

From Politics to Business? Social firms as the locomotives of the third sector transition in Finland

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Abstract

This article deals with the recent changes in understanding the role, characteristics and the practices of the third sector in Finland. It approaches the changes, first of all, from the perspective of the social policy planning in general: how are the administrative expectations toward the third sector changing in Finland and why? On the other hand the changes will be analyzed from the perspective of a particular and relatively new type of the third sector organization, the social firm. This part of the article, which bases on the empirical case-study on the specific social firm in progress, reveals in detail how the discourses, logics of action, and styles of management familiar from the private sector are increasingly penetrating the service providing third sector organizations – or the so called new third sector – in Finland. Whereas the role of the third sector associations has traditionally been to process and serve the interests of the groups they claim to represent and the management of the organizations has been taken care of according to the principles of direct and representative democracy, the role of the new third sector organizations – especially social firms – is defined externally by the expectations of the social and health care administration to a great extent and the organizations are ran according to the practices and principles of new public management and managerialism.

Keywords: Governance, managerialism, neo-liberalism, new public management, new third sector, social firms, subjectivity, third sector, welfare services

Introduction

In this article, I concentrate on the recent changes in the ways of understanding the forms and management of third sector organizations in Finland. I focus particularly on the so-called “new third sector” (NTS), i.e. social firms and institutionalized social and health sector associations, co-operatives and foundations providing welfare and employment services.

The main research questions of the article are: (I) Why is the transformation of the Finnish third sector taking place? (II) What does the step towards business-oriented activity require from the self-comprehensions and everyday practices of these organizations? (III) How are the social and economic expectations and goals bound together in the NTS-organizations? I use empirical examples from administrative documents concerning the role of the third sector in Finland, and from my empirical case study of one development project of a social firm.

The first part of the article deals with the re-significations of the third sector deriving from the recent problematizations of structural changes and new discussions on welfare policy strategies. After that, I focus on which kinds of transformational requirements these new structural and discursive trends bring about for the third sector organizations. I make a close examination of these requirements by analyzing the aforementioned case of a developing social firm in Jyväskylä, Finland, which used to be a non-profit organization. The theoretical and analytical perspective of the paper stems from critical management studies (Alvesson & Wilmot 1992; McKinlay & Starkey 1998; Townley 1994) and a Foucauldian analysis of

advanced- or neo-liberalism (e.g. Dean 1995; 1999; Foucault 2004, 333-361; Rose 1999). I problematize the application of the organizational management, coming from the private sector, in third sector and raise the question of whether or not these organizational changes can be interpreted as signs of an emergence and implementation of neo-liberal principals of governance in organizing welfare and (un)employment services.

Increasing interest in the third sector

Helmut Anheier and Lester Salamon (1996, 33-34) enumerate features which they consider as characteristic for the third or non-profit sector: organizations are self-organized and autonomous from any external conduction, such as public administration. They do not share profits for the individual share holders. Major part of the human resources of third sector comes from the voluntary work. One of the basic tasks of the third sector organizations is also to provide services for the needs of the citizens – this has been especially the case in the United States. In the Nordic context, one of the favorite definitions of the researchers for the traditional features of the third sector has been that associations and co-operatives give collective voice for the citizens and formulate and present their interests (Lundström and Wiljkström 1995; Siisiäinen 1998). Basically, the comprehension in the Nordic countries and in some other European countries was till the 1990's that third sector is the sphere of interest politics and the public sector is the one which provides basic services for the citizens.

However, new kind of interest in the third sector raised after the problematizations of the state-centered welfare system as indicated by a few famous schools of the economic sciences, such as the Chicago School of Economics and the Austrian School of Economics (Burchell 1991; Foucault 2004, 333-361; Peters 2007). In their studies, these institutes criticized state ownership and

public service provision for being too heavy, expensive, and ineffective, and for being a major cause of the continuous and expanding inflation of national economies. The aforementioned theories included a figure of the 'homo oeconomicus', whose basic characteristics are individualism, (economic) rationality, and self-interest. The collective will of homo oeconomicuses is best realized through "spontaneous order" formulating in the spheres of economy and civil society. Too strong state interference is seen as a threat to individuals' natural freedom and to this spontaneous social order (e.g. Hayek 1960; Hayek 1979).

During the 1980s, this critique became a part of the political rhetoric of two of the most influential political figures of the time: Margaret Thatcher in Britain and Ronald Reagan in the United States. Their administration emphasized time and again how the state's role in interfering with citizens' lives should be reduced to a minimum, because this was not only seen as not being cost-effective, but also as dangerous for people's freedom, self-activity, and co-operative spirit (Dean 1995; Rose 1999, 137-166). In this transformation of governance discourse, the organizational doctrine of new public management started to spread, too. The thought was (and still is) that public organizations can be managed most efficiently if their governance is decentralized and if they are economically independent units. This notion was followed with an increase in the prevalence of managerialistic ideas and practices in the public sector: relatively soon after, economists were taking care of the management of financial results in almost every public sector unit and department. This overall idea and development is referred with the concept of neo-liberalization of the public governance.

This rhetoric and its related policy renewals arrived in the Nordic countries during the 1990s. In Finland, this transition became especially noticeable in the aftermath of the dramatic economic depression at the beginning of the 1990s. The problematization of the welfare state and favor of market-oriented

public policy was represented through the “rhetoric of necessities”. According to it, it was unavoidable to reduce state expenses and reorganize public services and the administration of public organizations. However, difficulties arose for this rhetorical problematization because of the ageing of the Finnish society. There was no decrease in public costs in sight due to the significant amount of pensioners and elderly. The best solution to this situation was seen as the provision of services by firms and associations outside of public organizations. Indeed, this did not remain at the level of rhetoric and was implemented in the form of many policy renewals.

One of the first major acts during the recession was the reform of the municipal state subsidy system in 1993. This renewal increased the autonomy of municipalities in service provision, but also radically diminished state funding for them. Between the years 1991-1998, the state subsidies of the municipalities were decreased from seven billion Euros to 4.3 billion. This forced municipalities to look for service provision partners from the third and private sectors. Third sector organizations were expected to provide more services for public utility and participate in addressing (un)employment issues more than before. This reform continued after the turn of the millennium with the ongoing program of restructure of municipality services, which enhances the cost-effectiveness of the municipal economies and the heterogeneity of service provision by forcing the municipalities to purchase their public services from private and third sector providers. It also created more expectations and regulations for the partnership organizations to be active in their networking, audit their practices in the name of transparency, and make their work as cost-efficient as possible. (Julkunen 1992, 77-96; Kantola 2002, 124-127; Pyykkönen 2008; cf. Rose 1999, 137-196.)

Finland’s entry into the European Union in 1995 influenced the demands for cutbacks, particularly regarding welfare services. In some EU programs, these are seen as too heavy and

expensive for the national economies; in order to develop, the “healthy” European economy member states have to reduce their public expenditures and improve the provision of services to be more efficient than before. This demand was of particular concern for the Nordic states because they were known of their expensive public service provision. The idea of creating new policy and service models is found from the background of almost all of the ESF projects implemented in Finland: public sector institutions cannot usually apply for or receive funding for the development of the local service structures from such projects. Instead, third sector organizations and different kinds of networks are able to develop their services through them. This kind of project funding can be well defined as a very influential technique of ‘governing at a distance’: international forces do not control and influence the states, citizens, and their collectivities directly, but instead do so by using more or less persuasive techniques such as funding and contracting. For example, ESF funding is a kind of contract between third sector organization and the European Union and the national public organization (in Finland Employment and Economic Development Centers) responsible of sharing and controlling funding among local actors. This kind of governing at a distance through use of different kinds of contracts and partnerships is common to neo-liberal forms of governance (Dean 1999, 167-170; Rose 2000, 160; Savio and Palola 2005; Walters and Haahr 2005).

At the same time as the above mentioned changes came to pass, echoes of a deliberative and more citizen-driven democracy strengthened in the public policy discourses in Finland. Community cohesion was seen to be declining partly because of the public policies and public organization of services. Actors touched by these changes claimed that public services were being produced in a manner divorced from the everyday life of the citizens. The claim was that service providers can hardly understand the real needs of the people, because they do not share

their life experiences. Administration saw that the third sector organizations, as organizations of the citizens, instead, know about the everyday lives of the people, their various needs, desires, interests, and identities. The third sector was seen especially as capable of enhancing community cohesion. One aspect of this is way in which the work of community organizations helps avoid the potentially negative consequences of neo-liberalism – such as too fierce individualization and value differentiation. Community projects are seen as signs of the free individuals' tendency towards “natural co-operation” and a communitarian need for guarding the social and value-concerned cohesion of the communities. These principles condense in the administrative speech on social capital: associations, foundations, and other civic organizations are seen as those that could create and maintain genuine trust and networks among citizens, especially between those at risk of social exclusion and communities surrounding them. Social capital is seen as the ultimate source of the wellbeing, health, and happiness of the communities and wider population. (Möttönen 2002b; Sosiaali- ja terveysministeriö 2002, 2; see also Putnam 1993.)

One part of the new policy discourses, was the claim that unemployment benefits and other subsidy systems for indigents make people too passive. Unemployment benefit and welfare state social security were, and still are, seen to passivize people in their gratuity. According to the consultative reports of administration this was one of the most costly failures of the welfare system. For instance, in 1999, a Ministry of Social and Health Affairs working group published a report concerning active social policy. Report lead to the new law on activation plans and rehabilitation work in 2001 (L 189/2001). This law gives authorities the right to refer an unemployed person to work or education earlier than before and guides people under social security to employment supporting activities more efficiently than was the case previously. The law also tightened the responsibilities that municipalities and state authorities have concerning co-operation in employment affairs.

The law drives public institutions to interact and network with other actors in the field of welfare and unemployment services. In sum, it can be said that the purpose of the law, and other related reforms, is to encourage citizens to take more responsibility for their own employment; if they are not responsible enough, the authorities may conduct their unemployed bodies and souls faster and more efficiently than before. Some researchers have seen this as one step towards neo-liberal governance, which try to enhance the capacities, self-responsibility, moral, and activeness of each and every individual. The activation policy leans on the idea that, in the end, every individual is responsible for her-/himself. Free citizens should implement their freedom properly, i.e. in the form of high economic independence from any public subsidy (L 189/2001; Salonen-Soulié 2003; see also Dean 1995; Rose 1999, 137-166; Rose 2000).

All of the aforementioned changes have increased public interest in the third sector in general, but not in all of the activities or organizations belonging to it. For instance, voluntarily managed hobby clubs, which still form the backbone of collective civic action in Finland, are not thought to be important in the rescuing of welfare services and rectifying the bad employment situation, even though the voluntary work in such associations has been seen as one positive aspect of social capital, and their number has been recently increasing (Siisiäinen 2003). What interest authorities and researchers are the most institutionalized and well-established actors – those that have strong connections with private and public sector actors. Many of them practice activities that are suitable for serving such purposes as supplementing welfare and unemployment services. These kind of third sector organizations are sometimes referred to with the term "new third sector" (e.g. Huotari et al. 2008). The increased interest in the NTS is not without implications for these organizations. Indeed, recently, they have experienced an increase in managerialistic management

personnel, practices and ideas, new organizational structures, and a focus on new customer groups.

New Public Management, managerialism, and the “new third sector”

One of the most remarkable changes in welfare service provision culminates in the ideas of New Public Management (NPM), which was originally applied to “modernize” and “intensify” administration and public sector service provision in the 1980s in several Western countries. The basic purpose of the NPM is to control public sector costs and to enhance the downsizing of the public sector in general. Basically there are two main ways to strive for this outcome: on the one hand, the public services must be provided outside the public sector, in the private or third sector. According to this approach, it is cheaper for the public sector to be the subscriber of the services than to provide them with their own productive resources. On the other hand, all public sector units and departments (nationally, regionally, and locally) must be transformed into autonomous profit centers, which can then be evaluated with different kinds of meters and indicators to measure their efficiency. In other words, the public sector must be administrated by using management patterns familiar from the private sector. (e.g. Dawson & Dargie 1999; Parker 1999; about the Finnish case, see Möttönen 2002a.)

As already mentioned above, NPM necessitates new ways of governing organizations. This is where the management dogma of so-called managerialism steps onto the stage. In the managerialistic way of thinking, organizational problems appear mainly as problems of efficiency and management itself: if an organization does not produce enough profit, it is not working as efficiently as it should, and, subsequently, this means that the management of the organization is not working efficiently enough. Instead of being bureaucrat or quasi-official, the manager(s) tends

to continuously monitor and develop his/her own ways of managing. This means that the manager needs not only to be a tradesman and an economist, able to exploit the given resources as efficiently as possible, but also to be innovative, active, and dynamic. The manager is, thus, a reflexive leader and expert who can recognize the interests and competences of key actors in her/his organization and mobilize them into efficient economic success.

The following features are typical for the third sector under the influence of NPM and managerialism: continuous auditing and measuring of quality, (focus on) results and efficiency; continuous development of all divisions of an organization, especially its management; sensitivity to market changes; continuous internal communication about the management and productivity in an organization, continuous development of the personnel skills, continuous surveillance of the number of personnel and its adaptation to the prevailing market situation, and profit responsible individual management. Managerialism is more than just economics. Indeed, it, more or less consciously aims at connecting economic rationality and thinking to every aspect of organizational life (Fitzsimons 1999; Hoskins 1998; Kantola 2002, 180; Möttönen 2002a).

The manager tries to get every employee in the organization perfectly involved in its activities and get them committed to its core values. Thus, it is a matter of creating a favorable organizational ethos. The free, self-responsible, active, and productive employee-subject is the best one from the point of view of good managerialism. However, these are not unconditional characters of the subject: instead they must be conducted in the continuous communication and evaluation between the manager and the “managed”. Too strict conduct on behalf of the manager would kill the creativity of the employee-subject, but through communicative management this subject understands that a particular type of activity and creativity is not only for the best of

the organization, but for the best of her-/himself too. In other words, managerialism takes place through governance of every individual personally for the sake of the good of the whole. This relates to the theories of Michel Foucault in two senses: on the one hand, it refers to the tendency of modern governance to govern the totality (population of the state, organization, etc.) through each and every subject particularly (Foucault 2000, 298-325). On the other hand, it refers to an organizational form of modern pastoral power. In order to be able to govern the organization well, the manager (the modern shepherd), must know every conducted subject as well as possible (Townley 1998, 200; cf. Foucault 2004, 165).

These managerialistic phenomena have been mainly studied among the public sector organizations upon which NPM has had the most impact. Nonetheless, they have implications in the third sector organizations, too – especially in NTS organizations that co-operate with public sector organizations. It is not enough for NPM that public organizations work efficiently and are managed along managerialistic principles and practices. The network organizations and co-operators also need to be efficient, in order that it is worthwhile for the public organizations to purchase services from them. More than ever before, there are economists and evaluators working in the management tasks in associations, co-operatives, and foundations that provide welfare services and offer jobs for unemployed in present-day Finland. This can be also seen in the self-identification of the third sector managers. The majority of the executives in Finnish social firms, or “wannabe” social firms, identify themselves as business managers and not as executive directors or chairpersons (Pättiniemi 2004, 13). This new type of expertise and leadership is not the only change and new organizational forms have been coming into the field of the Finnish third sector: professionally-led and non-voluntarily resourced just-for-service-provision associations, foundation-form network organizations of large third

sector associations, and public sector departments, and social firms.

The social firm as the locomotive of change

The Finnish government established a working group to consider the definitions of economic and labor policies in 2002. Its aim was to raise the level of employment to 75 percent and lower unemployment to under five percent. The working group's report attaches such objectives to social firms as those that could be taken straight from pages of the NPM text book, namely that responsibility for employment issues must be transferred and shared between municipalities, and the associations, firms, and organizations providing employment services must be separated from the direct public possession. The report posits social firms as a positive example of the new type of third sector organization, in which the primary motive for action is profit making. This makes their work more rational concerning employment than non-profit associations. Social firms are seen as key-actors in the implementation of the so-called 'subscriber – producer model', that was being planned in 2002, and which forms one remarkable structural renewal of municipalities today (Valtioneuvoiston kansia 2003, 34-35).

What is a social firm in Finland then? According to the Law on social firms, which was set at the end of 2003 after the two years work of working groups, led first by the Ministry of Trade and Industry and then by Ministry of Labor, such an association or foundation or other enterprise can be registered to the register of social firms, which "(i) is registered to the legal company register; (ii) produces goods along business principles; (iii) has at least 30 percent of its labor force registered as disabled, or altogether at least 30 percent as disabled and long-term unemployed; (iv) pays a normal salary meant for completely able-bodied to all of its employees regardless of their productivity" (L 1351/2003, 4 §).

Administrator of the register is the Economic and Economic Development Centre (T&E Centre) and its regional units. These regional units are in charge of the financial aid for the registered social firms. Registration changes the funding structure of the organization: Finnish association or foundation organizing social, health and employment services gets its income from the providing of outsourcing services, from the annually or more frequently set public subsidies given by municipalities and Finland's Slot Machine Association, separate public subsidy for the salary of employee, public funding for the development projects, and in some cases from the selling of goods. Smaller interest group or hobby associations get their income mainly from the membership fees and in some cases from the small subsidies given by the municipalities' social and cultural departments. Instead, the funding structure of the social firms base on the incomes from the selling of their goods to the private and collective purchasers. They receive special public subsidies for the salaries of every employee hired on the basis of the long-term unemployment or disability. They can also receive economic support during the initial stage from the T&E Centres (special financing for the social firms), the state and municipalities.

Unlike in the case of “traditional” understanding of the third sector (e.g. Salamon & Anheier 1996) or social economy (e.g. Roelants & Sanchez 2002), the Finnish law emphasizes private ownership and profit motivation as cornerstones of successful social firms. The administrative spokespersons of the working group for social entrepreneurship stated that a social firm – although it draws on the third sector tradition – must be considered as a business among other businesses: it must aspire for profit making by producing goods/services to markets. The social side of firms comes from the employment of disabled and long-term unemployed people. Although the social side is clearly articulated in the pertinent programs and reports, it is subordinate to economic purposes due to the fact that the social aim cannot be

achieved without basic capital coming from real profits (Pukio & Saikkonen 2004).

The Finnish model referred to here comes almost directly from the British model of social firm. Social Firms UK defines the “social firm as a business activity, which exploits market oriented production of goods to fulfill its social purpose” (Social Firms UK 2002). How did this UK model get translated into Finnish discussions, finally becoming the official model instead of the more socially inspired model of social enterprise (see e.g. Defourny and Borzaga 2001)? Although the social enterprise model had its bastions, for example EMES researchers, interest groups for disabled people, the Ministry of Social and Health Affairs, and social and welfare organizations, in the legal preparation process, the business-oriented model was pushed through with a rhetoric of economic necessity (“this is the only proper solution that the public sector can afford”) by Ministry of Trade and Industry, several administrative working groups, and labor market organizations, especially employer organizations. Crucial to the development of this model was the fact that the main representatives of the VATES foundation, which is the national expert organization in making equal labor market opportunities for disabled and partly able-bodied people, started to support the social firm model and consult on behalf of it. The researchers and consultants working for VATES circulated around local and national seminars concerning social entrepreneurship and supported this business-oriented model. As long-term experts in matters of employment concerning disabled people, they were carefully listened to and their point of view gained a lot of recognition.

Although the law does not require that a social firm’s juridical form has to be company or corporation, but it can also be association, foundation, or co-operative, many of such former third sector organizations have changed their juridical form when registering to the social firm register. In May 2006, 78 percent of

the registered organizations were private companies or corporations. Half of them used to be associations or co-operatives before registration. As already stated above, this business-orientation is also reflected in the ways in which the executive directors of social firms started to refer to themselves: they started to speak about their jobs and titles as if they were business managers of the companies. This could be seen as one form of subjectification related to the advanced liberalism, in which people start to think of themselves as entrepreneurs and work for themselves and the others as profit responsible actors (Foucault 2008, 147; Rose 1999, 145).

What does this business orientation mean in practice for the third sector organizations wanting to concentrate on service production, employment or even on transforming into a social firm? (1) Because of the requirement for good economic outcomes, they need to continuously market their products for the customers as any other companies in order to get profits and basic capital for their work. (2) They also need to market their social activities to municipalities, employment offices, unemployment insurance companies, the National pension institution, and other network actors, who then purchase employment or social services from them. (3) The marketing requirement leads to another new practice, upon which these organizations need to take actions, familiar from the business world and NPM: they have to measure the economic and social impact of their activities with different meters, indicators, and auditing. Basically, all the actions of the employees, managers, and organization have to be made calculable. (4) They are expected to use some recognized quality control systems in their work. (5) They have to continuously develop their products in the name of competitiveness. (6) They need to invest in the quality of their labor force through selective employment and continuous training. They also relinquish of the voluntary labor, which is the main human resource of the “traditional third sector”. For the registered social firms this is compulsory, because

they can not take an advance of voluntary labor according to the law.

On an organizational level, the aforementioned mandates necessitate that the managers of the associations, foundations, and especially social firms, must have economic and commercial expertise in addition to the social one, which was formerly the most valued feature of the third sector manager. Managers have to not only be able to deal with the personalities and special employment requirements of the employees but also know how to advertise the company and its products and make every employee as profit making, cost-efficient, and dynamic an actor as possible. Whereas the “old third sector” organizations were governed according to the principles of democratic decision-making, leaning on the collective will of members, NTS is typified by management in compliance with professionalism (cf. Rose 1999, 283).

NTS organizations do not only have to adapt themselves to the business logic and models, but to the overall and “common wealth” objectives of the society, which normally become named and defined in the national programs and strategies of the social and labor sector administration. This means that these organizations have to, at least partly, give up on their interest group and identity politics purpose, which is traditionally seen as essential to third sector organizations (e.g. Siisiäinen 2000, 6). Instead of politicizing subjectivities of marginalized people in public agendas and directing a critique at the “powers that be”, these organizations construct and strengthen consensus in local communities and pass responsibility of injustices onto the shoulders of the marginalized individuals.

Case-study examples

Kotivuokko was the Tekevä foundation’s pilot project of social entrepreneurship. Tekevä is a well-known Finnish work training foundation. It was established by the city of Jyväskylä and

Jyväskylän maalaiskunta (rural district of Jyväskylä), and six institutionalized health and social associations from the Jyväskylä region in 1998. Because of this colorful background, Tekevä can be called a “co-operative organization” (Möttönen & Niemelä 2005, 167) or a “target-oriented network” (Sotarauta 2003, 64), in which different partners have been given an instrumental role for it in order to achieve common objectives. Although Tekevä is a non-profit organization, the principles of NPM are written into its core. Finska and Möttönen (2004) have recognized the following features of NPM in Tekevä: a) activities are not implemented by a public organization itself, b) action is not directly conducted by public authorities, c) the management of the organization uses business-like methods, and d) the management has managerialistic features.

Kotivuokko was established 2000 on the basis of an already functioning laundry called Halssilan Pesula, which Tekevä received from the city of Jyväskylä in 1999. From the very beginning, Tekevä’s purpose was to develop a conglomerate with laundry, house cleaning, and yard maintenance services. In 2000, Tekevä started to consider it as possible social enterprise – as they were generally called at the time – which could offer permanent jobs for the long-term unemployed and people with disabilities. The pilot project received three years funding from the Finnish Slot Machine Association (RAY), in 2000, and started at the beginning of 2001. The first step was to combine the aforementioned three branches together to form an economically strong and sustainable business. The aim, here, was to build an organization that could make profit unlike the rest of Tekevä’s branches, which function as non-profit work-trainee units and offer short-term jobs for disabled and unemployed. Organizationally speaking, the main objective of the project was to separate Kotivuokko from Tekevä, becoming its own economic unit and company.

The pilot project overlapped with the planning of the law of social firms in Finland and this influenced the development dramatically: At the beginning of the project, Kotivuokko identified with the social enterprise model, with the basic purpose of welfare service provision and offering employment. Then there was an expectation for wide public subsidies and social enterprise seemed to become the applied model in Finland at the time. However, at the pilot project's half-way point, the tune changed, because it became obvious that Finnish legislation would be consistent with the social firm model, with its subsequently low public subsidies. This meant that Kotivuokko had to rework its resources and means of production to be more profitable.

At first, this appeared as a clear increase in economic calculations and presentations given by Tekevä's financial director. Moreover, new computer technology for calculating the cost-effectiveness of every step of the service production was taken into use. The financial manager of Tekevä and manager of Kotivuokko justified this with the forecast of low public subsidies for the salaries of the employees in accordance with the incoming law. The message, here, was that if the intention was for the normal wage to pay for the workers, their number had to be reduced dramatically.

At the end of 2003, Kotivuokko started to test the service production with fewer employees to raise its productivity. This had the most impact on the output of the disabled employees and some of the workers with a background of long-term unemployment. Shortly after this experiment began, the amount of sick leave used by these employees increased remarkably. After this period, many of the disabled employees were redirected from Kotivuokko back to Tekevä's work trainee units. Whereas the average percent of disabled workers was 60 in 2003, the percentage was only 20 at the end of 2004. Managerialism was practiced in Kotivuokko (a) as a reduction in the number of employees, (b) well advised selection of employees, and (c) making the good

employees (referred to as “number tens”) more responsible not only of their own work, but also for the work of “less good” workers also. The management of the employees began to increasingly concentrate on the skills and capabilities of every individual worker. And the selection of the employed was done following the evaluation of their competence.

In Kotivuokko’s management discourse, the rhetoric of flexibility gained a lot of weight in 2003 and 2004. Managers asked every employee to be flexible in relation to the duration of work shifts, the amount of daily work, and change in work tasks. Managers supplemented this rhetoric with the rhetoric of necessity. They emphatically told the employees that “now we all must adapt to the rules of business”. The term ‘normalization’ was also in common use. Every renewal seemed to be a step towards a “normal way of action”. In the managers’ discourse, the business orientation was represented as a common value of the organization and a required basic ethos for everyone working there. It was the “tens” that best adopted this discourse and the mentality it invoked. The “tens” were those who did not question the new way of production and the management of finances, but instead tried to spread it among the other workers also. The social firm model tended to raise the employee’s entrepreneurial spirit; every employee had to have a business-orientation and understand that what was good for the company was also good for his/herself. They also needed to understand that they themselves were responsible for their own economic well-being; in the case of unemployment, they needed to improve their economic efficiency and be able to market themselves better and more actively to the employers (See also Rose 1999, 156-158; McKinlay & Starkey 1998).

This pilot project changed the whole organizational mentality of Kotivuokko. Whereas it used to be a non-profit and “pro special employment” organization, at the end of the project, most of the energy and the will of the organization was spent on

economic growth. As is the case in every company, profit became the main goal and motivation of Kotivuokko and started to determine other aspects of its work. A lot of personnel resources – especially of managers – were directed at increasing and evaluating the economic performance of the whole organization and every individual employee. This ‘audit explosion’ (Powers 1994) came about not only because of the internal needs of the management, but also due to the need to make its economic performance transparent for all the partners, especially those who were supposed to give subsidies for salaries and organizational development in the case that Kotivuokko would transform into a registered social firm. One example of the emphasis on auditing in social firms and other new third sector organizations, which touched upon Kotivuokko too, was the consultant service realized by the Finnish Red Cross. During 2002 and 2003, two representatives of the Red Cross circulated around social firms and institutionalized third sector organizations in order to get them to use the EFQM quality control system, which is an internationally well-known tool for businesses to evaluate their economic and social performance. The model was also introduced for Kotivuokko’s staff, but they ended up using Tekevä’s own quality control system, which was already in use.

Although the position of economy and business was no doubt hegemonic in Kotivuokko, it was not completely undisputable. From time to time, the business-oriented managers clashed with the work trainers and their ways of thinking about the performance of the organization and its employees. Some of the work trainers did not believe that it was possible to gain economic (profit-based) self-reliance with a labor force consisting of disabled people and the long-term unemployed. Thus, they sometimes tried to decelerate the development towards a more efficient working culture. However, after negotiations and some organizational renewals, they too acquiesced to the transformation.

This change from a work-training unit to becoming an almost-business-like organization raised the status and the value of the economic experts in Kotivuokko. It implemented not only as Tekevä's economic manager's strong hold on Kotivuokko's development, but as that the work trainers of Kotivuokko had to adopt the business mentality and rhetoric too. They became economic experts in addition to being social and employment experts. Moreover, the executive manager and middle management had to adapt the ethos of networking. They continuously tried to find new customers and partners for the service production, and negotiated with the subscribers of the employment services. The increase in the business-orientation also resulted in another kind of change in the expertise of the organization, which is more or less compulsory for all the NTS organizations: interest group expertise raised to a high value in Kotivuokko during the pilot project. Not only did the experts from Tekevä and its owner organizations and representatives of the social and health department of the two cities get their voice heard in the development process, but also some researchers, VATES, and the local service producers came to take up a powerful position within the organization and its knowledge production. They were heard in seminars and steering group meetings, and their opinions were taken into account when the ways of action, marketing plans, and quality of the employees was discussed and decided in Kotivuokko's management. This kind of open and communicative expertise is common for neo-liberal governance: the expertise of public authorities is not taken for granted as it somewhat was during the period of the strong welfare state. It is written inside present policy programs aiming at development of social services that organizations, collectives, and units need to form forums of experts in order to help their work by means of knowledge production and the ability to offer exemplary practices, and also to control their ways of action for the good of the whole community they are serving (Rose 1999, 167-196; Dean 2002, 42).

Kotivuokko adopted the technology of monitoring as a crucial part of its existence in the pilot process. Monitoring occurred through organizational techniques of the self, such as weekly discussions of the employees and the managers, and calculations of efficiency of the employees and different units of the organization. External monitoring was part of Kotivuokko's managerial practices as well. It happened through steering group meetings, economic and social audits, reporting and consultancy of economic advisers. Although Kotivuokko did not turn to the social firm at the end, these technologies remained as inseparable part of its organizational practices and were disseminated among the other work units of Tekevä. Techniques of monitoring made the organization of Kotivuokko more accountable, predictable, and, thus, more governable (cf. Power 1994).

Conclusions

Many factors indicate that new third sector and social entrepreneurship can be approached through theoretical perspectives on NPM, managerialism, and the "economization" of the social. Associations, foundations, and social firms providing welfare and employment services and selling their goods have moved from the politicization of interests and identities to management by results, filled with demands for social and economic efficiency. NTS organizations must be governed in as interest-free way as possible due to the vision that conflicts of interest are difficult for the efficient conduct of an organization and signal uncertainty to the customers. This already strong spirit of consensus is strengthened by the mission they are thought to accomplish for the overall good of the society. Because they produce welfare and employment services, they can not serve the interests of their members but the good of the whole society, like the public welfare services were thought to do before.

Therefore, characteristic for NTS is, on the one hand, even tighter co-operation and connection with the public management and service production than before. On the other hand, commercialization of the practices and organizational administration. This first 'translation' (Law 1992, 5-6) can be opened up with the term governmentalization of the third sector, which relates to the more general tendency of 'governmentalization of the government' (Dean 1999, 193-200). In governmentalization of the government, the public administration continuously seeks to improve itself through audits, development programs, and by utilizing the reviews of citizens' collectives. It also seeks to diminish its sphere of operations in the name of cost efficiency and liberal rationality of governing, according to which it is imperative for the natural liberty and co-operation of the citizens that the state does not interfere civil society too much. The increase in managerialism and management by results – the aforementioned second translation – can well be linked to this as well. All of this mirrors the change in the ways of thinking of the third sector and the nature of its organizations: formerly the third sector and social economy were seen as alternative ways of economical thinking and practices to those of statist and market-oriented models, but now the mediating role of the state and organizational principles of the businesses have become crucial parts of the essence of NTS organizations. Most clearly this can be seen in the case of social firms.

It may well be argued that the commercialization and governmentalization of the third sector organizations, no matter how institutionalized they are, is not without problems and threats, especially if considered from the perspective of the general basic hypothesis concerning how the third sector organizations have been traditionally understood – free of external governance and markets. In the case of Kotivuokko, for instance, the increase of enterprise-like efficiency and profitability did not produce eligible results from the perspective of the organization's social basic

purpose, because the majority of the unemployed and disabled employees did not manage to increase their personal efficiency accordingly the new requirements. In fact, many of them got health problems in the tense working pace. Thus, the new enterpreneurial organizational ethos actually harmed the social purpose: with the high profit expectations Kotivuokko could not employ long-term unemployed and disabled persons as it should have been able to do according to one of its basic purposes. And although the organizational renewal was justified with the rhetoric of increase of organizational autonomy and decrease of the external administrative steering, during the pilot project Kotivuokko was more under the external control than ever before. This is the case with other new third sector organizations as well. However, the control and steering are not direct to a great extend, but take place through new kinds of techniques such as contracts, audits, steering groups and requirements for correspond to the expectations of the financiers.

The recent development of the new third sector in Finland reveals some interesting paradoxes and "silent contradictions" in the political rationalities and technologies of government concerning the third sector: Although advanced liberalism as overall political rationality and NPM as management doctrine emphasize minimal interference in the public conduct and actions of citizens, their dispersion in the Finnish society has not radically diminished the role of the state or municipalities in service provision. Moreover, they have changed the relation of the third sector and the public governance in this field. The direct conduct and organization of the services have changed into 'government at a distance' (Rose 1999, 49-50), the most visible forms of which are external funding, a requirement for reporting, and different kinds of contracts and evaluation systems. In the case of social firms, their registration, legislation and social firms' use of public counseling can be considered as forms of distant governance.

Advanced liberalism and NPM have not scuttled the practices of the welfare state, but renewed them (e.g. Huotari 2008). Actually, interference by the public rule to the work of NTS organizations has increased through this development. This development has revealed a paradox in regards to the liberal ideas of civil society and the forces that evoke its organization: civil society is not merely a sphere of natural liberty or spontaneous order, but rather a construction dependent on knowledge production, use of power in complex networks, and its own practices which all form and reform it time and again (see Burchell 1991).

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Received: January 25, 2009

Accepted: April 4, 2009.