning interpretivism in relation to ontology and epistemology reveals that the interpretivist stance accepts that reality is multiple and relative (Hudson & Ozanne 1988). Furthermore, according to Lincoln and Guba (1985) these multiple realities also depend on other structures for meanings. The knowledge developed in interpretivism is socially constructed rather than objectively determined (Carson et al. 2001, .5) and perceived (Hirschman 1985, Berger & Luckman 1966; 1967). This is also in line with the ontological and epistemological stance of this study as discussed earlier.

In the interpretative approach, flexible research structures can be adopted which are capable of capturing meanings in human interactions and making sense of what is perceived as reality (Carson et al. 2001). A researcher taking an interpretivist position might enter the field with some sort of pre-understanding of the research context, while still assuming that the pre-understanding is inadequate to develop a static research design, because of the possibly complex, unpredictable and multiple nature of what is perceived as reality (Hudson and Ozanne, 1988). Thus, the researcher remains open to new knowledge throughout the study and lets it develop and evolve with circular and helical research activities revisiting the empirical data and literature (see Figure 3). Consequently, the aim in interpretivist research is to understand and interpret the meanings in human behaviour and subjective experiences, which are time and context bound (Hudson and Ozanne, 1988).

This study relies on abductive logic, which is defined as an empirically driven but theoretically guided research tradition in which the analysis process moves between the empirical data and the theory. Inductive logic, on the other hand, refers to theories arising from empirical data, and thus pure induction is said to be rare (Dubois & Gadde 2002). Moreover, deduction implies that knowledge is created from theory (Eriksson & Kovalainen 2008, 21–24; Yin 2003; Dubois & Gadde 2002). The abductive logic approach suits the current research well because its overarching objective is to find and construct a novel "*integrated framework for exploring decision-making in the transformation of the three case organisations into municipal enterprises*" and according to Kovácks and Spens (2005, 138) abduction "*aims to understand something in a new way, from the perspective of a new conceptual framework*" (Ibid.).

Moreover, the current research is aligned with the aim of abductive research: to extend existing theory or find and construct a novel matching framework. An abductive approach allows for a better balance to be achieved between the empirical data and theory than is possible with inductive or deductive reasoning. It facilitates revisiting the data and literature in the analysis in a fairly flexible manner (Dubois & Gadde 2002, 556). In addition, some scholars assert the circular process typical of abduction resembles a hermeneutic circle and they also find abduction to relate more closely to interpretivism than other methodologies, which as described earlier is the philosophical stance taken in this study (Eriksson & Kovalainen 2008, 23).
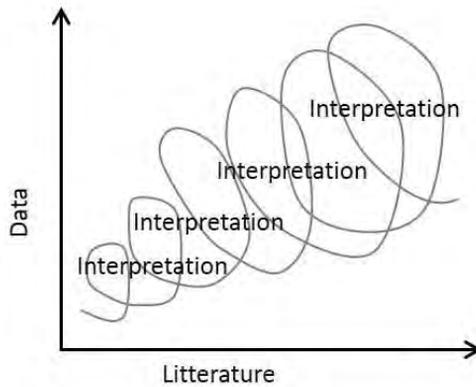
Figure 3   Abduction

The continuous process of going back and forth between observing empirical data and literature is a non-linear process (Dubois & Gadde 2002, 556). Thus, the process is both circular and helical and it moves back and forth with spiral turns. And as illuminated in Figure 3 it may be turned into a spiral. Qualitative case studies often adopt an abduction approach because it works through the interpretation or via re-contextualization of a phenomena (Kováck & Spens 2005; see also Suomi 2015, 52). Furthermore, the key-concepts of the integrated framework of this study, decision-making and institutional change, dilemmas, legitimacy, reputation, and branding are socially constructed and thus require an approach that permits and supports the revisiting process between empirical data and literature (Dubois & Gadde 2002). In addition, abduction plays an important part in connection to the writing process in the original articles in this study. The empirical data were re-analysed in relation to the articles' various objectives and theories (as described in the four original articles). They are also considered individual sub-studies of this thesis (see, Suomi 2015, 52).

The understanding of knowledge in hermeneutics is involved in the circle of interpretation. Paul Ricoeur (1991, 53) stated "*hermeneutics is the theory of the operation of understanding in their relation to the interpretation of text*". In order to understand *the whole* one must understand *the parts*. Revisiting the parts and the whole is a circular process which may be labelled a hermeneutic circle (see Figure 4). That approach to reading and observing the empirical data and literature acknowledges that understanding is a cycle of exposure to empirical data and literature, interpretation, then re-exposure to empirical data and literature, and once again interpretation. Furthermore, subsequent exposure to empirical data and literature offers an opportunity for closer scrutiny of that data and therefore improves the chances of unearthing important insights (Raatikainen 2004, 94–98; Outhwaite 1975). Similarly as in the research activities described

above, the iteration of interpretation is circular and helical process with integration of analysis and finally synthesis (see Figure 6; see also Raatikainen 2004, 94-98; Outhwaite 1975).

whole

synthesis

the text

analysis

parts
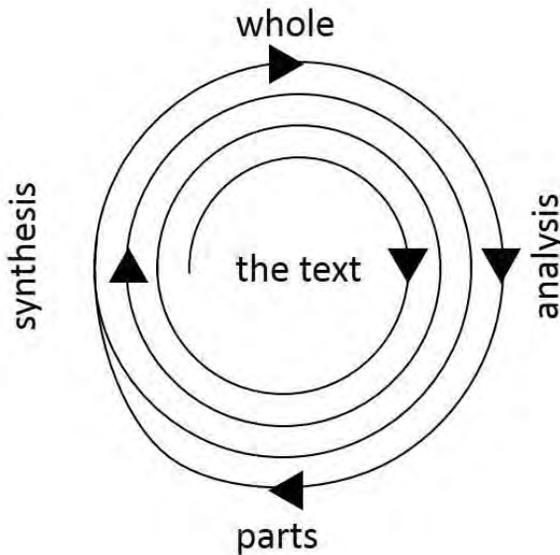
Figure 4   Hermeneutic circle

Moreover, the whole research process in this study can be described as a circular and helical process. First, the analytical framework is structured as an inverted pyramid or triangle with interlocked components of theories. Second, covering all of the sub-studies of this thesis and turning the inverted triangle around, the analytical framework structure can be portrayed as an hour class (see Figure 5). The synthesis part I begins with a broad view of the phenomenon under scrutiny in the introductory chapters. Then, the theory chapters introduce a broad view of organisations as consciously created entities and explain the choice and decision-making concepts. As the process proceeds, the focus narrows to scrutinise professional bureaucracy and the healthcare professionalism tensions within it. Moreover, the interlocked concepts introduced in the inverted triangle manifest in one way or another, or some of them manifest themselves in the four original articles, the sub-studies, and the synthesis part of this thesis.
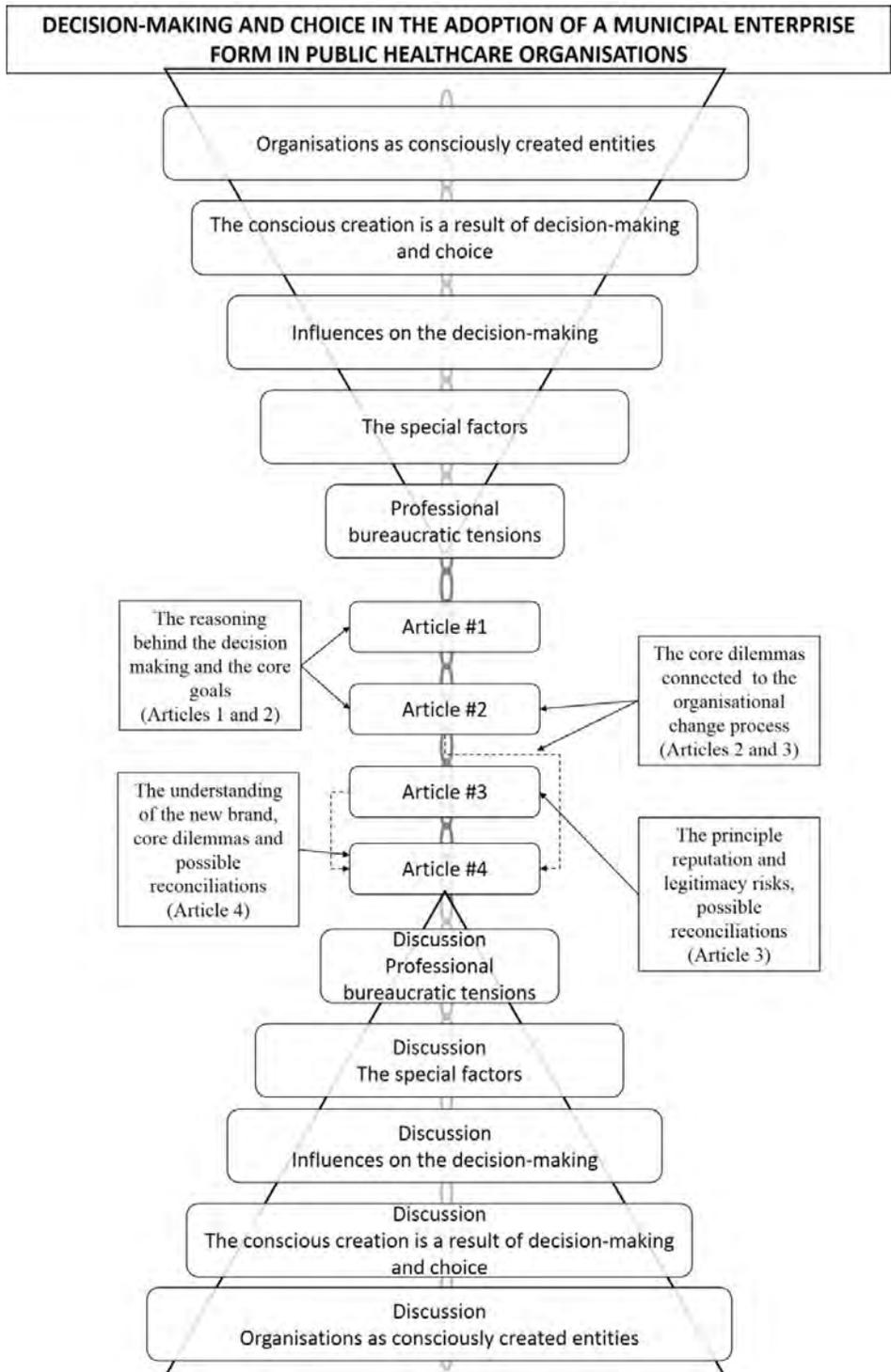
Figure 5   The integrated framework of the research process

At this point the inverted triangle is reversed and the analysis proceeds in a circular and helical process backwards, first with the narrowed down tip of the triangle, discussing the professional bureaucracy and healthcare professionalism tensions, while integrating the sub-studies into the discussions. The process continues in a similar vein all the way up through the revised triangle until the discussion returns to municipal enterprises as consciously created entities. Furthermore, the process ultimately takes the discussion back to the broadened view of the phenomenon under scrutiny. More specifically the analytical framework provides both narrow and broad analysis of the phenomenon. This analytical framework and the circular and helical research process facilitate broadening the investigation of how the sub-studies in their different but interrelated ways can refine the theory. In addition, this synthesis part with its integrated analytical framework closes the hermeneutical circle of this study. (see Figure 5)

3.2   Method and empirical data

Given the growing interest in the topic of this thesis and the need to enhance understanding of the municipal enterprise as a phenomenon, a qualitative case study seemed appropriate for collecting the empirical data (Silverman 2011; Eriksson & Kovalainen 2008; Yin 2003). The specific emphasis in the study is on the three case organisations' decision-making in choosing the municipal enterprise as an organisational form and the extent to which the goals of the organisational change have been attained. This choice of qualitative methodology and data analysis is in line with the philosophical background assumptions of the study.

The three case organisations included in the study are university hospital clinical laboratories operating in public healthcare. Twenty thematic (semi-structured) interviews were conducted between August and November in 2007. Among the interviewees were five informants from each of the three case organisations. Of these 15 informants, nine were physicians, four were nurses and two were public administrators. All except one of them had been closely involved in the early stages of the decision-making concerning the transformation into a municipal enterprise. The one exception was the CEO of one of the case organisations, who became involved at a slightly later stage. It was considered important to interview the CEOs of all the case organisations.

The remaining five of the 20 informants were involved in municipal law and consulting services, and the scholarly background of four of them was also in the public sector. All five were chosen on the basis of their reputation as highly respected professionals in municipal governance and law, the aim being to gain a

more general understanding of the objectives and history of the municipal enterprise. As mentioned in Chapter 1 and discussed in more detail in Article 1, there was no juridical definition of the municipal enterprise until 2007, even though it had existed as an organisational form in Finnish municipalities since the 19th century (Myllyntaus 2002b, 158). Furthermore, given the EU constraints explained in the first chapter of this synthesis and in Articles 1 and 2, and the on-going juridical uncertainty over the future of the municipal enterprise in Finland, the researcher decided to conduct four more interviews in 2011 in order to update the law-amendment process. The informants were the same experts in municipal governance and law who were interviewed in 2007 (see Appendix 1), although one of the original informants was on leave at the time and was not included in the new interview round. The third and fourth interviewees gave similar information concerning the juridical issues and the law-amendment process as the first two (Hirsjärvi & Hurme 2000, 60), however. The informants were following and were closely involved in the process, which was on-going at the time of the interviews, and could therefore talk about the current state of play. But due to the fact that the law-amendment was still in process and not finalized they could not provide answers that were based on the law.

The thematic interview was chosen as a method because it seemed the best option in terms of enabling fluent interaction between the researcher and the informants. These guided and semi-structured thematic interviews had prepared outline of topics, issues and themes (Eriksson & Kovalainen 2008, 80–84). They were in-line with the research questions soon presented in this chapter. Essential issue connected to this kind of interviews is that even though they are fairly conversational and informal the researcher has to make sure that all of the topics of the outline are covered. In addition researcher needs to be prepared to probe more in-depth responses. It also allows the researcher to ask further in-depth questions, and the informants to discuss their thoughts more openly instead of just ticking boxes or giving answers on a survey form. The survey method could have yielded rather thin empirical data in this study, and probably would not have given satisfactory answers to the research questions or met the objectives. The qualitative case method and the thematic interview were the key elements enabling the collection of rich data on the three case organisations. (Hirsjärvi & Hurme 2000; Eriksson & Kovalainen 2008, 80–84).

Having ascertained their names and formal affiliation, the researcher asked all the 15 informants interviewed in 2007 two main questions: 1) "*What were the reasons for taking up the municipal enterprise form?*" 2) "*How did the municipal enterprise meet your expectations?*" Before the second main question was posed they were asked *how they had assessed the suitability of the municipal enterprise form in terms of meeting their objectives with regard to organisational change.* They were also asked, *had some other organisational form offered the same*

advantages, or was any reason why they could not have retained the balance-sheet organisational form of the former municipal utilities and adjusted it to suit their needs.

The five municipal governance and law professionals among the interviewees had been involved in developing the law defining the municipal enterprise that came into force in 2007. They were therefore first asked to give some general background information about the municipal enterprise form and its objectives and history before being given the same main questions as the 15 informants from the case organisations. However, the main questions were more general because none of the five informants was heavily involved in the decision-making in the three case organisations or in the process of transforming into a municipal enterprise. They were nevertheless involved on many other levels in municipal-enterprise governance and legal issues. The main questions asked of these five governance and law professionals were: 1) *"For what reasons are the municipalities making the transformation in their service provision from a balance-sheet or other organisational form into a municipal enterprise?"* 2) *"How did the municipal enterprise form meet expectations?"* They were also asked if *there were any juridical or other reasons why some other organisational form, or even the former basic municipal balance sheet, could not have been amended to meet the objectives of the municipal enterprise.*

All three case organisations are introduced in Articles 1, 2, 3 and 4 in as much detail as anonymity constraints allow. The anonymity constraint was not imposed by all the case organisations and informants, but given that some of the informants were not at ease discussing details connected to the research questions it was applied consistently among all of them and the case organisations. The first case organisation was chosen because it fulfilled the inclusion criterion of being a municipal enterprise. The contact with the CEO of UlabA was established in connection with a previous study the supervisor of this doctoral thesis had conducted in the organisation. The case organisation was also in the public healthcare sector (a university hospital clinical laboratory), which had not thus far attracted as much research attention as the public provision of water and energy supply. Moreover, the organisation, called UlabA here for reasons of anonymity, had rather recently adopted the municipal enterprise form. The first step was to contact the CEO by telephone to introduce the research idea and the researcher conducting the study. This was followed up with an email message giving more information about the research topic, the motivation, the research questions and the objectives. Later, following another telephone conversation, access to UlabA was granted and a date and time were fixed for an interview with the CEO.

Through qualitative snowballing (Bernard, 2000, 179–180) more informants were gathered for the thematic interviews, as well as additional case

organisations. The UlabA CEO was asked at the end of the first thematic interview to suggest the names of people who had been closely involved at the very early stages of the decision-making concerning the transformation into a municipal enterprise. The CEO gave the names of two people who met that criterion. Both of them were contacted by telephone and in a follow-up email, as with the CEO, and the dates and exact venues of the interviews were fixed. Again at the end of these two interviews the informants were asked for the names of more people who had been closely involved in the decision-making from the very beginning and when the transformation into a municipal enterprise form was considered and discussed. Two more key people were named at this stage. They were contacted in the same way and subsequently interviewed. The decision was made not to seek more informants from UlabA because no new information was being generated and the interviewees were giving similar answers to the questions. Interestingly, these informants had heterogeneous roles: CEO, employee representatives and middle managers.

The names of other organisations that had been transformed into municipal enterprises were mentioned during the first interview with the UlabA CEO, and this prompted the decision to include another case organisation in the study, UlabB. The CEO was initially connected by telephone as before, and a date and time were set for the interview. The CEO received the same email message that had been sent to the UlabA informants giving details about the research topic, the motivation, the research questions and the objectives.

Again at the end of the first thematic interview the UlabB CEO was asked to suggest the names of key people who had been closely involved from the early stages of the transformation process. The three people mentioned were contacted in the same way as all the other informants. Three more interview dates were fixed, one prospective informant was dropped, and another one was contacted and interviewed. Thus a total of five key informants from UlabB were interviewed. As before, the names of other municipal enterprises came up during the interview with the CEO of UlabB. One of these was UlabA, and the other, UlabC, had been mentioned in all the UlabA and UlabB interviews. It therefore seemed appropriate to include a third case organisation in the study.

The CEO of UlabC was contacted in the same way as the other case CEOs, and was similarly asked at the end of the interview to give the names of people who had been involved at the beginning of the process of transforming into a municipal enterprise. The names of two people were given, who were contacted in the same way as the earlier informants. They were interviewed separately, and were asked to give the names of other potential informants who had been closely involved in the decision-making. As a result, two more informants were contacted and interviewed, as before. Consequently, five informants from UlabC were among the interviewees.

At this stage the researcher decided not to include any more case organisations or informants in the study. It became clear during the data gathering, and later when the field notes were being read, the audio recordings transcribed, and the five-phase content analysis was in process (see sub-chapter 3.3), that the information being generated was being repeated. In other words, the later informants were making the same points as their fellow interviewees. It is also worth noting here that all the 20 informants contacted in 2007 and invited to participate in a thematic interview agreed to participate in the study. This is significant given that there was a major strike among nurses and labour-union conflict in Finland at the time some of the interviews were being conducted (see also Laakso 2011, 6–7). The significance lies in the fact that, even with the pressure of a major strike, the informants found the research topic interesting and considered the interviews important. The background information on the three case organisations is given in all four original articles, with due account taken of the need for anonymity.

The researcher had only vague pre-assumptions concerning how the interviews might succeed. She was born into a family of healthcare professionals, which somewhat affected her pre-assumptions of the possible challenges in gaining trust connected to the interviews and the topic of the research. Her family background turned out to be advantageous in that she could create a relaxed atmosphere in the interviews and somewhat adjust to the informants' professional language. As a result she was able to gain their trust. All the interviews were conducted in peaceful meeting rooms and offices. Most of them could be described as relaxed and almost therapeutic, the informants appearing to talk openly and without interruptions. The only occasion on which the atmosphere was not so relaxed was when two informants from one of the case organisations in question seemed to be worried about answering the questions and about the possible effect on their wellbeing at work afterwards. The researcher assured them of anonymity, which eased the tension somewhat, and both informants were more relaxed in their separate interview sessions. Another informant in another case organisation was relaxed at the beginning of the interview but halfway through, after 30 minutes, became tense for personal reasons: a relative had had an unfortunate accident. Nevertheless, the informant answered all the questions and was willing to give more information by email if necessary.

The secondary data included in this study to complement the empirical data consisted of minutes of the case organisations' board meetings and other documents, annual reviews, internet homepages, organisational publications, and statistics that were accessible during this data-collection phase.

3.3 Empirical data analysis

Qualitative research and analysis are depicted in this study as helical and circular in terms of the process as discussed earlier (Eriksson & Kovalainen 2008). The five-phase analysis and cross-analysis of the empirical data on each of the case organisations relied on abductive logic (Eriksson & Kovalainen 2008, 21–24; Yin 2003; Dubois & Gadde 2002).

The first stage of the empirical analysis involved transcribing the audio recordings of the 20 interviews, each of which lasted an average of 90 minutes. The transcription process was very time-consuming and laborious and produced over 500 pages of qualitative interview data. For the researcher, undertaking that process was important because it ensured familiarity with the material before it was analysed further. The transcriptions were read multiple times and arranged into different themes (Eriksson & Kovalainen 2008, 85; Silverman 2011) following the themes of the research questions (see Appendices 3 and 4). The data was vast and hard to handle as it lacked any organised structure. In order to be able to analyse the data, it had to be organised and restructured, and the first step towards doing that was to arrange the original citations into themes. (Silverman 2011)

At this point there were themes of reasoning, in other words, all of the answers to the first main research question: "*What were the reasons for taking up the municipal enterprise form?*" Similar answers in form of original citations, were grouped together and the exceptional ones placed in their own group of themes. In connection to the second main research question: "*How did the municipal enterprise meet your expectations?*" All of the answers in form of original citations were arranged in a similar manner (see Appendices[3] 3 and 4). The themes evolved and developed further during the circular and helical process of reading the data. At first the process of finding themes was data driven, which means that it was conducted without trying to fit the data into a pre-existing framework and later on combined with theory or theories in abductive logic and as discussed earlier in this theses and depicted in the original four Articles (Eriksson & Kovalainen 2008; see Figure 3).

In addition the answers to the additional research questions: "*how had they assessed the suitability of the municipal enterprise form in terms of meeting their objectives with regard to organisational change*?" And "*had some other organisational form offered the same advantages, or was any reason why they*

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[3] In the Appendices 3 and 4 the empirical data is presented by each case organisation to provide examples of the similarities and differences between the three case organisations.

could not have retained the balance-sheet organisational form of the former municipal utilities and adjusted it to suit their needs?" were organised into thematic groups using the same method as described above (Silverman 2011).

Next, the secondary data were triangulated with the primary data during the second phase. The secondary data provided general and specific information about the three case organisations in terms of their establishment dates as municipal enterprise forms and their numbers of employees and revenues that assisted in characterising them. In addition the legal issues concerning municipal enterprise law development, the Local Government Act (2007) and the EC decision that such enterprises were in contravention of EU competition law (EC 2008), as well as the Finnish Government's resolution *Securing the Future of Health Care* (see Articles 1, 2, 3, 4) were used as secondary data in the four original articles in this thesis. Furthermore, the secondary data provided insights into why some of the dilemmas connected to the goal setting of the transformation and attainments arose in the three case organisations (Yin 2003; Silverman 2011; see Articles 2, 3 and 4).

In a third phase, coding was conducted to detect relevant words, phrases, sentences, and sections from the themes. The assessment of relevance was based on the extent to which terms were repeated in several places. The coding process also took into account if a reference was in some way surprising or if the informants explicitly stated the importance of the issue. Furthermore, anything similar to or differing from the prevalent current theory or reminiscent of a relevant theory or concept was selected as relevant. The whole process aimed to extend the examination prompted by the previous data analysis and triangulation. Next, several key topics were identified from the results of the coding process (Eriksson & Kovalainen 2008; see Appendices 3 and 4).

During the fourth phase and as a result of repeated analysis, the key themes were constructed and labelled from the key topics and further synthesised into several general categories and further in this synthesis part of the thesis arranged into main categories (see Appendices 3 and 4). The final step in this phase was to cross-analyse the data on the individual case organisations (Eriksson & Kovalainen 2008; Silverman 2011). For example UlabC was identified as the deviant case, that differed from the other two case organisations, and as the early mover organisation, which had not mimicked any other organisations in the same field as the other case organisations had (see Appendix 3). The results of the above process, and also the similarities and differences among the three case organisations, are available in the examples of the empirical data-coding, key

topics, key themes, and general categories[4] in Appendices 3 and 4 and further analysed in the original Articles 1, 2 and 3 as well as in this synthesis part I of the thesis. Appendices 3 and 4 show the first general categories that are institutional theory driven. Next the circular and helical process of abductive logics generated an additional general category of dilemmas. Once again the continuous circular and helical process of revisiting the literature and the data gave rise to significant questions of legitimacy and to reputation issues. Furthermore, the same process generated questions and illuminated the significance of the competing institutional tensions of the healthcare professional logics and the commercial market oriented logics (Eriksson & Kovalainen 2008; Silverman 2011; Articles 1, 2, 3, 4).

The methodology referred to in Articles 1, 2 and 3 is also the same as that described above. Hence, Article 1 as the first sub-study of this thesis examines why the three case organisations constituted as municipal organisations were transformed into municipal enterprises. In Article 1, the theoretical analysis is based on institutional theory. While working with the empirical data it became apparent that a new institutional theory might clarify the phenomena under scrutiny (DiMaggio & Powell 1991; Schmidt 2006). The next step of revisiting the empirical data and the literature generated the second sub-objective of the study: to define the municipal enterprise and to identify the core goals of the change and the dilemmas connected to them (see Appendix 5 and Figure 6). The theoretical analysis reported in Article 2 is based on a combination of institutional organisational theory and dilemma theory (Hampden-Turner 1990; DiMaggio & Powell 1991; Schmidt 2006; Eriksson & Kovalainen 2008; Silverman 2011).

Thereafter, the circular and helical process involving revisiting the empirical data (see Figure 6) and the literature triggered the idea for and the research objective of Article 3, which is to examine the principal reputation risks and threats to the legitimacy of the three case organisations in their transformation into municipal enterprises. Here the focus is on the dilemmas connected to the attainment of the transformation (see Appendix 5). In other words, when the dilemmas connected to the goals were detected in Article 2, it became necessary to inspect the dilemmas associated with the attainments connected to the core goals of the organisational transformation. Article 3 therefore makes a deeper theoretical contribution and opens up the perspective of the findings. Further

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[4] It is important to note here that due to anonymity and confidentiality constraints the original citations in the examples of the empirical data-analysis are without coded identification. Instead in the four original articles coding of informants has been used to aid readers to follow the studies.

theoretical perspectives on the analysed empirical data scrutinised included legitimacy, reputation, and dilemma reconciliation (Article 3). (Eriksson & Kovalainen 2008; Silverman 2011; see Appendix 5)
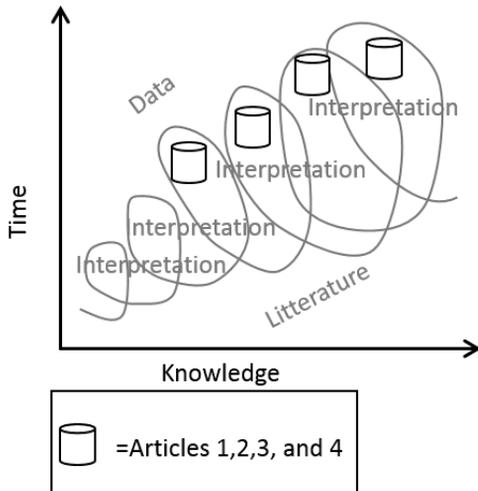
Figure 6   The circle and helical iteration process of data-analysis

Finally, the continuous circular and helical research process generated the objective of Article 4, which was to examine how healthcare professionals in the three case organisations understood the new brand, that is, the municipal enterprise. This objective arose from the realisation of the significance of the competing institutional tensions of the healthcare professional logics and the commercial market oriented logics that had emerged from the empirical data. Further, Article 4 revisits the empirical data within the methodological framework of discourse analysis and establishes four interpretative repertoires presented in Appendix 6 (Eriksson & Kovalainen 2008, 227–243; Silverman 2011; see also Suddaby & Greenwood 2005; Fairclough 2005).

The four interpretative repertoires were analysed through the lenses of discursive institutionalism, branding theory and the dilemma approach, further supplementing the data analyses related to Articles 1, 2 and 3 (see Appendices 3 and 4). The overarching objective of Articles 1, 2, 3 and 4 was to formulate insights and shed light on the phenomena under scrutiny. The strategy was to construct and structure them as parts of a compilation doctoral thesis, serving as sub-studies and the introduction, background and theoretically fertile data analysis (Articles 1, 2, 3 & 4) with multiple theories and perspectives as theory/perspective triangulation (Patton 1999). The circular hermeneutic process culminated in this synthesis, which contains the conclusions and comprises the

final step of the thesis (Raatikainen 2004; Eriksson & Kovalainen 2008; Silverman 2011).

It is well known that the peer-review process of scholarly journal articles often results in the further development of the original article, and the final published version may differ considerably from the originally constructed and submitted version. In addition, the repetition in the four articles with regard to the descriptions of the case organisations, the methods, and the interview citations was unavoidable given the nature of the study and the researcher's methodological and empirical choices. As the circle and helical process of qualitative research turns it is essential to revisit the empirical data. The reader is thus able to follow how the interpretation of the empirical material reaches new levels through re-interpretation of the same data and even the same citations, and re-consideration of earlier discussions and conclusions set out in the original articles. Nevertheless, all of these issues contribute to the growth of trustworthiness, in other words, to the robustness of the current research (Silverman 2011; Guba 1981). These trustworthiness issues are discussed in the sub-chapter that follows.

3.4   Trustworthiness and limitations

The trustworthiness of qualitative research is evaluated throughout the whole process, making transparent the sequence of analysis and how conclusions are derived (Eriksson & Kovalainen 2008, 290). As in many other studies (e.g., Eriksson & Kovalainen 2008; Morrow 2005; Shenton 2002), Guba's (1981) terminology and criteria for enhancing the trustworthiness of qualitative studies were adopted in this study as follows: (1) trustworthiness is maintained through the richness of the data and via data, perspective and theory triangulation (see also Patton 1999, 1193); (2) transferability is achieved in the original articles and in this synthesis through the explicit description of the choices made during the course of the whole research project; (3) dependability is maintained through the detailed reporting[5] of the research inquiry and how the results were achieved in the original articles and in this synthesis; and (4) conformability of the initial conclusions is also maintained through the audit trail. (Eriksson & Kovalainen 2008).

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[5] The reporting of the research processes, research inquiry and the audit trail are as detailed and explicit as the anonymity and confidentiality constrains concerning the three healthcare case organisations of this study allow.

First, in line with the decision to use Guba's (1981) trustworthiness criteria, the same inclusion criteria were used for all three case organisations, and the respective informants were chosen in the same manner. The informants were also required to fulfil the criterion of having been part of the decision-making in the choice of the municipal enterprise as an organisational form. They similarly represented heterogeneous employee groups and managers in the organisations, public administration, as well as the leaders. In addition, all five expert informants had extensive knowledge about municipal enterprises and other aspects connected to the research topic. Thus, the data could be considered rather rich. Saturation, meaning collecting the right amount of data, is also a relevant issue related to comprehensiveness and completeness, and was maintained for inastance, when the interviewees began to replicate information in response to the research questions. The informants in UlabA and UlabB replicated each other's arguments, whereas those in UlabC replicated the arguments to some extent, but also provided the so-called "*negative case*" (Patton 1999, 1191–1192) in other words deviant case. (Silverman 2011)

The integrated theoretical framework of this study follows the lines of perspective triangulation (thesis synthesis) and theory triangulation (Articles 2, 3 & 4). The application of multiple perspectives and/or theories is known as perspective and theory triangulation (Patton 1999, 1193). Testing rival interpretations means thinking about other possible interpretations (Article 1) and seeing if the data supports them: this was done in this study (Articles 2, 3, & 4) via the integrated theoretical framework and the perspective and theory triangulation. It turned out that the other interpretations - the dilemma approach, reputation building and public branding - gave additional insights rather than fostering rivalry (Patton 1999, 1191; Eriksson & Kovalainen 2008).

There was also a negative case in the empirical data (explicitly discussed in Article 1, but also mentioned in Articles 2, 3 & 4), namely that, in contrast to the other two case organisations (UlabA and UlabB), UlabC did not appear to be under mimetic isomorphic pressure when considering transformation into a municipal enterprise. Furthermore, concerning UlabC there seemed be some notions of institutional entrepreneurship, which was not found in the similar vein from the two other case organisations (Hardy & Maguire 2008; DiMaggio & Powell 1991; Eriksson & Kovalainen 2008; Patton 1999, 1191–1192).

Second, with regard to transferability the methods are described and the iterative interaction between the data and the analyses are documented thoroughly in this synthesis and in most of the original articles. The continuous checking and revisiting of the empirical data and the literature developed a solid foundation on which to build the conclusions. All these actions and the circular and helical process between the empirical data and the literature proceed along a continuum in the four articles. (Eriksson & Kovalainen 2008).

Third, dependability is maintained through the detailed reporting of the research inquiry and how the results were achieved in the original four Articles and in this synthesis (Eriksson & Kovalainen 2008). Fourth, conformability of the initial conclusions is maintained through the audit trail described in the original Articles and in this synthesis. In addition, the theoretical framework, and dilemma theory in particular, support the iterative, revisiting method of data analysis: it characteristically follows a similar, circular and helical process (Eriksson & Kovalainen 2008; Kuoppakangas 2014, 16).

This synthesis thus continues the on-going iteration process, revisiting the four original articles and taking the final analysis, conclusions and implications a step further. The ideas and theoretical contributions of the original articles derive from the helical movement and the micro and macro perspectives of the study. The research processes, the building of the integrated framework and the derivation of the results and conclusions are also in line with the ontological and epistemological foundations of the thesis: Berger and Luckmann's (1997) social-constructionist view of reality and how a person might begin to understand the world, in other words the basis of knowledge.

There is a growing need for qualitative case studies in the social sciences, and a qualitative case study as a story may be a meaningful result in itself (Flyvbjerg 2006, 238). In other words, a case study has the potential to illuminate complex social action, and the reader may enter the story and explore it. The development and interpretations of the phenomena under scrutiny in qualitative case studies derive from the perspectives of the participants and meaning the researcher. (Flyvbjerg 2006, 240) Given that the purpose of this study was to shed light on the reasoning and rationale behind the decision to choose the municipal enterprise form, and to ascertain how the transformation into a municipal enterprise met expectations in the three case organisations, the case-study method has fulfilled its task. (Eriksson & Kovalainen 2008)

Qualitative case studies carry the potential for fertile analytical generalising (Pehkuri; 2004; 2008). However the generalisation does not have to be the issue nor a goal, as also discussed above (Flyvbjerg 2006). Nevertheless, the theoretical development connected to institutional organisational theory in this study was achieved through the explicit application of the novel integrated theoretical framework (Figure 5) that guided the empirical analysis in Articles 1, 2, 3 and 4 and in this synthesis. This novel combination of institutional, dilemma, reputation and branding theories could be used as "*a template*" (Morse et al. 2002, 19) for further theoretical development. The study therefore makes meaningful theoretical and managerial contributions. Analytical generalising, according to Peuhkuri (2004, 298), implies the detection of theoretical similarities among the different characteristics of the cases. The four original Articles in this study could also be viewed as four cases, built on empirical data

from three case organisations that reflect and act as examples of the wider phenomenon explored in this thesis. The wider phenomenon is further explored in this synthesis, in order to gain further understanding of it. The results are potentially generalizable in analytical terms, and may give insights into the phenomenon under scrutiny in other public healthcare organisations, and possibly also in other public organisational contexts and some private-sector healthcare organisations. (Pehkuri 2004; 2008; Eriksson & Kovalainen 2008)

Two limitations should be mentioned in connection with this study. First, the three case organisations had to be disguised as UlabA, UlabB and UlabC for reasons related to confidentiality and anonymity constraints, and similarly the informants' true identities are not revealed. Second, the interviews were conducted in the Finnish language, and most of the existing research and other secondary data are published in Finnish. Nevertheless, the aim was to contribute to the international discussion at the interface of public-sector management, political science, business and economics, and public healthcare in terms of decision-making related to organisational change. In order to accomplish this task some of the empirical data used in the four original articles was translated into English.

4   THE ANALYTICAL FRAMEWORK

4.1   Organisations as consciously created entities

Public and private formal organisations are legally structured entities consciously created to achieve certain goals (Thynne & Peters, 2015; Barnard, 1938). In the service context, the adoption of different organisational forms and transformations are matters of choice and of decision-making, which are broadly related to form and function (Thynne & Peters, 2015). The organisational form should be appropriate for the respective functions, tasks and responsibilities. Organisations that provide public services differ from their private counterparts in that they do not aim at maximising profits for a set of owners (Kallio, 2015, 107; Virtanen, 2010, 13–14; Lane, 2009, 2, 18).

The organisational goals of publicly owned service providers in Finland are connected to the general good and wellbeing of citizens and to their equity on all levels of public service (Virtanen & Stenvall, 2010, 38–39; Lane, 2009, 2). However, publicly owned limited companies have the juridical option to aim at market profits. Moreover, lately the tendency among Finnish university-hospital clinical laboratory organisations has been to transform into public limited companies (see Kallio & Kuoppakanga, 2013; Kuoppakangas, 2014; Kuoppakangas, et al., 2014). NPM has been brought into the public sector and has promoted the downsizing of bureaucracy in the search for marketization, efficiency, economy and effectiveness. For instance, as reported in this study, decision makers considering the most suitable organisational form for public healthcare services provided by Finnish municipalities have at least the following options: a fully owned, non-autonomous municipal entity (e.g., the balance-sheet option), a fully owned but partially autonomous municipal entity (e.g., the municipal enterprise), or a fully owned but autonomous municipal entity capable of aiming at market profits (the public limited company) (Thynne & Peters, 2015; Virtanen, 2010; Pitkämäki, 2014; Vakkuri, 2010).

This chapter reviews the existing literature on decision-making and choice. The intention is not to elaborate on a vast and comprehensive set of theories, but rather to describe various decision-making concepts and perspectives that are related to, or have a connection with the domain of institutional theory, and could constitute a useful basis on which to build the integrated analytical framework of the study. It is acknowledged that decision-making is dependent on and influenced by an array of factors, including knowledge, capacity, information,

and organisational functions and structures. Moreover, NPM-influenced values, such as efficiency, economy and effectiveness, should be taken into account when choices are made from among various organisational forms in the provision of public healthcare (Thynne & Peters, 2015; Virtanen, 2010; Pitkämäki, 2014; Vakkuri, 2010).

4.2   The decision-making and choice in organisations

Organisations, as consciously created entities, are the result of decision-making and choice. The choosing is similar to any other policy or programme, and the way in which governments and municipalities decide to create or transform their entities and organisations is dependent on the way in which they approach decision-making in general. The literature on decision-making is multifaceted and extensive, embracing a number of different theories (see also Thynne & Peters 2015; Thynne 2010).

Identifying the components and creating an array of organisational choices involves defining goals and dividing them into tasks and activities, grouping them and then linking the groups. The grouping brings together certain tasks, functions or disciplines, and separates them from others. Group members are linked according to the nature and level of task interdependence, the aim being to ensure that information and other necessary resources flow effectively and efficiently. Organisational choice making also involves aligning other basic elements, such as resources and incentives, so that each part of the organisation will carry out the tasks it is assigned via the grouping and linking. Alignment of these elements helps to ensure the availability of the necessary economic and human resources, for instance. Task incentives might entail choice making with regard to performance measurement, and the integration of incentives and rewards (see also Kallio, 2015; Bogt & Scapens, 2012).

Plans and activities in the area of human-resource development also involve organisational choice: they should be aligned with each other and with the tasks necessitated by the grouping structure and the linking mechanisms. The choices made should be positively reinforcing, rather than sending people in different and opposing directions. (Scott, 1989, 353–363; Mintzberg, 2009, 58–62) Organisational charts normally clarify the grouping. The basic assumption is that an organisation is most effective when its functions fit its strategy, its environmental conditions and its customers' requirements, and when its components are aligned with its goals and values (de Wit & Mayer, 2010; Mintzberg, 2009, 58–62; 1983).

Tasks comprise the basic element of organisational design, and vary in complexity from the relatively simple mechanical work on an assembly line to

the more complex reprogramming of a high-technology product, for example. Some tasks are extremely complex, such as setting up a new division to develop, produce and trade high-tech industrial products. The level of routinization also varies: simple tasks tend towards the routine, although some complex tasks are routinized as in the automatization of certain clinical laboratory analyses to ensure high levels of production efficiency. There is also variation in the extent of interdependence. Some tasks are highly independent of others, and can be performed in isolation with very little linking. Most tasks in an organisation involve some level of interdependence, however, which at its simplest varies from low to high but can also vary in the form it takes. Significant choices related to coordination, structures, interdependence and knowledge sharing should be guided by the strategy (Scott, 1989, 131–133; Mintzberg, 1983). There are various coordination mechanisms, designs and structures facilitating the organisation of groups, information flow, tasks and basic systems.

Various general elements are connected to organisational decision-making and choice, such as the identification and definition of a problem and the challenge of confronting a problem as an opportunity. A problem is a gap or tension between the desired and the current state (Buyukdamgac, 2003). Defining the problem requires focus and involves a thorough analysis of both states. This process leads to the inspection of organisational goals, values and preferences (Newell & Simon, 1972). Costs arising from the ineffective detection and definition of the problem include lost opportunities, arrested organisational development, and even costs associated with a crisis situation. Problem definition also acts as a basis on which to find a solution. (Buyukdamgac, 2003).

According to Mintzberg et al. (1976), the problem-definition phase has two sub-phases. The first of these involves sensing that there is a problem and recognising the need to solve it: action may be triggered when the problem has grown to the point at which it cannot be ignored. The nature of the problem is defined during the second sub-phase, and the possible cause-and-effect relationship in the situation is assessed. Information gathering is needed at this point to clarify the problem. Defining the problem increases the likelihood of the successful implementation of eventual solutions.

Defining the problem may be a management responsibility, possibly in collaboration with other members of the organisation. Challenges arise if the problem is denied, for instance, or if it is defined without thorough consideration and based on inadequate information. As a result, the problem-formulation phase is ineffective (Lyles, 1981). On the other hand, according to Allison (1971), partial information and understanding may be beneficial in some situations, as diversity may enrich the quality of the decision-making. Moreover, as Lyles and Mitro (1980) note, people may be afraid of identifying a problem that arises from the actions of a higher-level executive, or evokes political concerns. This may

lead to the covering up of the problem or the withholding of important information. Actors may even accept the definition of a problem without question for political reasons.

Having been defined, the problem may have more than one solution. The alternatives should be analysed and compared, and a decision made as to which solution best addresses the problem. The selection of an alternative and the final decision require a series of embedded smaller decisions (Minzberg, 1973, 191). Certain non-routine decisions relate to broader issues and the specific situation, and tend to be connected to the organisation's strategy. Routine decisions, on the other hand, tend to reflect managerial decision-making and action. The chosen solutions, according to de Wit and Meyer (2010), are typically the most promising among the available alternatives. The next phase is the implementation of the solution, which requires action that achieves results. Finally, the consequences of the problem-solving activities should be evaluated in order to identify the accomplishments and evaluate the results (de Wit & Mayer, 2010, 55).

The elements of organisational decision-making and choice described above may seem rather simple and even easy to capture because of their simplicity. Real-life decision-making tends to be more complex in the context of contemporary organisations, and the formulation of the problem is particularly complex in public healthcare bodies and their environments. Nevertheless, some of the classic concepts should be mentioned as part of the background for the study at hand. As mentioned above, there are various theories of decision-making, one of which leans on the concept of bounded rationality.

Simon Herbert (1972) could be considered one of the most prominent scholars in the field of bounded rational choice. He incorporated into the concept of bounded rationality the constraints of information-processing capacity (Simon 1972). In other words, the limits of rationality may be reached if the decision maker has incomplete information about the alternatives and possible consequences of the choices and decisions. The assumptions also relate to the given goals and conditions connected to the decision-making. Bounded rationality implies that actors search for satisfying solutions, and not necessarily optimal solutions as in the concept of rational comprehensive choice, which is discussed later on in this work (see also Lindblom 1959; 1979). The assumption is that actors do not have complete information or perfect knowledge on which to base their decision-making, Alternatively, environmental constraints such as time limits or ill-defined problems and goals, or differing decision-making goals for different interest groups, may prevent the decision maker from choosing the best course of action. More specifically, actors are not equipped to make cognitively rational choices (Lindblom 1959; Flingstein, 1991, 315; Simon, 1972; Vakkuri, 2006; Mintzberg, 1973, 14; see also Vakkuri, 2010). According to Simon (1972),

not all alternatives are necessarily examined. There may be a limited search for alternatives on which decisions are based, and actors would settle for a satisfactory solution (Knill & Tosun, 2012, 8, 84).

Yet another approach, which for instance Charles Lindblom (1959) strongly criticises, the idea of a rationally comprehensive approach to decision-making (see also Simon 1972; Knill & Tosun 2012). He bases his criticism on the key elements of the approach, arguing that they do not give an accurate description of decision-making in practice, nor do they prescribe how decisions should be made. Using the tree analogy he describes that rational comprehensive decision makers needs to go back to the roots of the process, but also explore all the branches. In other words, from the perspective of the actor, the rational process requires the decision maker as a purely self-interested utility-maximising rational being (Lindblom 1959; see also Schmidt 2006) to consider all possible definitions of the problem, and all possible solutions including the costs, the interdependency and the inter-relationships. Ultimately, the rational comprehensive decision maker ends up with one best solution.

At this point it is worth making a distinction between rational-comprehensive and rational-choice decision-making as understood in this thesis. The rational-comprehensive interpretation applied here is consistent with Lindblom's (1959; 1979) definition of the approach as a process in which decisions are made in accordance with the tree analogy described above: the rational choice reflects the interest-maximising expectations of the actor, or individual, whereas the rational-comprehensive choice reflects the process. In more simple terms, the former is the choice of a rationally self-interested actor and the latter is part of a rational decision-making process. Knill and Tosun (2012, 82–95) discuss and summarise the argument in their more recent contribution, arguing that the actor effectively has an interest he or she wants to maximise, and in doing so, or not is or is not acting in a rationally comprehensive manner. Nevertheless, the distinction between the actor and his or her interest, and the actor as part of the process in this study is in line with Lindblom (1959; 1979).

However, one more disadvantage of rational comprehensiveness relates to the exclusion of social structures and collective action, given that it has been positioned to explain social phenomena from the perspective of calculating and self-interested actors, in other words purely self-interested utility-maximising rational beings (Lindblom 1959). It is evident that actors and organisations work together in different kinds of collective bodies such as associations and stakeholder and other groups (see also Hodgson, 2012). Moreover, as Lindblom (1959) notes, human beings might not have the necessary cognitive capabilities to achieve rational-comprehensive decision-making and choice. Furthermore, it could be that neither the knowledge and resources nor the possible relationships are adequate (see also Minzberg 1973, 14).

The incrementalist approach refers to yet another decision-making concept and a successor of the rational-comprehensive approach. As noted earlier, Charles Lindblom (1959; 1979) brought it into the discussion in response to criticism of his rational-comprehensive approach. As an approach, incrementalism is less demanding than the rational-comprehensive approach and bounded rationality. Indeed, Lindblom (1959; 1979) points out that it is clearly more realistic, both descriptively and prescriptively, than the rational-comprehensive approach. Basically, incrementalism in decision-making means adapting to the possibly limited cognitive capacities and limitations of decision makers, taking into account the cost of information collection. In other words, rather than conducting a comprehensive survey and evaluating all possible alternatives, the decision maker focuses on the alternatives that differ only incrementally from existing solutions that need amendment or change. Consequently, only a relatively small number of possible alternatives are taken under consideration. More specifically, only restricted numbers of essential consequences are evaluated for each alternative, which could reduce the costs of decision-making processes. Furthermore, the problem to be solved is continually redefined. In sum, incrementalism allows continuous ends-means and means-ends flexibility, which might, in effect, make the problem easier to solve and to manage. (see also Minzberg 1973, 13–17)

A further characteristic of incrementalism is the idea that there is not just one correct solution, and that decisions are reached through continuous reconsideration of the issues to be resolved through analysis and evaluation (Lindblom 1959). The idea is to take "a small step at a time" in the correct direction, and if the direction is false the course is altered. Incrementalism has its critics on the political level, for instance, claiming that it favours the well-off rather than the underprivileged and politically unorganised (Etzioni 1967). Moreover, given the focus on the short run and on evaluating only limited alternatives there is a risk of neglecting societal innovations (Boulding 1964; Yehezkel 1964). Normativeness has been used to justify criticisms of incrementalism, meaning that in underestimating its impact on decision makers it results in non-innovative choices. On the fundamental level of decision-making, the incrementalist approach might not be the best in crisis situations such as bankruptcy, or acquisitions of large multinational global organisations. Nevertheless, it may be that fundamental decisions made in accordance with the incremental approach reduce the unexpectedness of change. The implication is that the incremental steps are meaningless unless they endure as fundamental decisions (Etzioni 1967; Braybrooke & Lindblom 1963).

Decision-making approaches evolve over time. They gain and lose popularity, and sometimes combine elements of two or more concepts in order to compensate for possible shortcomings. Sometimes a totally novel and even

contradictory approach arises in response to new decision-making demands among and within organisations and their environments. One example is the concept of mixed scanning, which combines elements of the rational-comprehensive approach and the incrementalist approach (Lindblom 1959; 1979). Mixed scanning derives from the work of sociologist Amitai Etzioni (1967). He criticised rational-comprehensive choice for its lack of realism, arguing that the thorough evaluation of all pertinent choices is neither practical nor efficient. He also claimed that incrementalism did not produce conclusions that distinguished the core from the marginal issues.

According to Etzioni (1967) mixed scanning is a procedure that facilitates the gathering of information and the formation of a strategy concerning the allocation of resources, and the drawing up of potential guidelines. The procedure combines thorough, in other words rational-comprehensive scanning with the evaluation of alternative solutions. The approach also incorporates the strategic planning of the investment of time and resources in the various levels of scanning. Further investment is considered in the case of a radically changing environment, or when the incremental changes have no effect or bring no improvement, perhaps even worsening the situation. Mixed scanning is based on the reality: it does not aim in a straight line towards the goal, given that taking a step away may sometimes be a good choice from a broader perspective. The aim is to minimise the unrealistic aspects of the rational-comprehensive approach (Lindblom 1959; 1979) by limiting the information required for the fundamental decision-making. As a result, the rational-comprehensive approach could be amended to overcome the conservative bias of incrementalism through the investigation of alternatives in the long term (Etzioni, 1967).

Complementing the mixed scanning concept, which combines elements of the rational-comprehensive approach and incrementalism, Cohen et al. (1972) came up with the garbage-can approach to organisational choice. The concept incorporates Simon's (1972) discussion of factors including the tenets of the rational-comprehensive model of organisational decision-making into decisions based on bounded rationality. The garbage-can concept incorporates the use of computer simulation, the assumption being that the actors involved in organisational decision-making check thorough the garbage can first and look for a suitable solution. In many cases, the solutions are developed and may exist independently of the problem. In other words, the garbage can concept functions

when organised anarchy[6] and ambiguity of choice are present. The actors, problems, solutions and choice opportunities are seen as flows that move somewhat independently in and out of the decision-making area, in metaphorical terms the "garbage can".

Thus, organisations produce multiple solutions that might be discarded later due to a lack of relevant problems. Moreover, the actors involved in developing the solutions may be different from those who define the organisational problems that need to be solved. Hence, in situations in which the organisation is expected to produce a decision it either has a choice in terms of opportunities or it does not, and this affects the extent to which an existing solution could be linked to a problem to be solved (Cohen et al. 1972; Knill & Tosun, 2012, 8–9). It is also possible for problems and solutions to transfer between different garbage cans. A decision can be made if a choice made in the right context complies with a solution given at the right time. In other words, the problem is solved. Even though the garbage-can concept may seem bizarre compared with incremental and bounded-rational-choice decision-making, for instance, it could produce decisions or solutions that are satisfactory or useful in conditions of high organisational uncertainty (Scott 1981, 299). Although originally applied in the context of higher education, in other words in somewhat institutionalised organisations, it could be a fruitful basis on which to analyse evidence-based clinical decision-making in healthcare services (Cohen et al. 1972).

Whereas incrementalism operates on the assumption that decision-making is characterised by bounded rationality (Simon, 1972), alternative solutions being developed in response to existing problems, the garbage-can concept (Cohen et al., 1972) operates under even less strict rationality assumptions in disconnecting problems, solutions and decision makers from each other. The decisions are outcomes of several relatively independent events related in particular to problems, solutions, choice alternatives and participants, whereas rationalist and incrementalist decisions follow an orderly process from defining the problem to choosing the solution (Olsen, 2010; Knill & Tosun, 2012, 8). More specifically, the basic idea behind the garbage-can concept is that organisations have a set of routinized solutions to problems and prefer to use them rather than search for

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[6] Organised anarchy is described as a decision situation in an organisation characterised by three general properties. First, the organisation has an inconsistent set of preferences, discovering preferences thorough actions rather than acting on them. Second, the organisation has unclear technology, meaning that its members do not understand the organisational processes: it bases its operations on simple trial-and error procedures and by learning from past experience. Third, the organisation is open to fluid participation, meaning that involvements vary from time to time, and as a result the boundaries as well as the decision-makers change. (Cohen et al., 1972; see also Lane 2009, 41–42)

alternatives that are not familiar, in other words close to the organisation's core values. Such institutional change, when implemented, thus conforms to the logic of appropriateness, and the core organisational values serve a gatekeeping function in the search for problem-solving alternatives in a somewhat bounded-rational manner (Olsen, 2010; see also Cyert & March, 1963; Peters, 2012, 36).

It seems that all the choice and decision-making concepts discussed above imply the presence of two or more options. In practice this means that choosing one option automatically excludes the rest, and the organisation and its actors have to live with the consequences. How do bounded-rational, incremental, mixed-scanning and garbage-can choices, which are considered the good option, produce the desired outcomes? There are certainly situations in simple and even complex contexts when only one choice has to be made and other options can be neglected. However, in complex organisational settings such as public healthcare organisations, the idea of only having one option might appear rather simplistic and inadequate in some cases, and end up creating unintended dilemmas and attainments (Kuoppakangas, 2014; Kuoppakangas et al., 2014; Hytti et al., 2014).

The elements of decision-making and choice introduced above are considered in the following in the light of assumptions that give varying weight to the conscious choice of the decision maker. Given that decision-making includes the voluntary aspect of social action, the question arises of the extent to which social actors can make their own decisions, and the extent to which their choices are influenced by various factors and various forces that may be beyond their control (Etzioni, 1967).

4.3   Factors affecting choice

Throughout the 19th and 20th centuries there was considerable academic contemplation of the establishment and expansion of, and continuity and change in organisations and institutions. Institutions have played a wide variety of roles in enhancing understanding of contemporary societies among philosophers ranging from Karl Marx to sociologists such as Pierre Bourdieu and contemporary organisational theorists such as Richard W. Scott, Paul J. DiMaggio and Walter W. Powell (Greenwood et al. 2008; Karlsson 2014, 51). The domain of institutional theory could be described as a set of analytical concepts that guide explorations of the factors that may affect decision-making and choice. However, institutional theory cannot be described as a coherent entity. There is a vast amount of literature focusing on institutional analysis and

different perspectives within different disciplines.[7] They are not even coherent within their elements and arguments (Knill & Tosun 2012, 78; see also Karlsson 2014, 53; DiMaggio & Powell 1991, 1). The intention in this section is to give an overview of the domain of institutional theory, which is by no means exhaustive but rather presents some of the prominent strands of theorising, specifically those that represent the theoretical stance of this thesis. Vivian Schmidt (2006) identifies four different varieties of new institutionalism: rational-choice, historical, sociological and discursive institutionalism.

Many writers contributing to the wide variety of literature on institutional theory claim that new or neo-institutionalism has its roots in the old institutionalism (which is also called the original institutionalism) (Meyer & Rowan 1977; Selznick 1949; March & Olsen 1984; Schmidt 2006; DiMaggio & Powell 1991; Peters 2012; Karlsson 2014). Institutionalism has a strong tradition in sociological analysis going back to the philosophers Max Weber and Durkheim, and in the political sciences through the remarkable work of Woodrow Wilson (Schmidt 2006). The beginnings of new institutionalism can be traced to the late 1970s and early 1980s, reflecting the aspirations of a rather wide variety of scholars including Mayer and Rowan (1977), Zucker (1977) DiMaggio and Powell (1983), Mayer and Scott (1983) in sociology, and March and Olsen (1984) in the political sciences. Many others have redirected institutional analysis towards the new institutionalism (Schmidt 2006; Peters 2012, 22, 25 Greenwood et al 2008, 2–3).

DiMaggio and Powell (1991, 11–15) effectively evaluated similarities and differences in old and new institutionalism. The main similarities concern the perception of institutionalisation as a process that is dependent on the state and how it affects organisations by limiting their decision-making options. In other words, institutionalisation constrains organisational rationality. The relationships among organisations and their environments are emphasised in both old and new institutionalism. The role of the organisational culture in shaping organisational reality is also stressed. Organisational culture in this study refers to the way in which members of an organisation relate to their work, the outside world and each other, in comparison with members of other organisations (Hofstede 1997; Schein 1992, 3–15). The major differences between old and new institutionalism outnumber the main similarities, which justifies the delieation of the old and the new. Few of the main differences concern the analytical focus, the environmental approach, the respective views on institutionalisation, how individual actions are

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[7] *"Institutional theories include a variety of approaches by scholars spread across the social sciences, in the disciplines of political science, economics, and sociology"* (Thornton et al 2012, 5–6).

described, or how conflict and change are viewed (DiMaggio & Powell 1991, 15). Old institutionalism is rather forthrightly political in its analysis of organisational strategies and group conflict.

New institutionalism, in contrast, is more concerned with conflicts within and between organisations, or how they respond to such conflicts through developed administrative structures. According to Selznick (1949), organisations conforming to old institutionalism are embedded in the local communities to which they are tied by inter-organisational contracts negotiated in face-to-face interaction. The focus in new institutionalism, according to Scott and Mayer (1991), is rather on organisational sectors or fields on the boundaries of professions, industries, national or local governments and societies. From this perspective the environments are more elusive in their influence: "*they penetrate the organisation, creating the lenses through which actors view the world and the very categories of structure, action, and thought.*" (Powell & DiMaggio 1991, 13) Moreover, the institutionalisation is apparent in the organisational forms, structures and rules. By way of contrast, institutionalisation in the older version is regarded as a process in which organisations as organic wholes, and their units and key processes are institutionalised (Powell & DiMaggio 1991).

On the individual level both old and new institutionalism tends to reject the view that individual actions constitute organisational behaviour. There are varying grounds for this rejection. First, the problem in old institutionalism lies in the notion that such individual strivings might lead to organisational irrationality, given that such efforts are beyond anyone's control. By way of comparison, actor intentionality from the perspective of new institutionalism is rejected owing to the taken-for-granted nature of most human behaviour. Moreover, in accordance with new institutionalism, actors and their interests are the creations of institutions, although there is reference to individual actors having the possibility to make strategic choices on the organisational level (Powell & DiMaggio 1991, 14). Change in old institutionalism, in turn, is a dominant part of the organisation's development in adapting to the environment (Selznick 1957, 39), whereas new institutionalism highlights organisational homogeneity on the field level and leans heavily towards stability in terms of institutionalised components (DiMaggio & Powell 1991, 14).

Moreover, apart from homogeneity on the level of the organisational field, there are some highly institutionalised systems of professional training, such as of physicians in healthcare and also in the legal profession. Homogeneity of training on the field level should also generate homogeneity in the recruitment and supervision of lawyers, for instance. However, it seems that law firms use a variety of strategies in their recruitment processes: some recruit mainly from a particular university whereas others recruit from several. Similarly, socialisation and supervision practices vary. The implication is, according to Zucker (1991,

105), that such variation in strategic responses in the same environment may stimulate differentiation rather than homogeneity on the organisational level. In other words, even though highly institutionalised organisations in the same contextual field seem homogenous from the outside, they are not necessarily homogenous internally. Nor are there necessarily organisation-level isomorphic forces pushing them to be similar in their internal strategic decisions (Tolbert 1988).

As discussed earlier and above, organisations as entities, organisations as structures and organisations as institutions are subject to many influences. The influence on organisational choice, whether reflecting the rational-comprehensive, boundedly rational, incremental, mixed-scanning or garbage approaches, could also, as noted earlier, be influenced by various factors. Decision makers making rational choices as self-interested utility maximisers belong to the strand of rational-choice[8] institutionalism within the domain of institutional theory. Vivian Schmidt (2006), like other scholars, emphasises this. In simplified terms, she defines institutions as a manifestation or reflection of someone's self-interest. Rational self-interest echoes the theory of utility in terms of maximising value (Niskanen 1971; Downs 1967; see also Peters 2012, 55–56). One interesting aspect of the rational-choice strand of institutionalism is the role of the actor: as discussed earlier, institutional theory may not be as strong on agency as it is on structure in the exploration of social behaviour. Individuals are viewed as actors when they pursue their own interests (see Table 1), albeit within the settings created by the institutions (Peters 2012, 65). However, when the social behaviour departs fundamentally from interest-motivated action, the rational-choice approach is weak on agency.

Because rational-choice institutionalism tends to describe the origins of an institution in terms of its effect, the approach is often viewed as functionalist. It is described as highly intentionalist in assuming that rational actors both affect and create. It is also designated as voluntarist because the creation of institutions is seen as quasi-contractual rather than asymmetric in terms of power (Hall & Taylor 1996; Schmidt 2006). Furthermore, it fosters static descriptions in assuming that preferences are fixed in accordance with equilibrium conditions, and struggles to describe why institutions change over time other than in a virtuously functional manner. Indeed, organisations are viewed as rather static in this strand of institutionalism: the emphasis on continuity is via fixed preferences and the logic of consequentiality (see Table 1; Schmidt 2006; Czarniawska 2008, 771).

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[8] Also called 'public choice' theory.

One contradictory element is the way in which rational-choice institutionalists question the institutional rules by which rational actors seek to maximise their utility. They could question them in terms of their justness or how power is exercised, or in terms of efficiency, but have been criticised for not doing so (Immergut 1998). Instead, as Terry Moe points out, institutions are considered good because they exist and take the forms they do to make actors better off (cited in Schmidt 2006). A well-known exception is the Marxian rationalist analysis of the 'predatory' state. Margaret Levi (1989) criticises the policies of tax collection for maximising revenue, focusing on rules rather than Marxist economic classes. Her work strays from rational-choice institutionalism in recognising power and its unequal distribution (Levi 1989, 46). However, she has been criticised for cherry-picking case studies (see Schmidt 2006). Within the rational-choice approach most institutions are assumed to create stability to facilitate the maximisation of utility among rational actors (Schmidt 2006).

Institutional constraints and forces tend to be identified in line with the logic of consequentiality, rational-choice arguments being seen as core causes with opportunity costs, for instance. In the context of decision-making institutional arguments tend to provoke adaptive responses to institutional conditions (see also Scott 1991, 164–182). Thus, the concept of rational choice and other approaches related to institutionalism could represent competing ways of producing institutional effects (e.g., Jepperson 1991, 157). It seems that the rational-choice approach is in direct opposition to the normative and cognitive strands of institutional theory (Peters 2012, 142). Nevertheless, it is situated within institutional theoretical domain, illustrating the wide variety of perspectives it incorporates (Schmidt 2006; Peters 2012; e.g., Schotter 2008; Williamson 1975; Veblen 1914; Scott 2008, 89).

Table 1   The four new institutionalisms
(see Schmidt 2006, 115)

	Rational choice institutionalism	*Historical institutionalism*	*Sociological institutionalism*	*Discursive institutionalism*
Object of explanation	Rational behavior	Historical structures	Norms and culture	Ideas and discourse
Logic of explanation	Interest	Path-dependency	Appropriateness	Communication
Ability to explain change	Static: emphasis on continuity through fixed preferences	Static: emphasis on continuity through path dependency	Static: emphasis on continuity through cultural norms	Dynamic: emphasis on continuity through ideas and discursive interaction

Another factor that could influence organisational transformation is historical evolution, which could be labelled historical institutionalism (Schmidt 2006; see also Peters 2012). The emphasis is on path dependency and the unintended consequences of historical development. According to Schmidt (2006), historical institutionalism is more heavily influenced by the old institutionalism than by the other (rational-choice, sociological and discursive) forms. The role of agency remains somewhat vague, and the linkages between institutions and individuals are less defined than in some other approaches (Peters 2012, 70). The answer to the question of what constitutes an 'institution' also remains vague. Thelen and Steinamo (1991, 2–4), for instance, give examples of formal structures as in legal and social institutions, which they seem to accept as institutional components. Historical institutionalism is based on the notion that 'history matters' and 'taken-for-granted' assumptions in exploring organisational decision-making (Karlsson 2014). Path dependency, in turn, relates to historical, political and institutional factors that constrain and mediate the choice and implementation of organisational changes (Schmidt 2006; Sander 2012, 43–44; Model et al. 2007; Pierson 2000; see Table 1).

Path dependency could be described as a situation in which the set of choices available at any moment is dependent on the choices made earlier. The choices connected to path-dependent changes may lock actors into suboptimal arrangements (Model et al. 2007; Burns & Scapens 2000; Greener 2005; Kay 2005). This 'lock-in' situation occurs when deviations from the initial path become increasingly difficult or costly, which may result from unevenly distributed bargaining power among actors (see also Thelen 1999). Burns and

Scapens (2000, 12) conclude that institutional organisational change is path-dependent because "*existing routines and institutions will shape the selection and implementation process*". Model et al. (2007), on the other hand, argue that this conclusion may be simplistic if it does not examine what alternatives to existing institutional arrangements were available, or if there was any examination of why the alternatives were rejected. Path dependency may be self-enforcing, and may prolong inefficiencies and unintended outcomes (Hall & Taylor 1996; Pierson 2000). Nevertheless, scholars such as Pierson (2004) argue that path dependency may create change as well as continuity.

Powell (1991, 191) refers to path dependency as one of the factors of reproduction related to institutional decision-making and change. The self-reinforcing feedback mechanism that supports path-dependent decision-making could make the exploration of alternative solutions difficult (Powell 1991, 193). Given that organisations are affected by their history, their decisions support evolutionary rather than revolutionary change, as rational choice institutionalism implies (Schmidt 2006; see also Karlsson 2014, 65). There is no implication that organisations remain unchanged: the change may rather be gradual, and may be the result of incremental somewhat long-term processes (see Pierson 2004, 82). Thus, path dependency illustrates how organisational arrangements may persist over time, even though they are not necessarily optimal (Powell 1991, 194).

Decisions with path-breaking results may be attributable to organisational destabilisation, for instance, via some kind of exogenous shock (Knill & Tosun 2012, 256; Pierre & Ingraham 2010, 26). Moreover, the path-dependency of the choices made earlier determine subsequent decisions. If decisions are not understood in the light of earlier decisions it may be difficult to understand the logic behind the original choices. It would need a significant force to convert organisational path-dependent choice making into a path-breaking approach (Peters 2012, 20–21). Nevertheless, historical institutionalism may not suffice to interpret unexpected institutional change (Peters 2014, 88). Rational-choice institutionalism almost always implies that the actors were acting rationally. Similarly, historical institutionalism may reflect the impact of previous decision tendencies (Peters 2012, 88). Even though historical institutionalism cannot be fully distinguished from the other approaches, if integrated into them it could still prove useful in the analysis of institutional phenomena. (see also Karlsson 2014)

Sociological institutionalism has gained significance as an approach to understanding organisations and is also of value to political scientists (Greenwood et al. 2008; Schmidt 2006). It functions well in delineating the shared norms in organisations that influence interests, shape identities and frame actions (see Table 1), as well as in describing the shared understandings and norms that affect issues that are perceived as problems or regarded as solutions. As a concept, sociological institutionalism appears to stand in direct opposition

to rational-choice institutionalism, providing insights into the reasons why an individual acts in ways that do not comply with the rational-choice actor's maximisation of value. It may shed light on the events from which historical institutional interpretations are constructed, because such interpretations contextually engage the individual's reasons for action: the role of collective processes of interpretation and legitimacy is emphasised in the development of institutions. Sociological institutionalism may serve to interpret inefficiencies in institutions in ways that rational-choice institutionalism cannot (Mayer & Rowan 1977; see also Hall & Taylor 1996).

A key feature of sociological institutionalism is the logic of appropriateness, which March and Olsen (1984) identified as a shaper of behaviour in organisational decision-making. Institutional and organisational norms and values are strongly emphasised. On this the logic of appropriateness differs considerably from rational-choice assumptions, according to which behaviour in decision-making is a function of rules and incentives rather than being guided by norms and values (Lindblom 1959; 1979; Weingast 1996), although the former also has its rules. March and Olsen (1995) argue that the rules exist as a means of structuring the field-level behaviour (macro-level) of institutions. They formalise the logic of appropriateness, guide newcomers in the adoption of an organisation's norms and values, and could also foster a more heterogeneous understanding of the organisational logic of appropriateness among all the actors.

According to the logic of appropriateness, individuals make conscious choices that are in line with the core institutional and organisational values. This kind of decision-making requires that each individual make an interpretation of the core values. Yet even the most highly developed institution has areas that are open to interpretation by individual members, which in turn requires the monitoring of behaviour and the reinforcement of the core understanding of appropriateness (March & Olsen 1989, 161; Peters 2012, 31; Powell & DiMaggio 1991).

However, Christensen and Rovik's (1999) critics demonstrated that March and Olsen's (1984; 1995) assumptions regarding the logic of appropriateness were not necessarily accurate given the vagueness of institutional constraints and behaviour. Nevertheless, some ambiguity might be beneficial to organisations if employees are allowed to bring in different ideas about what is appropriate. The logic of appropriateness may encourage further openness to change, and such ambiguity may be beneficial until more specificity is needed in the organisational decision-making (Peters 2014). Another criticism is that March and Olsen almost completely removed human decision-making in emphasising the role of the logic of appropriateness (Dowding 1994, 111). They criticised rational-choice institutionalism for giving too much autonomy to individuals, but their critics countered that they totally excluded human agency from the decision-making. This particular point is in line with the general criticism of sociological

institutionalism. The most fundamental critics of the logic of appropriateness is that it may be difficult to prove that there is no such logic and it therefore has no effect on the actors' decisions. This might be because of the the vagueness of the criteria for the justifying its existence within an institution. (Peters 2014; see also Popper 1959).

The limited capacity of rational-choice, historical and sociological institutionalism to explain change, given their emphasis on the static nature of institutions, has sent some scholars in the direction of discursive institutionalism. This theory is primarily concerned with ideas and how they are communicated through discourse (Schmidt 2006; Hall 1993; Hay 2001; Jabko 2006; see also Peters 2012, 112). Schmidt (2006; 2002) argues that the approach is based on the notion that institutions are defined by ideas and how they are communicated within the organisational structure. Institutional change is reflected in the discourse among the members of the organisation, which may enhance legitimacy or delegitimise change.

The discursive institutional approach relies more on shared communication and ideas than the other institutional concepts (see Table 1). Historical institutionalism highlights ideas as change trajectories to some extent, but not as much as discursive institutionalism (Peters 2012): the actors are involved in the institution primarily because of the ideas and values it represents, rather than the formal use of rules and structure. This is similar to sociological institutionalism, which also connects creation and change with values and norms. Ideas may flow into the organisation from the surrounding environment, or the field level. International trends may also trigger certain new ideas, in the same way as NPM triggered more business-type actions in the public sector. The discussions and discursive repertoires of the actors could also be viewed as translations of the ideas discussed—in other words translations of the actors' understanding of organisational change. The translation of ideas may affect the way in which ideas are adopted on the micro-level within the organisation. However, it is suggested in recent developments of the institutional approach that field-level structuration may also occur on the level of ideas (Czarniawska & Sevón 1996; Sahlin-Andersson 1996; see also Bonnedahl & Jensen 2007; DiMaggio & Powell 1983).

Sociological institutionalism reflects to more of a top-down change process. It differs from other approaches in that organisations are perceived as a fundamental locus of institutional activity, and organisational norms are defined in accordance with existing patterns of norms, routines, symbols and myths. Discursive institutionalism, on the other hand, is based on the assumption that institutions emerge from the interaction of their members, and that the organisational norms are flexible and tend to be constructed through interaction. It appears from these differences that the logic of appropriateness has little in common with discursive institutionalism, the norms of which derive for the most

part from interaction rather than external standards of behaviour, and it is accepted that participants may well change their views rather than meeting the requirement of appropriateness within the institution (Schmidt 2006; Peters 2012).

Discursive institutionalism may be more open to change than the other approaches introduced above, but it can be somewhat too amendable to organisational life. Institutions are assumed to bring stability and predictability to their members and society (Peters 2012, 119; see also Thynne & Peters 2015), and anything that challenges this predictability may have a negative effect on the nature of the institution. Hence, the common criticism directed at institutionalism is reversed, and analysts should consider the capacity to impose stability (Schmidt 2006, Peters 2012). Moreover, a potential analytical challenge in the discursive institution relates to the transformation of the discourse and the ideas into a decision. In other words, discourse matters when it reconceptualises interests, rather than merely reflecting them, in mapping new institutional paths instead of following old ones. There is also the question of when discourse triggers the reframing of organisational norms rather than refining them. Managing an organisation based on unclear assumptions about collective goals may require more than conventional management skills: multiple and even conflicting goals impose demands on managers. Given the general understanding of what institutions are, there should be a degree of consensus among their members, even though the belief pattern is somewhat less enduring than implied in sociological and historical institutionalism (Schmidt 2002; 2006; Peters 2012). According to Schmidt (2006), discursive institutionalism could be effective in terms of interpreting the dynamics of change and continuity in organisations. The institutional analysis in this study combines the tenets of sociological and discursive institutionalism, and incorporates some notions of historical institutionalism in the light of taken-for-granted assumptions concerning public healthcare organisations in Finland.

4.4 The special factors

4.4.1 Isomorphic forces

Other elements of institutionalism and institutional complexity should also be considered. A number of special factors, or underlying forces, affect organisational processes. Other aspects to be considered in this part of the thesis relate to legitimacy, reputation, branding and similar mechanisms, as well as dilemmas and their nature and significance. Given their commercial and social

connotations, all these factors are significant in the context of organisational transformation, as evidenced in the three case organisations on which this thesis is based (see Thynne & Peters 2015; Karlsson 2014).

Special factors that affect organisational decision-making are worth closer scrutiny. According to Frumkin and Galaskiewicz (2004), institutional isomorphism, which is a constraining process that forces organisations to resemble one another (see DiMaggio and Powell 1983; Scott 1995), strongly influences the adoption of new organisational forms in the public sector. DiMaggio and Powell (1983) describe three types of institutional isomorphic forces: the *coercive, the normative* and the *mimetic*. In simple terms, coercive forces relate to legal and juridical requirements on the EU or national level, for instance, that force organisations to change direction (Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al 2013), whereas normative forces relate to professionalism and social pressure (Kuoppakangas et al 2013; Hytti et al 2014; see also Bonnedahl & Jensen 2007).

A simple example of the exertion of mimetic isomorphic force relates to the adoption of certain clinical-management practices by colleagues of a medical practitioner that allow them (so the practitioner assumes) to gain market advantage. The colleagues, patients and the media praise the new practices in a way that convinces the medical practitioner of the need also to adopt new methods of *some kind* in his or her organisation. The practitioner might also feel under pressure to adopt *the same* clinical-management practice as his or her colleagues, even though any evaluation of its effectiveness is based on assumption. As a result, the practitioner (and more specifically, his or her organisation) would be under mimetic pressure to introduce the same clinical management practices as his or her colleagues (see also Powell & DiMaggio 1991; Kallio & Kuoppakangas 2013).

As DiMaggio and Powell (1983) and Scott (1995) suggest, the merging of organisations in new forms is only partly attributable to competition and the drive for efficiency. It may be that public institutions adopting forms from the business sector become increasingly similar in their search for legitimacy, but it does not necessarily make them more economically viable, efficient or effective. Frumkin and Galaskiewicz (2004), in turn, found that public organisations were more exposed than others to all three types of institutional isomorphism.

Thus, according to Scott (1983a, 160), organisations seek to generate socially fit signals to their peers, *masking* their activities as rational in order to gain legitimacy. Such *masking* emanates from coercive, mimetic and normative institutional isomorphic forces (DiMaggio & Powell 1983). The organisations may seem homogeneous from the outside and in their structures, but they may be heterogeneous inside: in other words, they might function differently. Thus, organisational change towards homogeneity has been implemented on varying

levels. Furthermore, the apparent homogeneity may be used at the outset as a *mask* in order to achieve legitimacy (Scott 1983a). The discussion on institutional isomorphic forces in connection with organisational change is referred to as the micro-level[9] or process perspective (Thornton & Ocasio 2008, 100).

Institutional theory has its critics, most of them showing concern about the organisational-level perspective and the dismissal of the human side, the strategic actor in organisational settings. There have been studies and discussion in response to these criticisms, specifically within the research on institutional entrepreneurship (e.g., Hardy & Maguire 2008; Battilana 2006; Leca & Naccache 2006). DiMaggio and Powell (1991), and other scholars brought the paradox of embedded agency into the discussion (see also Seo & Creed 2002). The enigma is this: how can such agencies envisage innovative new organisational solutions and drive their peers towards them if they are subservient to institutional powers? (Garud, Hardy & Maquire 2007, 961)

Hardy and Maquire (2008, 213) further conclude that the discussion on institutional entrepreneurship is somewhat vague and requires more in-depth research otherwise it could swing towards intentional and strategic change, which is a different theoretical area. Moreover, the management of strategic change is built into an organisation's strategy, which reflects its values, goals and objectives. Organisational goals are attainments or aims that are pursued in the existing set-up with current resources, whereas values provide moral and ethical guidance for business and operational practice. (de Wit & Mayer 2010).

Complementing the organisation-level perspective on the role of institutional isomorphic forces in triggering organisational change in public-sector organisations, several scholars apply institutional logic[10] as a meta-theory via which to interpret organisational change, and a channel through which to integrate institutions and actions. The focus is not only on institutional isomorphic forces, but also on the effects of different and contradictory, even competing, institutional logics that could shape individual and organisational behaviour (Friedland & Alford 1991; Haveman & Rao 1997; Thornton & Ocasio 1999; Scott et al. 2000; Greenwood et al. 2010; see also Kallio 2015). Thornton et al (2012, 2) defines institutional logics as "*the socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organisations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences*." According to this definition, there is a link between individual

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[9] Thornton & Ocasio (2008, 100) use the term 'micro-level perspective', meaning organisational level.

[10] Organisational-field-level perspective.

agency and cognition, as well as between socially constructed institutional practices and rule structures (Thornton & Ocasio 2008, 101).

Homogenous organisational behaviour on the level of the organisational field could be interpreted through institutional logic with its four mechanisms of change. Institutional entrepreneurs constitute one of these four mechanisms, and could thus be referred to as agents who trigger change by means of various cultural tools and storytelling, often in a persuasive manner. Structural overlap is another, distinguishable in connection with organisational acquisitions and mergers: in other words, these diverse organisational cultures may be on a collision course and demand change. The third mechanism is event sequencing, meaning how a specific incident may promote the adoption of new mechanisms in organisations, and the fourth is competing logics, which is more a consequence of change, especially when highly dominant professional logics such as those of medicine and economics are combined (Thornton & Ocasio 2008, 99–129; see also Kallio 2015).

4.4.2   Legitimacy

Essential issues that have arisen in this study include legitimacy, which is at the core of institutional theory. Nevertheless, its definition, having evolved over the last three decades, could be called elastic (Deephouse & Suchman 2008, 50). Many scholars (Johnson et al. 2006; Ruef & Scott 1998; Schuman 1995) refer to Weber (1946) and Parsons (1956; 1960) when crediting the origins of the discussion. According to Weber (1946), legitimacy can result from conformity with general, normative and formal coercive forces. Parsons (1956; 1960) took up Weber's suggestion and defined legitimacy as compliance with an organisation's values, laws and norms.

Furthermore, Mayer and Scott (1983a, 201) went on to offer the following rather explicit definition: "…a completely legitimate organisation would be one about which no question could be raised.… Perfect legitimation is perfect theory, complete and confronted by no alternatives." Beetham (2013, 15–23), in turn, criticises the Weberian concept for its inadequacy in explaining the growth and decline of legitimacy, also (pp. 15–23, 42–47) characterising the concept as power that operates on three different dimensions: conformity to rules, the justifiability of shared beliefs, and legitimation through the expression of subordinate approval ("consent" Beetham 2013, 18). He refers to non-legitimate opposites as illegitimacy (related to rules), legitimacy deficit (the absence of shared beliefs) and delegitimation (the withdrawal of approval) (ibid., 20).

The discussion took a step forward in attracting the interest of management scholars in the mid-1990s (Scott 1995; Aldrich & Fiol 1994; Kostova & Zaheer

1999). Suchman (1995, 574) proposed a definition that guided this study: "*Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.*" At the same time, the discussion spread to the conceptual dimensions of legitimacy, varying from Aldrich's and Fiol's (1994, 648) '*cognitive and socio-political legitimacy*' to Suchman's (1995) 12 distinct legitimacy types. Archibald (2004) further restructured these dimensions as regulative and cognitive legitimacy. Meanwhile, Scott (1995) subdivided Aldrich's and Fiol's (1994) dimensions into three: regulative, normative and cognitive legitimacy.

Deephouse and Suchman (2008, 54) argue in a more recent study that legitimacy could be almost anything that is socially constructed, and that the subjects may actively build it (Ashford & Gibbs 1990). As mentioned earlier in connection with the translation of ideas and discursive institutionalism, there is also growing evidence that the effective use of language may enhance the legitimacy of organisational change (Goodrick & Reay 2010; Green, Yaun & Horia 2009; Glyn & Loundsbury 2005; see also Kitchener 2002; Schmidt 2006; Czarniewska & Sévon 1996).

Meyer and Scott (1983a, 201–202) describe external and internal sources of legitimacy as those "*who have the capacity to mobilise and confront the organisation*". These sources include society, the media, the organisations themselves and the state. Their support for or the absence of validation may grant or withhold legitimacy, respectively (Deephouse & Suchman 2008, 56–57). With regard to external and internal legitimacy, Bitektine and Haack (2015) investigated the processes driving stability and change in micro-level (internal) and macro-level (external) organisational legitimacy. They propose a multilevel theory of the legitimacy process that, they argue, broadens the implications for institutional theory and communications, focusing on how different social processes unfold in institutional stability and change. (Bitektine & Haack 2015)

Under conditions of stability, macro-to-micro, top-down influences dominate the legitimacy process and reinforce validity: "*the institutionalised legitimacy judgement*" (Bitektine & Haack 2015, 68). Macro-micro influences also hinder development, as does the public expression of negative judgements by individual actors/evaluators—in other words those who could endanger stability and destabilise legitimacy. However, competing judgements weaken the validity under conditions of institutional change. In fact, the micro-level process has an important role in reshaping the social order. Even though legitimacy could be considered an asset owned by organisations or an individual, there is still the social evaluation of others to consider. Evaluators of legitimacy may be individuals or collective actors, and the evaluation takes place on the micro and macro levels (Bitektine & Haack 2015, 50–51).

Distinguishing between the influences on these two levels shows how the media, regulators and other stakeholders can be used as valid components of legitimacy on the macro level (Deephouse & Carter 2005; Baum & Oliver 1991; Bitektine 2011). Under conditions of institutional change, the above measures may reflect invalid social norms and forged preferences (Kuran 1995). With regard to micro-level legitimacy, it is frequently claimed in the current literature on institutions that macro-level homogeneity automatically incorporates the homogeneity of individual actors' actions and judgements (see also DiMaggio & Powell 1989). According to Bitektine and Haack (2015, 69), however, individual actors are under pressure to conform and therefore suppress judgements of legitimacy according to institutional orders. When the factors preventing those deviant judgements are no longer present, however, actors/evaluators might feel free to deliver their deviant judgements. Such actions would contribute to the destabilising of the institutional order. In other words, actors' legitimacy judgements might be subject to social control (Bitektine & Haack 2015).

It seems that legitimacy can be institutionalised. It operates through rhetoric and discursive construction, and also through the punishment of evaluators who issue deviant judgements. Furthermore, information may be diffused selectively in order to withhold anything that could result in negative judgements. Institutional legitimacy on the macro level appears to be driven not only by actors/evaluators' cultural beliefs and value systems (Berger & Luckmann 1966; Schuman 1995), but also by fear, greed and even ignorance (Bitektine & Haack 2015, 69).

Thus, one might expect the dynamics of legitimation to synchronise simultaneously with the process of institutionalisation (Lawrence et al. 2001), although Suchman (1995, 587) suggests that conforming to or manipulating the environment may also be effective in gaining legitimacy. Scholars developing institutional theory have long argued that organisations need legitimacy in order to establish their presence and attain their goals (see also Meyer & Rowan 1977, 353). Questions of legitimacy are addressed mainly on the micro, organisational level in this study, although there is some discussion on the macro level.

4.4.3   Reputation

The focus in this sub-section is on reputation as an integral yet distinguishing feature of organisational legitimacy (Gibson et al. 2006, 15). Tevameri (2014, 155) shows in her study on organisational legitimacy how public hospitals as institutions are very keen on protecting their reputation (see also Heimer 1999). In this study, too, reputation is discussed in connection with the transformation of the three case organisations into municipal enterprises. A good reputation could

help to generate substantial profits that encourage stakeholders to forge contracts with, invest in and commit to the organisation (Srivastava et al. 1997; Fombrun 1996). In addition, a favourable reputation may enhance profitability, lower the company's costs, and attract customers and competent employees (Wæraas & Byrkjeflot 2012; Deephouse 2000; Fombrun 1996).

Reputation is defined in various ways, having been studied within different research disciplines, including marketing, management, sociology, organisational strategy and economics (Suomi 2015, 41; Fombrun & van Riel 1997). Chun (2005, 105) elegantly defines organisational reputation as: "*the summary view of perceptions held by all relevant stakeholders of an organisation, that is, what customers, employees, suppliers, managers, creditors, media and communities believe the organisation stands for, and the associations they make with it.*" This definition suits the study at hand because, for instance, it includes large stakeholder groups such as those connected to public healthcare organisations.

Walker (2010) further suggests that reputation may be viewed differently from different levels of the organisation: its reputation for customer service may differ from its reputation as an employer, for instance (Suomi 2015, 41; Walker 2010). In a similar vein, suppliers and customers might have different views of an organisation, and insights may differ even in the same stakeholder group. Despite the numerous levels and dimensions, however, it appears from the existing literature that definitions of reputation typically refer to overall reputation—in other words a combination of the different aspects (Suomi 2015, 41; Roper & Fill 2012; Fombrun 1996).

Organisational identity, which as a phenomenon is associated with and somewhat embedded in reputation and branding, could be used as a lens through which to enhance understanding of reputation. According to Dutton et al. (1994, 242), organisational identity develops in combination with an individual's incorporation of the employer's perceived values into his or her own belief systems. Hence, individual and organisational values must be compatible. There are two aspects to be considered: first, the individual self-selects to join an organisation with values that match his or her own core beliefs, and second, an individual's beliefs evolve over time and may become closely tied with those of the employer (Pratt 1998). There seems to be some consensus among scholars that organisational identity refers to internal stakeholders (Suomi 2015, 39; Walker 2010; see also Hatch & Schultz 1997).

Thus, decision makers who are determined to achieve and maintain a good reputation should understand that the contents depend heavily on internal organisational factors such as identity (Aula & Harmaakorpi 2008; Fombrun 1996). They should also be aware that organisational reputation is based on stakeholders' perceptions and is socially constructed (Walker 2010; Suomi 2015, 42). Public-sector organisations and their reputation building are too often

overlooked in the relevant literature. One reason for this may be that reputation, like branding, has only recently attracted attention in the public sector, especially in Finland, although studies on branding and reputation in the context of public-sector organisations have been conducted in the USA, UK and Australia (Wæraas 2008; Suomi 2015). The NPM framework seems to be a trendsetter in the discussion: public-sector organisations tend to lack the autonomy enjoyed in the private sector to operate as independent actors (Wæraas & Byrkjeflot 2012).

The public sector in itself may be an obstacle to reputation building. Wæraas and Byrkjeflot (2012) identify five obstacles in their study: "*the politics problem, the consistency problem, the charisma problem, the uniqueness problem and the excellence problem*" (ibid. 188). Some of the problems may be political, given that all public organisations are, to some extent, beholden to elected bodies. A public entity may formulate its strategy and mission statement when it is established, but political bodies can change them any time. In fact, a public organisation's identity is largely determined by its very "publicness", in stark contrast to private organisations. What is more, politicians, who could be regarded as the "owners", may sometimes criticise public organisations in order to promote their own agenda. Needless to say, such criticism tends to be at the expense of the public organisation. Such attacks would not be acceptable on any level in the private sector, and would have severe consequences (Wæraas & Byrkjeflot 2012).

With regard to the problem of consistency, public-sector actors encounter many different and contradictory values throughout their work. (Healthcare professionals are a prime example of this phenomenon, which is discussed later on.) Some of the basic values are related to equality, fairness and justice. Values connected to morality and ethics may conflict with a market orientation (Wæraas 2008). According to Fombrun and van Riel (2004), an essential aspect of a good reputation is consistency in terms of values, identities and how one presents oneself. Public organisations may be unavoidably inconsistent, however, which points to another contradiction: as a public organisation's identity becomes more complex and ambiguous, its reputation assumes even more significance but at the same time becomes more fragile (Carpenter & Krause 2012).

Public-sector organisations tend to lack charisma. It has been suggested that stakeholders pursue goals and expect satisfaction on more of an emotional than a rational level, and in order for them to achieve such goals organisations should appeal to the individual's identity and provide satisfaction. According to Fombrun and van Riel (2004, 95), "*when companies build emotional appeal*" they build a strong reputation. It is also suggested that an organisation with a strong reputation and brand has charisma (Wæraas & Byrkjeflot 2012). Public-sector organisations must serve all citizens equally and fairly in accordance with their mission, which ties into the political problems discussed above. Although

NPM has introduced a customer orientation and competition to the public sector, public organisations may still find it difficult to build a good reputation. One inevitable fact is that when the media become interested in public organisations it is often related to unwelcome events. (Wæraas & Byrkjeflot 2012)

The uniqueness problem arises when the stakeholder sees only similarity and no point of difference: an organisation that stands out acquires competitive advantage (Deephouse 1999). Uniqueness is connected to differentiation, in fact. However and rather surprisingly, it was found in a recent study of public hospitals in Norway that if differentiation was more extensive than expected the hospital's reputation was at risk, and the universally competent hospital could then be in jeopardy. Moreover, standing out as unique may require stressing a narrow set of services, which might trigger conflicts among professions and teams within them (Sataoen & Wæraas 2010).

It is assumed in the reputation literature that organisations aim for an excellent reputation. This raises the excellence problem and the issue of competition. An organisation aiming at an excellent reputation has to be compared to other organisations in the same field, and someone needs to lose so that someone else can win. This kind of competition is more natural in the private sector given the strong expectations of dissimilarity in services and quality. Public-sector organisations in the same field have similar characteristics given the common mission of serving the public interest. Deephouse and Suchman (2008) conclude that legitimacy is non-rival in the sense that everyone may achieve it, but there are winners and losers in the competition for an excellent reputation. Naturally, there are variations within the public sector, and differences between countries.

It is therefore worth pointing out that if the political implications are ignored in research on public organisations, understanding of reputation dynamics within the public sector will remain rather limited. Furthermore, the reputation of a public organisation is somehow connected to the municipality that owns it and the region in which it is located: some regions have a reputation for innovation, and others for a lack of it. Moreover, there may be little political consensus concerning public services and the economic resources allocated to them. All these factors may affect the reputation of the region and the municipality, as well as of the publicly owned organisations located in it (Aula & Harmaakorpi 2008).

Scholars applying institutional theory have investigated the pre-action (building) and action (building, preserving and protecting) stages of reputation development, and the way in which organisations gain legitimacy in their institutional contexts to build their reputation (Walker 2010, 377; Deephouse & Carter 2005). The pre-change expectation among the case organisations in this study was that the transformation into a municipal enterprise would have a legitimising effect and would be good for reputation building (Kuoppakangas et al. 2013). Walker (2010) encourages scholars to connect the pre-action and

action stages to the post-action stage (outcomes of a built reputation) on the theoretical level. He also (2010, 377) suggests that it would be worthwhile finding out how the organisational context might enhance or obstruct the organisation's ability to change its reputation. The context in this study is public healthcare and the adoption of business-type operations following the decision to transform into a municipal enterprise. Continuous changes in the institutional environment add to the organisational challenges in establishing and maintaining a favourable reputation.

4.4.4   Public branding

Significant issues concerning branding also arose in connection with reputation and legitimacy. Indeed, corporate reputation is often linked to the concept of branding. The NPM framework focuses increasingly on branding in an attempt to improve public-sector efficiency and effectiveness (Hoskins 2003). The role of an organisation's reputation in this setting is to reflect its ability to meet stakeholders' expectations (Fombrun & van Riel 2004). Public-sector branding has been investigated on different levels. Various regulatory and government agencies (Aberbach & Chritensen 2007), universities (Suomi 2015; Bulotaite 2003) and hospitals (Bjyrkjeflot & Angell 2007; Hytti et al. 2014) seek to express their identities and values by means of branding elements.

The brand message is delivered mainly through external signs (elements) such as logos, colour themes, design and employee activities. According to Waeraas (2008), public-sector organisations constitute a more demanding context for branding than the private sector: in other words, a different approach might be required. It has been argued that branding should be a more of an operational than a strategic means for public organisations (Kearsey & Varey 1998), although these views have been challenged in studies advocating that branding should be used strategically to reflect specific features of public services (Laing 2003; Waeraas 2008). In line with this more recent view it is acknowledged in this study that public organisations may constitute a more challenging and contradictory context with regard to branding, and thus require a different approach (Hytti et al. 2014).

The American Marketing Association (1960) describes a brand as a "*name, term, sign, symbol or design... intended to identify or differentiate goods or services from those of competitors*" (Hytti et al 2014). Stride and Lee (2007) add in their contemporary definition that brands are infused with "*their own qualities and characteristics that can provide emotional and self-expressive benefits to the consumer*" (Hytti et al. 2014). Organisational branding, according to Balmer (2001, 281), reflects "*the conscious decision by senior management to distil and*

make known the attributes of the organisation's identity in the form of a clearly defined branding proposition." Balmer's definition stresses the position of organisational identity as the starting point of the organisational brand. As discussed earlier in connection with reputation and identity, organisational values are connected to organisational branding (Wæraas 2008). Various public organisations are recognisable as brands in their home countries and internationally, including Harvard and Stanford universities in the US, Oxford University in Britain and École Nationale d'Administration in France (Wæraas 2008; see also Suomi 2015). Furthermore, there are public brands that are in competition with the private sector, such as in telecommunications, transportation, energy and water supply, as well as public hospitals in the US such as UCLA Medical Center (Wæraas 2008).

Given the tendency among organisations in the public sector to have multiple and complex functions, with inconsistent values, it is likely that they are exposed to conflicting identities. As a result, there may be inconsistencies among public employees in their understanding of the organisation's identity, brand and message, even though they all pursue the same public mission. Employees in a hospital surgery unit may say that they are carrying out operations according to the values of healthcare professionals, for example, whereas the same hospital's receptionist may relate to values such as customer service and is likely to downplay the bureaucratic aspects of the organisation (see also Wæraas 2008).

Although it has been argued that a consistent identity is at the core of a strong brand and reputation in private-sector organisations, it may be more useful for public organisations to consider using their inconsistent and conflicting values to express their identity: it may produce a better match of realities than artificially consistent values (Wæraas 2008). Misrepresenting an organisation's brand, which may be based only on one identity, could be confusing to all of its stakeholders. For example, a regulatory organisation describing itself as providing a helpful service to its customers could be giving the wrong impression, especially in the light of its other identity as a coercive agency (Wæraas 2008). Such a situation might not reflect the intended brand message, which would create a gap between the communicated and the actual brand. In such a case, an organisation promoting itself as both a service and an authority could communicate its strengths, even if its attributes are contradictory. Multiple identities of this nature may enhance organisational flexibility and could facilitate its matching with the surrounding environmental diversity (Wæraas & Solbakk 2006). Indeed, Brunsson (1989) suggests that such flexibility might be necessary if public organisations are to acquire legitimacy. They might then have the potential for building a coherent brand (Balmer & Greyser 2002; Wæraas 2008).

As suggested in the literature on branding, public organisations might not place differentiation at the core of their branding activities. They face external pressures not to differentiate from their peers because they are expected to have consistent values, such as promoting the common good of citizens and taxpayers. Such organisations may still be unique given their multiple and complex functions and inconsistencies, which according to Wæraas (2008) means that they have the potential to become a strong brand. They may still suffer from the uniqueness problem however, which could prevent the building of a strong brand (Kvåle & Wæraas 2006). The paradox is that a public-sector organisation seeking to build a strong brand should be unique, but as noted above in connection with a study of Norwegian hospitals, it could jeopardise the organisations' reputation and its stakeholders' trust if it becomes too unique and differentiated (Sataoen & Wæraas 2010; Virtanen & Stenvall 2010, 53).

It has been found that internal branding plays an important role in disseminating the core of the brand message to employees. When employees '*live the brand*' (Ind 2001; Hytti et al 2014) they deliver the organisation's message to stakeholders accurately and consistently (Punjaisri & Wilson 2011). Related activities could also encourage stakeholders to buy into the new brand, as well as ensure continuity among the elements (Miller et al. 2014; Hytti et al. 2014). Internal branding relies on communication and education that is targeted to the different internal stakeholders, and if not well conducted could confuse employees and weaken their commitment to the brand. This, in turn, could affect the way employees communicate the organisation's brand and identity to customers and other stakeholders. It may thus become a reputation risk and even threaten the organisation's internal and external legitimacy (O'Callaghan 2007; Kuoppakangas et al 2013).

Studies on healthcare branding tend to focus on commercial providers. Branding is considered a critical activity, which is conceptually embedded in the literature on service branding (Kemp, Jillapalli & Becerra 2014). The discussion on branding in public healthcare organisations also reflects the literature on non-profit and public-sector branding. There is some research on branding in the area of public-sector healthcare (Hudson 2009), but it is still limited, especially in the context of Finland (Hytti et al. 2014). However, qualities have been identified that are common to all healthcare branding. The sector offers highly intimate and personalised service that requires a solid organisational approach so as to deliver a unique standard of consistency, although such consistency might not be achievable in practice, as noted earlier (Kemp, Jillapalli & Becerra 2014).

Public healthcare providers are expected to deliver the type of care that is demanded, and to communicate this to end users, regulatory authorities and other stakeholders. A strong brand can help in achieving this goal in connecting with people's emotions (Berry 2000; Tevameri 2014). Branding may have specific

advantages in public healthcare, related to ensuring customer and employee loyalty and competing effectively at a time when patients/customers have an increasingly free choice of service providers, as found in the UK (Hudson 2009) and recently also in Finland (THL 2015). Competing effectively may seem contradictory, but as public funding diminishes there may be a need to cut costs. One way of doing this is to eliminate small healthcare units, which would mean laying employees off. In fact, it has been suggested that branding in public organisations could create unhealthy competition and thereby prompt spending that is of dubious benefit (Sargeant 2005; Hytti et al. 2014).

Public healthcare has its distinctive values, aims, challenges and professional standards (Shortell & Kaluzny 2006, 8–10), as well as its operational context and branding needs (Pickard 2009; Lazarus 2009; Sarvimäki & Stenbock-Hult 2009; Dopson et al. 2008; Scott et al. 2000; see also Stinchcombe 2005). One way of enhancing public branding in healthcare organisations would be to rebrand the whole field of public healthcare in Finland (see also Hytti et al. 2014). It is worth noting here that the case organisations were not managed as brands before their organisational transformation into municipal enterprises. Nevertheless, rebranding might be one solution to the branding challenges. According to Merrilees and Miller (2008, 538), "*Corporate rebranding refers to the disjunction or change between an initially formulated corporate brand and a new formulation.*" Consequently, the reference in this study is to rebranding Finnish healthcare rather than rebranding from a previous brand (see also Hytti et al. 2014).

Moreover, given the focus in existing studies on rebranding in the private sector, there is an evident need for empirical research in public healthcare organisations and public healthcare in general: there remain significant challenges even though the benefits can be clearly articulated (Hytti et al. 2014). It is therefore likely that the adoption of business-type management practices and entry into genuine markets will increase the complexity and the tensions, further challenging the organisation's legitimacy and reputation, as well as the decision-making and change processes (Pollit & Bouckaert 2011; Olsen 2010; Anttiroiko 2007; Lapsley 2007; Salminen 2001; Gilmour & Jensen 1998; see also Suomi & Järvinen 2013; Suomi 2014).

4.4.5   Dilemma

Dilemmas, their elements, nature and significance arose in this study in connection with the transformation into a municipal enterprise. Questions of legitimacy and reputation together with the notion of organisational branding created an interesting research schema. Indeed, as suggested in the current

literature, public healthcare organisations could achieve both successful and not-so-successful outcomes through the use of business-type tools that could provoke dilemmas and paradoxical consequences (Karlsson 2014; Baker 2007; Kangaslahti 2007; Lapsley 2007; Eräsaari 2006; Hampden-Turner 1990).

The word dilemma derives from the Greek "*di = two and lemma = decision",* in other words *"two propositions"* (Hampden-Turner 1990, 9). Hampden-Turner (1970; 1981; 1990; 2009) defines the concept as problematic decision-making between two extremes, X and Y, which are equally logical and desirable. In the present context the two extremes derive from organisational values or goals, with their benefits and shortcomings: inter-organisational co-operation versus competition, for example. Problematic decision-making between X and Y provokes tensions in the organisation, which could be eased through dilemma reconciliation that would facilitate survival and continuous development.

Early organisational theorists such as Fayol (1997 [1916]) and Taylor (1997 [1912]) discussed either–or decisions, meaning choosing between X and Y, in the context of organisational success. Proponents of contingency theory, in turn, have been attempting to resolve these tensions since the 1960s (Chandler 1962; Woodward 1965; Deutsch 1968): the theory explores under what conditions X or Y is a good choice, and simulates the choice between co-operation and competition, for example. Meanwhile, Hampden-Turner's (1970; 1981; 1990; 2009) dilemma theory takes a holistic and systemic perspective (see also Capra 1997, 36–37), the both–and approach, the aim being to reconcile X and Y. In other words, the exploitation of both extremes instead of simply choosing between them potentially leads to dilemma reconciliation.

The definitions and discussion foci related to dilemmas and organisational tensions vary widely in the existing literature (Smith & Lewis 2011; Mahmood & Rufin 2005; Poole and Van de Ven 1989; Cameron and Quinn 1988). Whereas Hampden-Turner's (2009) definition posits X and Y as logical and desirable, The Oxford Dictionary of Current English (1985, 204) defines a dilemma as a situation in which both X and Y are undesirable. Mahmood and Rufin (2005), in turn, discuss government dilemmas, but do not explicitly provide a definition. Meanwhile, Smith and Lewis (2011, 387) define a paradox in a similar way as Hampden-Turner (2009) defines a dilemma: acknowledging that the two concepts overlap they end up reflecting Hampden-Turner's (2009) definition of dilemmas.

The roots of Hampden-Turner's (1970; 1981; 1990; 1999; 2009) and Trompenaars and Hampden-Turner's (2004) dilemma approach lie in the Hegelian synthesising process of thesis, antithesis and synthesis (de Wit & Meyer 2004, 18), developed further in a more practical direction (Kangaslahti 2007, 31). The reconciliation of X and Y does not necessarily mean compromising between them: it may be possible to make use of both

simultaneously as illuminated in Figure 7 and further discussed later in this thesis (Trompenaars & Hampden-Turner 2004, 179). Similarly, Smith and Lewis (2011, 397) discuss the simultaneous involvement of X and Y from a unifying-paradox perspective: *"Contradiction is inherent and can be powerful to enable peak performance if harnessed."* (Smith & Lewis 2011, 397).
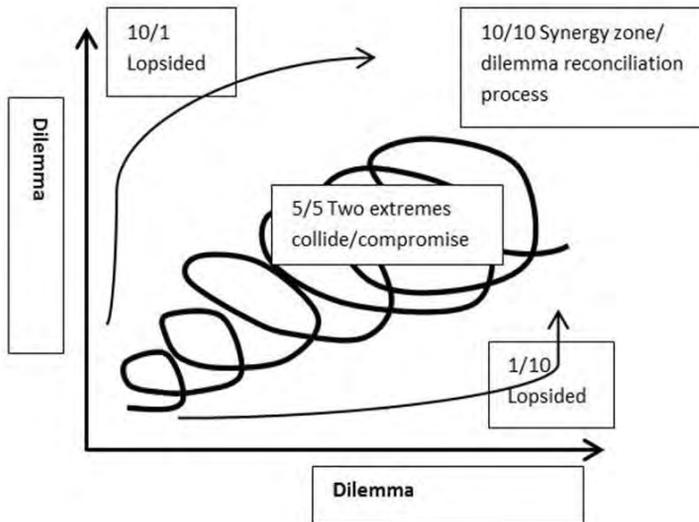
Figure 7   Trompenaars and Hampden-Turner's (2004) dilemma approach

Paradox is an ancient concept inherited from early Western and Eastern philosophies. It is defined in the existing literature as: "*contradictory yet interrelated elements that exist simultaneously and persist over time*" (Smith & Lewis 2011, 386). When these elements are separate they seem logical, but in combination they are illogical (Lewis & Dehler 2000, 708). Paradox is considered a philosophical concept in this doctoral thesis (see also Kangaslahti 2007, 36), whereas dilemmas are positioned as managerial challenges requiring practical reconciliation (see also Lingis 2004, 21).

There appear to be few existing organisational theories that both explicitly illuminate and define organisational extremes, or advocate the prediction and mapping of dilemmas that create tensions in the decision-making. The key organisational dilemmas arise from the values and goals that are crucial for survival and success. Smith and Lewis (2011) constructed a dynamic equilibrium model for mapping organisational contradictions, which seems to resemble Hampden-Turner's (1970; 1981; 1990; 2009) original research work on strategic dilemma reconciliation (see also Trompenaars & Hampden-Turner 2004, 179).

Many studies investigate paradoxes and dilemmas (Smith & Lewis 2011; Pollit & Bouckaert 2011; Waeraas 2008; Mahmood & Rufin 2005; Agyris 1999; 2004; Handy 1994; Quinn 1988; Miller 1992), seeking to balance the dilemmas (Olsen 2010), and some also include legitimacy in their discussion of strategic balance (Deephouse 1999). However, it may still be the case that dilemmas are overlooked or simply ignored, given the complicated nature of the concept and the problems in coming to grips with it (Hampden-Turner 2009; Kangaslahti 2007). Whereas many scholars end up with either-or solutions, or simply avoid and seek to eliminate dilemmas (Pollit & Bouckaert 2011; Storey & Salaman 2009; cf. Rittel & Webber 1973), or define them as complex, lame or unresolved wicked problems (Vartiainen et al. 2013; Conklin 2006), Hampden-Turner (1970; 1981; 1990; 2009) takes a both-and approach in his research on the concept and its practical implications that spans three decades. Given this both-and perspective and its dilemma-reconciliation focus, Hampden-Turner's (1970; 1981; 1990; 2009) approach is highly suitable for this study.

4.5   Specific tensions connected to professional bureaucracy

I have introduced aspects of entities that are consciously created thorough the complex process of decision-making and choice with reference to institutionalism and legitimacy, reputation, branding and dilemmas. All of these assume even greater significance in the transformation of an organisation with clashing values and goals, in other words embracing bureaucratic principles and structure, professionalism and the related hierarchical structure, and business-type ideologies and objectives. The intention in this section is to illustrate the complexity of the public-healthcare organisational context and its environment. The discussion covers the main legislative obligations, the bureaucracy and the organisational structures that foster professional bureaucracy and healthcare professionalism. (Minzberg 1979; 1983).

Juridical constraints (Lane 2009, 5) have to be taken into account somewhat more carefully in the establishment and management of public as opposed to private organisations. Public-sector organisations have to comply with extensive legislation that may constrain management practices somewhat more than in their private-sector counterparts. Private-sector organisations generally operate under private law (contract and company law), and also face legislation and norms related to accountability and responsibility, although not to the same extent as public-sector organisations. Accountability here means that both public- and private-sector officials take responsibility for their actions and may have to make amends if they do not fulfil their duties and commitments (see also Tevameri & Virtanen 2013; Liegel 2001, 77).

A distinctive characteristic of public-sector as opposed to private-sector organisational decision-making is its complexity. Public-sector organisations have multiple stakeholders and cooperation partners, whose expectations have to be addressed and met. Private-sector organisations have similar stakeholders and cooperation partners, but the decision-making is considerably more simplified. In the private sector the owners own the company, the management board governs it, and the CEO is responsible for the operative management. In the case of public organisations, on the other hand, it is always a question of public policy (politics). The executives rely on bureaucracy and the hierarchal layers of civil servants to implement the policies (Knill & Tosun, 2012, 60; Weber, 1947). There are no clear boundaries delineating power relations between policy makers and executives: policy makers are members of the municipal board and thus are included in the decision-making. (Virtanen & Stenvall, 2010, 38; Tevameri, 2012, 155) In fact, politicians have attempted to control the functions of healthcare organisations in Finland, possibly resulting in a lack of trust between the two healthcare organisations and the municipal boards in both the short and the long term (see also Kallio, 2015, 97–100).

The three case organisations investigated in this study are public healthcare providers, which are among the institutions that for decades have generally been taken for granted somewhat in Finland and most other welfare states. In this case the taken-for-grantedness relates mainly to the fact that there are juridical constraints on Finnish municipalities to ensure the provision of public healthcare to all citizens in equal measure. On the institutional level it may reflect the effects of these constraints on expectations. Indeed, the concept of being taken for granted is somewhat ambiguous and takes on a number of rather different forms (Mayer & Rowans, 1977; Thorton et al., 2010, 22–23; Sanders, 2012, 41; Jepperson, 1991, 146–147; see also Karlsson 2014). Institutions that are taken for granted tend to have a shared social purpose. Individuals may not understand institutions, but they may have ready access to practical or historical interpretations of why certain practices exist, and could thus expect further access to be available if they need it. Institutions are taken for granted in the sense that they are functional elements and absolute features of a social environment, for instance (Jepperson, 1991, 147). They face criticism and questioning for not successfully adapting to the changing needs of the environment (Sanders, 2012, 41).

Public organisations typically rely on general and special administrative law as well as on formal organisations and bureaucracy. The legislative requirements are more extensive in the public sector, especially concerning procedures and documentation connected to bureaucracy. Private-sector organisations also have bureaucratic aspects, but generally not to the same extent as public organisations (Kettl 2006, 366–384; Lane 2009, 4–5). Weber (1947) emphasises the important

role of bureaucracy in public administration, referring to three main characteristics: employee stability via the provision of suitable career paths, a hierarchical structure with higher-level officials supervising lower-level employees, and standardised decision-making based on written documents. Bureaucracy is used as a generic term describing organisational coordination and structures, and also "*refers to complex organisations assigned to perform specific tasks*" (Kettl 2006, 366). Organisations generally assume a structure that determines the coordination and control, the roles and responsibilities, the power distribution, and how information flows internally and between different management levels (see also Pugh 1973). Some structures are hierarchical and multi-layered as in classic bureaucracies, whereas others are flatter with fewer levels.

Henry Minzberg (1979) describes various forms of organisational structure, each with specific coordination mechanisms, and refers to the following five as ideal types: the simple structure, the machine bureaucracy, the professional bureaucracy, the divisionalized form and the adhocracy[11] (see also Kallio 2015, 77–78; Donaldson 1996; see Table 2). Each of these ideal types is discussed briefly below, without extensive elaboration given the main aim to provide examples of possible organisational choices as a background for decision-making and choice in the context of this study.

A simple structure is typical of relatively small entrepreneurial firms with one or just a few organisational levels that evolve around the entrepreneur, who is at the heart of the firm as a strategic apex (see Table 2). It may also suffice for new governmental departments or medium-sized retail stores. The flat structure implies that there is little or no bureaucracy: entrepreneurs tend to have power and control over employees and decision-making. In other words, the prime coordination mechanism is direct supervision. Survival in such organisations means being dynamic and organic, and lean and flexible at the same time. Vertical and horizontal centralisation is also typical. Being lean and organic facilitates adaption to dynamic environments with new markets and unpredictable up-coming challenges. Information and communication may flow fluently unless there are internal obstacles, such as unresolved social problems among the participants, in other words the employees and the entrepreneur. The goals and values of the simply structured organisation tend to be the ones the entrepreneur has built. Many of these organisations are young, and may change

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[11] Mintzberg (1989) also refers to *adhocracy* later on in his works as *innovative organization* (see also Kallio 2015, 74).

their structures later on to better serve their basic functions as they grow. (Mintzberg 1980)

The machine bureaucracy could be defined as an organisation that is grouped by activity, or function. The technostructure relies on standardised work processes as its core coordination mechanism (see Table 2). There is a strict division between line managers and employees, and the decision-making is relatively centralised but also often associated with external control. It is a classic form of a large organisation, and is still commonly adopted initially. In its characteristics it resembles Weber's (1947) bureaucracy. There may be development potential in terms of functional expertise, and a high degree of knowledge specialisation in each function that may strengthen the informal power of the employees concerned. This happens because the machine bureaucracy depends heavily on the standardisation of work processes. Formal communication is common and favoured, and the decision-making tends to follow a formal process. The environment is simple and stable, differing from the dynamic environments of simply structured organisations. Dynamic environments cannot support repetitiveness or standardisation, nor can complex environments be rationalised and reduced to the carrying out of simple repetitive tasks. Machine bureaucracy is often connected to mass production, and to organisations in which the work is repetitive, such as insurance and telecommunication companies. (Mintzberg 1980; Mintzberg 1983; cf. Fayol 1997 [1916])

The divisionalized organisation is grouped according to markets and product lines, with limited vertical decentralisation. For instance, large multinational companies may be divisionalized, often by industry, and operate around the world grouped according to geographical region and country. National companies may also be grouped by region. One advantage of this structure is the capacity to develop deep customer knowledge as well as close customer relationships. Such organisations might find the machine bureaucracy's functional structure too inflexible, for instance, and instead adopt a product-line or multidivisional structure. Nevertheless, there are signs of machine bureaucracy within divisions that are highly structured internally with a consistent set of goals and virtual autonomy, and that are only loosely coupled with other divisions. The divisionalized environment is not very dynamic or complex, and the organisations tend to be mature. This may have an adverse effect on technical expertise, and the potential for synergy and learning opportunities might be missed given the low interdependence among the different divisions. The people concerned all contribute to the same final output, which is standardised in one particular division even though the group members carry out a variety of tasks and activities within it. Another strength of the divisionalized form is transparency in terms of performance. However, it may be easier to track the

costs and profits of each business in each division in a functional structure. (Mintzberg 1980; 1983).

An adhocracy could be defined as a project organisation and tends to be medium-sized, its key component being its support staff. It uses mutual adjustment as a coordination tool and applies selective patterns of decentralisation. Adhocracies typically do not engage in routine tasks, and exist in an environment that is both complex and dynamic. Technical experts are at the operative core and the technostructure is relatively small. Minzberg (1983) distinguishes between two main types of adhocracy. The operating adhocracy engages in innovation on behalf of its clients, as in the case of advertising agencies and consulting firms. The unique challenges call for a multidisciplinary work team, and administrative and operative tasks tend to blend together. In other words, ad-hoc-type projects do not allow a sharp distinction between planning and design work: both should proceed simultaneously. (Minzberg 1983).

In the administrative adhocracy on the other hand, the project work serves the organisation, as in chemical firms and space-technology companies. The technical systems are relatively automated and sophisticated with technocratic standards built into the machine technology. Administrative and operating tasks are sharply distinguished. The operational core may be housed in a separate structure, for instance, and the administrative function may be the adhocracy. The main goals in adhocracies include rapid adaptation to changing environments and innovation. Examples include electronics companies, as well as research and development organisations. (Mintzberg 1980; Galbraith 1973)

Before moving on to the last ideal type of organisational structure, the professional bureaucracy, I should mention here that all the above-mentioned structures (see Table 2) are clearly simplifications of more complex organisational forms (see also Mintzberg 1980). Structures also evolve and develop over time, and may be in transition from one type to another in response to changing demands from within or outside the organisation. Some organisations adopt a combination of two or more structures, which Minzberg (1983) refers to as hybrids that may develop when different forces push them towards different ideal types (Mintzberg 1980). NPM has also triggered hybridity among public-sector organisations: those that adopt a mixture of mechanisms, structures and logics from the public, private and non-profit sectors are defined as hybrids (Billis 2010). As a result, the current literature recognises public organisational hybridity as an on-going phenomenon and a possible way of satisfying growing demands related to the organising and governance of public-sector services. Government and municipally owned companies have also been identified as hybrids. The municipal enterprises investigated in this study may have some hybrid characteristics, but the focus here is not on that aspect

(Lindqvist 2013; Thynne 2013; Beviridge & Guy 2009; Osborne 2010; Thomasson 2009; Kickert 2001).

Table 2   Mintzberg's Five Organizational Structures
(Mintzberg 1983)

Structural Configuration	Prime Coordinating Mechanism	Key Part of Organization	Type of Decentralization
Simple structure	Direct supervision	Strategic apex	Vertical and horizontal centralization
Machine bureaucracy	Standardization of work processes	Technostructure	Limited horizontal decentralization
Professional bureaucracy	Standardization of skills	Operating core	Vertical and horizontal decentralization
Divisionalized form	Standardization of outputs	Middle line	Limited vertical decentralization
Adhocracy	Mutual adjustment	Support staff	Selective decentralization

Mintzberg's (1983) professional bureaucracy suitably characterises hospital[12] organisations: the three case organisations investigated in this study are clinical laboratories belonging to public university hospitals, which have the same characteristics (see also Kallio 2015). Professional bureaucracies employ thoroughly trained and competent medical professionals, who constitute the operative core of the organisation and have to control their own work on account of its complexity (see also Sveiby 1990).

Bureaucracy in general has been criticised for being inflexible and somewhat inefficient, but it does comply with juridical constraints and protects integrity and professionalism (Lane 2009, 19; Kettl 2006). The professional bureaucracy has a

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[12] Employees in healthcare organisations and hospitals represent a wide range of occupations: medical professionals/physicians, nurses, other healthcare professions, non-healthcare professions such as maintenance services and also non-clinical managers/administrators (Glouberman and Mintzberg 2001).

democratic structure in that the professionals often choose their representatives all the way from the operational level to middle and top management (Mintzberg 1990, 191; Kallio 2015, 83–84). There is dual authority (clinical and administrative) in healthcare organisations, which is also characteristic of professional bureaucracies (Mintzberg 1983, 194–197). Physicians' decision-making largely determines the nature of hospital operations. Although this dual authority is recognised, it may well be that administrators do not wish to interfere or to oppose physicians because the success of the healthcare organisation is closely tied to satisfying their demands, as was the administrator's own job security until a few years ago. The main administrative functions of this type of professional bureaucracy are to assist the professional core of the organisation and to manage the provision of supplies, equipment and facilities for the use of physicians (Shortell 1983).

According to Mintzberg (1979, 360), the decision-making in a professional bureaucracy tends to be connected to professional knowledge, which is the clinical operative level in healthcare organisations. In other words, healthcare organisations are largely occupationally rather than administratively structured (Scott 1983b, 100). The physicians employed in the three case organisations worked on all levels - the clinical operative level, the middle level and the top level. Some also worked in administrative functions. Successful decision-making in this context requires leaders and mangers to understand the clinical operations connected to cure and care tasks. It was also evident from the empirical data of this study and the existing literature that the diversity among physicians should be recognised in decision-making involving almost any organisational change (Kallio & Kuoppakangas 2013; Kuoppakangas 2014; Kuoppakangas et al 2014; Hytti et al 2014). Naturally, too, there is competition among the professionals in these organisations: physicians, for instance, do not comprise a unitary group of heterogeneous healthcare specialists. The primary-care physician may have different interests concerning organisational changes than a surgeon or pathologist, and all will be concerned if a decision is not in line with their interests or is likely to benefit other specialist groups more than their own (Shortell 1983).

According to Tevameri (2014), healthcare organisations, and particularly hospitals, as professional bureaucracies are organised and coordinated relatively often in matrix structures. The three case organisations investigated in this study are municipal enterprises, but they are also components of university-hospital matrix structures. The matrix organisational structure comprises two or more strategic-grouping dimensions of equal weigh: the manager of each operating unit, for instance, reports to two managers, one for each dimension. From every perspective these organisations are more complicated than single-dimension entities: they require dual systems, roles, controls and rewards that reflect both

dimensions in the matrix. Matrix structures have traditionally characterised engineering organisations, but have been adopted to suit hospital organisations, for instance (Tevameri 2014; Galbraith 2009; Burns 1989; Mintzberg 1979, 66–67), and appear to have significant advantages that make them attractive to companies and hospitals. Matrix management is more dynamic than functional management in that it allows team members to share information more readily across task boundaries, and is based on vertical and horizontal decentralisation. It also allows for specialisation that can deepen knowledge in a specific sector or segment, which is essential in healthcare organisations. (Galbraith 2009; Burns 1989; Minztberg 1979) In order to function well in healthcare settings, however, the matrix should be carefully planned and designed to meet the goals set for it (Tevameri 2014; Tevameri & Kallio 2009).

Kallio (2015, 104) observes that physicians have established strong and effective professional[13] dominance in Finland and in other Western countries (see also Freidson 1970; 1988). Such professional dominance has a significant influence on healthcare, and clearly affects structures, forms, functions, management and decision-making in healthcare organisations. Physicians' professionalism also affects the role hierarchy within various groups of professionals: nurses, physiotherapists and chiropractors, for instance, are lower down the professional hierarchy. In practice this means that many leading physicians in such organisations hold the decision-making strings. This also applies to the three case organisations investigated in this study: all three CEOs were physicians. Similarly, but also somewhat conversely, Scott et al. (2000, 178–179; 326–329) identified a strong professionalism affecting healthcare organisations, but also detected signs of a decline in the professional dominance of physicians in the US. Kitchner (2002) also detected signs in US healthcare organisations of a shift in management and decision-making from a bottom-up to a top-down perspective so as to involve formal leaders who might not be healthcare professionals or physicians.

Nevertheless, the latest studies conducted in Finland still report strong professional dominance and professional bureaucracy in public hospital organisations, although it may be that similar changes as in the US will happen in Finland in the future. There is already a growing tendency in private-sector medical centres in Finland for non-medical professional CEOs to head the

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[13] The Oxford dictionary of current English (1985, 589) defines a profession as an "*occupation, especially in some branch of advanced learning of science (medical profession)*", and professional as "*of or belonging to or connected with profession*": in addition, professionalism is defined as "*qualities or typical features of a profession or professionals*" (ibid.). These definitions are adopted in the current study.

operational management (Kallio 2015, 175–176; see also Kuoppakangas et al. 2014; Virtanen 2010).

There is a wealth of research on healthcare professionalism, which appears to be among the strongest within the physicians' area of professional dominance. The legal profession is also rather strong in terms of professionalism, but not to the same extent as in healthcare. With regard to the study at hand, it is worth pointing out that professional dominance is part of the organisational context of the three case organisations, and of the organisational field. Professionalism in healthcare develops early on in medical schools where future professionals study and observe physicians in hospitals and health centres doing their clinical work (Kallio 2015; Mintzberg 1983). In addition and as existing research shows, the Finnish Medical Association has been able to build and defend its professional dominance over the decades (Kallio 2015, 101–110; Ryynänen 2001, 34; Klemm-Savonen 2011).

Public healthcare organisations carry out complex tasks (Virtanen 2010, 25–26; Davidson & Peck 2006; Sweeney 2005). Professional bureaucracies are challenged when new more efficient operational solutions are introduced to accomplish complex healthcare tasks. According to the main aims of healthcare organisations, effectiveness should be based on the best scientific knowledge and service, and treatments should benefit patients. In addition, efficiency should be delivered without wasting equipment, working hours or supplies, for instance (Shortell & Kaluzny 2006, 8–11; Fältholm & Jansson 2008). Failure to fully test functionality and to ensure the approval of healthcare professionals may result in higher levels of care costs, inefficiency and ineffectiveness. For example, when a healthcare organisation introduces a new system related to surgery or laboratory sample taking and analysis, it may increase the rate at which the surgery or laboratory procedure is carried out (greater operational efficiency), but it may also result in more mistakes by physicians and nurses, and thus in operational ineffectiveness (deterioration of clinical outcomes). (Pollitt & Bouckaert 2011, 15; Kuoppakangas 2014; Kuoppakangas et al 2014; Hytti et al 2014)

Loyalty to patients and patient safety are inherent in the process of indoctrination into healthcare professionalism, values and ethics[14]. The

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[14] Ethic here means a set of moral principles, and moral refers to the distinction between right and wrong. (Oxford dictionary of current English 1985, 251, 477)

physicians' oath[15] [16], which is taken at the time of admission as to the medical profession, is at the core of its ethics and values. The oath requires the physician to "*not use [his] medical knowledge contrary to the laws of humanity*" (Declaration of Geneva, 1948), and explicitly emphasises commitment to ethical behaviour. The oath is a revision of the original Hippocratic oath adopted in September 1948 by the General Assembly of the World Medical Association based in Geneva, Switzerland, and known as the Declaration of Geneva. It has been revised several times, but the core message has not changed. According to the Finnish Medical Association's Internet pages (2015), a Finnish Licentiate of Medicine takes the physician's oath when admitted as a member of the medical profession. The oath refers to physician autonomy in cure-and-care decisions, and requires the maximising of the cure input and output. The cure decision must be in line with equal fairness, thus the maximising of input does not mean being prodigal with human and economic resources: cure and care are considered efficient when the ratio of input to output (profit) is high. It is worth noting here that, according to existing research, physicians are somewhat pushed to prioritise medical professional ethics over the law if the two are on a collision course or contradict one another. (Parvinen et al. 2005, 124–126; Pietarinen & Launis 2005, 26–27; Tevameri 2014, 155)

Professionals in a professional bureaucracy are characterised as having standardised skills and knowledge (input) rather than standardised output (Kallio 2015; Virtanen 2010, 212; Mintzberg 1983, 202). It should be borne in mind that, according to the empirical data, the three case organisations investigated in this

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[15] The Physician's oath: "*At the time of being admitted as a member of the medical profession: I solemnly pledge to consecrate my life to the service of humanity, I will give to my teachers the respect and gratitude that is their due, I will practice my profession with conscience and dignity, The health of my patient will be my first consideration, I will respect the secrets that are confided in me, even after the patient has died, I will maintain by all the means in my power, the honour and the noble traditions of the medical profession, My colleagues will be my sisters and brothers, I will not permit considerations of age, disease or disability, creed, ethnic origin, gender, nationality, political affiliation, race, sexual orientation, social standing or any other factor to intervene between my duty and my patient, I will maintain the utmost respect for human life, I will not use my medical knowledge to violate human rights and civil liberties, even under threat, I make these promises solemnly, freely and upon my honour.*" (Declaration of Geneva, 1948)

[16] It should be noted here that, according to the Finnish Union of Health and Social Care Professionals, by definition healthcare professionals include registered nurses and members of other healthcare professions. In addition, according to the Finnish Nurses Association, which is a professional organisation for registered nurses, nurses also take a professional oath when they graduate. The oath dates back to 1958: *Sairaanhoitajan vala juhlallisesti velvoittaa (Sairaanhoitajaliitto 2015): "Lupaan, että vakaa ja vilpitön tahtoni on sairaanhoitajan tointa harjoittaessani parhaan kykyni ja ymmärrykseni mukaan täyttää ne velvollisuudet, jotka minulle sairaanhoitajana kuuluvat, ja pitää aina mielessäni sairaanhoitajan työn korkeat ihanteet".*

study implemented certified, documented quality standards in their clinical laboratory analysis and diagnostics. In other words, the automated high-technology laboratory equipment ensures extremely high standardisation in laboratory diagnostics. This also means that the diagnostics output is standardised. However, pre-analytics play an essential role in the successful standardisation of laboratory outputs. Pre-analytics refers to how healthcare professionals (specialised laboratory nurses/bioanalysts) prepare the patient for the laboratory sample taking: highly standardised laboratory diagnostics are essential in the taking of samples from the patient. The high-technology laboratory equipment cannot correct errors connected to the sample taking or the conservation of the sample before it is submitted to the diagnostic technology line in the clinical laboratory (see also Alatolonen 2004, 18–25).

Needless to say, the fact that healthcare organisations deal with matters to do with life and death means that they differ vastly from other organisations dealing with other issues. Public healthcare organisations also differ from other public-service organisations on account of the healthcare professionalism that affects the organisational design, structure, form, functions and decision-making (Kallio, 2015; Tevameri, 2014; Virtanen, 2010). Tevameri (2014) investigated the acceptance among healthcare professionals of organisational design and structures in public hospitals in Finland (see also Kallio, 2015; Galbraith, 2009; Gottlieb, 2007), and found that at the core of the acceptance and legitimacy of various organisational solutions was the functionality of the different forms and protection of the physician's autonomy.

Moreover, Kallio (2015) concluded in a recent study that healthcare organisations were still somewhat hampered by most organisational changes, particularly those aimed at economic efficiency and those that are not planned or promoted by physicians. An adequate understanding of complex clinical tasks is a prerequisite for decision-making related to healthcare organisations. Economic efficiency in the provision of healthcare services, if not well coordinated and smoothly functioning, may create unwanted outcomes in patient care. Nevertheless, given the diminishing economic and human resources allocated to public healthcare in Finland, the efficiency demands have to be met. It is worth noting here that NPM-influenced changes aimed at economic efficiency have also created mistrust among both healthcare professionals and patients/clients for instance, possibly due to malfunctioning internal and external communication connected to organisational change and branding efforts (cf. Kuoppakangas et al., 2013; Hytti et al., 2014).

The stiffness and lacking adaptability to change in public healthcare organisations could also be attributable to professional ethics, professional bureaucracy and the related institutional constraints. In other words, the goals of organisational change may be left unattained and the old structures and practices

may remain unchanged if the healthcare professionals think that the potential and forthcoming change will impinge on their professional autonomy. Professional dominance affects management and decision-making on all levels of the healthcare organisation. When the objective of the organisational transformation and change is to downsize the bureaucracy it constitutes a barrier to efficient decision-making, and if the change is not genuine it may well be that the bureaucracy remains inflexible, and even grows stronger (Kallio & Kuoppakangas, 2013; Kuoppakangas, 2014).

4.6   The interlocked analytical framework in an nutshell

Given the aim to provide a rich description of the respective decision-making, the reasoning and the rationale related to the choices made, and the extent to which the transformation met expectations and goals, it was essential to construct a multi-dimensional analytical framework comprising interdependent theoretical elements related to decision-making and choice, institutions, reputation, tenets of public branding and dilemmas. This would then structure, guide and inform the empirical analyses reported in Articles 1, 2, 3 and 4.

The complex context (see also Mark & Scott 1992; Mark & Critten 1998) of the current study made it essential to explore the interrelated and interlocked concepts in combination rather than relying exclusively on a single theory. The complexity of the three healthcare organisations and the possible tensions arising during their transformation into a new organisational form raised significant issues concerning legitimacy, reputation and dilemmas in institutional re-structuring and the adoption of new modes of organisational operation (cf. Lindell 2011, 56–71; Vartiainen 2005). It was necessary to understand these issues in order to develop an integrated analytical framework for exploring and interpreting decision-making and choice connected to the transformation of the three case organisations into municipal enterprises.

Institutional theory provided the broad framework for the analysis (Articles 1, 2, 3 & 4). Various aspects including institutional legitimacy, reputation and the tenets of public branding, together with the dilemma approach to institutional analysis, enriched the interpretation of the empirical data (Articles 2, 3 & 4). The researcher needs a coherent set of theories that support the interpretation (see also Kallio & Palomäki 2010; Kallio 2006). In the current study the integrated analytical framework constituted a rich, multi-dimensional basis that facilitated deeper and more extensive interpretation of the empirical data than would have been possible if only one theory had been relied on (see Figure 8). Patton (1999, 1193) refers to the use of multiple theories as theory triangulation. The integrated

analytical framework (Figure 8) meets this criterion in that it structures, guides and informs the interpretation of the empirical data and the telling of the complex story behind the study.
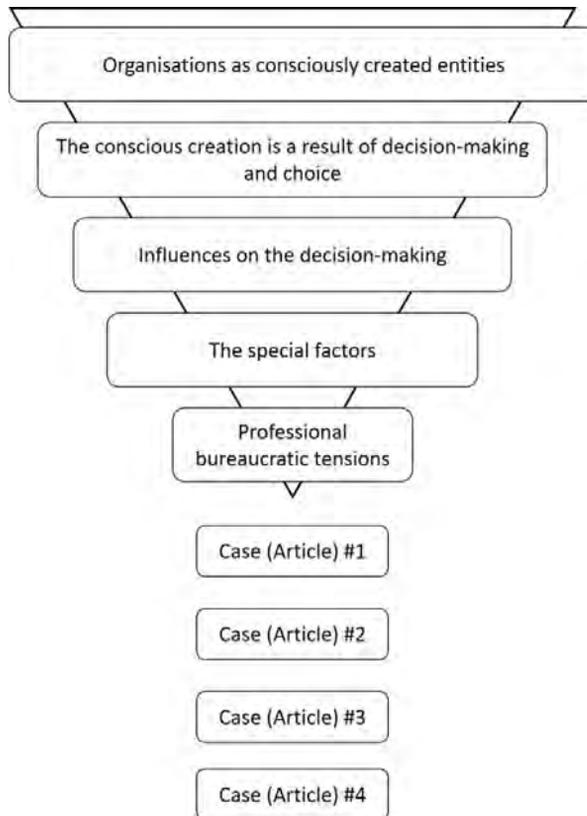
Figure 8   The first part of the interlocked framework

Figure 8 shows how the first part of the interlocked analytical framework of this study is constructed. As mentioned at the beginning of this chapter, organisations are consciously created entities and the result of complex decision-making processes and choice. Organisational transformation is also a result of organisational decision-making and choice. Other factors affecting choices include interest, path dependency, appropriateness and communication. There are also certain special factors that are elements of institutionalism and institutional complexity. The ones examined in this study include legitimacy, reputation, branding and dilemmas, all of which have a special significance and raise specific issues in the transformation of public healthcare organisations that are both commercially and socially oriented, like the three case organisations of this study. Indeed, the decision-making, and the general and special factors assume even greater significance in the transformation of organisations in which

professional values and organisational structures clash, in other words healthcare professionalism versus professional bureaucracy (see Table 2). The issues discussed above (see Figure 8) and earlier in this chapter are manifest in one way or another in the four empirical cases (Article 1, 2, 3 & 4) investigated in this study. The four original Articles comprising this thesis are summarised in Chapter 5.

5 A SUMMARY OF THE ORIGINAL ARTICLES

5.1 Article 1: Why are municipal organisations transforming into municipal enterprises?

Article 1 (see Appendix 2) is co-authored with Professor Tomi J. Kallio (see also Kallio 2015, 66–67). The main purpose was to examine the reasons behind the transformation of municipal organisations into municipal enterprises. A further aim was to shed light on the bandwagoning nature of the phenomenon in Finland. The article provides a detailed case analysis of the decision-making preceding the adoption of the municipal enterprise as an organisational form in three university hospital clinical laboratories.

The background of municipal enterprises in Finland, the research setting of the case study and the theoretical framework are described in detail. According to the results of the analysis, the NPM framework and institutional isomorphism, especially the mimicking force, were driving the case organisations UlabA and UlabB to adopt the municipal enterprise form (DiMaggio & Powell 1983; Scott 1995). Furthermore, a deviant case (Silverman 2011, 253; Patton 1999) was found among the three organisations. UlabC was not mimicking any other organisation: it was rather under pressure to resolve a political stalemate and to find a *Third Way* (Article 1) solution in the drive for organisational change, which in this particular case was to become a municipal enterprise rather than a public limited company. The novelty of this article lies in the context of Finland and public healthcare laboratory organisations. It provided a solid basis on which to construct the three subsequent research articles.

On the practical level, Article 1 illustrates how the municipal enterprise form became extremely fashionable in the provision of public healthcare services in Finland. It seems, according to the empirical findings of this study, that if the adoption of a new organisational form is more of a superficial *mask* than a genuine internal organisational change, the attainments may not be as far-reaching as expected before the transformation.

5.2 Article 2: Mapping the core dilemmas connected to the core aims of the organisational-change

Article 2 (see Appendix 2) is solely authored. It concerns the expectations and outcomes attached to adopting the municipal enterprise form in the three case organisations. The aim was to enhance understanding of the decision-making and to highlight certain characteristics of public management and the need for strategic dilemma management. Revisiting and further analysing the empirical data collected from the case organisations revealed various contradictory aims that underpinned the tensions inherent in the organisational transformation. Additional theoretical insights were needed to complement the institutional organisational theory applied in Article 1, and thus to facilitate analysis of the tensions. Having revisited the literature the researcher realised that dilemma theory (Hampden-Turner, 1981) would be a useful tool with which to illustrate the phenomenon of dilemmas arising from the contradictory goals of the organisational change. Moreover, given the finding in Article 1 that institutional forces and NPM influences were behind the organisational transformation, the researcher believed that these two theories would facilitate interpretation of the empirical results.

The study also gives insights into "what" was happening in the decision-making on both the practical and the theoretical level. The preliminary assumptions concerning how institutional forces might affect one another are addressed in the analysis of the empirical data and in the discussion. The preliminary observations on "how" the institutional forces created dilemmas from the contradictory goals are also discussed. The novel theoretical elaboration lies in how the three types of forces, the mimetic, the coercive and the normative (DiMaggio & Powell 1983; Scott 1995), affected each other in terms of either strengthening or diminishing their effects and simultaneously creating dilemmas. Finally, the way in which the organisations responded to these dilemmas influenced the ultimate outcomes of the organisational change.

On the practical level Article 2 charts the change process in the three case organisations with a view to enhancing understanding of organisational change. More specifically, it investigates how pre-change expectations in terms of outcomes differed from the actual outcomes in the case examples, applying dilemma theory as an interpretative mechanism. Organisations and change practitioners should benefit from a deeper understanding of how intended and real outcomes differ, and from considering the reasons why this occurs.

5.3 Article 3: What were the principal reputation risks and threats to legitimacy facing the three case organisations in their transformation into municipal enterprises?

Article 3 (see Appendix 2) is co-authored with doctoral candidate Kati Suomi and Dr Khim Horton. The focus is on the core findings and dilemmas[17] identified in Articles 1 and 2, and on understanding how these dilemmas created internal and external reputation risks in the three case organisations. As concluded in Article 1, the case organisations were transforming into municipal enterprises in the search for legitimacy (DiMaggio & Powell 1983). Article 3 shows how the reputation risks (Fombrun & Shanley 2005) attributable to the dilemmas were threatening the legitimising outcomes of the adoption of the municipal enterprise form, both internally and externally. Thus, the institutional forces that created the core dilemmas also created the reputation risks and threatened the legitimacy (see also Deephouse & Suchman 2011, 64). On the theoretical level Article 3 highlights the weakening effect of core task of institutional forces: to legitimate the organisation's actions and existence both internally and externally.

On the practical level the article offers insights into the tensions, paradoxes, and dilemmas connected with decision-making and the role of unconscious dilemma-reconciliation processes. Managers of public healthcare organisations would be better prepared to face the challenges if they could identify and map current and future dilemmas. Following a strategic dilemma-reconciliation process and accepting dilemmas as an opportunity to find new innovative solutions to challenges could be of practical help in terms of planning future developments.

5.4 Article 4: How do healthcare professionals in the three case organisations understand the new organisational (municipal enterprise) brand?

Article 4 (see Appendix 2) is co-authored with Professor Ulla Hytti, Dr Kati Suomi, Professor Chris Chapleo and Dr Massimo Giovanardi. It is discourse-based, focusing on the way the informants talked about the municipal enterprise as a new organisational form. Discourse analysis of the empirical data in

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[17] The core dilemmas discussed in Article 3 are somewhat differently named than the core and two sub-dilemmas detected in Article 2. In addition, Article 3 elaborates on only one sub-dilemma instead of two. These differences arose because the two original articles (2 and 3) are independent studies with unique aims and foci.

combination with the translation of ideas and discursive institutionalism, public-branding theory and the dilemma approach allowed the identification of four interpretative repertoires that shaped the informants' understanding of the new organisational form, the new brand. It seems that they were still not fully aware of the outcomes of the transformation after several years. The implication here is that equal attention should be paid to external and internal branding. The fact that the employees were unable to buy in and "*live the brand*" also posed internal and external legitimacy risks (Ind 2001). Hence, working on external and internal branding simultaneously could be beneficial in terms of strengthening external and internal legitimacy, successfully bringing about organisational change, ensuring high-quality customer service and promoting employee wellbeing.

On the practical level, it seems that insufficient internal branding constituted a barrier in terms of preventing employees from "*living the brand*" (Ind 2001), and created potential dilemmas related to the brand promise, customer expectations, financial and efficiency gains, and professional values in healthcare (see also Shortell & Kaluzny 2006). These potential dilemmas, in turn, could threaten external and internal legitimacy. One solution would be to reconcile the discrepancy between external and internal branding. In terms of action, effective internal employee training aimed at enhancing understanding of the municipal enterprise and shedding light on living up to the brand and its promise could produce synergy gains.

6 DISCUSSION: DECISION-MAKING AND CHOICE IN THE ADOPTION OF THE MUNICIPAL ENTERPRISE FORM IN PUBLIC HEALTHCARE

6.1 Special tensions in connection with healthcare professionalism and professional bureaucracy

The results of this study are discussed in this and the following sections in the light of the interlocked analytical framework constructed in this thesis (see Figures 5 and 9). The findings demonstrate the special tensions arising when attempts are made to integrate healthcare professionalism and business-type activities into public-sector healthcare organisations. The significance of healthcare professionalism should not be underestimated in the assessment of such organisations. According to the results of this study and the current literature, healthcare professionalism and professional bureaucracy may make public healthcare organisations rather stiff and resistant to organisational change, particularly when healthcare professionals perceive the potential and forthcoming change as intruding into their professional autonomy (see also Tevameri 2014; Kallio 2015).

Reference to tensions between organisational change and professional autonomy does not imply stubbornness in clinging on to historically achieved and still highly valued professional benefits, or pure self-interest among physicians. Indeed, well-argued reasoning in support of professional autonomy, with its focus on patients and their cure and care, is embedded in the Hippocratic oath and the ethics and values of healthcare professionals (Declaration of Geneva, 1948). It is also essential to note in the context of this study that healthcare professionalism does not necessarily imply knowledge and capability in the area of financial and operative management and decision-making (Virtanen & Stenvall 2010, 45). There is nevertheless a hint in the findings that healthcare professionals might also be able to contribute to financial and operative management and decision-making, as indicated in the following quotation from the empirical data.

> "[…] *it is easier to turn a healthcare professional into a financial expert than a financial expert into a healthcare professional.*" (Chief trustee, medical doctor, UlabB)

It was also found in this study that professional dominance affected management and decision-making on all levels of the case organisations. It would thus seem that NPM-influenced public-sector efficiency drives do not accord with healthcare professionalism unless the impetus comes from the professional (see also Kallio 2015). Moreover, efficiency-seeking activities would have to be adjusted to comply with the aims and values of public-healthcare organisations and professionals. For instance, further understanding and evidence of the possible advantages in terms of patient cure and care to be gained from carrying out business-type activities in the search for economic and operational efficiency may lower their resistance (Article 2, 4 & 4). Another finding was that the goals of organisational change were not necessarily attained, and old structures and practices did not necessarily change. For instance, in cases in which the goal of organisational transformation and change is to downsize the bureaucracy that is a barrier to efficient decision-making, if the change is not genuine it may well be that the bureaucracy stays the same or even strengthens (Kallio & Kuoppakangas, 2013; Kuoppakangas, 2014).

According to the findings reported in all four original Articles, an understanding of complex clinical tasks is a prerequisite for decision makers in healthcare organisations (see also Kallio 2015; Tevameri 2014). Economic efficiency in the provision of healthcare services, if not well coordinated and functioning, may create unwanted outcomes in patient care (Article 3). For instance, as shown in Article 3, the efficiency gains in streamlining clinical laboratory services were apparent in economic terms in laboratory diagnostics, but patient care suffered somewhat: practitioners taking laboratory samples from patients did not have as much time to listen to and answer their questions as they had before the streamlining of the processes (see also Alatolonen 2004). This left the healthcare professionals and patients dissatisfied with the new processes in the municipal enterprises. The dissatisfaction was manifest as disappointment in not being able to meet the expectations of patients in accordance with their professional aims and values. The unmet expectations also left the patients disappointed. Such issues could potentially put at risk the organisation's internal and external reputation and legitimacy. (Articles 3 and 4)

Nevertheless, efficiency demands have to be met given the diminishing economic and human resources in the Finnish public-healthcare sector. It is worth noting here that NPM-influenced changes in organisations aiming at economic efficiency have also created mistrust among healthcare professionals and patients/clients, possibly attributable to malfunctioning internal and external communication connected to organisational change and branding (cf. Articles 3 and 4). The results of this study are in line with earlier findings concerning the importance of securing physicians' acceptance of proposed organisational changes (Tevameri 2014; Kallio 2015). It is also essential in terms of achieving

internal legitimacy in a professional bureaucracy that other healthcare professionals understand the potential gains of such changes (Articles 2, 3 and 4). The problems identified in this study connected to other healthcare professionals' understanding and adoption of the new organisational changes are discussed further in Chapter 6.4.

Moreover, as noted earlier in this thesis, the professional bureaucracy in healthcare differs markedly from the bureaucracy in other public-sector organisations on account of the healthcare professionalism that affects the organisational design, structures, forms, functions and, indeed, the decision-making, which is the focus in this study (Tevameri 2014; Kallio 2015; Virtanen 2010). At the core of healthcare professionalism is commitment to the high-quality cure, care and safety of patients on all levels of the organisation that concern them. Ensuring such commitment requires the secured autonomy of physicians in their cure-and-care decision-making concerning patients, which in turn affects all levels of the organisation, not least in matters to do with financial and human resources, cure-and-care processes and organisational change. (Articles 2, 3 and 4)

According to the results of this study, there were concerns about more independent decision-making aims given the observed emerging risk of self-optimisation in municipal enterprises instead of allocating possible surpluses to other public-healthcare units located within the municipalities of the hospital districts, for instance the case organisations' would tend to keep the surpluses for their own organisational development use only (especially Article 2). This observation is somewhat in line with Shortell's (1983) discussion on competition and conflicting interests among healthcare professionals in the allocation of financial and human resources. The role of self-optimising in the unattained downsizing of bureaucracy and the still somewhat non-independent decision-making were also observed in this study. Given that municipal enterprises and public healthcare are publicly funded via levied taxes, the need to secure citizens' trust tends to result in rather tight public governance, which, conversely, needs a well-functioning bureaucracy to succeed. (Articles 1, 2 and 3)

One of the core aims connected to the transformation into a municipal enterprise was to downsize bureaucracy in order to gain more efficient decision-making in terms of operational management. As mentioned above, not all the goals of organisational change in this respect were met. Even though a new organisational form was adopted some of the old structures and decision-making practices remained. As reported in Articles 1, 2 and 3, because the change was not fully genuine the bureaucracy remained, and even became stronger.

It should also be mentioned that the shortcomings in meeting downsizing goals were not solely attributable to the healthcare professionals and their acceptance and understanding of the organisational change. As reported in

Articles 1, 2, 3 and 4 various juridical issues prevented genuine change. For instance, the municipal law (1995) and the European Union competition law (2007) increased the bureaucracy especially concerning the quasi-market activities in which the municipal enterprises were pushed to engage. More specifically, the need to distinguish between the purchaser and the provider in these quasi-market activities further strengthened the bureaucracy: a better result may have been achieved if they had been operating in genuine markets (Articles 1, 2, 3 and 4; see also Martikainen & Meklin 2003; Hakari 2013).

Moreover and as noted earlier, public-sector organisations and especially those involved in healthcare may not have as genuine options in terms of flexible and efficient decision-making as their private-sector counterparts (Article 2; see Pollitt & Bouckaert 2011) - partly because they are publicly funded via levied taxes. They need to retain the trust of taxpayers and citizens, which also raises legitimacy issues: this is discussed further in later sections (Article 3). Maintaining citizens' trust is connected to tight public governance, which in democratic welfare countries means decisions related to public-sector organisations require the approval of public and policy stakeholders. Municipal enterprises do have some freedom to be flexible in their managerial and operative decision-making, however. As found in this study, for instance, it would be essential to include practical issues concerning decision-making boundaries within the municipal enterprise in the negotiations preceding the organisational transformation, and to define them explicitly in the contract of establishment. (Articles 1, 2 and 3)

As reported in Articles 1, 2 and 3, there was some success in this respect among the three case organisations in their negotiations with municipal councils and other stakeholders. This was fully effective at this stage in one of them: independence in decision-making was achieved as planned and expected when the goals for the organisational transformation into a municipal enterprise were set. The implication from the data is that genuine internal organisational change in public-healthcare organisations also requires the commitment and acceptance of external stakeholders (see also Tevameri 2012, 155). The need for transparency in operative decision-making in order to maintain citizens' trust is another feature that distinguishes public from private-sector organisations. As reported in Articles 2 and 3, overly independent decision-making in the operative management of a municipal enterprise could constitute a legitimacy risk connected to the trust of the hospital districts, the trust of citizens and other stakeholders (Articles 2, 3 and 4).

It is reported in Articles 1, 2, 3 and 4 that the healthcare professionals were rather content with and somewhat proud of the achievements of their municipal enterprises with regard to the high-quality standardised outputs of clinical laboratory analysis and diagnostics. The notion of standardised outputs differs

somewhat from Minzbergs' (1983, 202) characterisation of a professional bureaucracy having standardised skills and knowledge (input) rather than output (see also Kallio 2015; Virtanen 2010, 212). At this point it should be pointed out that, according to the empirical data of this study and as discussed in the original Articles, the transformation into a municipal enterprise allowed for more flexibility and speed in the making of decisions concerning the purchasing of new, expensive high-technology laboratory equipment than was possible in units following the basic balance-sheet model. It should also be acknowledged that the independence and flexibility in making such major financial decisions in publicly owned organisations must be transparent in order to maintain the trust of citizens and other stakeholders, and to ensure legitimacy.

If one considers the external efficiency pressures on public-healthcare organisations and NPM aims at efficient operational solutions and business-like action in carrying out complex tasks, one realises that, in fact, the main efficiency aims of healthcare organisations are not so far apart from those of NPM and private-sector counterparts. As noted earlier in this thesis, the effectiveness of healthcare organisations should reflect the best scientific knowledge and services, and treatments should benefit patients. Moreover, efficient healthcare services should be delivered without wasting equipment, working hours or supplies. (Shortell & Kaluzny 2006, 8–11; Fältholm & Jansson 2008) Efficiency pressures, aims and gains should not be on a collision course (Articles 1, 2, 3 and 4) with the aims and values of healthcare professionals. Indeed, as reported in Articles 2, 3 and 4, the effective implementation of business-type tools and activities in public-sector healthcare organisations requires the adequate training of employees to help them understand the benefits of the changes in the light of their professional aims and values.

For instance, the negative aspect of having less time for patients during clinical sample-taking, as described earlier in this Chapter and in Articles 2, 3 and 4, could be turned into a more effective service event via employee development and training in the process of meeting the patient and creating a feeling of closeness and empathy, even for a very short time. The most important aspect here is the sample taking, which is a crucial process in clinical analysis and diagnostics given that high-technology equipment cannot correct errors made in connection with taking samples from patients (Articles 2, 3 and 4; see also Alatolonen 2004). The question of training here is also connected to the way in which professionalism in healthcare develops during the early stages of study in medical and nursing schools. As suggested in Articles 3 and 4, decision makers could consider including aspects of financial management and business-like thinking in education and training for healthcare to avoid conflict between organisational aims and healthcare professionalism.

It is also noted in Articles 2, 3 and 4 that some physicians were rather keen on business-type activities, and that one aim of the municipal enterprise was to attract high-quality healthcare professionals as employees. These insights imply the presence of normative isomorphic pressures, as discussed in the following sections (see Figure 9; Articles 1, 2, 3 and 4; DiMaggio & Powell 1983).
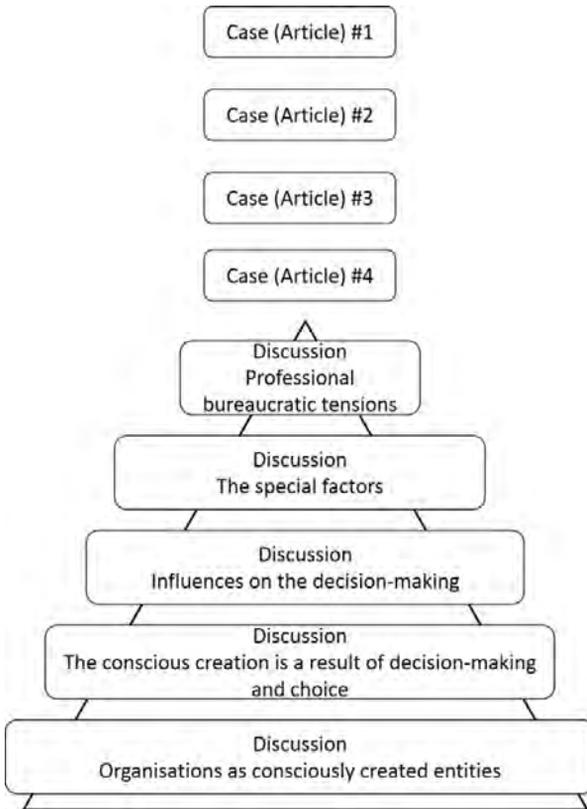
Figure 9   The second part of the framework and the discussion

The findings of this study concerning professional bureaucracy and the dominance of physicians in decision-making generally reflect what Mintzberg (1983) and Shortell (1983) also detected. More than half of the 15 core decision makers (informants) in the three case organisations were physicians who were closely involved in the choice to transform into a municipal enterprise. More specifically, the 15 core decision makers (informants) included nine physicians, four nurses and two public administrators. Minzbergs' (1983) aspects of professional bureaucracy and professional dominance were evident here in the sense that healthcare professionals drive the decision-making in healthcare organisations, and this extends to the municipal enterprises investigated in this study (Articles 1, 2, 3 and 4; see also Kallio 2015; cf. Scott et al 2000).

6.2 Special factors – institutional and organisational dilemmas

6.2.1 *Discussion of dilemmas*

As discussed above, attempts to integrate healthcare professionalism and business-type actives give rise to special tensions in public-sector healthcare organisations, and special factors affect their transformation. These very factors may create tensions that could generate organisational dilemmas. It was mentioned earlier in the discussion about the paradox phenomenon in organisational research that organisations comprise social settings that could potentially generate tensions, contradictions, dilemmas and paradoxes in order to facilitate strategy making and continuous development in the search for goal attainment. Public-healthcare organisations are complex professional bureaucracies that are susceptible to tensions and contradictions when they carry out business-type activities in order to enhance efficiency on many organisational levels, as discussed above and reported in the Articles (Articles 2, 3 & 4; McKenzie 1996; Handy 1995; Maslow 1970; Hampden-Turner 1990; Mintzberg 1987; 1989; see also Rittel & Webber 1973, 155–169). However, as Seo and Creed (2002) argue from their dialectical perspective on institutional contradictions and human praxis, contradictions are an essential driving force of institutional change.

The study at hand identified various institutional isomorphic dilemmas and showed how coercive, normative and mimetic isomorphic forces might compete with each other. These dynamics are further elaborated in Articles 2 and 3, and are discussed briefly in this section. As stated in Article 1, the core goals in transforming into a municipal enterprise were in line with the NPM rhetoric of enhancing "[…] *efficiency, cost-effectiveness, more flexible operative decision-making and management, including more streamlined market-oriented organisational processes and enhancement of internal and external transparency* […]" (Kallio & Kuoppakangas 2013, 29). Further investigation into the reasoning behind the balancing of the core goals and expectations with the attainments of the transformation revealed various organisational dilemmas. The first core dilemma reported in Article 2 (see Figure 10 and Appendix 5) was between normative and coercive isomorphic forces, the second was between quasi-market versus real-market forces, and the third was between the public limited company versus the municipal enterprise.
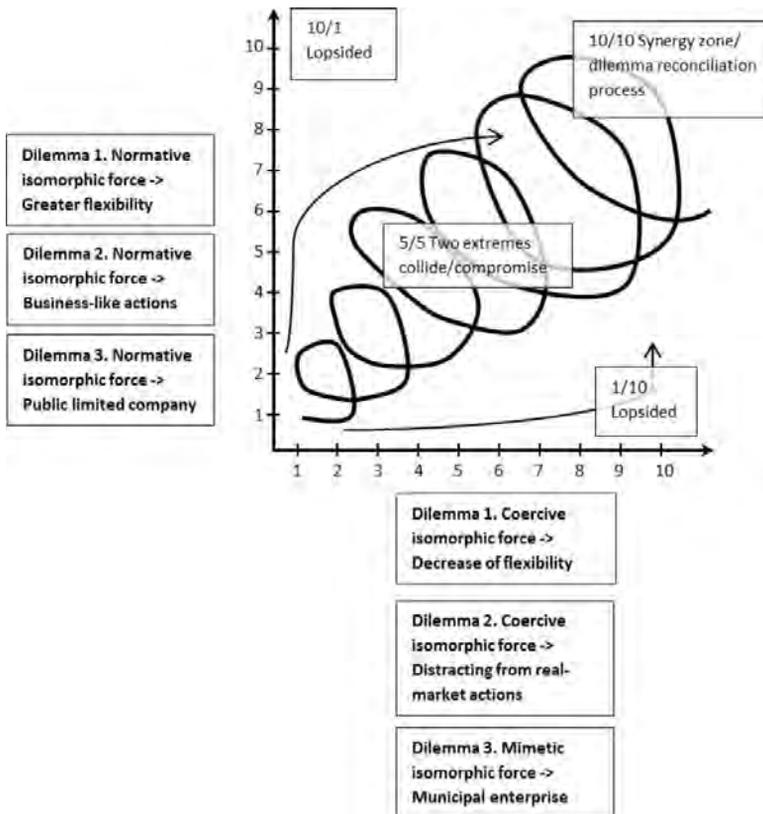
Figure 10   The core dilemmas reported in article 2
             (Kuoppakangas 2014, 16)

The first dilemma discussed in Article 2 put normative and coercive isomorphic forces on a collision course. The former were pushing for more flexible and efficient decision-making, which was one of the core goals of the organisational transformation, and the latter were simultaneously pushing even harder to tighten the strings of public governance to discourage municipal enterprises from self-optimising and risking losing citizens' trust. In fact, the aim to enhance efficiency and more flexible decision-making and management contradicted with the aim of public governance to ensure transparent and equitable decision-making for the public good. As a result, the normative isomorphic forces weakened under pressure from the coercive isomorphic forces (Article 2).

The second dilemma identified in Article 2 was connected to the choice between quasi-markets versus real markets. The inherent tension here was that one of the core goals in the transformation into a municipal enterprise is to encourage genuine market-oriented activities. Here again, the normative isomorphic forces were pushing the municipal enterprises towards more efficient,

genuine market-oriented actions and simultaneously the coercive isomorphic forces were pushing them back to quasi-markets given the constraints imposed by EU competition law, for instance, and the fairly strong reaction from Finnish private-sector organisations against their illegal monopoly advantages.

As a result, the normative forces weakened under pressure from the coercive forces. There was also a sub-dilemma here concerning the aim to downsize bureaucracy, as discussed above. A sub-dilemma is a dilemma that occurs in connection with the core dilemma. Although NPM aims at flattening bureaucracy it actually requires a well-functioning bureaucracy that enables publicly owned organisations to maintain transparency and retain citizens' trust, for instance. The somewhat heavier bureaucracy in the municipal enterprise was attributable, in part, to the quasi-markets, in other words the in-house selling and buying of goods and services. (Article 2; Figure 10 and Appendix 5)

The third core dilemma related to the choice between a public limited company and a municipal enterprise as an organisational form. Here again, normative isomorphic forces were pushing the decision makers towards the public limited company that would give them a more business-like and genuine market-oriented status among their peers, whereas the mimetic isomorphic forces were simultaneously pushing them towards the municipal enterprise on the assumption that it would be more readily accepted and adopted by healthcare professionals. It was also assumed that the municipal enterprise would meet all the objectives set for the organisational transformation. As a result the mimetic isomorphic forces grew stronger and weakened the normative isomorphic forces. (Article 2; see Figure 10 and Appendix 5)

There was one exception among the municipal enterprises when the decision makers did not mention such assumptions, and the choice of a municipal enterprise represented a political stalemate: in other words there may have been coercive isomorphic forces at play (see Appendix 3). Nevertheless, there were assumptions that the healthcare professionals would adopt the municipal enterprise form more readily than the public limited company, and that would enhance the wellbeing of employees. There was also a sub-dilemma here in connection with the assumption of improved work wellbeing and the streamlining of clinical laboratory processes to achieve efficiency gains and cost effectiveness. The streamlining meant, in practice, that the laboratory professionals' job description cut in two: they were either taking samples from the patients or analysing them. Moreover, as discussed above, new time limits were imposed on the sample taking that left the healthcare professionals somewhat disappointed in not being able to meet the expectations of patients, whereas the patients were dissatisfied with the rushed services. All in all, work wellbeing suffered from the gains in efficiency and cost-effectiveness in the laboratory processes. (Article 2; see Appendix 5)

The tensions between the isomorphic forces were explicitly detected in the *dilemma rhetoric* identified in this study (Articles, 2, 3 and 4; see also Cunliffe 2002). Given these findings, it would be useful to elaborate further on the dynamics of institutional isomorphic forces, which could be referred to as *legitimating forces* and *delegitimating forces* in institutional theory (see also Beetham 2013; DiMaggio & Powell 1983). Delegitimating forces could be defined as the opposite of legitimating forces. As shown in this study (Articles 2, 3 and 4), institutional isomorphic forces may be on a collision course, and there may be tensions as well as contradictions among them. As long as they are not on a collision course they seem to be legitimating, otherwise they generate tensions and contradictions. It seems that these contradictions weaken the legitimating forces, and the generated dilemmas and their effects seem to be delegitimating rather than legitimating. It could be said that the legitimating forces turn into delegitimating forces. (Articles 2, 3 and 4)

These institutional isomorphic forces may influence each other by weakening or strengthening their effect on the attainments and outcomes of organisational change. This, in turn, could jeopardise the sought-for legitimacy and create dilemmas that, if undetected, may end up as paradoxical outcomes. On the other hand, dilemmas that are detected may be continuously reconciled by means of strategic dilemma management (Articles 2, 3 & 4). It was also found that a thorough pre-evaluation of the suitability of the proposed organisational form to the purposes of the change and the pre-detection of potential dilemmas arising from its adoption may facilitate dilemma reconciliation and provide synergy benefits (Hampden-Turner 1990; Articles 2 & 3, see also Article 4; see Figure 10). Although dilemmas may be unavoidable, strategic dilemma management allows both-and reconciliation rather than having to find a balance between the two opposing forces or making an either-or decision.

The choosing of a municipal enterprise form could be described in terms of dilemma reconciliation: it is a *Third Way* (Article 1) alternative as an organisational form for learning business-type operations in the highly institutionalised provision of public healthcare. The problem is, however, that when the goals of the organisational change are on somewhat of a collision course they create tensions, resulting in dilemmas, as illustrated and elaborated on in Articles 2, 3 and 4. According to the findings of this study, the municipal enterprise as an organisational form did not turn out to be as flexible as was assumed and expected, for at least three reasons.

First, it remained part of the municipal organisation and was not an independent legal entity. Second, the goals related to efficient and independent managerial decision-making were not included fully in the negotiations preceding the organisational transformation, or defined explicitly in the contract of establishment. Third, the overall values, ethics and aims in the public sector, in

this case healthcare (see also Shortell & Kaluzny 2006; Virtanen & Stenvall 2010; Lane 2009), are to some extent at odds with private-sector organisations' aims such as maximising profits. Thorough pre-evaluation and planning would make it easier to reconcile contradictory values and goals arising from the different institutional logics and the contradictory goals arising from the pressure of different institutional isomorphic forces, as found in this study, and thereby to find a suitable organisational form for public healthcare provision (see also Suomi et al. 2014; Tevameri 2012; Tevameri 2014, 53–54; Waeraas 2008).

A further finding of this study was that the contradictions and dilemmas concerning the adoption of the municipal enterprise form generated discussion on the transition to a public limited company as the next step in the development of public-healthcare provision in Finland. This discussion was also subjected to coercive isomorphic influences given the EU Commission's ruling that the public enterprise form was illegal according to the competition directive (Article 1). Municipal enterprises that are active in both quasi and genuine markets are obliged to operate either as public limited companies or exclusively in quasi markets (Articles 1, 2, 3 & 4). Here again, it would be beneficial to evaluate and thereby choose the most suitable operational field, quasi markets or genuine markets, or both, for a public healthcare organisation that would be in line with its values and organisational goals. Furthermore, the incorporation of strategic dilemma management into the decision-making may result in synergy gains in terms of integrating or shifting contradictory or even competing institutional logics and isomorphic forces.

6.2.2   Discussion of public branding

It was found in this study, as discussed earlier, that NPM has triggered the flow of business-type ideas into public-sector organisations seeking efficiency gains (Schmidt 2006; Hytti et al 2014). Moreover, the translation of these ideas seems to affect the internal organisational acceptance and adoption of the new ideas (Hytti et al. 2014; Czarniawska & Sévon 1996; see also Bonnedahl & Jensen 2007). The focus in Article 4 in particular is on the way in which the employees of the municipal enterprises understood the new brand. Discourse analysis revealed four interpretative repertoires: 1) "*the municipal enterprise as an economic solution*", 2) "*the municipal enterprise as a magic wand*", 3) "*the municipal enterprise as a factory*" and 4) "*the municipal enterprise as a servant of the customer*" (Hytti et al 2014; see Appendix 6).

It is evident that organisational dilemmas arise when employees do not fully understand the idea of branding and the brand's message. The literature on branding uses the term "buying into" the brand in connection with employee

acceptance and commitment to the brand and its message (Miller et al. 2014). Unclear or contradictory communication of the message internally and externally may threaten the brand, and the organisation's reputation and legitimacy. Furthermore, even if the employees understand the idea of branding and the brand message to some extent, but still see it as being in conflict with the aims and values of healthcare professionals and organisations, dilemmas might still arise (Article 4; see Appendix 7).

In connection with the interpretative repertoire of *"the municipal enterprise as an economic solution"* could also be related to one of the core goals of organisational change. The discussion was about how the municipal enterprise was established to achieve financial gains, and how such issues simultaneously contradicted the aim of high-quality patient cure and care. In other words, the employees' understanding was that one of the core goals of the transformation was in conflict with their aims and values as healthcare professionals to ensure high-quality cure and care, and patient safety. The contradiction was brought out in references to having less time for patients while taking laboratory samples because of the drive for cost efficiency, for instance (Article 4; see Appendix 6). However, upon further scrutiny of the essential aims of healthcare organisations it seems that efficiency means that healthcare services should be delivered without wasting equipment, working hours or supplies (Shortell & Kaluzny 2006, 8–11; Fältholm & Jansson 2008). The dilemma reconciliation here might well involve transmitting the idea of branding, in this study the municipal enterprise, to employees so as to convince them that the new efficient laboratory processes and services will, in fact, help them to achieve their essential healthcare aims rather than constraining them (Article 4).

As far as the second interpretative repertoire, "*the municipal enterprise as a magic wand*", was concerned, the employees seemed to understand the municipal enterprise as an external brand with external branding signs, logos, advertising slogans, colours and fonts (Article 4). The municipal enterprise was seen as a fashionable branding trend among public-sector organisations. The contradictory issue here was that the external brand was rather seen as a new "mask" that legitimised the organisation, even though the employees were not fully sure what had changed internally, or they were disappointed with the change. The suggested dilemma reconciliation here was internal branding, in other words explicit communication of the core aims of the transformation and of the new brand (Gap & Merrilees 2006). Internal branding might shed light on the idea of branding, and also guide the discussion to secure employees' commitment to "*living the brand*" (Ind 2001; Article 4).

The third interpretative repertoire detected in Article 4, "*the municipal enterprise as a factory*" consists of employees' discussions on how their job descriptions had changed substantially, and in practice were split in half, as

discussed above. Moreover, production and factory-type terminology replaced their former job titles: "department nurse", for example, changed to "supervisor". The care-taking discourse also shifted somewhat towards organisational talk of numbers, in-puts and out-puts, as well as standardisation. What is more, the aim for cost-effectiveness changed the clinical processes as well as the laboratory analysis and diagnostics into high-technology production lines. The contradiction here was that the professional healthcare aims and values of the employees seemed to be under threat from the new factory-type processes that appeared to exclude the personal taking care of patients. They did not feel able to provide the high-quality care their professional values and the new brand required. However, according to the findings reported in Article 4, the standardisation of clinical laboratory analysis and diagnostics was a positive step and in line with the employees' professional values. In addition, the business-to-business customers appreciated the high-quality diagnostics and speedy delivery, as discussed in Article 4. This dilemma also seems to be connected to the dual role of employees in the clinical laboratory: the sample taking that involves personal service and care-taking contact with patients, and the sample analysis in the high-technology clinical laboratory.

This same dilemma is present[18] in the fourth interpretative repertoire identified in Article 4: "*The municipal enterprise as a servant of the customer*". The brand slogan in one of the case organisations was "Close to you". According to the findings, the employees felt that they did not live up to the slogan's promises: the new, more efficient laboratory sample-taking processes did not give them as much time as before to talk to the patients and discuss their concerns. The idea of not having time for the patient was not in line with healthcare professionals' ideas about their own aims and values.

Moreover, the fact that the brand promise was not kept was a disappointment both internally and externally. At the core of the dilemma is the dual identity of the clinical laboratory as a municipal enterprise, as both a healthcare service and the product of a healthcare service: the service is the sample taking from the patients, and the product is the standardised laboratory diagnostic output. In order to succeed in organisational branding there needs to be consistency in the organisation's identity. However, as discussed earlier, public-sector organisations, and especially healthcare providers, have multiple identities. By way of reconciling such a dilemma it is suggested in current research that public-sector organisations should promote themselves with their multiple identities,

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[18] It should be pointed out here that, according to dilemma theory, dilemmas are often connected to one another, and successful reconciliation of one could facilitate reconciliation of the others (Hampden-Turner 1990).

and here it could well be as both a service and a production organisation (Waeraas & Solbakk 2006).

It was found in this study that organisations applying external branding while neglecting internal branding could be risking their sought-for legitimacy (Article 4). It is also suggested that internal branding may serve to reconcile potential dilemmas related to the use of business-type tools in public-healthcare organisations, and thereby promote the achievement and maintenance of internal and external legitimacy (Article 4, see also Liu, Chapleo, Ko & Ngugi 2013; Waeraas 2008). Moreover, internal branding in public-sector healthcare organisations that are transforming into a more business-like form could help their highly professional employees to understand the reasoning and rationale behind the transformation. For instance, they should be fully informed and educated about the intended goals: to operate more like a business organisation, achieve economic benefits and improve efficiency in managerial decision-making, thereby enhancing professional, financial and operational efficiency and effectiveness. Internal branding could thus be used as a tool for facilitating a shift in institutional logics (see also Suddaby & Greenwood 2005), and for dilemma reconciliation in the case of contradictory values in the adoption of a new organisational form, in this study the municipal enterprise (see also Waeraas 2008, 210–211; Hampden-Turner 1990).

The discussion in Article 4 also covers the possible rebranding of Finnish public healthcare on the field level, which might be a solution to branding challenges on the organisational level as well (Merrilees and Miller 2008, 538). Research on rebranding in Finnish public healthcare is rather scant, and further studies are needed to evaluate the possibilities. However, given that Finnish public healthcare has been taken for granted for decades, and that there are strong efficiency pressures on account of the diminishing public financial resources, the whole field of public healthcare needs to be reformed, not only on the organisational level. There is on-going social-welfare and healthcare reform (SOTE-uudistus), the aim of which is to safeguard the provision of municipal services on a comparable level, with a cost-effective, high-impact structure and equally good quality throughout the country (STM 2014). It is impossible to predict the outcome of the reform, but it is evitable that Finnish public healthcare will face changes that will affect the organisations involved. Moreover, the publicly owned healthcare organisations that have already built strong brands might survive and succeed in the up-coming change better than those that have not. (Hudson 2009; THL 2015) It should also be noted here that the case organisations of this study were not organisational brands before their transformations into municipal enterprises. The branding activities began simultaneously with the organisational transformation in all of them (Article 4).

6.2.3   Discussion of reputation

As discussed above, the possible rebranding of Finnish public healthcare on the field level brings similar issues into the discussion focusing on the reputation of healthcare organisations. According to Aula and Harmaakorpi (2008), the reputations of the region and the municipality may also affect municipal organisations. In other words, reputation on the field level might have effects on organisational-level reputation. Indeed, as reported in Article 1, one of the regions in which the case organisations were located seemed to have a reputation as a trendsetter and innovation promoter (Kallio & Kuoppakangas 2013, 28). A reputation is constituted to varying degrees of the views of internal and external stakeholders. Article 3 scrutinises the principle reputation of healthcare organisations and the legitimacy risks on both internal and external levels (Chun 2005, 105; Suomi 2015, 42). The three core dilemmas[19] identified in Article 2 (see Appendix 5) were further investigated in Article 3 (see Appendix 5) from the perspective of reputation and legitimacy risks. It is essential for public hospitals to maintain a good reputation for different legitimacy reasons, and to retain the trust of citizens. As discussed earlier, public-healthcare organisations have multiple identities and values, which conflict with the ideal of building on a consistent identity, as with brands. Nevertheless, organisational branding and organisational reputation have landed in the public sector through NPM influences, although they are still recent phenomena that warrant further investigation to reconcile the dilemmas and ease possible tensions and contradictions connected to them, or to dilemmas generated by reputation and brand building that do not function so well (Waeraas 2008; Suomi 2015).

The three core dilemmas with the biggest effects on organisational reputation and legitimacy scrutinised in Article 3 were: 1) "*more freedom in decision-making vs. stronger governance control*", 2) "*the monopoly game of acting on quasi-markets vs. genuine business actions*" and 3) "*wellbeing at work vs. super efficiency in terms of processes*" (Kuoppakangas et al 2013, 7; see Appendix 5). As noted earlier in this thesis, Wæraas and Byrkjeflot (2012) argue that the public sector in itself may be an obstacle to reputation building. The five obstacles they observed are: "*the politics problem, the consistency problem, the charisma problem, the uniqueness problem and excellence problem*" (ibid. 188).

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[19] The core dilemmas discussed in Article 3 are somewhat differently named than the core and two sub-dilemmas identified in Article 2. In addition, Article 3 elaborates on only one sub-dilemma instead of two. These differences arose because the two original articles (2 and 3) are independent studies with unique aims and foci.

With regard to the first core dilemma, " *more freedom in decision-making vs. stronger governance control*", it seems that the coercive isomorphic forces of the political obstacle were colliding with the normative isomorphic forces attached to the desire for more freedom in decision-making. The reputation risk here is that the employees, including the managers and CEOs of the municipal enterprises, were lured by promises of more flexible and efficient operative decision-making. Instead of allowing more freedom, however, the hospital district stressed the value of public governance in municipal enterprises and the bureaucracy became even heavier.

The promises to employees that were not kept created reputation and legitimacy risks on the internal level, whereas on the external level the unmet promise of less bureaucracy and timely decision-making concerning investments and external stakeholders threatened the organisations' reputation and legitimacy. However, there was one exception, identified in Articles 2 and 3, when the decision-making became somewhat more flexible (Kuoppakangas 2014, 10; Kuoppakangas et al 2013, 7). There is a simple reason for this, which may also reconcile the dilemma: the CEO had skilfully negotiated the goals related to efficient and independent managerial decision-making, and succeeded in having them included almost in their entirety in the negotiations preceding the organisational transformation, and explicitly defined in the contract of establishment.

Next, following close scrutiny of the second core dilemma identified in Article 3, "*the monopoly game of acting on quasi-markets vs. genuine business actions*" (Kuoppakangas et al 2013, 7), it was found that isomorphic normative and coercive forces were again at play. The normative force was pushing municipal enterprises to operate in genuine markets, but unfortunately coercive isomorphic forces cut short the genuine market orientation: under EU competition law municipal enterprises could not operate on genuine markets on account of their monopoly status. Once again the political obstacle is evident, as is the problem of consistency. Municipal enterprises are public organisations and when they enter private markets with their monopoly status it inevitably indicates a mixed identity as far as external stakeholders are concerned.

There are various reasons for this. First, public organisations, and especially healthcare organisations, are established for the public good, and a private-market orientation does not fit very well with such an identity. Second, private markets reacted fairly strongly to the entry of municipal enterprises with an unfair monopoly status into their markets. Third, interference from the private market also constituted a reputation and legitimacy risk on the external and internal levels. The inconsistency problem appeared externally and internally. The internal risk related to the suspected unfair market activities of municipal enterprises, which were close to being accused of breaking EU competition law.

This went against the professional ethics of the employees, and being associated with such issues threatened the internal reputation and legitimacy of the enterprises. (Wæraas & Byrkjeflot 2012; Kuoppakangas et al. 2013)

The mimetic isomorphic forces at play in the third core dilemma discussed in Article 3, "*wellbeing at work vs. super efficiency in terms of processes*" (Kuoppakangas et al 2013, 7), were pushing the decision makers towards the municipal enterprise, while normative isomorphic forces were simultaneously pushing them towards the public limited company. It was well known among the decision makers that many of the physicians were more attracted to the public limited company because it allowed more business-type actions than the municipal enterprise. Although this could be somewhat contradictory with regard to the connection between healthcare ethics and a market orientation, it seems to be in line with the suggestion that physicians are more adaptive to changes they initiate (see also Kallio 2015). Nevertheless, the municipal enterprise as an organisational form is more secure in terms of employment contracts than a public limited company. The decision makers assumed that the municipal enterprise would attract less resistance, which in turn could also enhance work wellbeing. As Suomi and Järvinen (2011) suggest, the workplace climate is a significant predictor of organisational reputation.

The reputation and legitimacy risks arose from the simplification of the clinical laboratory nurses' job descriptions and un-kept promises concerning employees' salaries and the introduction of a bonus system. The additional sub-dilemma identified in Article 3 was connected to efficiency goals and the streamlining of the clinical laboratory processes, which affected the work of the laboratory nurses and their sample-taking services in a negative way. One of the reasons for transforming into a municipal enterprise was to enhance work wellbeing, but it had the opposite effect on the laboratory nurses. This was a severe internal reputation and legitimacy risk. The failure to introduce a bonus system was more of a concern in UlabB. Even though these issues were internal they also threatened the external reputation and legitimacy of the organisation: employees are expected to be loyal to their employers, but if they are dissatisfied it is only natural for them to seek relief and support outside of work. (Kuoppakangas et al 2013)

The problem of inconsistency also seemed to apply to the third core dilemma: public organisations are expected to be equally fair to their employees and to the general public. The perceived deterioration in customer service related to sample taking at the clinical laboratory could also have constituted an external reputation risk. It may be that the municipal enterprises were not aiming at uniqueness and differentiation: it was found in a Norwegian study on public hospitals, for example, that unexpectedly strong differentiation could constitute a reputation risk (Sataoen & Waeraas 2010). Moreover, the question of excellence, could be

in line with the self-optimising aspect of the municipal enterprises, as discussed earlier. The self-optimising was detected as a risk among the municipal enterprises of this study. Instead of allocating possible surpluses to other public-healthcare units located within the municipalities of the hospital districts the municipal enterprises would only look for their own good (especially Article 2). Such could be viewed as one possible reputation building problem in public organisation (Sataoen & Waeraas 2010). However, as noted earlier in this study the pre-change expectations were that the transformation into municipal enterprises would provide legitimacy and good reputation for the organisations. (Article 3).

6.2.4   Discussion of legitimacy

The question of legitimacy warrants further discussion because, as argued earlier, public healthcare organisations are highly professionalised and institutionalised, which should be taken into account when they become more business-like in their activities. Effective functioning in any such organisation requires both internal and external legitimacy. Moreover, organisational change and the adoption of a novel form in such highly institutionalised settings tend to create contradictions that may jeopardise the achievement and maintenance of legitimacy. The results of this study indicate that the three case organisations aim at legitimacy through the adoption of the municipal enterprise form. (Tevameri 2014; Reay, Goodrick, Casebeer & Hinings 2013; Articles 1, 2, 3 & 4)

There is evidence suggesting that the translation of ideas and the effective use of language strengthen the legitimacy of organisational change (Article 4; Czarniawska & Sévon 1996; Hyvönen et al. 2012; Goodrick & Reay 2010; Green, Yaun & Horia 2009; Glyn & Loundsbury 2005; see also Kitchener 2002; see also Berger & Luckmann 1966, 64; see also Bonnedahl & Jensen 2007). Suddaby and Greenwood (2005) examined the rhetorical strategies of opponents and proponents of change in connection with the adoption of a new organisational form in highly professionalised fields operating in accordance with competing or contradictory institutional logics.

Suddaby and Greenwood (2005) identified five theoretical strategies of change suggesting that persuasive language and rhetoric may enhance organisational ability in terms of achieving a shift in institutional logis: 1) teleological persuasion and arguments focusing on a final course or divine purpose; 2) historical argumentation appealing to history and professional traditions; 3) cosmological persuasion based on unavoidable and inevitable events that are beyond the control of those who are affected; 4) ontological rhetoric concerning

what can or cannot co-exist; and 5) value-based persuasion appealing to wider normative beliefs about legitimacy (Suddaby & Greenwood 2005).

The internal and external legitimacy risks identified in this study are connected to the core goals of the organisational-change process, and also to the competing and somewhat contradictory institutional logics concerning healthcare professionalism, the public sector and business (see also Suddaby & Greenwood 2005; Thornton & Ocasio 2008, 118; Bitektine and Haack 2015).

A further finding in this study was that the different institutional isomorphic forces (mimetic, normative and coercive) could push organisations into setting contradictory goals (Articles 1, 2, 3 and 4; DiMaggio & Powell 1989). As discussed earlier, the contradictions and generated dilemmas weakened these forces and their effects seem to be delegitimating rather than legitimating. (Articles 2 and 3) For instance, the goal to engage in more business-like operations triggered by a normative isomorphic force contradicted the dominant institutional logics of healthcare professionalism and promoting the general welfare of patients (customers) and citizens rather than financial gain. This, in turn, created contradictions and tensions, in other words legitimacy risks, on the internal level. Moreover, in connection to this internal legitimacy risk it can also be viewed as an internal legitimacy evaluation (Bitektine and Haack 2015) detected especially in Article 4, but also at somewhat different levels in all of the four original Articles of this thesis. A further collision between normative and coercive isomorphic forces related to the fact that some of the municipal enterprises' activities in private markets contravened EU competitive law, which in turn threatened legitimacy both externally and internally. In connection to this external legitimacy risk it can also be viewed as an external legitimacy evaluation of municipal enterprises. The private market interference, was destabilising external and internal legitimacy (Articles 1, 2, 3 & 4; Bitektine & Haack 2015).

It seems from the results of this study that healthcare employees were still rather confused about the organisational change and what being a municipal enterprise meant in practice a few years after the transformation (Article 4, see also Articles 2 & 3). The employees' discourses concerning the achievements and failures vs. the goals of the change shaped their overall understanding of the adoption of the municipal enterprise form (Article 4) as well as its internal legitimacy. These findings are not in line with earlier discussions implying that external organisational homogeneity reflects the homogeneity of individual actor's actions and judgements (DiMaggio & Powell 1989): it could be that individual actors are under pressure to conform, and initially suppress their legitimacy judgements (Article 1), but discuss them more freely and spontaneously later on (Kallio & Kuoppakangas 2013, 25–26; Article 4 and 3; Bitektine & Haack 2015).

The proponents and opponents of change participating in this study used the same repertoires in different ways (Article 4). The CEOs and operational management, as proponents, aimed at persuasion, wishing to legitimate the adoption of the municipal enterprise form internally and externally, whereas the employees, as opponents, aimed at de-legitimisation. The proponents' use of "*final course*" (Suddaby & Greenwood 2005, 54) arguments could be categorised as teleological and historical rhetoric in that they were drawing a picture of a prosperous future and new appealing working conditions for healthcare professionals, which could only be realised as a municipal enterprise. Finally, given that such rhetoric is not agency driven, but implies imposition from outside forces, the proponents integrated into the discourse the notion that the transformation into a municipal enterprise was an inevitable event. (Suddaby & Greenwood 2005; Article 4; see also Articles 1, 2 & 3)

Opponents of the transformation used historical, ontological and value-based rhetorical strategies. They argued that business-type methods were inappropriate and contradictory in public healthcare, referring to historical and value-based healthcare aims, values and ethics (see also Shortell & Kaluzny 2006), as well as public-sector values and aims (see also Virtanen & Stenvall 2010; Lane 2009). Business-type organisations could not survive with this kind of institutional logics without creating contradictions. According to Suddaby and Greenwood (2005), resistance to change is embedded in ontological rhetoric, which was also found in this study (Articles 2, 3 & 4; see also Article 1).

The findings thus reveal that contradictions and dilemmas are inherent in the transformation into a municipal enterprise. These mapped core dilemmas and the respective dynamics are illustrated and elaborated in more depth in Articles 2, 3 and 4. The discourses detected in this study concerning these contradictions and tensions could be labelled *dilemma rhetoric*: the proponents of the municipal enterprise form were more conciliatory than the opponents, who rather saw the dilemmas as unresolvable and paradoxical, and as a threat to the organisations' internal and external reputation (see also Article 3; Cunliffe 2002). Finally, the sought-for internal and external legitimacy was potentially at risk. As Hampden-Turner and Trompenaars (2000) suggest, instead of avoiding organisational and managerial dilemmas, it might be possible to create wealth from contradictory values by first mapping the core dilemmas and seeking reconciliation, and adopting a both-and approach that could produce value- and wealth-creating benefits resulting from the change and the adoption of a new organisational form.

6.2.5   *Discussion of isomorphism and institutional logics*

The adoption of similar organisational forms in the same professional or contextual fields could be interpreted on the organisational level as a consequence of coercive, normative and mimetic pressures exerted by institutional isomorphic forces (Articles 1, 2 & 3; DiMaggio & Powell 1983; Scott 1983a). As the results of this study show, the transformation into a municipal enterprise could be interpreted on the organisational level as a consequence of institutional isomorphic forces and overall NPM influences on the public sector in the drive for efficiency, economic stability and effectiveness. It would be relevant at this point to consider the findings reported in the four original articles in the light of the meta-theory of institutional organisations – the institutional logics – and to identify its role (Thornton & Ocasio 2008; Friedland & Alford 1991).

First, however, the question of using mixed approaches and insights from different institutional approaches in empirical studies should be addressed. Many theory-driven insitutionalists argue for the wholehearted embracing of one approach, their purpose being to demonstrate its effectiveness in explaining organisational or political phenomenoa (Schmidt 2006, 116; Hall & Taylor 1996; see also Hardy 2004). Hall and Taylor (1996) and Schmidt (2006) criticise this narrow perspective, arguing that interchange among institutional approaches facilitates the identification of different and genuine dimensions of human behaviour and the effects institutions may have. They do not imply that any of the approaches are totally inappropriate, rather suggesting that each of them seems to offer a partial interpretation of the forces at play in a given situation. Furthermore, the different institutional approaches capture different dimensions of human action (Hall & Taylor 1996, 22; Schmidt 2006, 116–117).

A number of scholars suggest that considerable promise lies in the interchange of institutional approaches (Hall & Taylor 1996; Kreps 1990). For instance, a variety of approaches have been used to explain why actors in a given institutional setting under certain pressures with particular learning experiences and ideas choose different courses of action over time (Marsh & Smith 2000; Schmidt 2006, 116–117). Hardy (2004) also highlights the need for further integration in research on organisational phenomena on both the micro and the macro level of analysis. However, as Hall and Taylor (1996, 24) point out, they were not suggesting that any rough integration of institutional approaches would be practicable or even desirable. Hence, there are calls to consider multiple levels of analysis in the development of more comprehensive frameworks (McAuley et al 2007, 453). Most of the analyses reported in the four original Articles are on the organisational level, except Article 4 with its field-level perspective in the analysis. It therefore seems appropriate to broaden the perspective in this

synthesis part of the thesis to give a more comprehensive view of the phenomenon under scrutiny, otherwise it would be only a partial account of the forces at work as identified in this study.

According to many institutional theorists, organisational homogenous change could also be understood on the level of the organisational field in terms of institutional logics (Thornton & Ocasio 2008; Kitchener 2002; Seo & Creed 2002; Barley & Tolbert 1997; Friedland & Alford 1991). There were some hints of institutional entrepreneurship on the organisational level in the phenomena under scrutiny in this study. Institutional entrepreneurs may be influential individual or organisational actors, meaning individuals with the ability, resources and legitimated status to influence and even manipulate the contradictions of competing institutional logics in order to create homogenous institutional change (Kallio 2015, 141; Hyvönen et al. 2012; Thorton & Ocasio 2008, 115–116; see also Hardy & Maquire 2008; Lawrence & Suddaby 2006). As reported in Article 1, it was found that one region where one of the case organisations (UlabC), was located, was a regional "trendsetter" (Kallio and Kuoppakangas 2013, 28):

> *"According to the informants, there had been clear pressure to maintain the forefront position of the region. The adoption of the municipal enterprise form for the laboratory thus boosted the region's position as the ´trendsetter´ on in public sphere administration."* (Ibid. 28)
>
> *"Our city and region has always been among the first to adopt new innovations, and we were the first to transform our laboratory into a municipal enterprise. […]" (Ibid. 28).*

UlabC was identified in this study as an "*early mover organisation*" (Kallio & Kuoppakangas 2013, 31), and the CEO in particular was a promoter and a trendsetter in the era of transformation in the 2000s. He embarked on consultation tours advocating the transformation in other publicly owned university-hospital clinical laboratories in the early 2000s, and promoted its take-up in his own organisation and among the key stakeholders. The CEO of UlabB was also identified as "*an anxious spokesman for the municipal enterprise form*" (Kallio & Kuoppakangas 2013, 27), and was a strong promoter of the municipal enterprise. The CEO of UlabC was identified as an influential manager (Kuoppakangas et al. 2013, 9), and UlabC was the first university-hospital clinical laboratory in Finland to adopt the municipal enterprise form and to introduce highly streamlined clinical laboratory processes.

In addition, as shown in this study, UlabC was the source of mimetic behaviour on the part of UlabA and UlabB in choosing to transform into a municipal enterprise and to streamline their clinical laboratory functions (Articles 1, 2, 3 and 4). Furthermore, as reported in Article 1, the transformation to a municipal enterprise was more of a political stalemate and also somewhat

strategic choice in the case of UlabC than in the other case organisations. However, it is not possible to evaluate the "level of rationality" of the local political bodies on the basis of the results reported in this study. Neither can it be ascertained whether the choice of a municipal enterprise was a strategic decision or the result of NPM influences (Kallio & Kuoppakangas 2013, 29, 31).

Structural overlap, according to Thorton and Ocasio (2008), is a consequence of the forced integration of roles, structures and functions that were formerly separate. As observed in this study, it was attributable to the coercive isomorphic forces connected to the Finnish Government, the government resolution "*Securing the Future of Health Care*" and the national reforms in local-government structures (PARAS and kuntauudistus) that were taking place in Finland at the same time as the study was being conducted (Kallio & Kuoppakangas 2013, 21–22). Coercive isomorphic forces as external triggers were exerting pressure on the case organisations to engage in organisational change (Articles 1 & 2). It should be pointed out that, as shown in this study, there was no desire in the case organisations to become municipal enterprises before the coercive public policies started to demand the more efficient running of public services.

Structural overlap[20] was also present on the organisational level in the sense that local public healthcare centres[21] were merging their laboratory service provision with that of the three case organisations (Thorton & Ocasio 2008, 99–129; Kallio 2015, 141). This, in turn, entailed reducing the number of laboratories in local municipal healthcare centres and centralising the services, especially the analytical work, at the three case organisations. In practice it also meant transferring the respective local laboratory employees to the three case organisations. However, the consequences were similar to those reported in Thorton and Ocasio's (2008) study on an organisation that was engaged in accounting and auditing activities and had commercial business-consulting services added to its services. It seemed from the findings that the institutional logic of accounting and auditing professionals collided with the market-oriented logic of commercial business consultants. As a consequence of the organisational change the roles of the accounting and auditing professionals changed radically: in addition to their normal tasks they had to scan their clients to identify potential customers for the commercial business consultants in their organisation. (Kallio 2015, 141)

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[20] The consequences of the structural overlap are discussed further in Articles 2, 3 and 4, although it is not explicitly referred to as structural overlap in the original Articles.

[21] In Finnish: terveyskeskus

As discussed in Articles 2, 3, 4 and earlier in this synthesis, the roles of the laboratory healthcare professionals changed radically as a consequence of the organisational changes. First, their job description was split in two. Their work formerly included both sample taking and laboratory analysis, but after the organisational merging and the transformation they either took laboratory samples or analysed them. Second, before the organisational changes their role was to fulfil their mission of healthcare based on their professional values and the organisation's essential aims. As a consequence of the transformation and the structural overlap they also had to adapt to and incorporate the commercial market logics of efficiency, cost-effectiveness and organisational branding into their professional healthcare logic. (Kuoppakangas 2014, 13; Kuoppakangas et al. 2013, 9–10) This is succinctly expressed in the following citation:

> "*When we think about professionalism, you don't want to hear about being able to afford it when professionalism is about taking care of patients*" (Hytti et al. 2014).

The normative isomorphic force detected here pushing the municipal enterprises in a more business-like direction contradicted the dominant institutional logic of healthcare professionalism, which means prioritising the general welfare of patients (customers) and other citizens over financial gain. This kind of structural overlap in institutional logics may be of interest to institutional entrepreneurs, as noted earlier with regard to promoting the municipal enterprise form and more streamlined clinical laboratory processes (Thornton & Occasion 2008; Kallio 2015, 141). However, the organisational change and the decision to become a municipal enterprise took place before the organisational-level structural overlap that resulted from the merging of the small clinical laboratory services offered in local public-healthcare centres, into the university hospital clinical laboratories, which had transformed into municipal enterprises (the three case organisations). In other words, in this study the structural overlap was connected to the organisational change on the levels of the organisation and the organisational field. (Articles 2, 3 and 4; Thornton & Ocasio 2008, 99–129)

In addition, the municipal enterprise form assumed a somewhat myth-like status, as Article 4 shows (see also Kitchener 2002). This result is in line with earlier research findings on change triggers and the adoption of new organisational forms driven by institutional forces and logics (e.g., Hyvönen et al. 2012). Moreover, the simultaneously on-going and integrated organisational-level and organisational-field-level change and behaviour detected in this study could imply the presence of similar institutional behaviour in the adoption of new organisational forms in the public-healthcare sector. (DiMaggio & Powell 1983; Thornton & Ocasio 2008; Friedland & Alford 1991; Scott et al. 2000)

Furthermore, as revealed in this study and discussed in more detail in Article 1, it seems that mimetic pressures were also pushing the case organisations to transform into municipal enterprises. UlabA and UlabB in particular did not evaluate or compare other forms explicitly as organisational-change options. Nor did they have factual evidence that the municipal enterprise would be superior to any other form such as the former balance-sheet organisation or a public limited company. Indeed, the informants seemed to know little about how a municipal enterprise would function within their professional field. Normative pressures from other medical professionals, in particular medical doctors wishing for similar organisational arrangements as their peers, also favoured the municipal enterprise.

Finally, as suggested above, coercive, normative and mimetic institutional isomorphic forces and institutional logics illustrated and interpreted the adoption of the municipal enterprise form. The identified goals[22] of organisational change – to operate more like a business, to achieve economic benefits and to improve efficiency in managerial decision-making – are in line with the NPM influences detected in public-sector organisational change (Articles 1 & 2; Pollit & Bouckhaert 2011; Macleod & By 2009, 241–249; Lähdesmäki 2003). The desire for legitimacy in reaching these goals was also evident, the municipal enterprise being the preferred option on both the internal and the external level. In striving to achieve their goals organisations may encounter dilemmas that appear to risk the sought-for legitimacy to some extent: contradictory goals create tensions that were identified in this study as dilemmas (Articles 2, 3 & 4).

6.3   Factors affecting choice and their influences on decision-making

As argued earlier, the municipal enterprises in the field of public healthcare are both organisations and institutions. Various factors influence transformation and organisational change. They include path-dependent factors, in addition to the special factors discussed above, implying historical evolution, and factors related to the rational-choice orientation of decision-makers as self-interested maximizers of rational utility (Schmidt 2006). They may also be in line with March and Olsen's (1995) logic of appropriateness: actions are influenced by rules of appropriate or exemplary behaviour constituted as institutions, or as

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[22] With regard to the identified goals, it should be pointed out that organisational actors may interpret and understand the given goals differently on account of partially implemented internal branding, insufficient internal education and lacking communication, as discussed in Kuoppakangas (2014) and Kuoppakangas et al. (2014) Hytti et al (2014).

institutions and organisations, and the choices might be the result of internalisation of ideas and how they are translated into organisations. (Czarniawska & Sevón 1996; Sahlin-Andersson 1996; see also Bonnedahl & Jensen 2007; see also DiMaggio & Powell 1983)

Given that the apparent limited capacity of rational-choice institutionalism to explain change in this study, on account of its static view of institutions, it might be fruitful to turn to discursive institutionalism. As noted earlier, this approach primarily concerns ideas and how they are communicated through discourse (Schmidt 2006; Hall 1993; Hay 2001; Jabko 2006; see also Peters 2012, 112), the basic premise being that institutions are defined by ideas and how those ideas are communicated within the organisational structure. As reported in Article 4, the institutional change was reflected in the discourse among members of the organisations. Such discourses may enhance legitimacy or they may delegitimise change, as discussed earlier in this study (Schmidt 2006; 2002).

Ideas may flow into the organisation from the surrounding environment on the field level (Articles 1, 2, 3 and 4). New ideas may be triggered by international trends such as NPM, which has evoked more business-like thinking in the public sector. The discursive repertoires discussed in Article 4 could also be described as translations of ideas—in this case of the actors' understanding of organisational change: they show, for example, how the translation of ideas may affect the way in which they are adopted on the micro-level within the organisation. Furthermore, recent suggestions that structuration on the field level might also occur on the level of ideas could refer to similar notions as the rebranding of Finnish public healthcare on the field level referred to in Article 4 (Czarniawska & Sevón 1996; Sahlin-Andersson 1996; see also Bonnedahl & Jensen 2007; see also DiMaggio & Powell 1983).

It has been claimed that institutions and public organisations bring stability and predictability to their members and society (Peters 2012, 119; see also Thynne & Peters 2015). Thus, any notion that challenges this predictability may devalue the institution. According to the findings reported in Article 4, the dilemmas attributable to the contradictory logics of healthcare professionalism and commercialism threatened the institutional order. Hence, as in discursive institutionalism the common criticism against institutionalism is reversed, and in the findings of Article 4 it was evident how important it was to consider the capacity to impose stability rather than protect it (Schmidt 2006, Peters 2012).

As discussed earlier, a potential challenge in the discursive institutional approach relates to the transformation of ideas into a decision. In other words, discourse matters when it reconceptualises rather than merely reflects interests so as to map new institutional paths instead of following old ones (Schmidt 2006; Peters 2012). In this study the organisational changes followed new institutional paths in adopting commercial-market logic despite the inherent contradictions

and dilemmas. The integration of competing institutional logics triggered the reframing rather than the refining of organisational norms. Organisations in which assumptions of collective goals are unclear may require other than conventional management techniques, such as strategic dilemma management and internal branding know-how, as suggested in this study (Articles 2, 3 and 4).

The sociological view of institutionalism reflects more of a top-down change process than the discursive approach, as also found in this study (Greenwood et al. 2008; Schmidt 2006). Sociological institutionalism appears to function well in delineating the shared norms in public-healthcare organisations that influence healthcare professionals' interests, shape their identities and frame their actions and behaviour (see Table 1), and in describing the shared understandings and norms of healthcare professionals that affect issues that are perceived as problems but could be solutions, as shown in Articles 2 and 3. Some events are connected to the historical background of the municipal enterprise and to juridical developments on the national and EU levels. Other phenomena such as the taken-for-grantedness of public-healthcare services and organisations in Finland reflect historical institutional interpretations. Furthermore, as shown in this study, collective processes of interpretation and legitimacy strongly affect the development of institutions and organisational change. (Mayer & Rowan 1977; see also Hall & Taylor 1996).

One feature of sociological institutionalism that seems to fit well with the professional logic of healthcare is the logic of appropriateness, which March and Olsen (1984) describe as a shaper of behaviour in organisational decision-making. Institutional and organisational norms and values are strongly emphasised, as they are in professional bureaucracies, and especially in healthcare organisations. There is a marked difference here from rational-choice assumptions, according to which decision-making behaviour is a function of rules and incentives as opposed to being guided by norms and values (Lindblom 1959; 1979; Weingast 1996). Certain rules in public-healthcare organisations are structured according to professional logics that derive from healthcare values and aims, and may help newcomers to understand the organisation's norms and values. March and Olsen (1995) argue that rules exist as a means of structuring the field-level behaviour (macro-level) of institutions. Interestingly, applied to public-healthcare institutions this would mean the bottom-up structuring of field-level behaviour, which also reflects characteristics of the professional bureaucracy to some extent (Mintzberg1983, 202). Moreover, rules formalise the logic of appropriateness.

According to the logic of appropriateness, individuals make conscious choices that are in line with core institutional and organisational values. As observed in this study, municipal enterprises are consciously created entities, but the logic of appropriateness does not seem to apply in terms of choices being in line with

core values. The main organisational goals connected to the transformation created the core dilemmas identified in this study, because of the contradictory institutional isomorphic forces and the competing institutional logics. Moreover, the goals were not fully in line with the institutional and organisational values, as discussed in Articles 1, 2, 3 and 4. It seems that there are areas that are open to individual interpretation even in fully developed institutions. This, in turn, requires the monitoring of behaviour and the reinforcing of core ideas about appropriateness, especially in public-healthcare organisations (March & Olsen 1989, 161; Peters 2012, 31; Powell & DiMaggio 1991).

The logic of appropriateness has its critics, as discussed earlier in this synthesis. The most fundamental criticism is that it might be difficult to prove that such logic does not exist and has no effect on the actors' decisions (Peters 2014; see also Popper 1959). There are rather vague criteria for its existence within an institution. Nevertheless, it did seem to have some effects on the actors' decisions in this study (Peters 2014). The inclusion of sociological and discursive institutionalism in the analysis could help in closing the hermeneutic circle of the study. This is discussed in the concluding chapter of this synthesis.

6.4 Organisational decision-making and choice

This study has shown that the way in which municipalities decide to create or transform their units or organisations is dependent on the way in which they approach decision-making in general. As discussed earlier, decision-making is a complex process that has produced a number of theories. Thus, municipalities, the boards of organisations, CEOs and managers may include, for instance, the garbage-can method, incremental decision-making, bounded rationality and mixed-scanning methods. (Simon 1978; Lindblom 1959; Minzberg 1973; Olsen 2010; Thynne & Peters 2015)

There was evidence in this study of incremental decision-making concerning the two options: a municipal enterprise or a public limited company (Articles 1, 2 and 4; Lindblom's 1959; 1979). The formerly applied balance-sheet organisational form was not an option, even though there was no evidence to suggest that it could not have been developed into a more efficient structure by allowing for more independent action in the decision-making processes and focusing more on cost-effectiveness (Articles 1, 2 and 4). The biggest problem and cause for concern among the decision makers related to the balance-sheet option, as found in this study, was the lack of a separate budget and profit-and-loss statement, which are required in municipal enterprises and public limited companies (Articles 1, 2 and 4). Hence, the balance-sheet unit was not independent or flexible in its financial and operative decision-making because of

the strong dependence on the local municipal board's decision-making. However, there was no reason why these negative issues could not have been resolved. The following two citations quoted in Article 1 illustrate this thinking:

> "*However, there was no evidence that the same outcomes could not have been gained by any other organisational form.*" (Kallio & Kuoppakangas 2013, 28)

> "*These cost and operational efficiency gains, which were sought after, could also have been achieved by the other balanced sheet units; nevertheless, municipal enterprise was chosen*." (Kallio & Kuoppakangas 2013, 28)

As discussed earlier in this study, Lindblom (1959; 1979) found the incremental approach clearly more realistic, both descriptively and prescriptively, than the rational approach. Incrementalism takes into account the cost of collecting information. In other words, rather than conducting comprehensive surveys and evaluating all possible alternatives, the decision maker focuses on the alternatives that differ only incrementally from existing solutions that need amendment or change. Consequently, only a relatively small number of alternatives are considered. Two of the choice alternatives identified in this, study -, between the municipal enterprise and the public limited company as an organisational form – exemplified the spreading of NPM ideas to the level of the organisational field and their translation into to change within the case organisations. According to the findings, no other choice alternatives were scanned or surveyed comprehensively, or even considered at all (Kallio & Kuoppakangas 2013, 26).

It was also observed in this study that the municipal enterprise is an incrementally different organisational form compared with the balance-sheet model: it has its own budget and accounting, and funds its investments and activities. This is the aim at least, although municipal enterprises cannot go bankrupt unless the entire municipality becomes bankrupt, and in this respect they are much more secure in economic terms than public limited companies, for instance. Nevertheless, they are still part of the municipality and are not legally impendent entities. Moreover, they operate in accordance with municipal law, unlike public limited companies, for instance, which are legally independent entities and operate in accordance with company law. (Articles 1, 2, 3 and 4; HE 32/2013 vp; HE 40/2013 vp)

More specifically, according to Lindblom (1959; 1979), restricted numbers of consequences are evaluated for each alternative, which should reduce the cost of decision-making. It appears from the results of this study that the possible costs related to conducting surveys or scanning alternatives were not considered. Nor was there any discussion about the possible costs of evaluating the consequences of the chosen organisational form. The implication is that no representatives of

organisational management or public governance evaluated or even questioned the transaction costs connected to the decision-making and the organisational transformation (Kuoppakangas et al 2013, 8).

Another feature of incremental decision-making is that the problem to be solved is continually redefined. In other words, incrementalism allows continuous ends-means and means-ends assessment that, in effect, could make the problem more easily solved and managed. (Lindblom 1959; 1979; Hampden-Turner 1990; see also Minzberg 1973, 13–17) It is also based on the premise that there is not one solution or decision that is correct, and appropriate answers are found through continuous reconsideration, analysis and evaluation (Lindblom 1959). It would therefore seem that the incremental approach is somewhat in line with the dilemma approach and dilemma reconciliation, in which the issues to be reconciled are similarly mapped and continuously reconsidered (see Articles 2 and 3; Kuoppakangas 2014, 16).

Incrementalism is criticised for producing non-innovative solutions because only limited alternatives are evaluated (Boulding 1964; Yehezkel 1964). It is in contrast with the dilemma approach where the reconciliation of dilemmas are often considered as addressing two extremes which seem to be conflicting with a new innovative solutions, Which might be a combination of, or combination of tenets of the two extremes. For instance values and goals, which are creating the contradiction and eventually the dilemma (Articles 2, 3 and 4). Moreover, according to Etzioni (1967), incrementalism does not achieve definitive conclusions concerning the core and marginal issues to be taken account in the decision-making. As found in this study, many attempts were made to take core issues into account in the process of choosing between a municipal enterprise and a public limited company. Core goals were set for the organisational transformation, but they turned into core organisational dilemmas and sub-dilemmas (Articles 2, 3 and 4). As discussed earlier in this study, dilemma reconciliation is an on-going process with no single correct answer or solution, and as such could imply a strategy of "not choosing", and a lack of courage to make either-or decisions. There are times in organisations in both simple and complex situations, when either-or decisions are appropriate.

However, in the complex context of this study, concerning the transformation of professional bureaucracies engaged in public-sector healthcare, the way in which decisions are made and the components, factors and special factors on which they are based assume major significance. As discussed earlier, different decision-making approaches evolve over time. They gain and lose popularity, and sometimes combine elements of two or more concepts in order to compensate for the possible shortcomings of existing concepts. Alternatively, a totally novel and even contradictory approach to meeting new decision-making demands among and within organisations and their environments may arise. The

dilemma approach is introduced and discussed in this study as an approach that could be combined with the incremental approach, for instance. Further research is needed to find out how it could be applied in the context if Finnish public healthcare (Articles 2, 3 and 4).

6.5   Municipal enterprises as consciously created entities

As discussed above, the decision-making processes investigated in this study related to choosing between two organisational forms, the public limited company and the municipal enterprise. The formerly used balance-sheet option was not included because it was not considered flexible enough to adapt to NPM-influenced demands for efficiency in public organisations. It is also possible that such influences enhanced expectations that the municipal enterprise would be a good alternative and solution in this respect (Articles 1, 2, 3 and 4). Furthermore, formal public and private organisations are legally structured entities that are consciously created to achieve certain goals, which as found in this study applied to municipal enterprises (Articles 1, 2, 3 and 4; Thynne & Peters, 2015; Barnard, 1938).

Public-healthcare organisations, and especially university-hospital clinical laboratories provide various healthcare services connected to clinical laboratory analysis and diagnostics. Their role in hospitals is crucial: physicians base their diagnoses on laboratory analyses and diagnostics, as well as their cure and care decisions (see also Alatolonen 2004). As found in this study, the adoption of and transformation into different organisational forms are matters of choice and decision-making that should be broadly related to the form and function of healthcare professionalism and professional bureaucracy (Articles 2, 3 and 4; Minztberg 1983; Kallio 2015; Thynne & Peters, 2015). It is evident that the organisational form should be appropriate to the aims, values, functions, tasks and responsibilities of these organisations, and should promote professionalism in healthcare. As discussed throughout this study, organisations that provide public services, and especially healthcare services, differ from their private counterparts in that they do not aim at maximising profits for a set of owners (Articles 1, 2, 3 and 4; Kallio, 2015, 107; Virtanen, 2010, 13–14; Lane, 2009, 2, 18).

Furthermore, university-hospital clinical laboratories clearly differ from other hospital and healthcare organisations and professional bureaucracies in terms of standardised outputs. Services provided by clinical laboratories are easier to commercialise, define and price in terms of processes and functions than most other healthcare services. (Kuoppakangas et al. 2013, 6; see also Alatolonen 2004) Some public-healthcare organisations in Finland have adopted the

municipal enterprise form, X-ray services, physiotherapy, occupational healthcare and even small hospitals, municipal enterprise of Turunmaan sairaala, being four examples (see also Tevameri 2014; 2012). However, as mentioned, publicly-owned limited companies in Finland have the juridical option to aim at market profits. Moreover, as found in this study, there is a tendency for university-hospital clinical laboratory organisations to transform into public limited companies. However, there are still in Finland university-hospital clinical laboratories, which have recently transformed into municipal enterprises, for example in the City of Oulu, the NordLab municipal enterprise was founded in year 2013 (NordLab 2015; see Kallio & Kuoppakanga, 2013; Kuoppakangas, 2014; Kuoppakangas, et al., 2014).

7 THE CONCLUSIONS OF THE THESIS

7.1 General conclusions

The main motivation for conducting this study was to shed light on the municipal enterprise phenomenon in Finland during the last two decades. A further driving force was the intensifying discussion concerning the increasing demands on public healthcare in the face of diminishing economic and human resources. There is a pressing need to find ways in which public organisations can serve effectively. The NPM framework has triggered the expansive take-up of private-sector business tools in the public sector, in which contradictory institutional logics and values may produce unpredicted outcomes with regard to change and the adoption of new organisational forms.

The overall research objective in this thesis was to develop an integrated framework for exploring decision-making in the transformation of the three case organisations into municipal enterprises. The focus is on the reasoning and rationale behind the choices, and on the extent to which the goals of the organisational change have been reached. The research questions were as follows:

RQ1. *Why, and how might municipalities decide to transform their healthcare service-provision units into municipal enterprises?*

RQ2. *What are the challenges – related especially to institutional design, structural and operational dilemmas, and questions of legitimacy – inherent in the transformation of healthcare service-provision units into municipal enterprise?*

RQ3. *What has the Finnish experience been in adopting the municipal enterprise as an organisational form in the provision of healthcare services – and what lessons can be learned from the experience?*

With regard to RQ1, institutional forces on the organisational level and structural overlap as well as some notions of institutional entrepreneurship on the organisational-field level, rather than strategic decision-making, were the driving forces behind the adoption of the municipal enterprise as an organisational form. These institutional forces also played a role in the search for internal and external legitimacy. The core goals of the adoption were in line with the three dominant aims within the NPM framework: economy, efficiency and effectiveness. In terms of organisational change, the specific core goals were 1) to be more business-like, 2) to achieve economic benefits and 3) to foster efficiency and

effectiveness in managerial decision-making, financial performance and operating practices. The NPM influences may also have enhanced expectations of the municipal enterprise as an organisational form that would facilitate improvement in economic efficiency. Moreover, the decision-making was incremental in that the municipal enterprise was considered a "Third Way" solution compared with the public limited company.

It could also be concluded from the results of this study that the core goals of the organisational-change process created tensions and contradictions that produced dilemmatic outcomes (RQ2). Thus, the emerging risks to internal and external legitimacy were attributable to the identified dilemmas. Institutional forces are inherently legitimating, according to the existing research, whereas the results of this study suggest that they may also be delegitimating and hamper the search for external and internal legitimacy (see also Beetham 2013; DiMaggio & Powell 1983). Institutional isomorphic forces may also influence each other and create dilemmas that could threaten the sought-for internal and external legitimacy. The novel interdependent and integrated analytical framework (Figure 11) introduced in this thesis highlights the institutional isomorphic dynamics.

DECISION-MAKING AND CHOICE IN THE ADOPTION OF A MUNICIPAL ENTERPRISE FORM IN PUBLIC HEALTHCARE ORGANISATIONS

Organisations as consciously created entities

The conscious creation is a result of decision-making and choice

Influences on the decision-making

The special factors

Professional bureaucratic tensions

The reasoning behind the decision making and the core goals (Articles 1 and 2)

Article #1

Article #2

The core dilemmas connected to the organisational change process (Articles 2 and 3)

The understanding of the new brand, core dilemmas and possible reconciliations (Article 4)

Article #3

Article #4

The principle reputation and legitimacy risks, possible reconciliations (Article 3)

Discussion Professional bureaucratic tensions

Discussion The special factors

Discussion Influences on the decision-making

Discussion The conscious creation is a result of decision-making and choice

Discussion Organisations as consciously created entities

Figure 11   The integrated and interlocked analytical framework of the thesis

The implication in RQ3 is suggested that strategic dilemma management, the core aim of which is to reconcile dilemmas and create synergy among them, could have helped to resolve the dilemmas related to the core goals of the organisational change. Decision makers considering the adoption of a new organisational form in public-sector healthcare organisations should base their choice on the strategic evaluation of suitable forms that would be in line with the respective professional values, ethics and aims. Moreover, effective education and training for healthcare employees could help to balance the potentially contradictory shift in institutional logic towards reconciliation and synergy. Indeed, given the results of this study one might describe the municipal enterprise form as a dilemma-reconciliation attempt in itself. A kind of *dilemma rhetoric* (see also Cunliffe 2002) emerged in the original articles characterising the proponents' and opponents' understanding of the change into a municipal enterprise and how it legitimated or de-legitimated the whole process of organisational transformation. It seems that the initial expectation was that the municipal enterprise would be a *magic wand* with which to legitimate the organisation's existence and operations, but the contradictions turned some of the original goals into organisational dilemmas that produced unintended outcomes.

It may be that these *magic-wand* expectations are connected to the NPM influence that triggered the take-up of business-type methods in bringing about organisational change in public healthcare. Without a thorough investigation into what kind of organisational form and goals would comply with the overall values and aims of healthcare professionals, there may well be unrealistic expectations connected to the change (see also Kitchner 2002, 397). There is thus an apparent need for a deeper understanding of business logic among those involved in public healthcare. Given the findings reported in this study, effort should be invested in developing business-type methods to make them more suitable and acceptable as legitimate organisational and management practices in the public-healthcare sector.

Nevertheless, it seems that the municipal enterprise as an organisational form has the potential to enhance cost awareness among employees and managers in public-healthcare organisations, which may in the long run improve economic efficiency and effectiveness. There is also the potential to enhance efficiency in managerial decision-making on the operational level and in financial practices, especially in the context of public healthcare. However, it is implied in the results of this study that if goals related to efficient managerial decision-making in public-healthcare organisations are to be met, they should be included in the negotiations preceding the organisational transformation and defined explicitly in the contract of establishment. Furthermore, explicit options for independent decision-making within well-defined boundaries should be agreed among the municipal council and other stakeholders. The implication here is that the

adoption of a new organisational form should be a genuine internal and external transformation aimed at accomplishing the goals set for the change and its outcomes.

It is also worth noting here that strategic dilemma management is not a *magic wand*. However, it could be further developed into a useful method for reconciling contradictory institutional forces, logics and organisational and professional values, as well as promoting synergy. It seems from this study that the attainments associated with the adoption of a municipal enterprise form proved to be somewhat contradictory, and that the identified core dilemmas steered the discussion towards potentially new organisational development. Consequently, pressures from new coercive isomorphic forces were pushing the municipal enterprises to transform into public limited companies or to pull out of genuine markets.

7.2   Theoretical contributions

In terms of positioning, this study contributes to the discussion about organisational decision-making and change, organisations being seen as social organisms that are created and grow as artefacts of social interaction, legitimacy, institutional isomorphism and institutional logics. A theoretical challenge was to enhance understanding of the shifting mix of deliberate design and adaptive behaviour (Thornton & Ocasio 2008; Olsen 2010, 19; see also Brunsson & Olsen 1998; March & Olsen 1989; March 1981), and thus to elaborate on the discussion related to institutional theory (Greenwood et al. 2011; Scott 2000; DiMaggio & Powell 1983).

The theoretical contributions relate to the further exploration of the reasoning and rationale behind the choice of a municipal enterprise form in the three case organisations, and the consequences thereof. The first step is the conclusion that institutional forces, especially mimetic pressure and political stalemate, drove the decision-making. The second step, to revisit the empirical data and the literature, was approached via dilemma theory, which illustrates how institutional forces are at work and create tensions. The theoretical elaboration on how institutional forces created tensions turned out to be fertile, requiring deeper examination of the data and the literature to strengthen the interpretation. The third step in the process of theoretical development and reinforcing earlier findings was to bring in the reputation risks that arose from the dilemmas and eventually threatened the legitimacy gains, and further, to explore the *dilemma rhetoric* and how ideas are translated into organisations. In addition, how informants' understanding of the municipal enterprise as an organisational form and of how internal branding could enhance its acceptance and adoption among healthcare employees. This

synthesis takes the final step in closing the circular hermeneutic process of analysis in this discussion on the theoretical and practical contributions of the whole study.

Paradoxically, although institutional theory sheds light on the reasons why public organisations become homogenous in their search for legitimacy, mimetic, normative and coercive institutional forces create tensions and conflicting aims that may end up as dilemmas. Such dilemmas may constitute risks to the organisation's reputation, both internally and externally, which in turn may threaten its internal and external legitimacy. The institutional pressures on the three case organisations to transform into a municipal enterprise in order to gain legitimacy also constituted a threat to the sought-for gains. Dilemma theory identifies challenges associated with organisational decision-making and change, and shows how the way in which organisations respond to these dilemmas influences the ultimate outcomes of change (Kuoppakangas 2014; Kuoppakangas et al 2013; Hytti et al 2014; Hampden-Turner 1970; 1981; 1990; 2009; Kangaslahti 2007).

The main contributions of this thesis to the academic discourse are the following. First, it delineates the *tensions* within institutional isomorphic forces and shows how the tensions between the various forces (mimetic, normative and coercive) of institutional theory operate. The addition of dilemma theory illustrates the competing institutional pressures that are involved in creating the tensions. Second, the findings add to the literature on institutional organisational theory in suggesting that institutional forces diminish and strengthen one another, and thereby create tensions that may end up as dilemmas posing reputation and legitimacy risks. Although institutional forces have an inherent legitimating status, the ultimate outcome may be the opposite, legitimating: failure to gain normative and coercive acceptance (Kuoppakangas 2014; Kuoppakangas et al 2013; see also Beetham 2013; DiMaggio & Powell 1983).

Institutional logics, as a meta-theory is also brought into the discussion in this synthesis as an organisational-field-level perspective to provide additional insight into the organisational-level perspective of institutional isomorphic forces. Structural overlap and notions of institutional entrepreneurship are the main institutional logics' mechanisms of institutional change detected in the study. There were also some indications of competing institutional logics related to healthcare professionalism, the public sector and business (Kallio & Kuoppakngas 2013; Kuoppakangas 2014; Kuoppakangas et al. 2013; see also Suddaby & Greenwood 2005; Thornton & Ocasio 2008, 118). *Dilemma rhetoric* found in this study is further elaborated in line with Suddaby and Greenwood's (2005) work on the rhetorical strategies of opponents and proponents of change in connection with the adoption of a new organisational form, and its

legitimisation in highly professionalised fields operating in accordance with contradictory institutional logics.

The novel integrated and interlocked analytical framework comprising interdependent elements (Figure 11), and the theoretical contributions discussed in this synthesis, as well as in Articles 1, 2, 3 and 4, could be considered the core theoretical contributions of this doctoral thesis. Hence, the study enhances understanding of the phenomenon under scrutiny: the municipal enterprise as an organisational form and its adoption in public healthcare. Moreover, the integrated framework could prove to be an effective tool facilitating broader analysis in different contexts beyond the field of public healthcare and also in the private sector.

7.3   Practical contributions

The purpose of this thesis was to enhance understanding of the decision-making in Finnish public-sector organisations leading to their transformation into a municipal enterprise. The research topic and the three main research questions were approached from four perspectives of the sub-studies, with the guidance of the novel interlocked analytical framework of this thesis (see Figures 2 and 11). The study focuses on three organisations in the field of healthcare services, and leans on both institutional theory domain and the dilemma approach in examining the decision-making. The emphasis on dilemmas enables the reader to follow the decision-making in the adoption of the municipal enterprise as an organisational form.

In exploring the process of change in the three case organisations the study has the potential to complement the current understanding of organisational change in public healthcare. More specifically, via dilemma theory it shows how pre-change expectations regarding outcomes differed from the actual outcomes in the case examples. Managers and leaders responsible for organisations and change would benefit from knowing how intended outcomes may differ from actual outcomes, and from understanding why this happens. Moreover, if the ultimate outcomes and gains are to meet the original objectives the organisational change should be genuine, and not a *masking* process mimicking other organisations in the same operational fields.

The dilemma-reconciliation method proposed and recommended in this study would need further development for use in public-healthcare management. The findings also illustrate how the decision makers in the case organisations used the process unconsciously. Managers and leaders in public healthcare facing challenging decision-making situations and organisational change could

profitably use strategic dilemma management and reconciliation to facilitate the detection of existing and potential dilemmas.

The current pressing need in Finland to enhance the service effectiveness of public organisations derives from the aging of the population and variations in service needs, as well as the growing demands on public finances. The objective of the reforms in local-government structures (e.g., PARAS and kuntauudistus) and the on-going social-welfare and healthcare reform (SOTE-uudistus) is to ensure the provision of municipal services on a comparable level, with a cost-effective, high-impact structure and equally good quality throughout the country (STM 2014).

The adoption of the municipal enterprise form in public healthcare X-ray services has had a similar effect as in clinical laboratory services both having somewhat similarly standardised output functions (see also Tevameri 2012). It could also prove beneficial among public-healthcare services that can be well defined as a process and a service product, and specifically priced, such as physiotherapy and occupational healthcare (Kuoppakangas et al. 2013, 6).

It could thus be useful to consider the municipal enterprise form as a solution in public-hospital organisations in general in Finland, and its application in the different service functions within their matrix structures, depending on the goals that are set for the transformation. Its application throughout the system may not be appropriate because, for instance, it may encourage unnecessary bureaucracy, as detected in this study. Transformation into a public limited company might be a better solution in settings such as private-sector hospitals. Hence, it can be concluded from the findings reported in this study that it is impossible to evaluate the suitability of the public limited company as an organisational form to all hospital entities. Nevertheless, the integrated framework introduced in this thesis may be an effective tool for use in other organisational fields outside the healthcare context, and also in the private sector.

The results of this study imply that explicit investigation into the applicability of the findings to different types of institutional logics organisational goals and professional values should precede the decision-making connected to the adoption of new organisational forms in municipal service provision. Legitimacy and a good reputation may also attract competent healthcare professionals to public-healthcare organisations. In addition, municipalities with a good reputation for healthcare provision may gain added value in attracting new citizens, in other words new taxpayers (see also Lainema 1998; Pitkämäki 2014). Finally, this study gives generic insights into organisational change and development for the use of leaders, managers and decision-makers in the public, private and third sectors.

7.4 Suggestions for future research

The purpose of this doctoral thesis was to enhance understanding of the escalating phenomenon of the municipal enterprise as an organisational form and its adoption in public healthcare. The focus is on the reasoning and rationale behind the decision-making resulting in the choice of the municipal enterprise, and on how the transformation met the expectations of the three case organisations. The decision-making is approached from a qualitative perspective in the analysis of the three cases. As the key results of the study demonstrate, organisations face existing and future dilemmas in their decision-making and organisational change. Instead of frantically avoiding these dilemmas they should take them as a source of new innovative solutions to the never-ending challenges facing management in public healthcare.

Further research incorporating and elaborating on institutional organisational theory and the dilemma approach could produce fertile and interesting theoretical outcomes and developments. The dilemma-reconciliation method and strategic dilemma management in public-sector healthcare would benefit management and leaders. Field studies and a workshop approach would facilitate joint research and development, with practitioners participating in the process. On the other hand, dilemmas and the need for strategic dilemma management and reconciliation are of concern not only in public healthcare but also to public organisations in general, as well as to their private-sector counterparts. There is thus a need for further research aimed at developing the novel integrated analytical framework if this thesis. In addition, further research aimed at developing the strategic dilemma management and reconciliation as tools, and analysing the special needs associated with them in case organisations representing different fields.

Another interesting research avenue would be to investigate how privatised public organisations build their internal and external legitimacy and reputation, and simultaneously maintain their public status. It would also be worthwhile investigating the NPM-influenced adoption of the three Es to shed light on the issues that enhance and hinder efficiency development in public-sector organisations. Could there be some kind of collective practice of inefficiency, and if so why, and how could such issues be reconciled? The dilemma approach combined with theories of institutional logics and organisational learning could enhance the interpretations. Finally, in terms of organisational learning, further research on leadership and management-communication strategies could facilitate the search for legitimacy in organisational change.

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APPENDIX 1: THE RESEARCH INTERVIEWS

Research interviews 2007–2008:
1. Chief executive 28.8.2007.
2. Director of municipal social affairs 21.9.2007.
3. CEO 21.9.2007.
4. CEO 25.9.2007.
5. Municipal governance consultant & professor of economics 25.9.2007.
6. CEO 5.10.2007.
7. City mayor 5.10.2007.
8. Former CEO of a municipal enterprise, board member & chief executive 5.10.2007.
9. Head of development & municipal enterprise expert 9.10.2007.
10. Senior employee representative 10.10.2007.
11. Chief executive & medical doctor 10.10.2007.
12. Senior employee representative 11.10.2007.
13. Chief executive of the hospital district 12.10.2007.
14. Board member & medical doctor, manager & professor of law and governance 16.10.2007.
15. Board member & hospital district chief of administration 16.10.2007.
16. Senior employee representative 19.10.2007.
17. Member of the board 19.10.2007.
18. Hospital district lawyer & board member 25.10.2007.
19. Managing director & medical doctor 29.10.2007.
20. Chief lawyer dealing with municipal affairs 31.1.2008.

Research interviews 2011 (juridical issues affecting municipal enterprises)

21. Chief lawyer dealing with municipal affairs 6.5.2011
22. Director of municipal law 6.5.2011
23. Chief executive & municipal lawyer 6.5.2011 (Status changed since 2007)
24. Former head of development & expert on municipal enterprises 24.5.2011 (Status changed since 2007)

APPENDIX 2: THE AUTHOR'S ROLE AND HER CONTRIBUTION TO THE CO-AUTHORED ARTICLES

Article 1 was co-authored by Kallio and Kuoppakangas. Both authors contributed to the development of the research question, the theoretical analysis and the conclusions. Kuoppakangas, under the supervision of Kallio, was responsible for collecting and analysing the empirical data. Moreover, both authors contributed to the discussion section by integrating the case analysis with the theory. Article 3 was co-authored by Kuoppakangas, Suomi and Horton. Kuoppakangas and Suomi contributed to the development of the research questions, the theoretical analysis and conclusions. Suomi took responsibility for the section on reputation theory and Kuoppakangas for the sections on dilemma and institutional theory. Kuoppakangas was also responsible for collecting and analysing the empirical data. Kuoppakangas and Suomi contributed to the discussion section by integrating the case analysis into the theory. Horton's role in the study was to work as a senior academic commentator. Article 4 was co-authored by Hytti, Kuoppakangas, Suomi, Chapleo and Giovanardi. Hytti wrote the section on discourse analysis and provided advice and support for the analysis. Kuoppakangas was in charge of the data collection and built the interpretive repertoires with Suomi and Hytti. Suomi elaborated on internal branding theory and Chapleo on public branding. Chapleo also contributed to the dilemma section, for which Kuoppakangas took overall responsibility. All the co-authors contributed to the discussion section and the conclusion. Giovanardi contributed as a senior academic commentator.

APPENDIX 3: EXAMPLE OF DATA CODING AND THEMES CONNECTED TO RESEARCH QUESTION 1

- The researcher listened closely to the audio recordings of the interviews.
- The transcriptions were carefully carried out and read
- The further original citations were organized according to research questions
- The key topics were identified and explicated on the basis of this analysis
- The key themes and topics of importance were synthetically merged
- To form several general and main categories
- The differences of the individual case organisations

(Silverman 2000; Shank 2002; Yin 2003)

Samples of original empirical data citations	Key topics	Key themes	General categories	Theories in synthesis Part I
UlabA **1. RQ: What were the reasons for taking up the municipal enterprise form?**				Sociological institutionalism & Discoursive institutionalism
"[…] Of course the Securing the Future of Health Care, recommended the municipal enterprise in laboratory and also radiology utilities."	Securing the Future of Health Care Recommended	Recomendations	Coercive isomorphic forces and normative isomorphic forces NPM	
"It was believed that employees would resist the municipal enterprise form less than the public limited company." "Well, does it make sense to have your own money? If we know that for this price we can sell the products and it's a good business, this is the main issue in the municipal enterprise and we could then expand our activities."	Employees less resist municipal enterprise Middle way Products Business Price Own money Business-type of activities	Commercial market logics Well-being at work Flexibility, efficiency & Independency Streamlining processes	Normative isomorphic forces	

Samples of original empirical data citations	Key topics	Key themes	General categories	Theories in synthesis Part I
"[…] It was believed that business-type of activiteis could enhance the productivity and cost-effectiveness as well as diminish bureacracy so we were also aiming at transparency "	Enhance the productivity and cost-effectiveness Diminish bureaucracy Aiming at transparency			
"There wasn't any investigation done on the suitability of different organization forms for the laboratory unit, since the lab in city C [UlabC] had already been transformed and also the lab in city B [UlabB] was strongly on its way to be transformed into a municipal enterprise." "[…] It seemed that the municipal enterprise form was very fashionable."	Wasn't any investigation done on the suitability of different organization forms Since the lab in city C [UlabC] had already been transformed The lab in city B [UlabB] was strongly on its way Very fashionable	Copying other organisations in the same organisational field	Mimetic isomorphic forces	
–	–	–	Institutional entrepreneurship	Sociological institutionalism & Discoursive institutionalism
"We wanted to merge the small healthcare centres' labs into our lab […]" "[…] Essential issue was to merge these seperate labs, it was the big thing and that we got municipal enterprise was just by chance."	Merging of small labs into municipal enterprise	Strutural overlap Compiting professional logics	Instituttional logics	
UlabB **1. RQ: What were the reasons for taking up the municipal enterprise form?**				
"[…] And yes, the Securing the Future of Health Care, the municipal enterprise in laboratory and also radiology utilities."	Securing the Future of Health Care	Recomendation	Coercive isomorphic forces and normative isomorphic forces NPM	Sociological institutionalism & Discoursive institutionalism
"This is some kind of branding, what the […]	This is some kind of branding	Commercial market logics	Normative isomorphic forces	

Samples of original empirical data citations	Key topics	Key themes	General categories	Theories in synthesis Part I
hospital district organisation is doing, this transformation into a municipal enterprise!" "[…] The flexibility gains was one of the reasons to take-up municipal enterprise and efficiency gains and lessen bureaucracy […]" "[…] the with regarding the employees municipal enterprise was more human alternative than public limited company because of the fear of lay-offs […]" "I think it's the economics, it's easier to operate as a municipal enterprise when you can remove the overlaps."	The economics It's easier to operate as a municipal enterprise when you can remove the overlaps The employees municipal enterprise was more human alternative than public limited company Middle way	Well-being at work Flexibility, efficiency & Independency Streamlining processes		
"These organisational models come into fashion, and why not use them. As this change was made in [xx] it was a good stimulus for us to do it as well." "[…] but surely the transformation of the lab in city C [UlabC] gave push to our laboratory's adoption of the same organization form."	Organisational models come into fashion This change was made in [xx] it was a good stimulus for us Transformation of the lab in city C [UlabC] gave push	Copying other organisations in the same organisational field	Mimetic isomorphic force	
–	–	–	Institutional entrepreneurship at organisational level	Sociological insititutionalism & Discoursive institutionalism

Samples of original empirical data citations	Key topics	Key themes	General categories	Theories in synthesis Part I
"Aim was to merge of the healthcare districts' healthcare centres' labs"	Merge of labs	Structural overlap Compiting professional logics	Institutional logics	
UlabC **1. RQ: What were the reasons for taking up the municipal enterprise form?**				
"But there was strong political pressure to transform the laboratory unit into a municipal enterprise [...] It was a political reality since the public limited company form would have provoked a fierce resistance among the employees." "[…] the Commercial competition agency demand certification of transparent pricing" "[…] we had to make a compromise […]"	Political pressure Transparency Transparency of pricing Compromise Way out solution	Political stalemate	Coercive isomorphic forces and normative isomorphic forces NPM	Sociological institutionalism & Discoursive institutionalism
"It is clear that downsizing bureaucracy and cutting the costs and enhancing efficiency and productivity, were the reasons" "yes we were seeking for transparency, growth and productivity" "municipal enterprise was seen as an tool for more efficient operative decision-making and which able more efficient and flexible activities, but I do not mean the internal quasi market operations, I mean going for real markets" "municipal enterprise was better alternative for employees than public limited company"	Bureaucracy Transparency Efficiency Economic growth Productivity A tool to make more efficient operative decisions Aiming at real markets Employees acceptance Middle way	Commercial market logics Well-being at work Flexibility, efficiency & Independency Streamlining processes	Normative isomorphic forces	
–	–	–	Mimetic isomorphic forces	

Samples of original empirical data citations	Key topics	Key themes	General categories	Theories in synthesis Part I
"[…] I am and the CEO we are very pro-municipal enterprise people. We have both been consulting other labs and I have been consulting other fields as well on municipal enterprise vastly." "I have been lecturing and promoting municipal enterprise vastly in different municipalities during last years"	Very pro-municipal enterprise Consulting Lecturing and promoting	Promoting muncipal enterprise effectively Actor	Institutional entrepreneurship at organisational level	Sociological institutionalism & Discoursive institutionalism
"Our city and region has always been among the first to adopt new innovations, and we were the first to transform our laboratory into a municipal enterprise." "other municipalities have visited us to see how it works"	First to adopt new innovations Trend setter The first to transform in the field Visits from other municipalities Early mover	Institutional entrepreneurship at field level Promoting municipal enterprise effectively on field level	Institutional logics	Sociological institutionalism & Discoursive institutionalism
"The emerging of the small labs from the healthcare centres was important issue"	Merging other lab units	Structural overlap Compiting professional logics	Institutional logics	

APPENDIX 4: EXAMPLE OF DATA CODING AND THEMES CONNECTED TO RESEARCH QUESTION 2

- The researcher listened closely to the audio recordings of the interviews.
- The transcriptions were carefully carried out and read
- The further original citations were organized according to research questions
- The key topics were identified and explicated on the basis of this analysis
- The key themes and topics of importance were synthetically merged
- To form several general and main categories

(Silverman 2000; Shank 2002; Yin 2003)

Samples of original empirical data citations (UlabA)	Key topics	Key themes
"Well, looking at the expectations we had before the transformation into a municipal enterprise, the decision-making could be more flexible, it really doesn't work as smoothly as expected on all levels and in all situations. There's still a lot to work to do to achieve the efficiency we wish to have" *" [...] but, considering the initial targets we've done rather well. Internal processes have become more efficient and the overall streamlining of activities is just gaining momentum [...]"* *"At the moment, looking back to before the time of the municipal enterprise and at the current situation, ah, how to put it, decision-making is somewhat more efficient, but not as flexible as we expected"* *"Of course we have bureaucracy, where would it go? In some areas it has become even heavier than before the transformation."* *"The price level is a good indicator of efficiency in laboratory activities and it has developed as expected."* *"We do budgeting, we follow [the costs], we do bids, we have sort of caught up with the idea of the municipal enterprise and those*	The decision-making could be more flexible, it really doesn't work as smoothly as expected Internal processes have become more efficient and the overall streamlining of activities is just gaining momentum Heavy bureaucracy We do budgeting We have lowered the prices Cost-efficiency Prices developed as expected Goals have to be defined explicitly in the contract of establishment	Economy & management

Samples of original empirical data citations (UlabA)	Key topics	Key themes
hard facts, we have lowered the prices too." "The investments haven't been properly documented, nor has it been defined what a municipal enterprise can do independently. They're hoping for more say but since we're not a genuine business organisation but under municipal rule and funded by the taxpayer it's not so simple. Costs are not allowed to go up, but still we're supposed to invest." "Have you seen our home pages? They are nice and they look nice. The advertising company tells me that the content has to be updated frequently. But who has the time to do that?" "[...]*	Nor has it been defined what a municipal enterprise can do independently Hoping for more say but since we're not a genuine business organisation but under municipal rule and funded by the taxpayer it's not so simple. Costs are not allowed to go up, but still we're supposed to invest Laboratory processes streamlined due to efficiency aims	
"We have a physician who's in charge of customer service. He deals with and evaluates customer-satisfaction issues, PR in other words. In sales and marketing we have a responsible physician, so there's our face to the outside world. So it is possible to set up such functions in a municipal enterprise. If we weren't one, all this stuff would be filed and people would ask what is this then and the file would be thrown away. Just guess how many files have gone that way already. Now we have all this because we're a municipal enterprise. Otherwise it would not have passed the hospital district decision-making."	Home pages Advertising Marketing specialist PR Customer satisfaction	Business-type of tools and activities
"When we think about professionalism, you don't want to hear about being able to afford it when professionalism is about taking care of patients." "The content of the laboratory nurse's work is too simplified now that we are a municipal enterprise. And I think the reason is that the processes are being streamlined due to efficiency aims. And well, it unfortunately is a minus." "It was believed that employees would resist the municipal enterprise less than the public limited company. [...] But now that it's brought more bureaucracy, which is also affecting the personnel on many levels, the coffee-table discussions are not very positive	Some kind of briefing Understanding of municipal enterprise You don't want to hear about being able to afford it Paperwork is keeping them away from their real professional work Must have had some role in the somewhat negative attitudes of medical doctors and nurses	Healthcare Professionalism
and people are somewhat stressed. Well, yes, they feel that paperwork is keeping them away from their real professional work." "[...] we had some kind of briefing where the	The content of the laboratory nurse's work is too simplified Discussions are not very	Work well-being deterioration

Samples of original empirical data citations (UlabA)	Key topics	Key themes
municipal enterprise form was explained to us. Eh, but I don't know how much we understood about it [...] the real change from before." *"[...] Well, I have to say that the bureaucracy is probably even heavier than before the transformation, which is after all very disappointing, but also very typical in public-sector organisations. And I know we were and are aiming at more efficient decision-making [...] and I wanted to believe that the municipal enterprise would be the answer. [...] This must have had some role in the somewhat negative attitudes of medical doctors and nurses towards the municipal enterprise form."*	positive People are somewhat stressed Change resistance Professionalism Somewhat negative attitudes of medical doctors and nurses towards the municipal enterprise form	

General categories:
- NPM (Articles 1, 2, 3, 4)
- Isomorphic forces:
    - Coercive
    - Normative
    - Mimetic
- Dilemmas (Article 2, 3, 4)
- Legitimacy (Articles 2, 3, 4)
- Reputation (Article 3)
- Competing institutional logics of the healthcare professional logics and the commercial market oriented logics (Articles 1, 2, 3 and especially 4)

Main categories:
- Sociological institutionalism (Articles 1, 2, 3)
- Discursive institutionalism (Article 4)

APPENDIX 5: DILEMMAS EMERGING FROM INTERVIEW DATA IN ARTICLES 2 AND 3

Dilemmas emerging from interview data and analyzed in the following referee journal articles:

- Kuoppakangas, Päivikki (2014) Adopting a municipal enterprise form: Expectations and outcomes – Three cases and dilemmas. Journal of Change Management, Vol. 14 (1), 126–145.

- Kuoppakangas, Päivikki – Suomi, Kati – Horton, Khim (2013) Reputation and legitimacy: A comparative view of three municipal enterprises in Finland. International Journal of Public and Private Healthcare Management and Economics, Vol. 3 (2), 1–17.

1. Dilemma number one: normative and coercive isomorphic forces (Kuoppakangas 2014)
"Well, looking at the expectations we had before the transformation into a municipal enterprise, the decision-making could be more flexible, it really doesn't work as smoothly as expected on all levels and in all situations. There's still a lot to work to do to achieve the efficiency we wish to have" (UlabA, CEO)

"How could I put it? Yes, there is always a great danger that municipal enterprises will only make decisions for their own good and will just forget about the whole picture, which includes the whole hospital district. So basically the partial optimizing would only be due to the too independent decision-making in the municipal enterprise. So we just need to stress the public governance guiding it" (UlabB, Board member and chief executive of a hospital district)

"In my opinion the decision-making has become somewhat more flexible, but we're still looking for more independence" (UlabC, CEO) |
| **2. Dilemma number two: the quasi-market and the real market (Kuoppakangas 2014)** |
| "It is absolutely the case that this quasi-market and in-house tendering has actually caused mid-body obesity in the organization. What I mean is that it has caused stiffness and unnecessary overlap. Is there any point in tendering for in-house services if there is only one service provider in the field? I don't think this makes any sense at all." (UlabC, Member of the Board, former CEO of a municipal enterprise)

"I would just need to conclude that the bureaucracy has not diminished. Well, it has more likely grown even heavier than before the transformation, which is very disappointing."(UlabB, Member of the board, Medical director) |

"Of course we have bureaucracy, where would it go? In some areas it has become even heavier than before the transformation." (UlabA, Member of the Board, Chief trustee)

3. Dilemma number three: the public limited company and the municipal enterprise form (Kuoppakangas 2014)

"This transformation into the municipal enterprise form and the on-going streamlining of the clinical laboratory process is totally changing the content of the laboratory nurse's job. Well, I could describe it as simplifying the content of the job, which isn't good at all: it's a big minus. The factory-type of laboratory work and procedures certainly does not enhance wellbeing at work" (UlabC, Board member, Chief trustee).

"The content of the laboratory nurse's work is too simplified now that we are a municipal enterprise. And I think the reason is that the processes are being streamlined due to efficiency aims. And well, it unfortunately is a minus." (UlabA, Board member, Chief trustee)

"How could I say it to be clear? Job wellbeing is important and change is always a threat of course, but we have tried not to make the job descriptions as simplified as in UlabC. I had heard about them and I have been fighting against them ever since we transformed into a municipal enterprise." (UlabB, Board member, Chief trustee)

2.1. Sub-dilemma Flatter bureaucracy vs. NPM needs well-functioning bureaucracy (Kuoppakangas 2014)

Elaboration of empiric data (same citations of Dilemma number 2) and theory, organizational goals

3.1. Sub-dilemma Better work-wellbeing vs. the streamlining the clinical laboratory processes for efficiency gains and cost-effectiveness

Elaboration of empiric data (same citations of Dilemma number 3) and theory, organizational goals

1. Dilemma number one: More freedom in decision-making vs. stronger governance control (Kuoppakangas et al 2013)

"Well […] this has been somewhat disappointing since the municipal enterprise form was marketed to us as a more flexible solution for efficient decision-making on the operational level, but I can't really totally agree now that I have seen it in practice." (Chief Trustee)

"At the moment, looking back to before the time of the municipal enterprise and at the current situation, ah, how to put it, decision-making is somewhat more efficient, but not as flexible as we expected" (Board member and chief executive of a hospital district)

"[…] I could say yes and no. In my opinion the decision-making has become somewhat more flexible, but we're still looking for more independence on the operational level. So, in dealing with external partners, and concerning investments, we are still too slow, since we need prior approval from different stakeholders in-house and on the municipal level." (CEO)

"The decision-making might be more flexible in practice now, but mostly from the CEO's point of view. Well, yes, concerning us, the employees, and the decision-making, it has become more authoritarian in style […] coming from on high and not including us in the process as we assumed and expected." (Employee representative)

"How can these organisations evaluate their effectiveness when they have no clue about the transformation costs? I mean the transaction costs. As far as I know neither the municipal stakeholders nor the CEOs have ever asked. In fact, a couple of CEOs have told me this straight out, that none of the stakeholders have even asked or called for the information." (Board member, municipal enterprise advisor)

2. Dilemma number two: The "monopoly game" vs. genuine business actions (Kuoppakangas et al. 2013)

"Yes…yes, I am really seeing this in-house tendering resulting in overlaps and it doesn't make any sense because we were and are aiming at more flexible decision-making on all levels. Operating in in –house quasi-markets is not efficient at all. Not to mention the fact that our status in the eyes of the business sector might not be so good nowadays as we are aiming to operate in their field as well." (Member of the Board, former CEO of a municipal enterprise)

"[…] Well, I have to say that the bureaucracy is probably even heavier than before the transformation, which is after all very disappointing, but also very typical in public-sector organisations. And I know we were and are aiming at more efficient decision-making […] and I wanted to believe that the municipal enterprise would be the answer. […] This must have had some role in the somewhat negative attitudes of medical doctors and nurses towards the municipal enterprise form." (Member of the board, Medical director)

"In my opinion we have even heavier bureaucracy than before the transformation. I did have my hopes up for some time, but it seems to be a fact now. Concerning the aims and expectations of the municipal enterprise form it has been disappointing to see all this happen […] it isn't enough that we have these nice colourful leaflets about our new organisations if the reality is something else." (Member of the Board, Chief trustee)

3. Dilemma number three: wellbeing at work vs. super efficiency in work processes (Kuoppakangas et al. 2013)

"It was believed that employees would resist the municipal enterprise less than the public limited company. […] But now that it's brought more bureaucracy, which is also affecting the personnel on many levels, the coffee-table discussions are not very positive and people are somewhat stressed. Well, yes, they feel that paperwork is keeping them away from their real professional work." (Board member, Chief Trustee)

"[…] UlabC does not have a very good reputation in our organisation because we have heard too much negative talk about the management style there. The world is small, if you know what I mean. And I have been in this field for over 30 years. Wellbeing at work is important and change is always a threat of course, but we have tried not to simplify the job descriptions as much as in UlabC. My main task has been to let the personnel know that it is not the municipal enterprise form that makes the job description factory-style or the management undemocratic." (Board member, Chief trustee)

"Our transformation into a municipal enterprise and the on-going streamlining of the

clinical laboratory process is totally changing the content of the laboratory nurse's job. Well, I could describe it as simplifying the content of the job, which isn't good at all: it's a big minus. The factory-type of laboratory work and procedures certainly do not enhance wellbeing at work. The employees are somewhat afraid here and depressed." (Board member, Chief trustee)

"It's very easy to point to what has been the biggest disappointment given our expectations, which were, and I stress this, they were based on clear promises and they are documented in Board meeting minutes. I can show you the documents! [...] The disappointment is that the bonus system that was promised to the medical doctors never materialised. It was one of the key points in recruiting new doctors. We have heard that UlabC and UlabA have implemented their own bonus systems as promised, at least to some degree." (Board member, Medical director and Chief trustee)

3.1 Sub-dilemma: Streamlining the laboratory vs. wellbeing at work (Kuoppakangas et al 2013)

"Who wants to cut in half in your own profession? I'm just asking and wondering if it makes sense, the employees are not happy [...] and...and many feel that the factory-type of process forgets the core function of a nurse's job to take care of and empathise with patients." (Chief trustee)

"The streamlining of the laboratory processes also ended up streamlining our work, which is not what we expected. And job rotation does not work at all, we have tried it but it seems that the management does not support it after all." (Member of the Board)

APPENDIX 6: EXAMPLE OF DISCOURSANALYSIS OF THE EMPIRICAL DATA IN ARTICLE 4

Interpretative repertoires	Discursive moves	Practices	Consequences
1 *"The municipal enterprise as an economic solution"*	Money, funding and economic efficiency are key constructs Streamlining processes for lower prices and for achieving efficiency Emphasising the new organisational form necessary for change (Samples of original empirical data citations: "*And the core idea of the municipal enterprise is to be run by individuals who are responsible for the finances*" *"yes we were seeking for transparency, growth and productivity"*)	Separate budget and separate profit and loss statement from the municipality CEO as the head Changes in organisational structures	The municipal enterprise is about searching for accountability, economic efficiency and becoming more business-like on its way to a public limited company capable of providing good quality with low and transparent prices.
2 *"The municipal enterprise as a magic wand"*	**The way the organisation looks like from the outside is emphasised.** **Creating an external brand is necessary an impetus for change.** (Samples of original empirical data	Artefacts and visual elements of branding are highlighted (e.g. logos, slogans, colours, web homepages, and attempts at interior design)	The municipal enterprise is about looking good, fashionable and business like with a clear externally visible brand.

Interpretative repertoires	Discursive moves	Practices	Consequences
	citations: "*These organisational models come into fashion, and why not use them. As this change was made in [xx] it was a good stimulus for us to do it as well.*" "*This is some kind of branding, what the […] hospital district organisation is doing, this transformation into a municipal enterprise!*")		
3 "*The municipal enterprise as a factory*"	**Factory-like ways of working and new, efficient processes emphasised.** **The new organisational form in recruitment and compensation is a key.** (Samples of original empirical data citations: "*Really I don't know what has changed […] or what brought the change about. I'm not sure if it was the municipal enterprise form that did it, or the management […] I mean the new efficient factory-type laboratory processes.*" "*[…] the disappointment is that the bonus system that*"	Streamlined work processes High-tech equipment New job titles New types of salary systems	The municipal enterprise is about operating a factory with related input and output processes and attracting employees with generous salaries.

Interpretative repertoires	Discursive moves	Practices	Consequences
	was promised to the medical doctors never materialised. It was one of the key points in recruiting new doctors. We have heard that [xx] and [xx] have implemented their own bonus systems as promised, at least to some degree.")		
4 *"The municipal enterprise as a servant of the customer"*	**Customer needs and providing services for the customers are important constructs** **Customers are seen different from patients** (Samples of original empirical data citations: "*When we think about professionalism, you don't want to hear about being able to afford it when professionalism is about taking care of patients.*" *"If we advertise that we give high-quality care, but don't have the time to do so, which we did have before the organisational change, there's a big question mark.")*	Streamlined laboratory processes and services for the needs of customers High-tech equipment Lacking focus on care	The municipal enterprise is about operating and offering efficient and high-quality services to corporate customers but forgetting the needs of individual patients and the professional values of high-quality care.

"Table 1. Interpretative repertoires of the organisational brand and associated discursive moves, practices and consequences". In original Article *4: Hytti, Ulla – Kuoppakangas, Päivikki – Suomi, Kati – Chapleo, Chris – Giovanardi, Massimo (2014) Challenges in Delivering Brand Promise – Focusing on Municipal Healthcare Organisations, Academy of Management Annual Meeting, Pennsylvania, double peer-reviewed full conference paper. (Submitted to a scholarly journal)"

APPENDIX 7: DILEMMAS EMERGING FROM INTERVIEW DATA AND ANALYZED IN THE ORIGINAL ARTICLE 4

Customer vs. Finance	
Expectation of high-quality care and "close to you" Taxpayers' right to high-quality public healthcare Insufficient time to communicate with the patient / customer "Close to you" is seen as just the opposite	Diminishing financial and human resources Economic efficiency and effectiveness Streamlined processes in patient care (laboratory sampling) with fewer human resources 'Time is money': limited time to be close to the patient / customer
Brand promise vs. Profession	
Aim to attract medical doctors and care professionals High-quality-care brand promise is not considered to be met Employee training on the municipal enterprise as a new organisational form "Close to you" is not seen to be implemented in practice	Expectation of well-functioning patient / customer service and improved wellbeing at work Insufficient human resources and limited time for patients / customers Professional failure and ethical conflict – deterioration in work wellbeing

"Table 2. Dilemmas identified in the analysis of interpretative repertoires:" In original Article 4: Hytti, Ulla – Kuoppakangas, Päivikki – Suomi, Kati – Chapleo, Chris – Giovanardi, Massimo (2014) Challenges in Delivering Brand Promise – Focusing on Municipal Healthcare Organisations, Academy of Management Annual Meeting, Pennsylvania, double peer-reviewed full conference paper. (Submitted to a scholarly journal).

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