Vilma Luoma-aho

Faith-holders as Social Capital of Finnish Public Organisations

JYVÄSKYLÄN YLIOPISTO

ABSTRACT

This research focuses on stakeholder relations in Finnish public organisations. With the introduction of neoliberalism, the welfare state faces a challenge of legitimacy; most public services are intangible, hence difficult to prove effective. This research addresses the questions of what factors exist in the relationship between the public organisations and their frequent stakeholders, whether stakeholder assessments legitimate the Finnish public organisations and what the frequent contacts of the public organisation should be considered: stakeholders, customers, citizens or something else.

Focusing on stakeholder theory (Freeman 1984, Näsi 1995, Mitchell, Agle & Wood 1997), applying systems theory (Hatch 1997, Luhman 1984) and institutional theory (Meyer & Rowan 1977, Scott 1995) the present study analyses the present situation of Finnish neutral- and order-type public organisations, concentrating on intangible concepts such as social capital (Lin 2001, Kumlin & Rothstein 2004), trust (Misztal 1996, Sztompka 1997) and reputation (Bromley 1993, Fombrun 1996).

The mainly quantitative empirical study consists of three parts; a pilot study, the main study and a post study, collecting altogether over 2100 assessments by frequent stakeholders. A tool is tailored for measuring public organisations' stakeholder assessments.

The results yield five reputational factors for Finnish public organisations: Authority, Trust, Service, Esteem and Efficiency. These factors describe stakeholder assessments of public organisations. The results show that the relationship between public organisations and frequent stakeholders is based on neutral reputation and high trust; hence the frequent stakeholders are described as Faith-holders. Faith-holders with their frequent contacts and high trust are here seen as social capital for Finnish public organisations.

Keywords: public organisation, stakeholder, social capital, trust, reputation, official communication, legitimacy, neoliberalism, managerialism.

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PREFACE

On my travels around the world I often encounter fascination with the Finnish social system. Mainly the wonderers have focused on Finns' willingness to pay high taxes, our willingness to cooperate and our high trust in society and public institutions. Finns seem to have a reputation for being a northern country of high technology, extensive welfare, consensus, blond hair and high trust. In fact I have been told it is like winning the lottery to be born in Finland.

There is however, another side to this. Since the big depression of the 1990's, the welfare state has been questioned and neoliberalism has been introduced. During my work periods in Finnish public organisations I have observed increased frustration; efficiency is emphasised, public services are outsourced, resources are being cut back yet results are supposed to improve. Economic gains are overtaking long term benefits. Different management fashions are introduced every year and in hope of finally finding something worth while. It was possibly these frustrations as well as a chain of fortunate coincidences that led me to study the stakeholder relations of Finnish public organisations.

This thesis has developed over time. I am very grateful to Professor Günter Bentele and Dr Marita Vos for their guidance and comments. My main supervisor, docent, professor Elisa Juholin, has guided me through various stages of hope, inspiration and desperation. It is thanks to her devoted time, effort and comments that this work is finished. I also wish to thank Professor Jaakko Lehtonen for his assistance, ideas and encouragement. The wind behind my research wings has been docent Jari Ojala, who inspired me to aim higher and provided untiring assistance in funding and academic thinking. The proofreading by Eleanor & David Underwood was also vital for this thesis. Thank you.

It could be said that the present study began when I watched my father write his licentiate thesis in the 1970's. It was the Science Forum of 1997 in Helsinki that inspired me to apply to university, and in the proseminar of Pertti Hurme I was first intrigued by research. When my former colleague Risto Isaksson offered an idea for a master's thesis on Finnish public organisations, my future was sealed. My thanks go to everyone involved in reading my texts, answering my questions, praying for me and supporting my aims. My husband Erkki Luoma-aho has been the best support and even supervisor at times. Finally thanks go to my Heavenly Father for His creativity and love.

This thesis is dedicated to my deceased grandfather Leo Tarvainen. Having survived several wars, being wounded in battle, a career as a vicar, a marriage of over 50 years, 7 children, over 20 grandchildren and an enormous development of Finland from new independent democracy to a liberal market economy, he concluded shortly before his death during Christmas 2003 that "Finland is a trustworthy country". Despite the challenges and changes, I cannot but agree.

Jyväskylä, Summer 2005   Vilma Luoma-aho

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I INTRODUCTION

1 PROLOGUE

A favourable operating environment seems increasingly important to organisations in the unstable and unpredictable world of the 21st century. Appearance has become significant in modern mass culture, but equally important is reputation, which is harder to manipulate. (Sztompka 2000, 74, 86). As the old saying goes, "You don't know what you've got till it's gone". The opinions of those affected by the organisations have become more interesting in the fields of corporate management and organisational research only after some serious losses (Webley 2003, 9). Those losses include the downfall of big, apparently trustworthy corporations with excellent reputations (Enron, WorldCom, Merck, AOL and Xerox to name but a few). It has been argued that some of these crises in the corporate world could have been avoided had the managers communicated effectively and honestly with key stakeholders.

Losses in the corporate world and society also affect public organisations, as it has been argued that general trust in western market economy structures and institutions is declining. In fact, we have moved from "societies based on faith to those based on human agency" (Sztompka 2000, 11). This places greater emphasis on interaction. A turbulent operating environment requires continuous interaction, exchange of goods, deals and promises (Ilmonen & Jokinen 2002). In recent research the quality of public organisations and the quality of government have emerged as central factors in economic growth and a nation's wellbeing (See Rodrik 2000, de Soto 1989, Olson 1996, North 1993, & La Porta 1999 in Rothstein 2003). Among the necessary conditions for growth are considered, for example, the state governed rule of law and institutions, as well as public institutions that could engender (Rodrik 2000, 4) "trust and social cooperation", manage risks, and prevent social conflicts. Public organisations under a democratic order get their licence to operate, their legitimacy, from the acceptance of those they serve. Moreover, when public organisations are seen as a part of civil society, the stakeholder communications of public organisations become societal processes. (Harisalo & Stenvall 2003). This makes public organisations a vital subject of interest for research. When the officials' ability to communicate and trust in their word are seen as important assets of a

functional democracy and as social capital, social welfare can be developed by studying the communication of officials. (Fukuyama 1995, Sztompka 1997, Lehtonen 2001.)

In organisational communications and Public Relations it is vital to know who the organisations' stakeholders (those groups without whose support the organisation would cease to exist and those who aim to influence or are influenced by the organisation, Freeman 1984) are and what they think. (Hatch 1997, Harrison & Shiron 1999, Juholin 2001.) The concept of stakeholder is a new one for public organisations, yet not without controversies. The focus in stakeholder research is to define how the organisation behaves in relation to its stakeholders, and what the stakeholders think of this behaviour. (see Bromley 1993, Fombrun 1996.) The stakeholders are believed to continually form assessments of the organisation and these various assessments together are said to form an invisible entity of attitudes, the intangible operating environment for the organisation. The assessments are formed individually in the eye of the beholder, and formed whether the target actively attempts to influence them or not. How stakeholders perceive the organisation will influence their behaviour toward it for better or worse. (Davies, Chun, da Silva & Roper 2004.)

Though the stakeholder assessments may not be manipulated toward desired outcomes, the organisations can to some degree steer stakeholder opinions by practising public relations (see Grunig 1992, Lehtonen 1998, Bentele & Nothhaft 2004, Bromley 1993, Fombrun & van Riel 2003, Pharoah 2003). In order to survive, and be considered legitimate, the organisation needs to influence its environment to be favourable for its operations. This influencing has to be based on actual deeds: officials claiming to be something they are not arouse distrust and indignation. The process of influencing is achieved through communication, and the desired outcome is often described as a relationship of two-way communication between the organisation and its stakeholders. Maintaining a dialogue is especially important as stakeholders today have access to information and are empowered to act through various real time media. Issues, opinions and alternative points of view move quickly through public perception and the media. The speed at which the media picks up on current incidents is also a challenge for the public organisations; the ever more mediated information places a special emphasis on trust (Bentele 2005). This ever-changing environment requires the organisation to remain constantly awake to stakeholders.

Finland is claimed to have one of the most extensive welfare systems in the world. This has required a large public sector with heavy bureaucracy. However, along with neoliberalist thinking and managerialism, many business-based management models have since the 1980's and 90's been introduced into the Finnish public sector to improve efficiency and ease the bureaucracy (Vuokko 2004). Some even suggest that the Finnish welfare state no longer exists, but is being replaced by the 'welfare society' where the emphasis on the state is continually diminishing (Sabel 1994, Kettunen 2001). In fact, Finland could currently be described as a liberal economic democracy with strong

remnants of a universal welfare system. This change has introduced concepts such as customer and stakeholder into public organisations. These concepts are both beneficial as they give a voice to the faceless crowd of citizens and challenging as they change the role and may affect equity. These terms emphasize the importance of feedback and customer satisfaction as citizens are considered to have a stake in public services and administration. This shift in thinking has affected the Finnish public organisations' style of communication as well, as they move from one-way communication, merely providing information, to two-way discourse between the public organisations and their various stakeholders. (Grunig & Jaatinen 1999, Lumijärvi & Jylhäsaari 2000.) To some degree stakeholder thinking is a product of neoliberal thinking; to some degree it represents the development toward openness of public organisations.

The complexity of organisational and social life has increased and public organisations have diversified and grown in functions and size during recent decades. (Jørgensen, Hansen, Antonsen & Melander 1998, Harisalo & Stenvall 2003). On the other hand, at the same time as functions and responsibilities are on the increase, the resources are being cut back. Finnish public organisations are under pressure to legitimate their functions and preserve their existence, yet it remains difficult to prove the usefulness and positive impact of many intangible public services (Cinca, Molinero & Quieroz 2003, 256). Finnish public organisations face a crisis of legitimacy, and there have been attempts "to restore the legitimacy of the public sector system by relying on the private sector organisational and management ethos that enjoys widespread ideological acceptance." (Cheung 1996, 45). In practise this has meant introducing both suitable and unsuitable management ideologies and trends into public organisations. It has also emphasised the role of customer and stakeholder trust. (See Dervitsiotis 2003, O'Reilly & Pfeffer 2000.) Hence measuring stakeholder assessments is presented as a way to ease the pressure on legitimacy: public organisations are legitimate if those they serve are satisfied with them.

Several intangible concepts have been linked to the operating environment, the relationship between an organisation and those around it: social capital, trust and reputation, to name a few (see Bromley 1993, Kramer & Tyler 1996, Bentele 2005, Rothstein 2003, Fukuyama 1995, Putnam 1995, Vos 1996, Fombrun & van Riel 2003). The premise in stakeholder research is that a good reputation and stakeholder trust add up to an organisation's intangible capital, which supports the functions of the organisation and positively affects everything around it. This favour seeking is sometimes compared to the touch of the legendary King Midas of Phrygia (Grunig 1992, 20). Midas made everything he touched turn to gold. Achieving this favourable operating environment is timely for Finnish public organisations, as in 2002 the Prime Minister's Office ordered all public organisations to produce their own communications plan by June 2003. Moreover, both the communication strategy of the EU and the Finnish guidelines on government communication were published in 2002; in Finland the former has received little attention, whereas

the latter is widely cited. "Recommendations by the Prime Minister's Office on the Principles and Procedure of Central Government Communication" states that the Finnish State Administration must promote an administrative culture that is open, and encourage the development of governmental communication. Hence, communication has intrinsic or eigenvalue: it is not only a tool but an essential element of democracy. Communication and stakeholder trust contribute to the legitimacy of public organisations and create a favourable operating environment. (Granowetter 1985, Hill 1990.) "The increased importance of communication within society, combined with notions of efficiency and profitability, place new expectations on governmental communication." (Prime Minister's Office 2002). Hence a new era has begun for Finnish public organisations; an era where stakeholders are becoming more important and communication by public organisations is no longer optional or informal.

1.1   Rationale of the present study

The present study focuses on Finnish public organisations and their stakeholder relations. The focus is on central administration, and more precisely on neutral- and order-type public agencies with permanent personnel. For consistency, they are from now on simply referred to as public organisations. Public organisations serve as legislators, officials, development and research centres and sometimes even as commercial monopolies for some goods or services. Despite the different functions, all these governmental agencies require cooperation, approval and trust from their stakeholders. Moreover, public organisations are often knowledge-based industries, and the legitimacy and reputation of knowledge-based industry greatly depends on its stakeholders' conceptions of their services (Fombrun 1996, 13). The fact that the organisation is run on public funding does not erase the importance of stakeholder views; if anything, it makes all stakeholders 'shareholders'. The stakeholders' reactions to the information provided by public organisations are understood to depend much on the reputation for trustworthiness the organisation has created among its stakeholders (See Laaksonen 2001, Fombrun & van Riel 2003). The present study utilizes the assessments of stakeholders in altogether 19 different Finnish public administration organisations to make way for a stakeholder theory of public organisations.

Research traditions are of importance to all communication research. The research tradition understanding communication as a process helps explain disturbances in communication, yet explains communication perhaps too narrowly (see Shannon & Weaver 1949). The research tradition where communication is seen as a part of creating meanings has broadened understanding (see Pierce 1955, Saussure 1974), and the present study is based on the latter research tradition, while on some levels owes something the

former. This research is grounded in Organisational Communication and Public Relations, and thus the concepts, methods and implications are examined from the point of view of the organisation. The roots of the present study rest on systems theory, where the whole is more than the sum of its parts, and emphasis is placed on communication as "the development of meaning through human interactions" (Eisenberg & Goodall 2001, 89). Moreover, systems theory describes how vital it is for organisations to interact with the surrounding environment (Luhmann 1984). The present study also applies institutional theory, as it discusses public organisations as institutions from the point of view of legitimacy, isomorphism and reputation (see Scott 1995, Meyer & Rowan 1977, Staw & Epstein 2000).

In research on organisational stakeholder relations the emphasis is often on communication: what the organisation communicates to the stakeholders, how the stakeholders react and what should be the order in which stakeholders are placed in importance. However, communication alone does not define stakeholder opinions, but they are formed through experience, time and expectations (Vos & Schoemaker 1999). This makes stakeholder relations difficult to measure and monitor: sudden changes in expectations or negative experiences in the past may be more influential than present open and honest communication. The present study has two levels of operation; First, it aims to describe theoretically the relationship between public organisations and their stakeholders through concepts such as social capital, reputation and trust. Second, it aims to provide practical tools and ideas for public organisations in their stakeholder relations. The present study concentrates on one country: Finland. Hence one main contribution to the literature comes from Finnish public administration guides and publications, especially the 2002 Recommendation by the Prime Minister's Office on the principles and procedure of central government communication, as it is the most recent of its type. Other contributions come from the fields of sociology, economics, administrative sciences and marketing. Earlier research examined relates mainly to the US and Sweden, as little suitable research exists on Finland. Together the theories and empirical findings form an entity that describes and analyses the present situation of Finnish public organisations and their stakeholder relations.

Why public organisations? In the 21st century no public organisation can function alone, as the present administrative system and its processes are multidimensional and require networks and collaboration between officials as well as their stakeholders (Harisalo & Stenvall 2003). Abundant relationship and impression management research exists already in the field of Communication and Public Relations. Different quotients, ranking lists and barometers have been developed and tested to measure trust, commitment, involvement, brands, social capital and reputation (for example the Organisational Trust Inventory, The Reputation Quotient, RepMap, Personal Involvement Inventory, The Fortune 500). The existing lists and barometers, however, are to a large extent inappropriate for application to public

organisation as such, since they emphasize factors that are not critical to public organisation, such as financial performance and competition. (see Fombrun, Gardner & Sever 2000, Caruana & Chircop 2000, Bromley 2002, Cummings & Bromley 1996, Zaichkowsky 1985, Aula & Heinonen 2002, Cinca et al. 2003.) Moreover, the existing rankings do not necessarily concentrate on stakeholders, but rather on one specific stakeholder group such as the media or investors. Certain indicators that the barometers designed for profit-making organisations measure are self-evident requirements in public organisations, such as social responsibility (Juholin 2003). A public organisation with little responsibility to the society around it cannot exist for long; indeed, public organisations exist to be responsible and serve the public.

Research requires the setting of clear boundaries between what is examined and what is left out. Research questions shape these choices, and accordingly guide the present study as well. Most theories and concepts adopted in the present study are understood from the point of view of the organisation. Though narrow, this view provides a clear boundary for this research. The starting point for this study is the suggestion that the welfare and effectiveness of a public organisation is based on its reputation, trust and satisfaction among its stakeholders. Should they weaken, the public organisation would become handicapped. This makes stakeholder assessments important assets to measure. Important intangibles in stakeholder relations, such as trust and reputation develop through experience over time, and so those stakeholders with prior experience and ongoing interaction (frequent contact) with the public organisation will be the most rewarding for research (Dervitsiotis 2003).

This research takes a step in the direction of measuring public organisations with the right tools. The concepts operationalized in the present study are mostly intangible, as the nature of the relationship is also intangible. Since this study is focused on stakeholder relations, a barometer for measuring stakeholder assessments is designed for public organisations. The barometer developed in this study can also be seen to some extent as an instrument for measuring success, for stakeholder satisfaction can be seen to correlate with the success of an organisation. (Fombrun 1996). Though public organisations are traditionally considered stable, measuring and maintaining stakeholder reputation and trust has become important for them as well in the constantly changing modern society (Lehtonen 2002a, 41). There are many new demands posed by legislation and the economy as to what the relationship between the public organisations and stakeholders should include and consider. Though various guides and recommendations have been published, little actual research exists on the matter. Moreover, the focus has seldom been on those stakeholders whose opinions matter most, those most frequently involved. This leads to the first of the three research questions of the present study:

> "What factors exist in the relationship between public organisations and their frequent stakeholders?"

Impressions of an organisation are formed in the minds and conversations of various stakeholders. This raises the inevitable question: How can something existing in a million minds be measured? Research is seldom totally comprehensive. Assumptions and generalisations are often made on the basis of calculated samples. Such is the case with assessments, trust, impressions and reputation measurement as well; the results depend on those measured. Repetition becomes increasingly important in measuring intangibles. In fact, measurement and continuous tracking systems are necessary for the building of a consistent reputation among stakeholders (Fombrun & van Riel 2003, 219). However, a consistent good reputation would contribute to legitimating the public organisation, if those it serves would find it useful (Staw & Epstein 2000). This leads to the second research question:

> "Do stakeholder assessments legitimate Finnish public organisations?"

Along with the new demands and different stakeholder claims, a question of roles is introduced. This research focuses on public organisations, and thus it is faced with the question of who those involved with the public organisation actually are, and how they should be described and approached. It is a question of focus, as well as a question of responsibilities and rights. Thus the third research question of the present study is:

> "Should those in frequent contact with a public organisation be considered stakeholders, customers, citizens or something else?"

The answers to these questions are sought through consistent theoretical analysis of prior research, and an empirical research process consisting of collecting the opinions of over 2100 frequent stakeholders of altogether 19 different Finnish public organisations. The research questions seek both to contribute to a better understanding of the stakeholder relations of public organisations in practise and to broaden the theoretical areas studied in organisational communications and PR.

To conclude, in the present study the organisational operating environment is defined to include mainly frequent stakeholders, such as decision-makers, employers, organisations working in collaboration, customers and those under the public organisations' official. The examination of repeated contacts is an effective way to determine how the organisation is viewed, what is generally referred to as its reputation. Moreover, only recurring relationships enable the judgement of trustworthiness and reputation (Rothstein 2003) as "repeated cycles of exchange, risk taking, and successful fulfilment of expectations strengthen the willingness of trusting parties to rely upon each other and expand the resources brought into the exchange." (Rousseau, Sitkin, Burt & Camerer 1998, 399). This choice however leaves out others. The media, though an important stakeholder, require different attention due to their intermediary function (see Bentele 2002), and have been left out. It is quite fruitless to ask someone with little contact with the organisation to describe its

effectiveness or openness, and so this research has also left out the general public and individual citizens. It has however been argued that non-governmental-organisations, different nonprofit-making organisations and associations are the 'new citizens', whose opinion should matter most, as they are slowly taking the place of private citizens in the decision-making process. Moreover, many of the frequent stakeholders represent a dual or triple role; they are all citizens, customers and stakeholders, depending on the issue at hand. These choices must be kept in mind.

1.2   Structure of the present study

The present study follows the classic Introduction – Methods – Results – Discussion format somewhat loosely, as the concepts and questions addressed here form an abstract entity and thus require processing. It might be better described as an ITED-format study (Introduction, Theory, Empirical study & Discussion). Thus this research consists of four major parts:

Introduction
Theory
Empirical study
Discussion.

The parts are divided into smaller Sections on specific topics. The four parts were chosen for their logical and progressive way to provide clarity and transparency as to the research process and the concepts applied.

The present Introduction states the research questions and ties this research to the societal frame of reference and current interests. Following the Introduction, Part II, Theory, the three Chapters form a structure that follows a somewhat inductive pattern, moving from concrete to abstract. All the concepts found useful in this study can be understood to be to some degree abstract, but Chapters two to four represent a continuum of theorizing. For the sake of clarity the Chapters have been arranged as presented in Figure 1. Starting from the most concrete and perceivable and heading toward the abstract concepts, Chapter Two discusses the main research topic, Finnish public organisations. Chapter Three takes a step into the abstract, concentrating on the operating environment of public organisations, the field of stakeholders and official communication. Chapter Four discusses the intangible concepts relevant for this relationship between the organisation and its surroundings: social capital, trust and reputation. These intangibles represent the most abstract part of the present study.
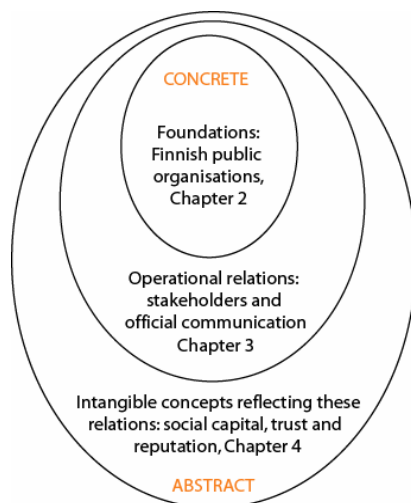
FIGURE 1   The structure of the Theory section (II) of the present study moving from concrete to abstract.

The third part (III) of the present study, Empirical study, aims to clarify the research process and choices. It begins with Chapter Five, which presents the organisations studied. Chapter Six concentrates on the methodology applied. Chapter Seven introduces the research process, results and analysis, and finally Chapter Eight (IV, Discussion) concludes and critiques the present study and discusses the implications as well as the need for future research.

The four parts of the present study together make up a fluctuating process of induction and deduction. This undulation can be represented in the shape of a vase, changing from wide perspective, abstract views, to concrete results. The overall structure can be seen in Figure 2. The research process starts at the top of the vase progressing deeper into the subject and related topics. This research dives with each Chapter deeper into the subject, alternating between a wide and a narrow scope. Chapter Two introduces the theoretical part of the study and widens the scope again to describe the operating environment of the organisations studied and the terms necessary for understanding the relationship between public organisations and their stakeholders.
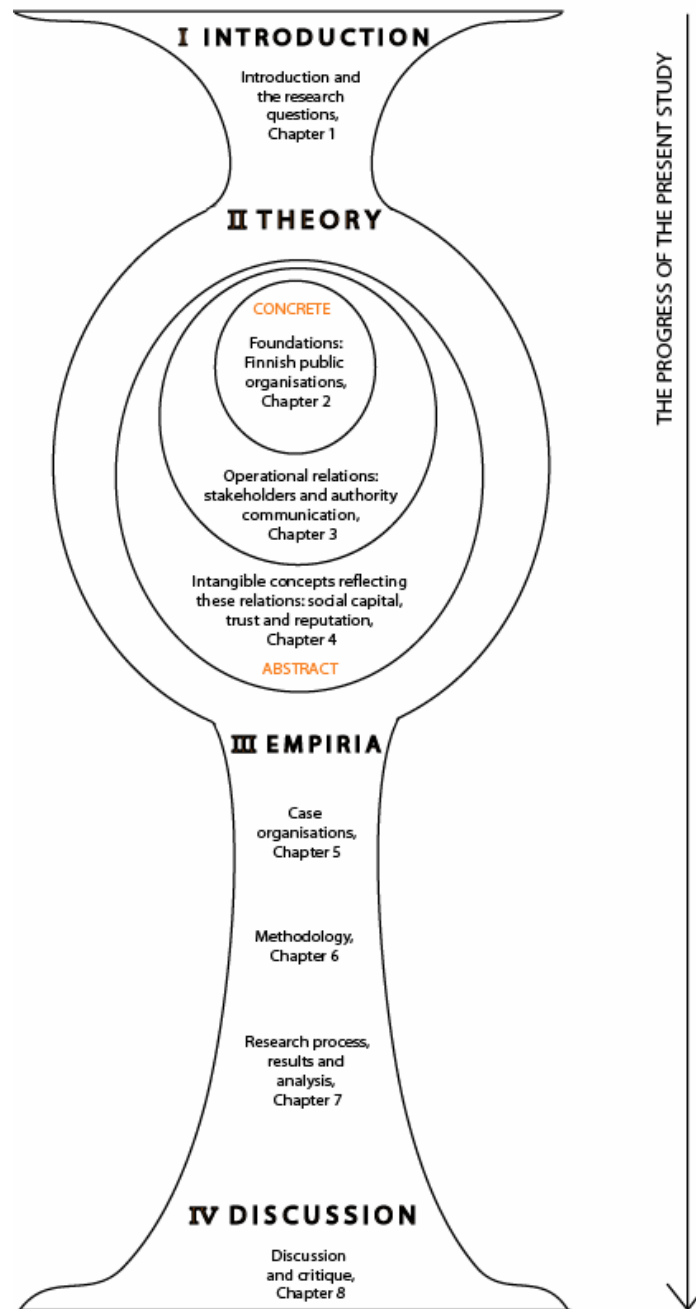
FIGURE 2   The overall structure of the present study. Starting from the top, the wider sections represent phases with a broader, general scope and the narrow sections the specific, case-related phases.

II THEORY

2 FINNISH PUBLIC ORGANISATIONS

Organisations and communication are context-bound cultural phenomena. Whenever cultural phenomena are studied, they cannot be studied alone; their history and cultural settings must be understood. This Chapter describes organisations in general and Finnish public organisations in further detail. The point of view is organisation-centred, yet the role of the environment is also taken into consideration. Despite the limits of the context, public organisations in various western countries seem to face similar challenges; how to provide citizens and other stakeholders with sufficient services while limiting costs. Thus foreign literature and research are also employed in order to understand the phenomena.

> "We live in an organisational society and if we do not make at least an effort to understand organisational phenomena we run the danger of becoming victimised by them. It is small comfort to complain about bureaucracy, to laugh at organisational inefficiency, or to fear organisational power to control our lives. What we must seek is sufficient understanding to be able to influence organisations." (Schein 1994, 212.)

2.1 The concept of organisation

An organisation is an organised community with certain meaning and certain aims to its function. (Greenberg & Baron 2003, 3, Juholin 2001, 297). It is "a complex set of independent parts that interact to adapt to a constantly changing environment in order to achieve its goals" (Kreps 1990, 94). It is a group of people with a common goal and systematic functions to achieve it. (Wiio 1970 in Juholin 1999a.) An organisation is thus a social system orientated to the attainment of a specific type of goal, which contributes to a major function of a more comprehensive system, usually the society (Parsons 1956). To Schein (1994, 15), an organisation is the planned coordination of activities of a number of people trying to achieve a shared purpose through division of labour and responsibilities. The formation of organisations is often examined through

functionalism; it is natural for people to form organisations, as even society would not exist without organisations. (Hatch 1997.) People organize, because it is functional and efficient; efficiency has been described in economic terms as a reduction in transaction costs between parties interacting repeatedly, even if their interests conflict (Williamson 1985). Transaction costs are understood as costs outside the actual exchange, those required to maintain the contract. People organise to receive a positive individual balance to their own needs and the needs of others (Abrahamsson 1975). It is necessary for effectiveness and productivity of an organisation to be united, for the members of the organisation to possess clear purposes and aims. Harisalo & Stenvall (2003) argue that "…any organisation which is internally fragmented or disjointed is not as productive or successful as those where people are not bickering and wrangling about common interests and disagreements."

The present study is built on the notion that one correct definition or way to organise does not really exist, but rather an organisation is a sum of every individual's perceptions and interpretations. (Aula & Hakala 2000, 9.) This thinking approaches the Contingency Theory of communications (Wiio) where the situational aspects are understood to guide behaviour and communication. Jawahar & McLaughlin (2001, 412) add that "The complexity of organisations and organisational phenomena guarantees that theories and models, especially universal ones, cannot give a complete representation." Thus in discussing organisation, it is always the individual interpretations that are discussed. Moreover, disciplines view organisations differently: in sociology an organisation is a set of people occupying roles and statuses. On the other hand, in political science an organisation is viewed as a set of power relations. Economics understands organisations as sets of people attempting to maximize their utilities. In marketing the interest is in the role of the organisation in its markets, and its interaction with its environment, its publics, and the stakeholders. (Kotler 1975.) In organisational communications and PR the organisation is a construct of networks upheld through communication.

Almost all human action deals with organisation on one level or another, and even society itself has been understood to be in constant process of forming, eroding, and changing structures and their interrelations. (Kuoppala 2001). This calls for understanding of the processes and structures that modern organisations provide. Organisations may be informal or formal, though both are argued to be necessary (Williamson 1985). The present study in focused on the latter, formal organisations as "systems of coordinated and controlled activities that arise when work is embedded in complex networks of technical relations and boundary-spanning exchanges" that in modern societies arise in highly institutionalized contexts (Meyer & Rowan 1977, 430). Moreover, all organisations, to some degree, are embedded in both relational and institutionalised contexts and therefore must coordinate, account for and control their activities through internal, boundary-spanning relations and external, ceremonial demands of the environment (ibid. p. 353). Parsons (1956) distinguished four categories that shape formal organisations; 1) the value

system, which defines and legitimates the goals of the organisation, 2) the adaptive mechanisms concerned with mobilization of resources, 3) the operative code, which concerns the mechanisms of goal attainment and 4) the integrative mechanisms. These four together make up what is understood as formal organisations.

Organisations have traditionally been understood to operate on two levels: technical and institutional. The technical level refers to the operating environment where the transaction and interaction takes place and thus also the level of efficiency estimation and measurement. The organisation is on this technical level dependent on its environment for survival. The institutional level is the more abstract level of rules and regulations that the organisation has to adapt to in order for it to become legitimate. The prevailing ideologies (like bureaucratic administration for public organisations) are self evident conditions and limits the organisations operate within. This divide, however, is difficult to determine as the two levels concur. (Kuoppala 2001, 55-56.)

Types of organisation vary accordingly to period and society (North 1990). Lipnack and Stamps (1994) list four ages of organisation, starting from as far back in history as people have existed and worked together. These four ages are presented in Figure 3. The first is the Nomadic Age, where organisation is achieved through small groups. The second is the Agricultural Age, where organisation is achieved not only though small groups, but also through hierarchy. The third age is the Industrial Age, where in addition to small groups and hierarchy, organisation is also carried out through bureaucracy. The final age of organisation is the Network Age, where in addition to the preceding ways, organisation is achieved also through networks.
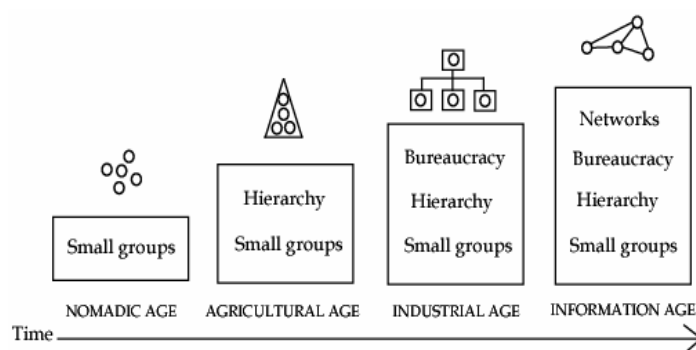
FIGURE 3   Four ages of organisation by Lipnack & Stamps 1994, 41.

Lipnack and Stamps (1994) suggest the present age to be the age of the network. It includes all the prior forms of organisation, but the salient form is networking. The authors point out that most present day organisations are trying to grow with a 19th century chassis (bureaucracy and even hierarchy) in a 21st century world. This incoherence has contributed to the difficulties faced by organisational developers and managers. To succeed, the organisation has to match its environment. For Lipnack and Stamps, in today's network age,

success is only possible for 'networked' organisations with interconnected relationships: links inside and outside the organisation. They introduce the idea of 'islands of trust', which are created through the careful design of the networked teams in the organisation. These islands of trust create social capital, a resource embedded in the networks, necessary for the maintenance and success of the organisation. (Lipnack & Stamps, 1994.)

Every organisation operates in an environment with various publics. The line between the organisation and its environment is difficult to establish. Moreover, the external environment in which an organisation operates is often complex and changing. The organisational environment has been described to consist of four components or spheres. First, there are the groups and organisations that take an interest in the organisation; referred to as the public environment. Second, there are the groups and other organisations that compete for attention and loyalty from the audiences: the competitive environment. Third, there are the large-scale fundamental forces that shape opportunities and pose threats, such as demographic, economic, technological, political, and social forces, together constituting the macro environment. Finally, there are the groups and other organisations that collaborate or work with the organisation to accomplish the mission: the market environment. (Kotler & Andreasen 1987.) While this division is not the only option, it emphasizes the various important environments around the organisation.

The organisation should be able to adjust to the changing environment and changes in the attitudes of those around it (Cutlip, Center & Broom 1994). Juholin (2001, 29) names three ways an organisation may interact with its environment: self-disclosure, environmental scanning and shared discourse. These vary in their degree of involvement. Moreover, the type of relationship affects the adjustment and interaction as well. The relations of formal organisations with their publics are often routinized and rule-bound. (Kotler 1975).

Metaphors have been extensively used to describe organisations. In the course of history organisations have been described as open and closed systems, machines, computers, persons and even coffee grinders. (Morgan 1996, Hatch 1997). All these metaphors emphasize one aspect of organisation and thus have their distinct strengths but also weaknesses. One interesting metaphor is the life-cycle theory, (Chandler 1962), where the organisation is compared to a human-being with several overlapping stages of life. These stages are distinguished as birth, growth, maturity and revival. The life-cycle theory is useful for the present study as well, as it takes into consideration how the strategies and needs of the organisation depend on the current stage. Hence, for example, the importance of its publics and its stakeholders to an organisation at different stages varies (Jawahar & McLaughlin 2001). In terms of the life cycle theory, the organisations under study in the present study are mostly at stages 3 and 4: maturity or revival. These are the stages where the organisational functions have been established, the field of stakeholders has been established, and their needs can be taken into consideration. Most

literature on organisations mainly concentrates on mature organisations, where all the stakeholders have intrinsic value (Jawahar & McLaughlin 2001).

The focus of organisational theories changes along with the dominant metaphors. They each emphasize different aspects and have different limitations as well. In fact a continuum can be distinguished in organisational thinking. The traditional thinking in organisational theory was that an organisation exists in an environment as a separate rational unit to fulfil its function. With this aim the processes of organisation were optimized and rationalized so as to provide the best possible output. The main focus was on the functions inside the organisation; how to manage workers to achieve the best possible outputs. In the 1960's, a more naturalistic approach began to take over and interest was also directed outside the organisation. Organisations were seen as changing, living creatures, with ongoing interaction and interdependencies with their environments. A thesis arose in the form of contingency theory, which introduced the idea that the best way of organising depends on the environment, and therefore no single best way of organising exists. Moreover, contingency theory included the idea of the survival of the fittest: those organisations that best adapt to their environment have the best chance of survival. The contingency thesis was soon followed by an antithesis, suggesting organisational ecology. It argued that the oldest, most stable and biggest organisations survived better than the organisations that adapted to their environments. The antithesis reintroduced the concepts of institution and isomorphism, concerned with the tendency of organisations to follow a pattern. The ecological view explained that organisations also legitimate themselves through isomorphism, not merely adaptation to the environment. (see Hatch 1997, North 1990, Ojala & Lamberg 2001, Meyer & Rowan 1977.)

There are several well known interpretations of what an organisation is. The changes in perspective are debated, and the old perspectives persist to some degree even when newer ones become dominant. (Hatch 1997.) Table 4 sums up the different perspectives of organisational theory during the 20th century. Table 4 is designed to provide an overall view of organisations from the point of view of organisational communication. The borders between the different paradigms are blurry, overlapping and artificial, yet some categorisation according to contributors is useful. It can be understood that later perspectives derive from those previously existent and are always to some degree based on them. The pace of development has accelerated with time, and thus from the 1950's on the division into early modern, modern, symbolic interactive and postmodern is difficult to establish. Some major contributors can be established for each period of time, but often the ideas have already existed in one form or another beforehand. Moreover, the changing perspectives are not only visible in the organisations of the time, but they are also visible in literature, management trends and even peoples' attitudes and experiences. (Lehtonen 2004c, 146.)

TABLE 4   The different perspectives, metaphors, assumptions and focus of the various organisational paradigms based on Juholin (1999) and Hatch (1997).

Period	Perspective	Metaphor	Assumption	Focus / Values	Examples of Contributors
1900-	Classical	Machine	Economic man	Wealth / Power	Emil Durkheim, Adam Smith, Max Weber
1900-	Early Modern	Machine	Scientific man	Rationality, Management control	Henri Fayol, Fredrick Taylor
1950-	Modern	Organism	Ecological man	Environment External Control	Herber Simon, Talcott Parsons, Ludwig von Bertalanffy
1980-	Symbolic-Interpretive	Culture	Symbolic man	Interpretation Meaning	Peter Berger, Karl Weick, Thomas Luckmann, Erving Goffman, Roland Barthes, Ferdinand de Saussure
1990-	Postmodern	Collage	Aesthetic man	Creativity, Freedom, Responsibility	Michel Foucault, Pierre Bourdieu, Jacques Derrida, Mikhail Bakhtin, Jean-Francois Lyotard, Jean Baudrillard, Ralph Stacey

The century (table 4) starts out with the Classical perspective, where three areas of study can be distinguished: the study of bureaucracy, the study of administration and the study of scientific management. Of the Classical and Early Modern organisation theory contributors, it was Weber and Fayol who first gave importance to communication: Weber emphasized the equal distribution of knowledge through formal structures and Fayol introduced informal channels of communication through his concept of the 'Fayol Bridge', which described how formal communications channels could be avoided should the message require informal channels. (Wiio 2000, 157.) Most early organisation theories stressed rationality. This is perhaps truest of the classical theories, but despite the newer trends rationality persists even in postmodern organisations. (Juholin 1999a.)

The modern perspective introduced the idea of an organisation being an entity composed of interrelated parts, a system. The central theory of the Modern perspective could be understood to be Bertalanffy's General Systems Theory, which provided a basis for many still applicable theories regarding the organisation as a system, such as Open Systems Theory and the Social Systems Theory of Niklas Luhmann. According to Open Systems Theory, the classical bureaucratic organisation would be considered a closed system, while organisations with active stakeholder relations would be considered open

systems. The Symbolic-Interpretive perspective introduced subjectivity through new ideas such as the "social construction of reality" of Luckmann and Berger and the Enactment Theory of Weick, which introduced the constant process of 'Sensemaking' and self-formation. The Postmodern perspective criticized the dominant theories and further emphasized flexibility and individualism. The Postmodern perspective was developed by scholars such as Foucault, Bourdieu and Derrida, though no single central concept has been established. However, it is often understood that the Postmodern perspective consists of questioning all previous ideas and opposing the modern and bureaucratic organisational traditions. (Hatch 1997.)

Along with this questioning, the existence of any clear division between an organisation and its environment has also been under debate. Perhaps the boundary has blurred due to the emphasis on virtual organisations and networks as well as the multiple roles of people in postmodern societies. Maturana & Varela (1980) argue that theories that distinguish an organisation and its environment are observer-centred. They state that living systems close in on themselves in order to hold together and that the actual aim of all systems is to produce their own organisation and identity (Morgan 1996.) Furthermore, the separation of an organisation and its environment is always to some degree artificial, yet beneficial for comprehension of the system. Kotler (1975) even distinguishes organisations according to their responsiveness and co-operation with their publics. Despite these theories and despite new technologies, some distinction remains, and organisations and their environments are still mostly viewed as separate entities that are interrelated and thus affect each other. (Hatch 1997.) This study acknowledges that everything around the organisation shapes and influences it, be it the workers inside the organisation, the environment or other similar organisations. The separation of the organisation from its environment is however problematic.

To conclude, classical and early modern thinking described the organisation as an integrated mechanism working to achieve certain ends. Modern thinking introduced the concept of systems, broadening organisational understanding by viewing organisations as in fact entities made up of separate units. The symbolic-interactive perspective emphasized subjective interpretations and meanings, while the postmodern emphasized individuality by questioning former constructs. Though perhaps the latter perspectives are today dominant, earlier views have had their emphasis on old organisational structures, such as public organisations. This development is important to keep in mind as the concept of organisation is further discussed.

2.1.1 Objectives of an organisation

The objectives of an organisation vary from organisation to another. Organisational ontology however is not the same as meaning; they describe different aspects (Aula 1999). Some claim that the only objective on an organisation is to survive, while others claim it is to accomplish its mission through organizing. Some claim an organisation exists to affect others. The

institutional framework of each society affects also the objectives of organisations (North 1990, 5). Depending on the field and area of interest these objectives may vary, though they all are considered to be present to some degree. The organisation needs a reason or legitimation for its existence. Organisations are said to live both with and off their stakeholders (Juholin 2001). Stakeholders' needs and the type of relationship they have with the organisation differ greatly, as do their objectives. Some define the main aim of the organisation as keeping up with the economy (Lumijärvi & Jylhäsaari 2000). This keeping up with the economy should promote community stability, provide goods and services and form a basis for satisfaction and growth for the organisation. Though this is a somewhat narrow view, it reflects the reality of many organisations today.

Luhmann (1995, 12) begins writing on social systems by simply stating that "there are systems." He proposes that society is constructed of self-referential systems, which determine the construction of the society. Systems Theory is often used to describe an organisation in its environment, how as a living system the organisation interacts with its environment. It is a rather empirical approach, emphasizing the boundaries between systems and their environments. Systems Theory can be seen as a grand or general theory of social phenomena, providing a framework that describes modern society as a complex system of communication that is differentiated into subsystems (see Luhmann 1984, Hatch 1997). The reduction of complexity, (Komplexitätsgefälle), between the system and environment is essential for the creation of order. The system, for example a society or an organisation, requires asymmetric, simplified relations to its environment in order to function. All systems are self-referential, they are based on communicative processes achieving reflexivity. Hence, social systems consist of elements of communication, which require meaning (Sinn) for their reproduction. (Luhmann 1984.) Luhman understands communication to be a synthesis consisting of information, utterance and understanding. A social system is not merely comprised of communications, but also attribution of actions. Moreover, communication is "the element of self-constitution; action is the elemental unit of social system's self-observation and self-description" (Luhmann 1995, 175). Systems Theory has long been the main research paradigm of organisational communication. Systems Theory remains an applicable framework for the analysis of organisational functions and interactions as it "simulates complexity in order to explain complexity" (Knodt in Luhmann 1995, xix). Lately some have been opposed to Systems Theory and the strict division it proposes between an organisation and its environment, claiming that the environment is actually part of the system, if it should influence the system (Hatch 1997).

The objective of an organisation varies according to the type of organisation. Olins distinguishes four areas of organisational activity: 1) products/services, what the organisation makes or sells, 2) environments, where it physically makes or sells, 3) information, how the organisation describes and publicizes its activities and 4) behaviour, how the organisation's

members behave towards each other and those who are not members. Meyer & Rowan (1977, 354) place all organisations on a continuum according to their objectives. At one end of the continuum are production organisations, and at the other, institutional organisations. Production organisations have strong control over their outputs and therefore their success is dependent on their efficiency as well as their management relations and networks. These organisations exist to provide products. Institutional organisations, on the other hand, have less control over their output and their success depends on stakeholder confidence and stability. Institutional organisations often exist to provide services. Stability and legitimacy are achieved through organisational isomorphism and institutional rules. One could see a distinction between production and institutional organisations and that between organisations producing tangible and intangible products. The challenge facing organisations producing products intangible in their nature is their greater difficulty in measuring efficiency and success. However, the nature of product is only one way to distinguish between different organisations.

In Kotler's (1975, 30) view, the existence of organisations depends on the beneficiaries. In business organisations the objective is financial gain, and the main beneficiaries are the owners. In the case of service organisations, the organisational objective is to provide services for the clients and customers. In mutual benefit associations the organisation exists to benefit the members, as well as to create unity. In the case of commonweal organisations the organisations exist to benefit the public at large. All four types of organisation have exchange relations with stakeholders of some kind. Only the contents of the exchange vary. This exchange can include capital, services, fees, time and even taxes. (Kotler 1975, 31.) Perhaps a more fundamental classification of organisations can be found in Parsons (1956, II). He distinguishes between four types of organisation. First are those organisations-oriented toward economic production, such as profit-making organisations with production adding value. Second he distinguishes organisations-oriented towards political goals, for example public organisations that generate and allocate power in society. Third, there are integrative organisations, such as the legal profession, which contribute primarily to efficiency on the societal level. Fourth come pattern-maintenance organisations that contribute on cultural, educational and expressive levels, for example churches or schools. The objectives of each thus depend on their function.

2.1.2 Organisational culture

Organisational cultures are often compared to societal cultures because of their similar characteristics. Organisational culture can be understood either as a separate part of the organisation or as complete entity, where the organisation is the culture (Kreps 1990, 125). The prior view is consistent with systems theoretical thinking, and views culture as a resource to be managed. The latter views organisational culture as a social construction, an entity in itself that is formed and cultivated through its members. Thus the control of culture is not

so straightforward. (Aula 2000, Morgan 1996, 120.) In this study an organisation is seen both as a physical entity and an intangible culture. It is understood that every organisation has a culture characteristic of it. That culture is learnt and created, so it does not pre-exist in a newly forming organisation. Culture is manifest in the organisation's practises and values, and it consists of national and regional layers. (Hofstede 1991.) However, the concept of a culture is often misused in everyday language and thus has lost some of its distinctive traits (Juholin 1999a).

The term culture refers to accepted and patterned behaviour that has developed over long periods of time and is thus quite stable (Brown 1963). It is an intangible concept, yet it can be manifested through objects and behaviour. Communication, values, rituals, rites as well as heroes are facets of culture. Organisational culture is understood to be the dominant conceptions among an organisation's members on subjects such as reality, time, human nature, human functions and relationships (Schein 1985, 19). It is a set of values, symbols and rituals shared by the members of the organisation (Claver, Llopis, Gascó, Molina & Conca 1999). Organisational culture can be understood as the collection of values shared by the institution. It is an intangible asset (Cinca et al. 2003) made up of organisational values, standards and conduct (Webley 2003, 11). An organisation may be defined by the culture dominant within it. Hence the way the organisational culture is perceived has its effect on organisational communications.

Two viewpoints can be distinguished with regard to organisational culture: the functional and the interpretative (Pace & Faules 1994). According to the functional view, culture is observed through real and existing entities. On the interpretive view, culture is seen as constructed mental reality with an emphasis on the processes of creating sense. The latter view converges with the definition of culture by Geert Hofstede (1991), taking culture to be learnt programming of the mind that distinguishes one group of people from others.

Organisational culture has its roots in the history of the organisation (Morgan 1996). Cultures are sediments of collective experience (Sztompka 2000) and values and norms are important concepts for culture. Values can be understood as the desired state of the organisation, and they provide a basis for comparison with the current state of the organisation. Norms determine how things should be. Both values and norms together become manifest through roles, which are associated with certain people or status levels. (Kuoppala 2001.) Despite role expectancies, members of organisations make their own choices and interpretations of the existing organisational culture. Institutions have a stabilising effect on the norms and value systems of organisations (Scott 1995). The dominant norms, regulations and rituals ease the formation of the culture, for it is through them that the organisation's members shape their thoughts. (Morgan 1996). Values reflect what is important and esteemed; they constitute the basis of an organisation's functions and they affect choices (Juholin 2001, 290). Values can become evident in general tendencies to favour certain situations at others' expense.

Communication is understood to be a tool which changes and creates organisational culture, which cannot exist without human communication. There is an ongoing process of interaction in the organisation: on one hand it is the organisation's members who define culture through communication and on the other it is the culture that influences the members. (Aula 1999.) It is therefore not necessary to draw a line between culture and communication since they exist in symbiosis, continuous interaction and mutual dependence. The communications of each organisation manifest its culture as culture is created, changed and renewed through the communication process. (Karvonen 1997, 1999.)

Public organisations are said to have their own distinct culture. This consists of more than organisational traits, and shows the influence of the sector as well as national characteristics. Many public organisations have developed over long periods of time, and thus their culture is old. Some public organisations are younger, and their culture is therefore relatively newly formed. Several typologies have been developed from the organisational culture of public organisations, one of which is the four models of public organisation proposed by Goddard (1997 in Cinca et al. 2003, 257). Goddard categorizes public organisations according to four distinct cultures: bureaucratic, strategic, social and task-oriented. Though they may all be present to some degree, one is often the dominant culture that influences the functions of the public organisation.

Often organisations define their values, but values can also be subconscious and thus seen only through ordinary functions. Moreover, organisational cultures have often evolved through various phases over long periods of time. Thus changes and improvements in the organisation and its processes may require time. It is important to bear in mind that the values defined by an organisation may or may not be approved by the whole organisation. There may also be a gap between the desired values and the existing values, as well as the idea of what is desired for the organisation and what is personally wished. (Hofstede 1991.) Declared values do little good to an organisation, should they not be turned into knowledge that guides the actions of the organisation's members.

2.1.3 Institutions

Organisation is not equivalent to institution, although they can sometimes be used synonymously. Institutional rules may however affect organisational structures and even their functions through expected behaviour and rewards (North 1990, Meyer & Rowan 1977). Institutions are more abstract and more established, they are stable units of social action that control and limit social action by providing preset models of behaviour. Institutions are standard behaviour patterns that are born and kept up through constant renewal and maintenance. Through repetition, institutions provide stability to the society. The mere existence of an institution adds to the duration and stability of society

and influences the possibility of normatively correct behaviour. (Kuoppala 2001.)

As defined by Scott, the sociologist of organisation, (1995, 33) institutions "consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behaviour. Institutions are transported by various carriers - cultures, structures, and routines - and they operate at multiple levels of jurisdictions". Thus institutions are the templates and rules by which organisations play. Institutionalized rules are built into society. They are classifications, "reciprocated typifications or interpretations" that are either taken for granted, or supported by public opinion, the views of important constituents, knowledge gained through established education system or even laws. Moreover, the growth of rationalised institutional structures in society makes formal organisations more common and "once institutionalised, rationality becomes a myth with explosive organising potential" (Meyer & Rowan 1977, 341-346.)

In the social sciences institutions are traditionally understood as either customary systems or juridical systems. Institutional theories are interested in structures, and they are theories on a larger and more abstract macro scale than organisational theories (Williamson 1985, North 1990). Institutional theories can be understood to include smaller scale micro organisational theories. Institutions form a certain environment for an organisation. Moreover, institutions guide the operations of society and organisations as they reward certain types of behaviour over others. The environment they create consists of the general rules and requirements that the organisation has to meet in order to be accepted and become legitimate in its environment. Once institutionalized, the rules and requirements are seldom questioned. (Kuoppala 2001, 49.)

Meyer & Rowan (1977) see the structure of organisations as something adopted not so much for the sake of efficiency as for congruence with institutionalized forms. They note that whether or not the everyday practises of organisations are efficient, organisations incorporate societally-rationalised procedures to achieve legitimacy. "Institutionalized products, services, techniques, policies, and programs function as powerful myths, and many organisations adopt them ceremonially" (ibid., 340). However, this is in fact irrational as such conformity can actually undercut efficiency, and this in turn can undercut "ceremonial conformity" and thus reduce legitimacy. Meyer & Rowan suggest 'loose coupling'; gaps between formal structure and actual activity, as a solution to this problem.

The concept of institution has evolved over long periods of time. Half a century ago Friedrich Hayek described institutions as the result of human action. Institutions were seen as both spontaneous consortiums and organized entities. In "a spontaneous order", the parts of a system aim to adapt to the dominant order. The market society, he argued, was born spontaneously out of everyone striving for their own good. On the other hand, the state and public organisations were humanly created and planned entities with goals and objectives. The state was thus a parasitic organisation striving to extend across

its rightful boundaries into the market economy. (Saastamoinen 1998.) Some of this thinking is still alive in various forms of neoliberalism.

Institutionalization is a historical process, where history forms a basis for the legitimacy of the institution. Institutionalization is a process where "obligations, or actualities come to take on a rulelike status in social thought and action" (Meyer & Rowan 1977, 341). Kuoppala (2001, 42) suggests a continuum in the life of an organisation. The starting point is the collecting together of people for some common goal. This group first forms a coalition that begins to organize (for comparison see Figure 3 in section 2.1 for forms of organizing). This leads to the formation of an organisation, and the organisation begins to institutionalize, until it finally becomes an institution. Once institutionalized, the main function of the organisation becomes its own survival and maintenance. Organisations can thus become institutions as they grow more rigid, older and become more established and legitimate. In the process of institutionalisation the organisation adapts on one hand to the interests of internal groups and on the other to those of the external environment and society at large. (Kuoppala 2001.)

Institutionalism concentrates on the role of beliefs, rules, and social and political elements in the structure and operation of organisations (Scott 1995). According to Scott, institutions are based on three supporting pillars: cognitive, normative and regulative. They all have different functions and mechanisms, and their bases of legitimacy differ. The cognitive pillar consists of culturally supported categories and scripts that are studied in organisational research applying the theories of institution and popular ecology. The normative pillar consists of moral rules and norms, values and expectations that in organisational research are studied in terms of institutional theory as well as various decision-making theories. The regulative pillar consists of laws, regulations and standards that are in organisational research studied in theories like Transaction Costs, and Research Dependence Theory. (Kuoppala 2001, 32.) It has been argued that adhering to the common institutional form is one way organisations legitimate their existence, the idea being that since institutions are legitimate this reflects upon the individual organisations as well. Attention is next turned to the concept of legitimacy.

2.1.4 Legitimacy

Legitimacy is a psychological concept, a generalized perception that an organisation functions in a proper, appropriate and approved way (Harisalo & Stenvall 2003). Legitimacy refers to being authorized or in accordance with law, with undisputed credibility in respect of doing right. Legitimacy is 'the oughtness' that is perceived by the public. It is "a generalized 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." (Suchman 1995, 574.) It is the title of sovereign, the condition of being in accordance with law or principle or general acceptance; legitimacy refers to conformity to sound reasoning. "Legitimacy involves the capacity of

the system to engender and maintain the belief that the existing political institutions are the most appropriate ones for the society" (Schaar 1981, 19-20).

Legitimacy in the tradition of Weber is described as the degree to which institutions are valued for themselves and considered right and proper (Schaar 1981, 20). Mitchell et al. (1997) define legitimacy as general acceptance, desirableness, propriety and appropriateness. Moreover, legitimacy can be understood to consist of structural, social and cultural components; it requires a shared culture, shared social norms and expectations as well as suitable and transparent practises and institutions. Legitimacy theory suggests that an organisation as such is not necessarily allowed or accepted to exist; it must legitimate its existence and operation in the eyes of those in its environment. The organisation must achieve the support of those around it. (Meyer & Rowan 1977.) Legitimacy is thus the organisation's licence to operate, a reason for the environment to approve of its existence. The licence to operate often derives from those the organisation serves; "The very purpose of the firm is, in our view, to serve as a vehicle for coordinating stakeholder interests." (Evan & Freeman 1993, in Donaldson & Preston 1995, 79). Jørgensen, Hansen, Antonsen & Melander (1998, 514) claim that sometimes the stakeholders even exceed the parent ministry in importance: "The case studies show that public organisations seek to achieve legitimacy through the satisfaction of users and by allying themselves with powerful non-state actors in the negotiation and diplomacy network. Public organisations have multiple constituencies leaving the state to a relatively humble position."

For Weber (see 1994), the appearance of legitimacy is more important than legitimacy itself. Staw & Epstein (2000) note that reputation has a central role in legitimacy; those organisations with a reputation for legitimate or suitable behaviour or functioning are considered more legitimate. A similar emphasis on the importance of appearance can be found in the writings of Beck (2001) on risk society. Legitimacy may only be achieved through discourse and consensus, via communication (Habermas 1990). This communication in turn affects how legitimacy is estimated and perceived. Open discourse as such is also a legitimation process. Social norms become legitimate through being discussed and agreed upon, and even where they could have been discussed and agreed upon. (ibid.) Thus legitimation is an important aspect in discourse ethics. Discussion of citizens' needs and questions and the officials' ability to become involved in the discourse is a requirement of discourse ethics. This places a great emphasis on communication in the process of legitimizing.

Legitimacy is more often connected with public organisations and public functions than with private organisations. This may be due to the legal status of public organisations. Some have suggested 'democratic' or 'political' legitimacy to better describe the legitimacy of public organisations, though they both have their own nuances of meaning as well. Moreover, the concept of procedural justice is closely connected with the legitimacy of public organisations. Ronald Dworkin (1977), along with other political philosophers, writes that in order to secure political legitimacy public organisations must treat everyone as equal.

Public organisations must show "equal concern and respect" for their stakeholders, the citizens and organisations working in collaboration. Kumlin & Rothstein (2005, 14) conclude that "The legitimacy of a political system appears to depend in part on the system's ability to create procedural justice in concrete encounters between citizens and public institutions responsible for implementing public policies."

There are two distinct yet complementary definitions of democratic legitimacy, one based on process, government by the people and the other on outcome, government for the people (see Scharpf 2000 in Meunier 2003). In the thinking of Locke and Rousseau, legitimacy is achieved through democratic representation; legitimacy is thus a result of the will of subjects expressed through democratic institutions. Tocqueville notes the importance of the voice of the majority for legitimation (Meunier 2003). Weber (1994, 311-312) distinguishes between three different sources of political legitimacy: 1) statute, rational-legal form, following the rule of law, 2) custom, traditional form, following past practises and traditions and 3) the gift of grace, charismatic form, depending on the charisma and personality of a leader. A more recent appraisal of the grounds of political legitimacy can be found in Weiler (1997). He views political legitimacy as consisting of legal validity, where the rules themselves can be illegitimate, and of empirical, popular and social support.

The legitimacy of the state and its officials thus depends upon different things according to the different ideologies. According to the social democratic view, the state is legitimate if it is a safe home for all to trust in and takes care of common problems. Liberal socialists view the state as legitimate if it operates like a giant social security organisation. The legalistic view emphasizes the role of the state as a neutral institution of justice through independent courts. (Rothstein 1994.) The legitimacy of state and its administration is however best achieved if the state can prove that it functions, reaches its decisions and implements them in a democratic way. According to Näsi (1995, 24-26), the legitimation of an organisations is defined in terms of its stakeholders, their assumptions and degree of satisfaction. Legitimacy nevertheless goes deeper than satisfaction: satisfaction can fluctuate, but once achieved, legitimacy is more stable. The process of legitimization is ongoing in a changing society, and legitimacy, along with acceptance and satisfaction can be seen as a protecting firewall. Harisalo & Stenvall suggest that confirmed acceptance increases satisfaction, which in turn heightens legitimacy and those two together strengthen trust. (Harisalo & Stenvall 2003, 119.) Public organisations are legitimated by law and the functioning of democracy, but as the stakeholder needs become more acknowledged, the organisation is to some degree also legitimated through stakeholder satisfaction. Public organisations have as an aim of their communication to take part in discourse about common issues with the citizens. (Habermas 1990, Lehtonen 2001).

Legitimacy hence signifies general acceptance and recognition. Often the higher the degree of institutionalization, the stronger is the level of legitimacy. In account of the pillars of institutions, Scott (1995) categorizes legitimacy in

terms of three different bases: legal, moral and cultural sanctions. It is understood that by obeying written and unwritten rules and the laws prevailing within its environment, the organisation becomes legitimated. The ageing of the organisation often brings with it an increase in legitimacy as institutionalization progresses. (Kuoppala 2001.) Meyer & Rowan (1977, 340) suggest that legitimacy is achieved through institutional rules and isomorphism; "Institutional rules function as myths which organisations incorporate, gaining legitimacy, resources, stability, and enhanced survival prospects. Organisations whose structures become isomorphic with the myths of the institutional environment – in contrast to those primarily structured by the demands of technical production and exchange – decrease internal coordination and control in order to maintain legitimacy." Through isomorphism organisations become similar enough to be generally accepted and suit the norms that society at large views as proper and legitimated in such a way as not to have their conduct questioned. Formal structure and ceremonial external assessment criteria demonstrate to the stakeholders the rectitude of the organisation and thus stakeholder satisfaction and trust legitimate the organisation. (Meyer & Rowan 1977, 349-351.) There has thus been a shift from Weberian thinking, where the bureaucratic organisation was legitimated through control and accountability towards the idea of an open organisation that is legitimated through its stakeholder assessments.

Suchman (1995) distinguishes between strategic and institutional approaches to legitimacy. Whereas the strategic approach adopts a managerial perspective and uses instrumental manipulation of an organisation's actions and symbols for support, the institutional approach is more detached from action and concentrates on sector-wide structuration dynamics and their ability to generate cultural pressures that transcend any single organisation's purposive control (ibid., 572). Suchman suggests that the two perspectives on legitimacy best work when combined. Moreover, he suggests four different strategies for gaining, maintaining and repairing legitimacy (Suchman 1995, 600). According to the general strategy, the organisation has to conform to the environment and its needs. Normalization is the aim of the general legitimation strategy in the case of repair functions. The pragmatic strategy of legitimation analyses the demands of those around the organisation and aims to create a favourable reputation. In cases of repair needs, the pragmatic strategy is to deny problems. The moral strategy of legitimation suggests conformity to ideals as well as continuous monitoring of the environment. In cases of repair, justification is suggested. The final strategy of legitimation, the cognitive strategy, emphasizes conformity to models and in cases of reparation it suggests explaining.

Lehtonen (2004a) lists four similar legitimation strategies from the point of view of organisational communication and PR: Education, Staging, Manipulation and Persuasion. Education refers to the organisation's attempts to inform and educate the stakeholders as to the organisations intentions, thus clearing up any possible uncertainties. Staging seeks to change perceptions of

the organisation without actually changing what it does. Manipulation refers to the distraction of attention from the issue and persuasion to the attempt to change external expectations. Lehtonen adds that some of these strategies are questionable and thus would probably not provide for a long lasting gain in legitimacy, but that all have been practised by organisations. In fact, legitimacy theory may be of all the corporate strategy theories the closest counterpart to Public Relations theories as it acknowledges that external factors influence the organisation, and forces its management to pursue legitimizing activities, one of which is public relations (Lehtonen 2004a).

Rothstein (1994, 128-132) has distinguished between six different ideal administration models that can contribute to the legitimacy of public organisations. The first is the legal-bureaucratic model, where legitimacy is achieved through generalised, precise rules and hierarchies. The problem with the legal-bureaucratic model is its hierarchy and inflexibility, although they also offer the benefit of predictability. The second administrative model is the professional model, where legitimacy is achieved through high expertise. This model emphasizes scientific rationalism, but there are problems with the level of trust people have for the professions and for expertise. The third model is the corporative model, where legitimacy is based on shared interests. This applies also to the fourth model, the user-oriented model, where legitimacy is based on shared decisions. The corporate model manages to do away with opposition, but the interests at stake are too many and various. The user-oriented model ensures participation, yet again interests may differ. The fifth model is the political model, where legitimacy is achieved through universal free choice. The greatest benefit of the political model is responsibility, yet it is subject to manipulation. The sixth and final model is the lottery model, based on serendipity, where legitimacy is achieved through equal chance. The benefit of the lottery model is statistically equal chance, but thus it lacks predictability. These models are all ideal types and have their advantages and drawbacks, yet most states apply one or more to legitimate their functions and existence.

In general the legitimation-seeking processes of Finnish public organisations are a quite new phenomenon as the extensive welfare apparatus and its organisations have for long been considered legitimate as such, and this has only been questioned since the economic depression of 1990's. In the case of Finnish public organisations, the main source of legitimacy before the depression was probably the legal bureaucratic model along with the professional model. These refer to what has traditionally been valued and thought of as legitimate: equity, fair procedures and high expertise on the part of the officials. Since the depression and along with neoliberal ideas and pressures to make public organisations more effective, the user-oriented model and the corporate model have been gaining ground in Finnish public organisations as well. The strategies applied by Finnish public organisation could mostly be described as consisting of education and information, although in conjunction with the added emphasis on stakeholders, the processes of negotiation and persuasion are also involved. The present study could in fact be

seen as a step toward the user-oriented model, as it measures stakeholder assessments rather than expertise or predictability. It is here suggested that stakeholder opinions legitimate the public organisations of the 21st century.

2.1.5 Isomorphism

Isomorphism may be described as the attempt to become similar, or to maintain a standard. Isomorphism is one way for organisations to achieve legitimacy, as organisations mirror others in their field and try to become similar enough to fit in. The reasons for isomorphism have been discussed by several scholars. One explanation is that structural elements diffuse because of boundary-spanning exigencies created by the environment, and that those organisations that best adopt structures to match these exigencies manage to survive. (see Thompson 1967.) Another explanation is that organisations structurally reflect socially-constructed reality, thus making organisations actually parts of the prevailing institutions themselves. (see Parsons 1956, Meyer & Rowan 1977.) The two explanations are at odds with each other, and yet they are complementary; organisations both interact with their environments within the dominant boundaries and imitate the structures of other organisations within those same boundaries (Meyer & Rowan 1977, 347).

Isomorphism was a concept first used to question the sovereignty of traditional contingency theory, the view that an organisation is legitimate and survives to the extent that it adapts to its environment and its needs. Contingency theory began to be questioned when it seemed that the largest, most stable organisations survived better than flexible, contingent organisations. Isomorphism is understood as part of the ideas of organisational ecology: not only does the environment cause the organisation to change but it also, through institutional norms, affects organisational stability and standards. (see Hatch 1997, Meyer & Rowan 1977.) The views seem contradictory, but in the present study both views are understood as different sides of one coin; both are valid and important. The contingency approach describes the stakeholders' needs and demands, what the organisation must do to maintain stakeholder satisfaction, whereas the isomorphistic approach describes the limits within which this contingency may take place, the limits of stakeholder acceptance. This thinking has some points of convergence points with theories of organisational co-evolution (see Murmann 2003). Both are required, as the organisation must be stable and similar enough to what is expected to be accepted, and responsive to change and the needs of stakeholders. Figure 5 describes this balance.

FIGURE 5   The pull between contingency and isomorphism that an organisation has to balance in order to maintain its legitimacy and stakeholder satisfaction.

Isomorphism has been divided into three types: forcing, mimetic and normative. It is typical of the process of isomorphism to occur whether it is helpful to the organisation and its efficiency or not. Reasons for forcing isomorphism in, for example, public organisations can be found in the standardizing effect of legislation and the ongoing competition for resources and funds. Mimetic isomorphism can be understood as a type of benchmarking. This benchmarking has occurred, for instance, in the case of public organisations, using profit-making organisations and their management ideologies as a point of reference for public organisations. Normative isomorphism includes the networks of those of similar education who devise similar solutions to organisational problems. Thus normative isomorphism, for example in public organisation, would signify similarities in the education of officials that lead to similar decisions later. An institutionalized society is a legitimate society, providing predictability and conformity to the actions of public organisations. (Scott 1995, Kuoppala 2001.)

Institutional isomorphism is claimed to promote the success and survival of an organisation, as it progresses from being an independent system to being a subunit. Isomorphism has thus certain crucial consequences for organisations. Firstly, under isomorphism organisations place high value on elements that are externally legitimated whether they are efficient or not. Thus categorical rules and institutionally right choices may conflict with efficiency and even lead to extra costs though they might produce gains in reputation. Secondly, external legitimacy also affects the criteria by which organisations are assessed, making them more ceremonial than actual. Thirdly, dependence on external, stable institutions reduces change and turbulence by stabilising the organisation. (Meyer & Rowan 1977, 348-355.) It is a question of which is valued most; immediate savings and effectiveness or long term legitimacy and stability.

Whereas the traditional concern of public organisations has been the latter, the first of these priorities is emerging strongly with the rise of managerialism and new ideas that are brought into public organisations to make them more cost-effective. The question arises of whether isomorphism is becoming history as a result of managerialistic thinking which emphasizes effectiveness and short term gains? Or is the managerialistic thinking just one more trend affecting all public organisations and thus another way in which public organisations will benchmark from each other, in other words a new form of isomorphism.

Public organisations are especially long-lived as they are based on state structures and institutional rules; they are matched with "…and almost absorbed by – their institutional environments." (Meyer & Rowan 1977, 352.) Not only do public organisations gain endurance and longevity through this absorption, but they maximise their legitimacy and increase their resources and survival chances. Despite many new demands, public organisations are traditionally slow to change and subject to organisational isomorphism and inertia. The public organisations considered in the present study are next discussed in further detail in their operational context, Finland.

2.2   The Finnish system

"The Finnish public sector and society are not closed systems… The public sector always has several stakeholders: actors who have influence over the public sector and who are influenced by the operations of the public sector." (Freely translated from Määttä & Ojala 1999, 6.) The operating environment affects relations between the organisation and its stakeholders, those groups without which the organisation's operations would not be possible. This Section is dedicated to examining Finnish public organisations, their history and their role in society.

Finland is considered to be a welfare state, where the state contributes to securing its citizens' living-conditions, basic education and healthcare, and to controlling the national economy. To do so a very extensive and hierarchical administration system has been built up. The public sector in Finland is an important sector as it produces over 50% of GNP and it has its own carefully planned operations model and decision-making process. The number of public organisations in Finland is high: in 2004 there were reported to be 222 public organisations with permanent staff. (Vuokko 2004, 15.) Finland, much like Sweden, can be described as having both a strong system of local democracy and a strong central government (Nousiainen 1998, Rothstein & Stolle 2003, 10).

The Finnish public sector is a large entity consisting of various governmental and municipal organisations. The Finnish welfare system is universal, providing each citizen with the same services and rights without needs-tested. According to surveys and earlier research, this system is considered quite efficient and reliable, although it is expensive and leads to high taxation. As in other Nordic countries, the average Finnish citizen comes into quite frequent contact with the public services and welfare state programs. According to recent studies on municipalities (Pekola-Sjöberg, Helander & Sjöblom 2002), the Finns are still reasonably satisfied with their public services, those who have actually used the services being more satisfied than those who have not. According to the Human Development Report of 2002 (UNDP), Finland has the highest Human Development Index, which includes living a long and healthy life, being educated and having a decent standard of living. Finland is also rated as the least corrupt country in the world and in this it is followed by other Nordic countries (Transparency International 2003). Finns also trust their compatriots more than other nationalities (Eurobarometer 1996). Pekola-Sjöberg et al. differentiate between social trust and political trust, and note that though political trust is declining, social trust (for example, belief in the importance of expressing one's opinions) remains high among Finns.

A lack of corruption on any significant scale and high levels of social solidarity and interpersonal trust are typical of the Nordic countries, Finland included. This solidarity however, is conditional. It is based on "confidence that the institutions within the system are such that they do not invite widespread cheating. Should this trust in the institutional functions of the system be

undermined, they may break down even though a large majority may believe that general social programs should exist." (Rothstein 2003, 31). Efficient institutions enable trust and confidence. Efficient institutions, however, are not cheap: they require large revenues and citizens willing to pay taxes. According to economic research and trust studies, paying taxes is considered worth doing in societies where the fear of discovery and punishment outweighs personal greed. Finland seems to be one such country. Following Machiavelli, it can be concluded that the best of laws and political intentions are worthless if the political culture is corrupt or distrust prevails in that society. Such distrust does not seem to affect Finland (Eurobarometer, Transparency International 2003).

Finland has often been called a country of clubs and consensus. Clubs and doing things together date back a long time. In the 19th century every small village in Finland had its own temperance society, local theatre group, volunteer fire-brigade and other small associations. State aid to such associations in the 1960's and 70's increased this pattern of social activity even more. Many reasons have been suggested for this sense of community and consensus: the Weberian protestant ethic, the homogenizing and conforming nature of the dominant Lutheran agrarian culture, other regional historical developments or the communitarian values typical of the Nordic countries. (Stenius 1997, Magnusson 2000, Hjerppe 2004.) As an example of political concensus the Finnish government is one of the few governments in the world where the extreme ends of many left and right wing parties sit together in one government. This consensus is rather unusual in other parts of the world, and it has been linked with high levels of trust, as it is known that universal norms of reciprocity and solidarity are likely to increase trust. (Ilmonen 2000a.)

Some claim that there is a lack of critical public opinion and little explicit defence of civil liberalism in Finland. This has been explained as a result of the availability of other means of expressing one's opinion. Violent demonstrations are not typical of Finland, and J. V. Snellman in the 19th century actually prohibited the formation of a liberal party in Finland. The history of Finland may provide an explanation: whereas in most of central Europe the state and its organisations are much older than the associations of civil society that arose to criticise the state, in Finland the state, civil society and the nation were the results of one and the same process. (Saastamoinen 1998.) The Finns tend to agree about central issues of government and welfare, even while representing opposite ends of the political spectrum. Such solidarity is a rare phenomenon today.

Finland's strong welfare system is another expression of Finnish consensus and social cohesion. Since the serious economic depression of the 1990's however, almost 500 000 unemployed (out of a population of about 5 million), the welfare system has been questioned and various managerial models have been introduced to Finnish public organisations to improve efficiency and cost-effectiveness. (Ilmonen 2000a, Määttä & Ojala 1999.) The depression is said to have catalysed the simmering ideas of neoliberalism, and since then Finland has been changing from a market economy toward freer capitalism. It has even

been suggested that in the last decades the more co-operation-centred capitalism of Northern Europe has slowly been replaced by a more individualistic form of capitalism. Whether this is actually a shift in the type of capitalism or merely a shift in values, means and attitudes, is unclear. To some degree customer-orientation and stakeholder thinking in public organisations are products of this neoliberalist thinking, while to some degree they represent the development and openness of public organisations.

In most Western countries nowadays the ideal is for transparency in the operation of public administration and various public organisations. In Finland this is guaranteed by the fact that everyone has a right to receive information on public documents. All official documents are public unless the law specifically states otherwise: the public organisations are to operate "openly, adaptably and transparently." (Prime Minister's Office 2001.) For this reason the concepts of stability and predictability are characteristic of Finnish public organisations. (Määttä & Ojala 1999.) Public organisations keep society together and functioning. In turn, they are legitimated by the trust of their stakeholders. Moreover, in low power distance societies, such as the Nordic Countries or North America, mechanisms that support repeated interactions, such as stable employment, network ties, and laws protecting property rights may also foster trust and diminish distrust (Rousseau et al. 1998, 401).

2.2.1 Finnish public administration

"Public organisations represent a specific identity of professional knowledge, routines, and value perceptions, rooted in the organisation's production processes and history."(Jørgensen et al. 1998, 502). Moreover, "Social context and history profoundly condition the effectiveness of institutions" (Putnam 1993, 182) and thus it is important to understand the historical processes that have formed Finnish public organisations. Overall, most influential for the formation of Finnish public administration have been the examples provided by other Nordic countries. Finnish public administration can be seen as a mixture of the Swedish central administration system and the Norwegian and Danish Minister-administration system. (Nousiainen 1998.) The Finnish democratic system centres around Ministries, and their supporting organisations. Ministries can be seen as the key policy-making institutions in Finland. In ministries the administration meets politics: the staff are administrative staff and the head of the Ministry is politically chosen for each term.

The Finnish central administration was founded in 1809, when Finland came under Russian control. The structure of administration was originally much smaller than it is today and most functions that nowadays are performed by large ministries or public organisations were carried out by single chancellors or chief accountants (kamreeri). The oldest public organisations are an office for the collection of taxes (Suomen leimakonttori) founded in 1811, an office for industry (Vuorimestari) founded in 1809 and various offices for measuring land and building and maintaining roads (Päämaanmittauskonttori 1812, Koskenperkausjohtokunta 1816). These organisations still exist today,

though they have evolved and changed, and some have been privatized. Social services were established somewhat later; for example, an office to provide assistance to the poor was opened in 1889 (Vaivaishoidon tarkastaja 1889). (Savolainen 1996.)

Stenvall (2000) has divided the development of Finnish public administration into four historical phases. These are the periods of the Grand Duchy (1809-1917), of the administrative and constitutional state (1917-1956), of the welfare state (1956-1987) and of managerialism (1987-). Turunen (2002, 56) concentrates on the latter three and suggests that in organisational thinking Finland has moved from the technology-centred 1940's and 50's, through the total quality thinking of the 1960's and -70's to the lean thinking of the 1980's. She considers the 1990's to mark the beginning of a period of innovation and flexible organisation strategies. A rather similar division of the types of Finnish administration and public organisations is made by Savolainen (1996). He distinguishes between the early administration that was established to run the nation in the 19th century (1809-1881), a period of the fractualisation of public agencies to avoid Russification under Russian rule (1881-1917), a period of independence that led to the disestablishing of central agencies (1917-1939), the formation of the welfare state and new central agencies (1940-1980) and a period of large public organisations without central agencies (1981-1995). The history of Finland has shaped the way society is organised and run. Many events can be shown to have affected the process. In the next section those events upon the significance of which there is general agreement are summarized to provide some understanding of the development of the Finnish state.

2.2.2 A brief history of Finland

The formation of the modern state as an institution with a monopoly of legislation and punishment within the borders of a certain area is claimed to date back to the 16th century. The idea of a state that influences the life of its individuals is younger, as before the 18th century states had few social functions; they were mainly practitioners of diplomacy and war. As the military became a monopoly of the state, and technology advanced, wars became more extensive and more expensive. The additional costs required taxation, military service and a more extensive bureaucracy, traits still visible in the modern and postmodern state apparatus today. States as major administrative institutions were formed only in the 19th century, as they began to provide the infrastructures (roads, railways, postal services, education, and telegraphs) that enabled the industrial revolution to take place. The state's legitimacy derived from the fact that it was seen to be the only institution that provided for the interests of all citizens. (Karonen 1999, Saastamoinen 1998.)

Traditionally, up until the 1860's, the Church had been the provider of education and welfare in Finland. Since the Middle Ages, Finland had been under the rule of Sweden and Russia for considerable periods of time. From the 12th to the 19th centuries Finland was first a province and later a Grand Duchy

of Sweden and then an autonomous Grand Duchy of Russia. The foundations of the Finnish state were formed during Swedish rule in the 17th century, although the later Russian bureaucracy has also left its mark. Under Chancellor Axel Oxenstierna, who was king Gustavus Adolphus' most senior nobleman in the 17th century, the Swedish state developed rapidly. It has been claimed that Oxenstierna was responsible for making Sweden into a great power laying the foundations for the development of a Nordic state governed by law. After the death of the king in 1632 Oxenstierna took over and ran the state during the Thirty Years' War. Lutheran protestant ethics are also said to have played a major role in uniting the various territorial areas of Sweden. Some claim that central administration was possible because of this unity through religion. (Magnusson 2000, Karonen 1999.)

The growth of the Swedish state during the 17th century was extensive, and as the wealth and kingdom expanded during its many wars there arose a need for a more organized and more comprehensive administrative system with permanent offices. The Swedish state was more centralized than other states in Europe at that time, and thus its development took a distinctive direction. A large bureaucracy was necessary to run the growing state efficiently, especially when the king was away at war and decisions still had to be made at home. The Constitution of 1634 strengthened the functions of the administrative officials. The public administration expanded and the power of the elites grew reaching its height during the regency, when Queen Christina was underage. Administrators were mostly noblemen, and office was a privilege. Only those with a good reputation were considered suitable for office, as the collective nature of society emphasized honour and reputation. Expertise or competence were not considered to be as important as status. (Karonen 1999.)

The various officials were organised into collegial bodies, which represented what today are called Ministries. The noblemen serving as the heads of these officials were reluctant to introduce changes as they sought to ensure the maintenance of their own status. The official way of decision-making and jurisdiction was bureaucratic and stiff, which led to the avoidance of the official bureaucracy, where possible. In this, patronage played a major role. The patrons, the ruling class and leading noblemen, arranged their clients' access to public offices. With the help of these clients the patrons achieved faster results than through official bureaucratic channels. The history of Finnish public organisations dates back to this period of Swedish rule in the 16th and 17th centuries. (Karonen 1999, Saastamoinen 1998.) One remarkable feature of this system of patronage in Sweden in the 16th and 17th centuries was the virtual absence of bribery, which was quite common in France and England. Even the highest level offices were free from bribery. This lack of corruption is still apparent in Northern Europe today. Several explanations have been put forward among which are the strong culture of a just state, the Lutheran work ethic and patronage which enabled one to progress in one's career through other channels.

The 1808 Finnish War ended Swedish rule. In 1809 under Russian rule Finland was given its own central administration and the Imperial Senate of Finland was founded in 1816. As a Grand Duchy of Russia, Finland was allowed some privileges. One milestone in the development of Finnish independence was the introduction of free trade in the late 19th century and another was the holding of a unicameral parliament in 1907 that allowed the election of representatives from the lower classes and recognized women as equal to men. (Jutikkala & Pirinen 2003, Kuoppamäki 2000.)

However these times under elitist rulers left the underprivileged masses discontented. The causes of the Finnish Civil War can be traced back to 1889, when the rise of Pan-Slavism in Russia led to political polarization and to a major conflict between Imperial Russia and the autonomous Grand Duchy of Finland. This was intensified in 1899 with the attempted Russification of Finland, one sign of which was the abolition of the Finnish army. Until then, Finland's Senate had successfully pursued a peaceful, conflict-free Conservative-Loyalist policy towards Russia, aimed at securing Finland's vital national interests through domestic autonomy. After these changes in policy, political views became more extreme. This radicalization, together with other political factors, led to the violent Finnish Civil War in 1918. Finland had declared its independence just the previous year, and so the new state was off to a difficult start with non-socialist and socialists fighting over power. The Civil War ended with the non-socialists remaining in power. In 1918 the Senate was renamed the State Council, and former senators became Ministers. In the same year Finland's administration was divided into 11 Ministries plus the Prime Minister's Office, led by the Prime Minister. (Alapuro, Liikanen, Smeds & Stenius 1989, Kuoppamäki 2000.)

As a result of the Civil War in which there were an estimated 25 000 casualties and 75 000 men and women were imprisoned, Finland was torn in two. The country was therefore perceived to be in need of a strong state and fair legislation through which the living conditions of the less fortunate could be improved. As a result of the Civil War, many laws were passed to strengthen social cohesion and the equal status of all citizens was emphasized. These laws formed the basis of the welfare state. The contemporary Swedish welfare state model, 'The People's home' (Kansankoti), was adopted in Finland in an attempt to make Finland a peaceful state with a strong society with a relatively even distribution of financial resources. Although its foundations can be found in Bismarck's Germany and early 20th century Britain, the Finnish welfare state was at its strongest in the 1960's and the 1970's. The two World Wars somewhat hindered its development and left Finland, a poor country, even poorer, with large war indemnities to pay to Russia. The Second World War, however, had an important unifying effect on the nation, and managed to bring a divided people together in their fight against a common enemy. Moreover, there was an upside to the large war indemnities: it has been argued that they accelerated the modernization and industrialisation of the country. The post-war economic

state was also favourable to development. (Jutikkala & Pirinen 2003, Alapuro et al. 1989.)

The reconstruction of the country after WW II began, despite the fact that money was scarce. Foreign investors played only a minor role, and the state was the only possible financer of the large new organisations and corporations that were formed after the wars. This period saw the formation of many large state-owned organisations and monopolies, which is quite rare in other countries. Most of these state-owned monopolies have been sold in recent years, so state control is weakening constantly. (Alapuro et al. 1989.) It has been said that the Finns have made a quick and remarkable transformation from a farm/forest economy to a diversified modern industrial economy with one of the highest per capita incomes in Western Europe.

Finland has also been described as an exceptionally quick healer: the two sides of the bloody 1918 Civil War now work together in harmony. (Jutikkala & Pirinen 2003, Kuoppamäki 2000.) This has occurred as a result of many factors. some of which has been high amounts of social capital and the development of a strong national culture through literature. Especially important were the writings of Väinö Linna, who managed to describe the two sides in the Civil War in such a way that they could each begin to understand the other (see Linnas most famous works, The Unknown Soldier 1954 and Here Beneath the North Star 1959-1963).

Some nationalists have claimed that this cultural unity has been demolished by the European Union. Finland first considered joining the European Union in the early1990's, when the country was looking for new ideas, and strategic thinking as well as managerialism began to be taken up by the Finnish public administration. With the passing of every year Finland became increasingly attached to the European Union, ending with full membership in 1995 and membership of the common currency some years later. Although the EU gives some guidance as to how governments are to operate, it does not do away with national legislation altogether.

Other EU countries have shown similar patterns of development to those that have taken place in Finland as well. The trend is toward cutting back the costly universal welfare institutions and replacing them with selective and needs-tested services. Managerialism has been adapted to meet the conditions of public organisations and it now guides the strategic direction of public organisations. (Ferrara & Rhodes 2000.) There is an ongoing increase in selectivization and heterogenization which aims to do away with central government regulations by the. It is agreed that if this process succeeds, both the legitimacy of the system and social trust will be at risk. (Kumlin & Rothstein 2005.)

Is Finland losing its unique welfare state by becoming more 'European'? The evidence is contradictory. Eurobarometer 2004 (2004, 60), measuring European identity, declares that the "Majority of Europeans do not believe yet that a truly European identity exists". This is certainly true of Finland, where according to the 2004 barometer, 57 % of Finns feel that their identity is wholly

Finnish, as compared to 1 % of Finns who feel that their identity is only European. Only British respondents have an even lower sense of European identity, whereas other European countries report rather higher values for their sense of European identity. While on the one hand it has been shown that the ideologies of the largest EU countries always tend to dominate the smaller countries sooner or later, some research suggests that the union in fact emphasizes difference even more. Cultural identities and differences seem to be getting stronger through the development of the EU.

Perhaps the most influential countries for Finnish development since the 1990's have been Sweden, the USA and Thatcherite Britain, though other countries and regimes have contributed as well. The 1990's recession was one of the most significant events in the history of the Finnish welfare state. Though it passed relatively quickly, it has permanently affected Finnish society. (Ilmonen & Jokinen 2002, Ilmonen 2000a.) It affected not only the economy but also the public sector. The massive unemployment caused the population to shift to the southern cities, information technology expanded at the expense of more traditional technologies, neoliberalist thinking began to gain ground, the division between the state and the economy became more explicit and the trend in politics emphasized individual survival rather than the role of a supporting society. These trends included decentralization and the corporatization of state-owned enterprises (Cheung 1996). Some people claim that more changes took place in Finland in the 1990's than is normal within a single decade. (Hjerppe 1989, Jokinen & Saaristo 2002, Määttä & Ojala 1999.)

2.2.3 Finnish public organisations

Public administration operates on several levels: national, regional and municipal. A general description of the large and ever-changing public system is challenging. While municipalities account for most of the public sector (statistics for 2004 list 444 municipalities in Finland), the state administration comes second with 222 public organisations. (Vuokko 2004.) These public organisations have permanent officials, though the trend is toward privatization and cuts. Finnish public organisations are complex entities and some of them are quite old: some Finnish public organisations data back as far as the 17th and 18th centuries. Those in control, ideologies and forms have changed, but some public organisations have survived several decades, even centuries. On the other hand, some public organisations are quite new and have been established only in the last ten years through reorganisations, downsizing and newly emerging needs and functions. Over the past decade, Finnish national public services have been commercialised to a significant extent. This commercialisation has transformed many state organisations into state enterprises and companies, and some have been privatized. Privatization has been cautiously applied and staged on a case by case basis, since the welfare state enjoys widespread political support (OECD 2003.)

Authority can be described as legitimated power. "For power to become legitimate, it must originate in democratic consent and aim at the common good

or public interest." (Schaar 1981, 23). An organisation is considered public if it is mostly owned by the public and functions with state funding. In Finland, however, public ownership no longer automatically implies public funding, and public organisations operate on other funds as well. Many public organisations are financially responsible to the respective Ministry, collect fees from their customers or operate on project funding from collaborative organisations or the EU. They have to balance political guidelines, national guidelines, international cooperation, management ideologies, the bureaucratic culture of administration and current citizen and customer feedback in times when efficiency is stressed and resources tight. To survive, they have to convince all these stakeholders of their legitimacy. (Määttä & Ojala 1999, Kuoppala 2001.) Public organisations are often formal social mechanisms that are designed to advance the practises of democracy in a state, and to "guarantee or secure trustworthy conduct" (Eisenstadt in Hosmer 1995, 388.) Economic development is tending to transform the trust from a factor at personal level to a social mechanism. Thus social mechanisms become important not only maintaining but also creating trust in society. (Rothstein 2003.)

The Finnish public sector has several functions. Traditional functions of the state include ensuring and maintaining both internal and external safety. Infrastructure functions require investments in housing, society at large and public transport. The economic functions of the public sector include strengthening people's means of livelihood and the economy, and its welfare functions include education, culture, healthcare and social services. Six areas of financial responsibility can be distinguished in the Finnish public sector. First, political profit responsibility, refers to the duty of elected officers to perform and fulfil the duties they have been elected to. Second, legal responsibility refers to staying within the boundaries of the laws that guide public administration. Third, professional profit responsibility, refers to having high expertise in public office as well as making the right choices and taking responsibility for the choices made. Managerial responsibility has emerged as the fourth responsibility, referring to financial and human management choices. The fifth is customer-related profit responsibility, which refers to providing good service as well as finding out the needs and wants of customers. Sixth and last, social responsibility refers to the care-taking aspect of the state: the aid and care the public sector has to provide for the less fortunate members of society. (Vuokko 2004, 90-92.)

Public administration operates on three levels: 1) central administration, 2) district administration and 3) local administration (The Prime Minister's Office 2001.) The Weberian indivisible unity of sovereignty and statehood has diverged also in Finland, where decisions are made not only on the national but also on the European and global levels. For Beck (2001, 3) this means that "states' ability to act must de facto be conceptually understood and politically inferred independently of previously dominant ideas of sovereignty and autonomy". The present study focuses on the central administration and its various public organisations and agencies, and the references made to public

administration or public organisations all refer to organisations operating under Finnish central administration. Central public administration in Finland consists of legislation and its execution; public organisations vary from the Prime Minister's Office, the Ministries, authority organisations and other legislative officials to state owned semi-commercial organisations.

Though Finnish public organisations operate in society according to democratic principles in society, public organisations themselves are not democratic in terms of either administration or management. Most Finnish public organisations have a clear hierarchy with employees, middle managers and top management. The final decision-makers are not the employees but rather the director general or the head of the public organisation. Thus public organisations function democratically in relation to their environment, but hierarchically according to their management. The main emphasis of the present study is the former, thus the internal affairs of public organisations are only briefly discussed.

Public organisations are often referred to as agencies, although in fact they are not exactly the same, as an agency can be seen to be more closely connected to the authorized action and power. In one sense agency is the means or mode of acting and in another, it refers to a business or service authorized to act for others. Agency refers to the relation between a principal and his agent; the business of one entrusted with the concerns of another. The synonyms of agency include action; operation; efficiency; management. (Webster's Revised Unabridged Dictionary, 1998) An agency thus has a clearer beneficiary than an organisation: an agency benefits the agents, and the organisations are the means of this benefit. An agency, however, can be an administrative unit of government. Public agency and public organisation are often used interchangeably, and thus in the present study they are used to describe the same phenomena: "a structured social system consisting of groups and individuals working together to meet the agreed upon objectives of serving the public" (applied from Greenberg & Baron 2003, 668).

Most public organisations are expert organisations. In such organisations the meaning of expertise is stressed when quality is under consideration. Citizens, customers and stakeholders, do not necessarily have much insight into the organisation's field of knowledge, and thus they cannot assess the quality of the expert organisation. (Lumijärvi & Jylhäsaari 2000, 190.) In 1997, the Finnish Ministry of Finance (Valtionvarainministeriö) listed the principles of good public service of public organisations in its service commitment plan (Palvelusitoumus 1997). Those are 1) a promise of quality to the customer, 2) flexibility and customer-orientation, 3) customer feedback and the rectification of errors, 4) a reported description of the service and 5) maximum efficiency in services. It is suggested that the quality of a service should be measured in the same way as the quality of a product, answering the basic question does the service meet the requirements set out for it?

The state and its apparatus, public organisations, have the obligation to cooperate not only with the citizens, but also with various other actors in

society (Rothstein 1994, 136). It has been claimed that due to their functions as citizens' representatives and providers of democracy, public organisations are faced with special needs by their environment and their stakeholders. The public wants to participate in the processes and decision making of public organisations to a greater extent than it wants to participate in the processes and decision making of profit-making organisations. They also have the right to do so. One important aspect is funding: as public organisations are funded by everyone, everyone should have a voice. Communication and Public Relations (PR) are other aspects which are, however, becoming more important for public organisations, perhaps even more than for profit-making organisations. (Grunig & Jaatinen 1999.) The traditional way of seeing communications in Finnish public organisations is the 1950´s syringe. (see e.g. Juholin 2001, 296). This communication consists mainly of a message and a response, as communication is alleged to have been efficient once the message has been sent. Interaction in the process is minimal. It has been alleged that many public organisations are limited in their interaction, owing to their size and established functions. Even limited interaction, however, requires trust. (Rothstein 2003.)

Public organisations are affected not only by administrative trends but also by the political system under which they function. Two meta-level theories can be distinguished in western societies. These are the theories of liberalism and communitarism. Liberalism has been associated with individual liberties that place public services at the risk of disintegration, whereas communitarism supports the rights of the majority, through various systems: an opportunity for everyone to affect the pattern of the structures of society. Communitarism has been linked with the enhanced interest that organisations have nowadays in maintaining other relationships with their constituents and publics, rather than merely controlling them. (Wilson 2001.) Several types of systems can be distinguished and may exist even simultaneously. (Cawson 1986.) Pluralism and corporatism would perhaps be opposites: pluralism allows all interested parties to fight for attention and influence decision-making, whereas corporatism is more focused on collaboration. Social corporatism is constructed of both pluralism and corporatism. The Nordic countries, including Finland, have often been described as corporatist. On the other hand it can be argued that all institutional environments are pluralist to some degree, and thus this must be true for the institutions of the Nordic countries as well (Meyer & Rowan 1977, 356).

Traditionally public organisations can be seen as bureaucratic and regulation-centred. This thinking was formed during the industrial era and provided for efficient performance and impartiality. Traditionally public administration was based on rationality and hierarchy, which made participation in the decision-making processes minimal. On the other hand everything was well controlled. Citizens were seen purely as voters, and it was up to the state and government to steer the state forward and provide each citizen with equal democratic rights. (Denhart & Denhart 2000.) This traditional

pattern of public organisation is still present to a large degree in present day Finnish public organisations.

Lately new pressures on public organisations have arisen that demand a more citizen- or customer-oriented approach from the organisations. Vuokko (2004, 95) lists the pressures on Finnish public organisations including those related to the organisation itself, competition, customers and other stakeholders. There is a need to improve and strengthen public organisations, because with the unravelling of bureaucracy and a reduction in the number of administrative orders. Pressures from customers include an increased quality consciousness on the part of citizens, and rising demands for value in return for taxes paid. The citizens moreover feel they should receive good service from organisations, that 'are their own' via taxes. Satisfied citizens and stakeholders lead to the organisation having a good reputation for which in turn means that people are willing to defend the public services that are threatened with dismantling. Pressures that come from competition are a newly emerging factor in public organisations. Not only is there competition with privatized service-providers, but even amongst the public organisations themselves. The pressures from other stakeholders include not only the high visibility of public organisations but also the changes and demands imposed by the collaborative relationships between the organisation and its stakeholders. Moreover, public organisations must attend to the needs of all stakeholders equally, which imposes more demands and challenges. (van der Hart 1990, Vuokko 2004.)

> "In sum, public organisations are not viewed as obedient servants of a clear political will. They may be, but if so they are special cases. Rather, they strive to survive and sustain autonomy in a complex and varying environment, acting in several networks of exchange and negotiations, involving appropriations, users, tasks, jurisdiction, political support, values and media attention." (Jørgensen et al. 1998, 502.)

2.2.4 Types of public organisations

There are various types of public organisations. A clear distinction can be seen in their main functions: for example, public organisations can be divided into authority, research and legislative organisations. This still leaves out those public organisations with some authority functions but mostly monopolistic commercial functions. Those organisations could be defined as semi-commercial public organisations, as they are often the end-result of partly privatized and reformed large state-owned enterprises.

Function seems to be a common ground for categorisations for many scholars. Kotler (1975, 331) has divided public organisations according to their type of function:

1) business-type governmental agencies
2) service-type governmental agencies
3) transfer-type governmental agencies and
4) intervention-type governmental agencies

Kotler adds that all public organisations to some degree share similar tasks, but the categorisation is based on their main function. All public organisations are involved in some type of marketing, and have some type of clients or customers. For Kotler (1975, 5), marketing is here "the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organisational objectives. It relies heavily on designing the organisation's offering in terms of the target markets' needs and desires, and on using effective pricing, communication, and distribution to inform, motivate, and service the markets." Understood in this way, marketing would simply mean informing citizens of a public organisation's goods and services. Though this thinking has its dangers, it is helpful for understanding the important role of the citizen in public organisations' communication.

The client role and fees vary according to the type of public organisation. Service-type organisations produce services at no direct cost, if not indirectly through taxes. These organisations have a clear client group whom they are intended to serve, or a certain purpose. Service organisations may collect small fees for their services in order to cover costs. Transfer-type public organisations exist to distribute funds among the citizens. The role of the clients of a transfer-type public organisation is complex; the concept changes from the needy to all citizens, depending on the function of the organisation. Intervention-type government agencies exist to regulate the functions of a particular group in order to provide safe conditions for the population at whole. The clients of these organisations are problematic: some do not want to be regulated. The customer can, however, be the population as a whole, even though the population may not be very aware of the regulatory organisation. (Kotler 1975, 331-334.)

A Dutch study (van der Hart 1990) on the customer-orientation of public organisations divides public organisations into four groups. This division has also been applied to Finnish public organisations (Vuokko 2004). Van der Hart distinguishes between public organisations on the basis of the degree of contact they have and the extent to which a charge is made for the service provided. These affect the role of the customer. The first type consists of public organisations that have a lot of contact with the public but little costs, such as the education system or regulatory organisations such as the police. The second type includes public organisations with both a high degree of contact and service fees, such as state-funded post offices or railways. The third type consists of more distant agencies or offices and organisations with no/low fees and little contact with the public, such as various research, legislative or regulation-centred public organisations, departments within ministries. The fourth type consists of those with little contact but high fees, such as the pension funds and public utilities. While the question of 'who is the customer' is easier to answer for organisation types one and two, even four, the customers of type three public organisations are more difficult to establish. There is a tension in type three organisations between serving both a legislative customer

(decision-makers, ministries) and the subject of legislation (the citizens and stakeholders). (van der Hart 1990, 36-37.) These typologies are distinguished in Figure 6.
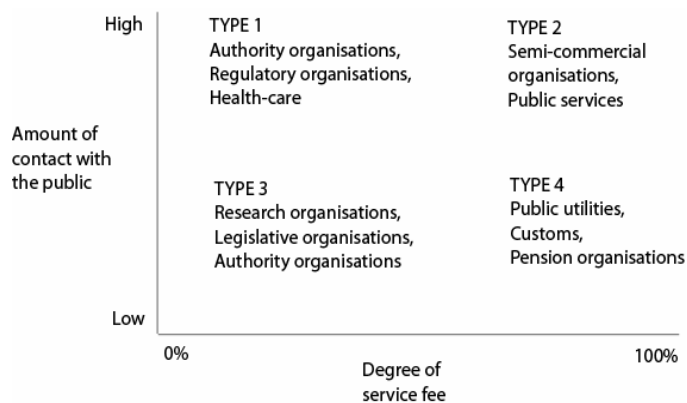
FIGURE 6   The various types of public organisations, based on levels of public contact and a service fee, adopted from van der Hart 1990, 36.

The type of service the public organisation provides may also be used to distinguish between different types of public organisations. Laing (2003, 438) presents a spectrum of the type of services public organisations provide. At one extreme social benefits dominate, and at the other extreme private benefits. At the social benefit end of the continuum the professional judgement of the service type is dominant, whereas at the private benefits end consumer judgement is dominant. Laing places the different public services along this spectrum. At the social benefits end, with professional judgements dominant, are universal services such as customs and excise, and justice organisations. Towards the centre of the continuum are complex services that mix both ends, (ibid. 442) "those services characterized by a dynamic and constantly evolving balance between societal and private benefit, as well as between professional and consumer judgement", such as education and health care. At the private benefits end, subject to consumer judgement, are public housing and transport. This continuum is useful although it fails to acknowledge that not all public organisations produce services. Thus another dimension would be needed in order to describe, for instance, those public organisations that provide research or regulation. However, all public organisations have some stakeholders they serve and provide goods or services for.

In comparison with profit-making organisations, public organisations are more directly open to political influence. All public organisations, however, are not equally open. There is a varying degree on one hand of "organisational self-containment" and on the other hand dependency on the parent ministry. (Jørgensen & al. 1998, 501). The type of public organisation determines the type of relationship the organisation has with its stakeholders. Jørgensen et al. (1998, 504) categorize those involved with the public organisation according to the type of relationship or encounter. They separate between integration (patients of health services), negotiation (subjects to regulatory authorities), confrontation

(consumers of public culture services) and rule-bound interaction (subjects of industry-agency relations), which vary with public organisation types.

Though stakeholder relationships may be difficult to establish for many public organisations, the relationship is perhaps most clear in business-type governmental organisations or semi-commercial public organisations. A business-type governmental organisation is a public enterprise that produces goods and services for sale, and it is the type of public organisation closest to profit-making organisations. However, some major differences exist between public enterprises and private enterprises. The main motive behind a public enterprise is its responsibility to serve the public, and there is less pressure to develop demand and increase sales. Often these public enterprises are monopolies, so there is less competition and sometimes they even have some regulatory functions. Business-type organisations are more typical of countries with socialist characteristics, like Finland.

Different public organisations can also be distinguished through research on institutions. Rothstein & Stolle (2002) categorize public institutions on the basis of different levels of citizen trust and attitudes. Based on the Third Wave World Value Survey which included 50 countries, different types of institutions have been distinguished, including political institutions, control & power checking institutions and neutral & order institutions. Political institutions include, for example, parliament, government and political parties; control & power checking institutions include the press and TV, whereas neutral and order institutions include, for example, the police and legal institutions. A similar division can be found in Swedish data which distinguish between political institutions (including government, parliament and local government), impartial institutions (health system, defence system, police, schools, legal system) and control institutions (newspapers and TV). The main differences between these institutions are that political institutions have elected officials and thus their organisational values and objectives change periodically, whereas neutral & order and impartial institutions have relatively permanent officials and are expected to represent equity and impartiality, as well as stability over time. Control institutions are expected to some degree to be influenced by the views of their owners and supporters. According to research, organisations working in the field of stable, impartial (neutral & order) public institutions are most trusted.

Public organisations, like organisations, consist of people. One way to classify public organisations is to classify the types of officials. According to Price (1965 in Stenvall 2000, 18) public administration can be understood to consist of four classes or spheres of officials. These are 1) scientific, 2) professional, 3) administrative and 4) political spheres. These are all present to some degree in all public organisations, yet some are more dominant than others. A scientific official exists to serve and provide research and information. A professional official exists to provide the expertise it contains. An administrative official is concerned with the processes and problems of

administration, and the political official is the decision-maker. (Stenvall 2000, 18.)

In women's studies, Nordic researchers have discovered four rationalities, or concepts of right and just action that enable commitment, for the service organisations of a welfare state. These rationalities can in part be found in many Finnish public organisations. These four rationalities are 1) The Nurture rationality, centred on customers and their needs, 2) The Expertise rationality, represented by professionals high in a hierarchy, 3) The Administrative rationality, emphasizing cost-effectiveness and political needs and 4) The Employee professional rationality, centred around such interests as pay, working conditions, working hours, work content and professional development. (Davies 1989, Julkunen & Rantalaiho 1993.)

Another way to classify public organisations is from the historical perspective. In Finland, public organisations have been somewhat different in various decades and under different regimes. Stenvall (2000) distinguishes between types of public organisations according to the historical periods of development of Finnish public administration. During the period of the Grand Duchy (1809-1917), Finnish public organisations were formed to serve the Tsar of Russia and those in office were members of the elite and under strict discipline. During the administrative and constitutional state (1917-1956), public organisations were based on efficiency, stability and the rule of law. During the welfare state (1956-1987), public organisations became politically led with an emphasis on equity, as official functions became more specialized and the state was responsible for the economy and well-being of the country. During the ongoing period of managerialism (1987-), public organisations are becoming more like business organisations, officials have more responsibility as managers and financial performance is more and more important. During the past 200 years, Finnish officials have slowly transformed from subordinates to initiators. (Stenvall 2000.)

Public organisations also differ in their organisational culture. For Australian public organisations, Sinclair (1991 in Claver et al. 1999, 457-458) distinguishes four models of public administration culture that could be applicable to Finnish public organisations as well. The first is the Cultural control model, which assumes the existence of only one culture and its control. The second is the Subculture model, which is based on the assumption that there are indeed many different and independent subcultures within the main culture. The third, the Professionals' multi-culture model, acknowledges that despite the subcultures, there is still a common public organisation culture in all public organisations under which the subcultures come together, whereas the fourth model, the Public service or public interest culture model, is based on the assumption that there is one dominant culture, but that this dominant culture is service-oriented. All these are present to some degree in Finnish public organisations as well. The first three are most visible, but even though a new emphasis on service is gaining ground, it might be too early to suggest that the

public service attitude is yet a culture. It is perhaps still a trend that may in time turn into a culture.

2.2.5 The Finnish welfare state

Finland is a Nordic welfare state where the government directly provides most social and welfare services (education, health etc.). Thus the overall level of state involvement in economic activity is relatively high in Finland. The large public sector reflects the historical fact that the State was significantly involved in the industrial and commercial development of the Finnish economy after the World Wars. The building of the welfare state began after the wars, but it could be said that social democracy and the Finnish welfare state were at their strongest in the 1960's and 70's.

The Finnish welfare state was built through a process of cooperation between the left-wing and the independence-oriented Maalaisliitto (centrists) led by Prime Minister and later President Urho Kaleva Kekkonen. Sociological research and sociologists were consulted and Durkheim's theories on solidarity (see Durkheim 1902) were studied in order to reduce the polarisation left from the Finnish Civil War. The Finnish welfare state enjoys many Keynesian ideas, though it cannot as such be referred to as Keynesian (Heiskala 2005). In the 1960's the thinking of sociologist Erik Allardt was influential for the formation of the welfare state. The early roots of the welfare state, however, can be understood to date back to the 17th century and the thinking of Axel Oxenstierna, who established a strong national administration for Sweden. In contrast to the situation in many other European countries, voluntary associations have not been involved in the delivery of the Finnish welfare state, but rather it has been the concern of the central government. However, in the Nordic countries there is unusually close collaboration between the state and major NGO's in the planning, preparation and implementation of public policies (Rothstein & Stolle 2003, 8). Welfare politics are understood to consist of four elements:

1) publicly funded services such as education and healthcare
2) an obligatory social security system, such as various types of pensions
3) a comprehensive benefit system such as child benefits and
4) needs-tested benefits, and social aid for certain special needs.

The Finnish welfare state system is much like the welfare systems in other Nordic countries. Most Nordic countries apply a fairly generalized form of social welfare policy, and this requires high taxation for maintenance. (Rothstein 1994, 25.) Since the 1960's the Finnish welfare state has been a universal system, enabling all citizens to receive the same services without needs-tested programmes. The costs of maintaining the welfare state have been a major reason for the exceptionally high taxes that Finns pay. Nevertheless, the concept of the welfare state, however costly, still enjoys majority support in Finland. (OECD 2003, 6.)

The welfare state has also been an issue in recent discussion of social capital, the resources available through social, trusting relations (discussed in more detail in Section 4.2). The traditional thinking about social capital is that where the welfare state is strong, social capital is limited, and vice versa. According to Putnam (1995), the social capital of western societies is eroding. This claim, however, does not as such apply to all western countries. In Finland the amount of trust and social capital remain high (Eurobarometer 2004). In fact, it has been claimed that the universal welfare system plays an important role in the security of society as a whole: trustworthy public institutions are said to generate trust in society and may even produce social capital as trust networks. A welfare system that treats everyone as equal is believed to raise the level of generalized trust in society. The claim is that well designed state institutions can on therefore help build social capital. (Harisalo & Stenvall 2003, Kumlin 2004, Kumlin & Rothstein 2005, de Soto 1989, Letki 2003.) Moreover, well functioning political institutions have been shown to affect people's willingness to co-operate, as "Efficient cooperation for common purposes can only come about if people trust that other people will also choose to cooperate." (Rothstein 2003, 21). This trust in everyone else's cooperation is especially high in the Nordic countries, where fear of retribution for misbehaviour exceeds the temptation of instant advantage. Thus it has been argued that contacts with welfare state institutions not only shape our views of those institutions and the reliability of the system generally but also build trust between people (Kumlin & Rothstein 2005).

Nowadays there are several challenges to the Finnish universal welfare system. Perhaps the biggest challenge is state funding: the financial situation has constantly worsened since the economic boom of the 80's. Another challenge derives from the discussion of welfare policy and its moral status: a strong welfare system, it is claimed, distorts the wage structure. There is also pessimism about whether society is being changed through political input, while at the same time the number of those requiring special needs-tested benefits has increased. There has been a clear shift from collectivism toward individualism, and management ideas from economics have gained ground in public administration and public organisations. (Rothstein 1994.) As a result there is increasing the surveillance of financial performance of Finnish public organisations.

The trend in the funding of public organisations since the 1990's has been towards reduced public support. Since the 1960's, however, Finland has been one of the largest welfare states in the world, so its dismantling is and will be a long process. Some researchers view the deterioration of the Finnish welfare state as a fait accompli. "In the 1980's our welfare policy may have been a cause for pride, but it now resembles an old wooden house with many charms but even a visitor realizes that for years the owner has not had the money or interest to maintain and service the house." (Freely translated from Anttonen & Sipilä 2000, 276.) Moreover, it has been suggested that the welfare state has been replaced by a 'welfare society' (Sabel 1994, Kettunen 2001), making way

for societal actors, public or private, other than the state. As the Finnish welfare state continues to be dismantled, most Finns still appear to appreciate the universal welfare system.

The enlargement of the European Union has led to increased discussion of the high taxation necessary for the maintenance of the welfare system. New EU countries such as Estonia tempt Finnish businesses with their low taxes. Moreover, a change is taking place from social democracy with the emphasis on equity towards a more liberal economy with possible inequities. In fact, Finland could currently be described as a mature liberal economic democracy with strong traces of a universal welfare system. There has even been discussion of the welfare state as a project that is now ending, but this thinking is problematic (see Kettunen 2001). It seems to be important for Finns that the still surviving remnants of the universal welfare system should be maintained, and a strong feeling of consensus prevails in the country despite all the changes and challenges.

Some research claims that the welfare state is no longer a powerful source of trust for Finns, or at least not to the extent that it has been in the past (see Ahonen 1998). Julkunen & Niemi (2002) conclude their research in the belief that welfare services institutionalize trust into a general structure, where everyone can feel a part of the norms of reciprocity. Also, the level of trust in public organisations can be understood to be still quite high, as appreciation and respect for public sector vocations remain high. The next section will continue this discussion of welfare and public organisations through discussion of the concept of democracy.

2.2.6 Democracy

"Democracy is not an expression of some universal moral principle, or a shared principle of justice. Rather, it is a way to maintain peaceful intercourse between different people and groups in this modern society characterized by pluralism and distribution of work and the conflicts they cause. Its various practises and rules, such as universal and equal suffrage and majority decision, are methods adopted through historical experiences…" (freely translated from Saastamoinen 1998, 235.)

Democracy is a form of government in which sovereign power is exercised by the people as a body. Democracy as portrayed in the Ancient Greek city states (Polis) may still be considered as the purest form of democracy, but it is not really applicable to the modern world. Whether or not people today are 'political beings' as Aristotle noted, our much larger societies expanded societies as well as the need to make a living prevent the active daily interaction of all members of society for the purpose of resolving political issues. Thus in modern societies only representative democracy is possible. (Saastamoinen 1998.) The concept of 'citizen' may be understood to be as old as the idea of democracy, although in ancient times both concepts included only those males fortunate enough to have property or education. Thus the definitions applied today have broadened and changed considerably in relation to their origins.

An official's ability to communicate as well as the citizen's trust in the official's message are vital aspects of functional democracy (Lehtonen 2001). Public organisations are owned by the citizens and hence ideally communication within a democracy involves everyone: it aims at public deliberation (Nieminen 2000). The ideologies of citizen dialogue (Habermas) and communitarism (Etzioni) are related to democracy. Their starting point is the citizens' need to belong to society, and trust and consensus as the basis of social relations. A majority opinion can only be freely formed through open discourse; thus a well functioning democracy requires public discourse. However, the discourse cannot be random, but it must be based on guidelines and the legitimization of commonly approved norms. In order to participate in public discussion, people must have are to possess sufficient knowledge of possible solutions. (Hakala 2000.) Although these ideologies have been criticized as utopian and old-fashioned, they manage to crystallize the very essence of democracy: doing things together.

Democracy is associated with communal commitment to procedures, and ongoing discourse and its results. As with several concepts in the field of social science, no single general definition of democracy exists. Traditionally democracy has been defined in terms of equal suffrage and rights and its representative aspects (Rothstein 2003). Fukuyama (1992) suggests that liberal democracy and free market capitalism represent the climax, the final stage in the development of democracy. He argues that they represent the most fundamentally satisfying form of government and method of organising the economy. In addition, Fukuyama predicted the fall of all competing ideologies, and urged those states that are not now liberal democracies to pursue liberal democracy as an objective. To him, only liberal democracy guarantees the freedom and democratic voting that legitimate the state. Democracy is associated with several benefits: generalised trust, social capital and human rights. Democratic countries have been reported to have higher levels of social capital than less democratic ones.

After Ancient Greece the concept of democracy remained dormant until the 18th century, when the concept was reintroduced. However, in 18th century France, democracy again included not all citizens, but only some privileged classes. Hegel (1994) described the French Revolution as the event in which people first understood that a nation did not necessarily need a ruler. The idea of democracy was thus raised again: people could rule themselves. Hegel made a distinction between the state and civil society, where the state was process-oriented, based on reason and the civil society was a rule-governed place to fulfil needs and exchange goods. Rousseau's thinking was also influential on the concepts of democracy and citizenship. To Rousseau (1762), a society was formed out of a voluntary contract among its people. Rousseau saw property differences as an important reason for inequity and problems. These problems were reduced by the welfare state, but are becoming apparent again now with the dawn of neoliberalist thinking.

The idea of people ruling themselves was introduced to Finland through the famous defender of the Finnish language, Johan Vilhelm Snellman (1982), who in the 19th century visited Germany and became familiar with Hegel. However, the ideas of democracy in Finland (kansanvalta) flourished more in the 20th century Finnish national awakening (Pulkkinen 1989). In fact, the 1906 parliament Reform Act (eduskuntauudistus) was remarkable even internationally as effecting at a single stroke a transformation from an outdated feudal system into a form of people's democracy (kansanvalta). It was the first of its kind in the world, providing broad equality for all its citizens, and making Finland only the second country in the world to give women the vote. The term 'demokratia' (democracy) was actually brought into Finnish in 1934 in the book "Demokratian itsepuolustus" (the self-defence of democracy) in 1937 by the long serving Prime Minister and later president, Urho Kaleva Kekkonen (Hyvärinen 2003, 83). The European Social Survey (2002) results show that over 60 % of Finns are satisfied with democracy in Finland. This makes Finland the country with the second most satisfied citizens after Switzerland. Support for democracy has been linked with improvement in the economy, and thus fluctuations occur in times of trouble. The present condition of the Finnish economy is, however, quite stable, so maintaining high trust in democracy as well as high political trust.

Robert Putnam (1993) in his modern classic 'Making Democracy Work' showed that democracy worked better in some parts of Italy than others. He started with the assumption that though democracy was imperfect in all countries, it was more imperfect in certain areas. Putnam broadened the concept of democracy to include policy realization through concrete measures. He asked whether the machinery had reached down to the level of everyday life of citizens. He operationalized twelve variables to determine the success of democracy, i.e., whether the decisions made were also implemented. This thinking gave citizens a stake even in the process of democracy, but most importantly, it emphasized the concept of efficiency. Putnam concluded that those areas where public policy was also realized and implemented had a different amount of what he called 'social capital', the glue originating from civil activity, which enabled interaction and collaboration and finally led to prosperity and democracy. Putnam further noted that it was involvement in associations that increased the effectiveness of democracy and led to economic growth; those areas with high participation had more effective democracy. He suggested that associations were learning grounds for democracy; that they produced trust that was reflected in society at large. (Putnam 1993.) Associations were a natural environment for the production of trust, as the formal legalistic road (court systems, monitoring) to trust would be uncertain as "voluntary cooperation based on social norms of trust is superior to centralized coercion and various forms of policing" (Rothstein 2003, 87). This comes close to the process called deliberate democracy. Deliberate democracy emphasises the decision-making process and a willingness to share opinions and make up one's mind freely. Through this fair discussion process it should be possible to

reach consensus and cooperation, which are necessary for stable regulations. (Rothstein 2003.)

Public administration has long been a balancing power in democratic society, and thus public organisations must work proactively to maintain public trust, as their legitimacy to some degree depends on it. Stakeholder acceptance and satisfaction is vital for democratic institutions. This calls for ongoing interaction and active discussion between the public organisation and its stakeholders, as "Conversations for quality relationships help immensely in creating shared meanings and goals, which build trust and enable people in a human interaction to be open, creative and constructive." (Dervitsiotis 2003, 518). Drawing upon a metaphor some have suggested that what is needed is a personal relationship between state and stakeholders. Totally free two-way communication, however, is not possible as it could lead to a 'rifle society' where everyone voiced or otherwise acted on their differences of opinion. Thus an emphasis on two-way communication in public organisations is said to relate to voicing opinions in a suitable way in society and within the rules of democracy; through the representative bodies and legal routes. In the case of public organisations with direct contact with citizens, interaction may be more open.

As for the level of democracy, totally open and free communication was only possible in the ancient Greek City States that were small enough and otherwise suitable for open discussion between all members of society. In fact, already in 1762, Rousseau in "The Social Contract" (Du Contrat social), noted that as democracy involving all individuals was no longer possible, a process of representation should be applied and representative democracy should be practised. Today's turbulent environment calls for new thinking: shifting from the classical strategy of making the most of the input, and placing emphasis on continuous review and interaction with the environment and stakeholders. These place new demands on trust. (Bentele 2005, Jawahar & McLaughlin 2001.) This turns the public organisation's role from a traditional goal-oriented 'mountain climber' to a more process-oriented 'new terrain explorer' (Dervitsiotis 2003, 519). Still, fundamentally democracy remains the same: by the people, for the people.

Public organisations aim to function according to democratic principles, such as equity (Vuokko 2004). Letki (2003) concludes that rather than civil society which is often given the credit, it is democratic and bureaucratic institutions and their perceived and measured good performance that creates trustworthy citizens. This process is not internationally consistent and it has been argued that depending on the type of welfare state and its institutions, they can both make or break social capital and trust (Kumlin & Rothstein 2005, Kumlin 2004). On the other hand, social capital is said to increase efficiency and democracy in governmental institutions. In fact, empirical support has been found for the co-existence of social capital and effective public organisations. This support is vital to current trends in European welfare states. There is an ongoing process of gradational selectivization becoming more popular with

public organisations. As the universal, equal-for-all large welfare states are being taken apart, it could be that these turn out to be the very institutions that build social capital and emphasize social trust (Kumlin & Rothstein 2005). This could make the dismantling of public institutions highly questionable.

It is often stated that democracy is a way of governing which creates an atmosphere of trust. While this may be true, democracy itself includes many tools for control. In fact, it has been argued that democracy is built on distrust (Sztompka 1997). There are several levels at which both horizontal and vertical control occur, including in freedom of speech, the press and independent courts. This sort of control is needed because of lack of trust. It can thus be stated that though democracy in itself does create trust in society, it is, however, built to some extent also on distrust. This thinking is nevertheless not entirely straightforward. If peer control implies lack of trust, then dictatorships would be categorized as systems built on trust. This is, however, seldom the case.

A balanced organisation continually surveys its environment for changes. Though the changes in democracy may be rather slow, there are other trends that affect public organisations. One such change is the introduction of managerial thinking. Lumijärvi & Jylhäsaari (2000, 206) argue that in professional public organisations any change in the culture or any new way of thinking may face resistance due to the various professional subcultures. On the other hand, public organisations are suitable fields for introducing new ideas, as the atmosphere is already receptive due to new laws and amendments that might need to be brought into practise. (Lumijärvi & Jylhäsaari 2000, 206.)

2.2.7 Bureaucracy

Bureaucracy has developed along with the welfare state, since its operation required extensive administrative machinery. This large machinery has, however, been criticised for its stiffness, slowness and lack of adaptability. Characteristic bureaucratic tendencies include an authoritarian, top-down management style with a high degree of control and little communication (Claver et al. 1999, 459). In fact, bureaucracy mostly acknowledges only formal communication channels. Stability, obedience and conformity are typical, and thus little room is left for initiative, innovative processes or change. The decision-making process of a bureaucratic organisation is repetitive and centralized, and it is hostile to change of ones approved and accepted ideas and models.

The original ideas of bureaucracy are to a large degree German deriving, for example, from the thinking of Hegel and Marx. The roots of bureaucracy are linked to the origins of the complex modern state and society at the end of the 18th century. Bureaucracy was then understood as autonomous state power, a reflection of the actions of higher civic officers. Autonomy was possible as the state was independent of society. There have been many similarities in the evolution of Finnish and German political situations and systems, and thus German ideas have been brought to Finland. The greatest 'transmitter' of the

ideas of bureaucracy was J. V. Snellman in the 19th century, who studied in Germany as a student of Hegel's.

Weber created a somewhat pessimistic picture of modernity in his theory of rationalization. He argued that modernity was characterized by an increasing role of calculation and control in social life, a trend leading to what he called 'the iron cage of bureaucracy'. People have been enslaved by rational order. They no longer control the system but are instead its raw material, cogs in a large social machinery. Whether this is true or not, bureaucracy is still to some extent alive and well in all organisations: some bureaucracy is always needed to organise anything in an equal way. (Weber 1958, Hatch 1997, Feenberg 1998.) Meyer & Rowan (1977, 345) propose that the level of modernization affects the rationalised institutional structure and the number of rationalised institutions. They argue that rationalised bureaucracies result from two causes: the increased complexity of society and relational networks and the number of institutional rules in modern society governing organisational development. Problems of bureaucracy have arisen in most post-industrial parliamentary societies especially since the 1970's, as the public sectors have expanded.

Public organisations are often considered to be bureaucratic, that is, they tend to routinize their operations, replace personal judgement with impersonal policies, specialize functions and tasks, create a hierarchy and operate mechanically. (Kotler 1975.) In fact, Weber originally developed his model of mechanistic organisation to meet the needs of public administration. Mechanistic organisation needs to be effective at repetitive tasks, to ensure routine and control. Many public organisations still today have traces of mechanistic organisation. This means that the public organisation in question becomes efficient at serving its original purpose, but is seldom able to adjust to the constant changes that take place in the environment and among stakeholders. Moreover, according to Tocqueville, there is a built-in attempt to expand in every bureaucratic institution. (Saastamoinen 1998.) "Bureaucracy in public administration tends to act as a conglomerate of independent organisations, each with its own interests, specific goals and own language as used by its members." (Claver et al. 1999, 458.)

The reason for public organisations' problems and poor performance is often understood to be 'the bureaucratic paradigm' (Barzelay & Armajani 1992). The bureaucratic paradigm is responsible for the stiffness and reluctance to change, as it promotes the traditional aspects of bureaucracy: central control, economy and efficiency as well as adherence to rules. Barzelay and Armajani note that the bureaucratic paradigm is so dominant that it is rarely noticed, and thus rarely questioned. However, the bureaucratic paradigm influences and leads officials and politicians to favour procedures that impair the ability to serve citizens and stakeholders well by weakening, misplacing, and misdirecting accountability. They introduce the 'post-bureaucratic paradigm' which recognizes the importance of the public sector and government but also takes into consideration market-oriented thinking. Claver et al. (1999) similarly distinguish two tendencies of the-orientation of public values. They introduce

'bureaucratic culture' and what they call 'a culture predisposed toward serving the public' or 'citizen-oriented culture'. Though both can be present to some degree in public organisations, one is likely to dominate. "The bureaucratic culture implies a stability that is usually detrimental to the needs of an innovative process and, therefore, to any kind of change" (ibid. 458.) The bureaucratic culture has been described in other terms as well, amongst which are 'culture of conformity', 'culture of technical rationality' and 'culture of process' (for details see Claver et al. 1999, 458.)

Bureaucracy is often viewed as negative: "inefficient, inflexible and irresponsible before the citizens" (Claver et al. 1999, 458), but it was originally a positive concept. Bureaucracy was assumed to be the most efficient way to coordinate, standardise and control the increasingly complex relational networks involved in modern technical or work activities. Based on Weber's thinking, bureaucracies are a consequence of economic markets and centralised states. (Meyer & Rowan 1977, 342.) Among their positive aspects are the formal rules and structures that enable equal treatment. The division of tasks made the workload manageable and the hierarchy provided a clear division of responsibilities and duties. Some of these, such as stability, have their disadvantages. Bureaucratic organisations are stiff and thus maladapted to their changing environment, and in fact their functions may continue unchanged despite dramatic changes in the environment (Mörä 2000). This is typical of public organisations, as they do not face such aggressive competition as profit-making organisations and thus they are less accustomed to responding to the stakeholders. The problem is hence not in bureaucracy as such, but in its mal-adaptation to the changing dynamic environment in which the public organisations operate today.

Kotler describes the responsibility of organisations on a continuum from unresponsive to fully responsive. Public organisations are claimed to be quite unresponsive, yet modern management philosophies aim to change this towards ongoing dialogue and a better, more responsible relationship. (Kotler 1975.) Moreover, with public and private organisations becoming more alike, the tendency is away from mechanistic ways of organisation. However, even today organisations are expected to behave in mechanical, bureaucratic ways such as the routinization of operations, predictability and reliability. To conclude, it would be rash to say that bureaucracy in itself is bad or undesirable, but it does promote behaviour that is not considered suitable for a world of efficiency, quick change and innovation. A bureaucratic culture fosters safety and comfort, and thus sees changes as a threat.

Pekonen notes that there has been a paradigm shift in the concept of bureaucracy as politics, society and the state have changed; the actual realisation of bureaucracy is strengthened by the structural inability of the state apparatus to act as the real subject of social leadership. (Pekonen 1983, 235.) Present trends in Finnish public organisations are contradictory: on the one hand modern management philosophies and efficiency claims are directing public organisations towards a reduced bureaucracy and greater customer-

orientation. On the other hand, the European Union seems to be providing new legitimacy for bureaucracy: its processes and procedures require all the old practises of mechanistic organisations. (Juholin 1999a.) Moreover, though the principle of transparency guides Finnish public organisations, Finnish administrative culture is not necessarily either open or transparent. - Transparency only requires that the citizen should have access to any public document, but openness would require that this access should be easy. Whilst the former may be the reality in Finnish public organisations, the latter is often not the case. (Hakala 2000.) In the next section the challenges of Finnish public organisations are discussed.

2.3 The challenge of Finnish public organisations: Public or private?

When socialism and planned economies ran into trouble in Europe in the 1980's and 1990's, the free market economy was generally accepted as the saviour. Bureaucratic public institutions were understood in general to lack the capacity to run large industrial enterprises, and social problems were seen as being caused by excess state regulation of the markets. Without such regulation, free markets were to provide growth. Especially in times of depression, the free market economy has gained strong ground. This shift in thinking has left its mark on public organisations: the role of regulation in public organisations has decreased and the public sector has been streamlined and privatized. The aim has been to rid the state of unnecessary functions, while still leaving some core missions such as income distribution and the justice system. This thinking has been linked to neoliberalism and it has made public administration 'a business'. (OECD 2003, Heiskala 2005, Beck 2001, Hautamäki in Saastamoinen 1998.) In this context citizen and stakeholder demands should be taken seriously, as citizens and stakeholders can voice their opinions and thereby either lessen or enhance the legitimacy of public organisation in terms of satisfaction and reputation (Vuokko 2004).

The division between public and private or state and markets is not new. Hegel (see 1994) understood the two to be indivisible: he thought that the state is the only body able to ensure the safe functioning of markets, and thus bring equity and the common good. Hence the common good can be realised only through political institutions. This faith in the state, however, began to diminish already in Hegel's own time through the writings of Adam Smith, although both thinkers agreed on some points: in the theories of Smith, self-interest led to the prosperity of nations, and in the theories of Hegel, acting out of self-interest was also a part of the common good (Tuikka 2005).

Finnish public organisations are currently under pressure to legitimate their functions and justify their existence, yet it remains difficult to prove the usefulness and positive impact of many public services, owning to their

intangible nature (Cinca et al. 2003, 256). Along with neoliberalism, managerialism, privatization, downsizing and specialisation of Finnish public organisations, there has been discussion of whether the public sector exists any more at all. Public organisations are being forced to turn to outside sources to ensure funding. The question arises of whether public funding can be used to categorize organisations? Have public organisations become profit-making organisations? The similarities between private and public organisations come from two directions: on some levels the state is increasing its regulation of private organisations, and private organisations are becoming more transparent and public (Mörä 2000), whereas on others public organisations are becoming more like private enterprises.

Public and private organisations are in many ways similar. Their organisational structures are almost the same, and their tools and patterns of communication are also similar. Although their products are also becoming more alike, there has been a change in people's expectations of public organisations. The economic performance of public organisations is expected to meet that of profit-making private organisations. In addition, the focus should now be on service and performance, although there must be no loss of public accountability. Bolton (2003) argues that a performance-related culture has taken over public organisations. Moreover, there is a trend in Europe generally to adjust European organisations, both public and private, to North American norms of practise and corporate governance (Lehtonen 2004b).

In almost all Finnish public organisations some public funding remains, however, and the nature of a public organisation is still different from that of profit-making organisations. The main difference is their raison d'être: profit-making organisations exist to maximize profits while public organisations exist to serve the public. The question is rather how public organisations can be profitable *while* and *at* serving the public. It is, however, true that profit-making and public organisations face similar challenges. This thinking has introduced many profit sector trends to public organisations: questioning profitability, differentiation and outsourcing to name a few. In current discussion, profit and public organisations are often grouped together, even though they vary greatly in their nature (Nieminen 2000).

Habermas (1981) explained that social actions (Soziale Handlungen) consist of strategic and communicative action (Strategisch und Kommunikatives Handeln). His division is often applied to distinguish private organisations from public organisations; strategic action is linked with private and communicative action with public organisations (Nieminen 2000). This division, however, is not unequivocal and lacks empirical evidence. Moreover, both can exist within one single organisation, whether public or private. Strategic action is goal-oriented and often seen as a monologue. There is an ultimate objective towards which all organisational functions, planning and strategies should lead. In strategic action, communication is seen as a means and resource for fulfilling the strategy, and communication is used to persuade or influence the receiver. Communicative action, on the other hand, goes

beyond mere information and aims at dialogue and understanding among the organisational members. It is impossible to set goals for communicative action from the outside, nor indeed do its functions require clear goals or strategies. The communication associated with communicative action is consensus and discourse-oriented. Communicative action can be linked with Habermas' ideas of democracy and publicity (Habermas 1989), where communication should enable equal access to public discourse aimed at consensus.

Gummesson's three management paradigms (1993, 40-42) could be used to describe the differences between public and private organisations, though they are not as such organisational models. He distinguishes between the paradigms of 1) production/manufacturing, 2) bureaucratic-judicial/legal and 3) service. Gummesson notes that each paradigm involves different objectives and is typical of different types of organisations. The production paradigm of management is typical of profit-making organisations focused on producing a certain kind of goods. The bureaucratic-judicial paradigm is typical of public, administrative organisations and monopolies. The Service paradigm emphasizes service marketing through Total Quality Management and is typically a sub-paradigm constantly struggling to hold its own against the dominant paradigms. The service paradigm regards customer satisfaction as the criterion for quality, whereas the bureaucratic-judicial paradigm emphasizes legality and equity as its criteria for quality. The role of the customer varies: the service and production paradigms view the customer as an opportunity or ally, whereas the bureaucratic-judicial paradigm views the customer as an opponent, sometimes even a hindrance. The latter view could be applied to public organisations, although the traditional paradigms may be breaking down and mixing. (Gummesson 1993, 40-42, Turunen 2002, 59-60.)

Nieminen (2000, 110) approaches the differences between public and private organisations through four elements that are not based on funding:

1) basic tasks and objectives,
2) operational conditions,
3) basic values and
4) membership.

He argues that all these elements differ in public and profit-making organisations. The basic tasks and objectives of public organisations are different from those of private organisations. Public organisations have regulatory and authority functions and they are entrusted with responsibilities and duties not seen to be suitable for private organisations, such as the judiciary or health care. Through privatization some of this is changing, but public organisations still regulate and control even privatized public services. The operational conditions of public organisations are to some extent monopolistic, whereas profit-making organisations face constant competition. Some claim that this is changing with managerialism, as public organisations become rivals with each other for public funding. Nevertheless, monopolistic operational conditions do not require such strategic communication as in the competitive field. On the contrary, organisational performance and strategies that are

considered to be trade secrets in the private organisations are required according to the principles of democracy to be publicly and transparently exhibited in the public organisations. Image cultivation and communication management are sometimes even considered to undermine democracy and in Finland the central government communication guide advises against them (Prime Minister's Office 2002). (Nieminen 2000.)

Public organisations have more and more various stakeholder groups than private organisations. While private organisations can choose to concentrate on their most important target groups, public organisations have to serve all groups equally. Thus public organisations face more and sometimes even inconsistent demands. (Grunig & Jaatinen 1999.) Moreover, public organisations are more sensitive to political changes than private organisations. Thus their objectives and also the criteria for measuring the efficiency of public organisations are often short-term. Public organisations also have less autonomy and flexibility. (Claver et al. 1999.) Perhaps the most fundamental differences between public and profit-making organisations can be found in their objectives and values. The values of organisations generally reflect the approved values of society. In a democracy these values are equity, justice and solidarity. These are stated in the constitution. The values of public organisations must be approved by most citizens and they must benefit most citizens. (Hakala 2000.) Public organisations exist to enable democracy. The values of private organisations are more freely adjustable. The fulfilment of basic values calls for communicative communication, as this aims at consensus and enables discourse and participation.

Another difference between public and private organisations is the criteria for membership. All citizens (and those living under the democracy) are equal members of the public sector, and thus also of public organisations. They all have equal rights to information. Membership of private organisations is more limited and the rights of members are hierarchically distributed. Those with greater shares hold more power, and no equity or freedom of speech exists. Public organisations differ from private organisations in terms of publics as well. Whether public organisations have publics or just one public is an interesting question. (Nieminen 2000.) The every day practises of public organisations, however, seem to point in the direction of different groups and publics, and thus this is assumed in the present study.

To distinguish them from profit-making organisations, public organisations are sometimes grouped together with other nonprofit-making organisations. There are, however, some fundamental differences between nonprofit and public organisations, and thus this research prefers to address only public organisations. Association and nonprofit-making organisations are sometimes called the third sector, as an addition to the first, private, and second, public, sectors. There have even been suggestions of a fourth sector, meaning families and friendships. The fourth sector, however, is less formal and less organised and is questioned. Membership of the third sector is often based on free association and shared interests, whereas private and public

organisations usually function with permanent, paid employees. Salary is rare in the case of non-profit-making organisations. (Vuokko 2004.) The members of nonprofit organisations or associations have to approve the organisation's objectives and operational principles, and members of nonprofit organisations or associations are in principle equal in rights, but those outside the group have no rights. Thus an essential difference between non-profit-making organisations and public organisations is the membership. (Nieminen 2000.) In cases where profits are indeed discussed, the public organisation may be referred to as a nonprofit type. In the present study, however, public organisations are differentiated from nonprofit organisations, as the latter are considered to include societies and clubs, and the interest of research here is public organisations.

With the growing role of managerialism, Finnish public organisations have become more and more free from state governance. This could signify a shift from the public to the private. The loss of governance has been balanced by increased marketing-orientation and neoliberalist ideas (discussed in detail in the next Chapter). As a result, public organisations have become more aware of their environment and publics. (Kuoppala 2001.) In terms of organisational communications, public organisations have become more responsive and open to their operating environment. The traditional "communicate when necessary" has been replaced with a striving towards continuous interaction with the stakeholders. Many terms derive from marketing-oriented thinking, through which citizens have become customers or stakeholders. There are both advantages and disadvantages to this development. While it is clear that open communication in an organisational environment is beneficial, marketing-based ideas may threaten the fundamental basis of democratic welfare state public services: equality (Patulny 2003). Equality has long been the defining characteristic of bureaucracy and this is still the dominant form of organisation in Finnish public organisations.

2.3.1 Neoliberalism

Neoliberalism is a dirty word to supporters of the welfare state. The 'Washington Consensus' in the 1980's legitimated the neoliberal attack on broad government and the bureaucratic welfare state with a policy mix based on free trade and the establishment of an open economy. Neoliberalism can be understood as a political philosophy and also, since the 1970's and 1980's and during the fall of the Soviet Union, a political-economic movement apparent for example in the Reagan era in the US and the Thatcherism of Britain. The famous quote of Margaret Thatcher "There is no alternative" to free capitalism is still an axiom of neoliberalism. Basically economic liberalism, neoliberalism or neoclassical philosophy aim to limit and reject all excessive state intervention on the economy, on the grounds that the progress and maintenance of society can be achieved by free-market methods. These ideas have resulted in the dismantling of the public sector and a policy of treating services and products

of the welfare state as goods to be traded on the markets. It has also led to responsibilization, a process of increased individual responsibility.

Neoliberalism is sometimes understood as corporatism or the rise of multinational corporations, and "free markets from the top-down" as it has been imposed by large international institutions (The International Monetary Fund, the World Bank and the European Union). (WordIQ dictionary 2004, Saastamoinen 1998.) Neoliberalism and the idea of the free market have, according to Beck (2001, 2), developed a hegemonic force in the past two decades that has been understood as the key to the future. The threat that neoliberalism poses to the welfare state is associated with the destruction of the long term benefits of the welfare state for the sake of short term financial gains. This argument cannot be negated, though the original ideas of liberalism were quite different (Saastamoinen 1998).

Originally liberalism was not opposed to state intervention and the welfare state. The roots of liberalism date back to the early 18th and 19th centuries, when liberalists opposed the mercantile system, and the privileges of the nobility and called for individual freedom of speech and enfranchisement. Liberalist thinking views civil society as a field of rights, where the state stands for coercion. In civil society this coercion is avoided (Pulkkinen 1989). In the 18th century, Adam Smith suggested "the system of natural liberty" in which what those after him have called the 'invisible hand' of markets would best benefit the whole of society when everyone acted to gain the most themselves. (Smith 1995, see also Smith 1759.) The aim was to help small businesses and ordinary people gain a living for themselves by freeing the markets. The target of criticism was not the state as such, nor the welfare state, since it did not yet exist. Rather, Smith criticised the mercantile system, which was held up by state regulation, and the influential merchants who held monopolies and influenced state decision-making in their own favour. Smith actually supported the state's role for example in income transfer, the armed forces, the justice system and even services that promote a worth while life for citizens. He was worried about the wellbeing and intellectual stimulation of labourers who repeated similar routines in a certain chain of activities in a factory. Smith suggested that there should be compulsory education supported by the state, so that all could afford it. (Smith 1995 I.ii.4.) Moreover, Smith never assumed that his system of natural liberty could function without state correctives. Thus Smith was actually supporting the limitation of private gain at the expense of the common good, and in some ways supporting the principles of a welfare state. He was, however, opposed to commercial activity by the state as well as to the mercantile system which the state at that time supported. (Saastamoinen 1998.)

These theories were products of their time, as Smith assumed that capital would stay within the boundaries of the state and that advances in technology would provide more jobs rather than fewer. These assumptions are often overlooked when liberal market ideas are applied to the globalized world of today. In fact, Smith had no good to say of big centralized economies (such as the multinational corporations of today) as he saw that their influence was far

greater than was desirable (Smith 1995 I.xi.pp.10). Smith spoke merely for the freedom of individual economic action and equal rights for all. What we owe to liberalism is not so much a moral –philosophical tradition, as an institutional political order that can be called a liberal-democratic society. (Saastamoinen 1998.)

Finland is said to have moved over from an extensive universal welfare state to a liberal economic democracy. This liberal economic democracy, however, still has strong traces of a universal welfare system. In Finland, neoliberalism has been especially strong since the great depression of the 1990s. The challenge since the 1980's has been the central and norm-structured administration. The Thatcher regimes of the 1980's in the UK greatly influenced Finland. The deep recession in Finland in the 1990's meant cutbacks in public administration, decentralization and requirements to improve efficiency. This critical time introduced the liberal thinking and market mechanisms that now permeate Finnish public organisations. The roots of Finnish public organisations still rest deeply in a constitutional state, total quality management and central principles of process management. (Määttä & Ojala 1999.)

This development from an extensive universal welfare system to a liberal economic democracy with strong elements still remaining from universal welfare system has not been easy. Some public organisations have adopted well, while some have been closed down or merged into more effective systems. Perhaps the greatest challenges in the process have come from the need to ensure the citizens' contribution through open public processes. The aim is better efficiency and greater profitability. Along with neoliberalist thinking, many business- based management models have been introduced to the Finnish public sector to help ease the bureaucracy. The fact that there has been a lot of criticism of the public services on the grounds of unresponsiveness and ineffectiveness, together with other factors has led to Finland becoming what Määttä & Ojala call a divergent, multi faceted 'state community', ('valtioyhteisö', 1999, 14.) This community is no longer based on any one system, but rather on various patterns of organisation. The state is still responsible for services, but it is not necessarily the producer.

This neoliberalist development has been both beneficial and destructive. It is a question of choices: some consider that it is replacing long term welfare state benefits with the short term gains of a market economy (Saastamoinen 1998). With the emphasis on increased effectiveness and measurable success, public organisations are being forced to adapt existing management models. These new management models have already been tried and tested in many profit-making organisations and yielded the desirable results. Problems arise, however, when foreign profit management ideas and systems are implemented in Finnish public organisations as they stand or in an inappropriate way. The whole nature of public organisations differs from the nature of profit-making organisations the management systems were originally developed for. Many public organisations have adopted measuring techniques and satisfaction

barometers that measure something very different from the everyday operations and requirements of public organisations.

Public administration is turning into management politics (Määttä & Ojala 1999). The introduction of management ideas to the public sector has also led to emphasis being placed on strategy, vision and mission, terms that many public organisations have never thought of before. (Määttä & Ojala 1999, Lumijärvi & Jylhäsaari 2000.) However, Beck (2001, 2) suggest that today's *risk society* is already moving away form neoliberalism and ideas of the free market, back to the time of a strong state. "It is certainly premature to talk in terms of the end of neo-liberalism. But the risk of global terrorism nevertheless provides a foretaste of the conflicts into which globalisation plunges the world." This said, the following sections introduce some of the management models that have affected Finnish public organisations in recent years. (Määttä & Ojala 1999.)

2.3.2 Management ideas from economics

How policymakers and officials should guide, manage, and oversee public organisations is an important question for all those studying government and public administration. This question has been answered in many different ways, depending on the thinkers, trends and surroundings. The public sector is internationally understood to be somewhat more conservative than the private sector, and thus changes and processes in this sector are often slower (Lehtonen 2000). Traditionally the efficiency and results of a public organisation have been hard to measure, since unlike profit-making organisations, the public organisation is not pursuing financial gain. Gawande & Wheeler point, however, that even states aim at maximizing their incomes and returns. Thus it is a matter of becomes current importance to be able to measure how public funded organisations are prospering. (Gawande & Wheeler, 1999, 42-43.)

Weber's originally well-meaning bureaucracy has in many modern public organisations become so cumbersome that it hinders the efficient handling of public affairs. When did the bureaucracy that originally promised everyone equal treatment begin to turn bad? Though no single answer may be found, its effects are real. When bureaucracy is seen as a hindrance, new ways of management and new attitudes towards citizens are required. This reflects a shift in public organisations from the traditional 'bureaucratic culture' to the new 'citizen-oriented culture' (Claver et al. 1999, 459). This new culture tends to include directing the tasks and activities of public agencies solely towards the efficient service of the citizens, with an emphasis on high quality through a direct approach to the citizens. The point is no longer in changing citizens' attitudes, but in creating shared values between the public administration and the citizens through dialogue. It is actually a shift from the Keynesian welfare state to the Schumpeterian competitive state (Heiskala 2005).

The new culture is claimed to have its roots in neoliberalism, which proposes a new model for public administration in which citizens are treated as consumers, public servants and officials are businessmen and managers who invest public money as their own, and big corporations are given a role in

decision making. Some claim that the big corporations and NGO's are slowly taking the place of the citizens in the decision making processes (Lehtonen 2004c, 146). Public organisations are expected to function as private organisations, citizens demand service instead of diligence, and funds are negotiable assets.

Have public organisations turned to management ideologies as an escape from bureaucracy in order to better fulfil their functions and improve their service to the citizens, or is managerialism an isomorphic trend of its own? Recent research has demonstrated that although applied management techniques may actually have little effect on economic performance, they produce many benefits in terms of reputation and legitimacy. In fact, those organisations associated with popular management techniques have received more admiration, and they have been perceived to be more innovative and to have higher management standards than those not applying the techniques. This supports institutional theory, which proposes that both internal and external legitimacy can be gained by using management techniques. (Staw & Epstein 2000, Meyer & Rowan 1977.)

Citizen-orientation is based on several fundamental assumptions. Firstly, the basic aim of public organisations is to serve citizens usefully, with the resources available, and with an emphasis on both quality and promptness. Thus a citizen judging the quality of the services provided must also take into consideration the resources available. Service is a central shared value, and high quality is sought in all forms of services. This quality calls for an honest approach and frequent contact with citizens, as they have a primary role in the scale of shared values. Should problems arise, they must be analysed thoroughly. These rules should always guide the treatment of citizens. (Claver et al. 1999, 459.) These assumptions represent an ideal. The current situation with Finnish public organisations still falls somewhere between bureaucracy and the public service-orientation.

The private and public sectors are increasingly working according to the same management requirements, and thus the line between private and public is becoming blurred. Citizens' expectations are rising as far as the public services are concerned, and thus public organisations are under constant pressure to improve the quality of their services. (Younis, Bailey & Davidson 1996). However, some differences will remain even in the opportunities that organisations have for improvement. While private organisations can concentrate on serving their most profitable key stakeholders and customers, public organisations have to operate democratically, providing every customer with equal service. Public organisations have a social responsibility far greater than that of private organisations. (Lumijärvi & Jylhäsaari 2000, 186, 200.) Furthermore, public and official communications differ from private sector communications, since the aim of the former should always be to promote democracy, not economic gain. (Prime Minister's Office 2001.)

Public organisations are being encouraged to adopt management ideologies, which include the principles of marketing and public relations (PR).

PR has fitted more easily into the operating framework of public organisations, as it concentrates more on relationships than sales. PR aims to create trust and two-way communication between a public organisation and its environment. Kotler & Andreasen (1987, 576) see public relations as a way of evaluating the attitudes of important publics, current issues and public interest, and as an ongoing process "to earn understanding and acceptance by these publics." Moreover, public and stakeholder acceptance is critical to the legitimacy of public organisations.

Marketing, on the other hand, is more problematic. The 2000 Finnish Governmental Research Publication "Markkinointia vai avoimuutta" (Marketing or openness) addresses this issue and notes that various governmental activities could be grouped under the concept of marketing, yet they are often called something else, like 'governmental communications' or 'governmental informing'. (Prime Minister's Office 2000). The Communications Guide (Prime Minister's Office 2002) clearly prioritizes openness and transparency and to some degree even advises against marketing. Whether Finnish public organisations follow these guidelines or are in fact involved in marketing in their daily activities is another question.

From another point of view the line between marketing and PR is in fact quite thin: both aim to raise the prestige of the organisation in the eyes of its stakeholders. Both are management functions. Both aim at making positive impressions, and inducing favourable responses and attitudes towards the organisation, and they often use communication as their most influential tool. The differences become obvious, however, with the definitions: "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others" (Kotler 1997, 9.) and "Public relations is the management of communication between an organisation and its publics" (Grunig 1992). Whether it be called marketing or public relations, the efficiency and stakeholder satisfaction promised by these functions has overridden the emphasis on equity that has prevailed during the last few decades in Finnish public organisations.

2.3.3 The rise of managerialism

Finnish public organisations have been operating the principles of managerialism since the 1980's (Stenvall 2000). Genuine responsiveness and working together for the common good seem to have been replaced by individualistic principles and the pursuit of happiness. However, as mathematical game theory concludes, cooperation is often a more valid strategy than competition (See Hosmer 1995) As these principles of individualism are gaining ground, it is important to understand them as well as the benefits and threats they pose. It is important to remember, however, that the development of public organisations proceeds at a slower pace than that of the profit-making organisations, and that there is often also lower motivation for the adoption of new management practises and methods (Cinca et al. 2003, 251). Although the

element of market forces has been introduced into the Finnish public sector, it has not totally done away with old ways: bureaucracy and traditional public service procedures.

To answer perceived new needs such as the need for efficiency or measurable services, different management ideologies have been introduced into public organisations. These ideologies have brought with them different methods, processes and measuring tools. Attitudes towards the adoption of management techniques have been very favourable: Garnett (1997) even calls the extreme enthusiasm of public organisations to adopt new management techniques a 'fad fetish'. Staw & Epstein (2000) note how the cyclical nature of popular management techniques persists despite new research and data. This cycle of constantly applying new management fashions has plagued profit-making organisations for longer, but it is now becoming a factor in public organisations as well. They are not merely driven by the attraction of the management techniques in themselves, but also caught up in the isomorphic tendency to imitate others (Meyer & Rowan 1977). Moreover, organisations associated with new management techniques have been shown to gain in reputation as well as have increased legitimacy (see Staw & Epstein 2000).

It is important to note that these management trends are often not totally integrated into Finnish public organisations, but rather used selectively, taking the parts that fit best. Public organisations take the terms and methods that they deem most useful but still sometimes leave the core system unaltered. This seems to be the case for the term 'customer'; it is often used to refer to someone who chooses goods or services, though choosing is not traditionally something that can be done when it comes to public services. Not all customers ever come face to face with the public organisations, or demand their services. In profit-making organisations the motivation for customer-orientation is profit, but in public organisations the motivations are more subtle, even moral. (Vuokko 2004, 90.)

These new trends are not, however, the only reason for the rise of interest in stakeholders. Behind the measurement of customer satisfaction in public organisations is a certain attitude change in citizens (Bolton 2003). Gröönroos (2000, 125) argues that "Customers look for added value. However, adding value does not require new services in customer relationships, but that existing customer contacts are managed as services for customers." There are however, also new services that public organisations nowadays must take on. Instead of the traditional governing and occasionally informing, public organisations are now expected to (Lowdnes & Skelcher 1998) "Enact new relationships and partnerships, think and act strategically, network with other agencies, manage resources effectively, redefine boundaries of systems and govern for accountability and transparency." (White 2000, 164.) It is claimed that citizens are no longer satisfied with the idea that public organisations merely take care of affairs in time. It is now demanded that public organisations should be responsible and willing to be of service to the citizens. It has also been argued

that the level of service needs upgrading, which has led to a need for questionnaires into customer satisfaction. (Lumijärvi & Jylhäsaari 2000.)

Managerialism is often connected with the downsizing of public services. This is based on the assumption that effective management does not require such a large number of officials as bureaucratic administration. The main problem which triggers administrative change according to Cheung (1996, 46) is governance in the context of the internal and external environments where the organisation exists: "Administrative reforms represent continuing efforts to maintain a satisfactory balance in governance – in relation to both the external societal forces as well as the internal institutional elements". Changes have included downsizing, efficiency improvements, cost-effectiveness, marketizing services and improving customer satisfaction, and they have emerged as a response to alleged problems with the prevailing bureaucratic public administration. The changing paradigms intend to empower not only the officials, but also citizens. The purpose has also been "to restore the legitimacy of the public sector system by relying on the private sector organisational and management ethos that enjoys widespread ideological acceptance." (Cheung 1996, 45). This acceptance, however, has not been questioned enough for its long term consequences, although its acceptance in the Finnish public sector has been very rapid.

This wave of freeing up administration has been named 'the public choice theory' by institutional economists, and it has emerged in various countries under the titles of 'managerialism', 'new public management' 'market-based public administration' and 'entrepreneurial government'. (Cheung 1996, 38.) It has even been suggested that managerialism is a 'social innovation', as the changes it has brought along have been alleged to improve public organisations in a new way (Heiskala 2005). It has led to the introduction of many new methods and systems of measurement, among the newest of which are perhaps Process thinking, Balanced Scorecard and Six Sigma. With many new ideas and methods coming in but then being forgotten, the question has arisen whether the new methods actually are old, recycled methods in new trendy clothes? It has been argued, for example, that Six Sigma is merely PR-enhanced Total Quality Management.

Some management ideas have been adapted more widely than others, and every country has had its own emphasis on the areas and structures where the trends are applied. Cultural differences lead to a preference for a certain direction in development, and in the Nordic countries this has traditionally been the emphasis on equity. (Vuokko 2004, Cheung 1996.) Various management models for measuring performance and intangibles have been introduced, but as Cinca et al. (2003, 254-255) remind us, "any public sector management model that includes in its definition indicators of intangible assets ought to reveal their importance in the achievement of the aims and objectives of the institution. The model should highlight how such intangible assets are used to improve the quality of the services offered to the public, it should show their relevance in the achievement of management excellence, and it should

reflect the institution's commitment to social and environmental improvement." Various scorecards and management measures leave out the intangibles, and thus are ill suited for use with public organisations, where the main inputs and outputs are intangible services. To conclude, many of the current private sector management trends are problematic in public organisations.

Most of the management ideas entered the Finnish public sector in the last decades of the 20th century. Before this, Finnish management trends were mostly adopted from the sphere of the military or the church. Richards (in Cheung 1996) lists three distinct international stages of development in public administration: the traditional public administration paradigm that prevailed during the 1960's, the efficiency paradigm that ruled in the 1970's and 1980's and the consumer paradigm of the 1990's. To some degree these paradigms were visible also in Finland. Each change of paradigm causes a change in power relationships as well as in attitudes towards stakeholders. In Finland the rapid development of a strong welfare state in the 1970's led to the internal development of administrative processes. Comprehensive planning was at is peak and management by objectives was introduced with its massive means-ends hierarchies. Management by objectives was the first sign of public sector development into the field of economics and management, and it introduced target-oriented thinking, excessive planning and centralization of power, all signs that can still be found in public organisations. (Määttä & Ojala 1999.) The 1980's saw rising dissatisfaction with the excessive bureaucracy and shifted the focus again by introducing a new way of management: management by results. Management by results emphasized results and measurements based on systems theory, which both to some extent still apply for in the assessment of Finnish public organisations today. All these management ideas are said to derive from new ways of thinking and organizing, mainly market-oriented thinking and neoliberalism.

The management trends and ideas derived from them have spread quickly around the world as the problems facing public organisations are similar in various countries. This spread has shown how applicable managerial concepts seem to be and how great the need for a new system is. Most management trends and ideas have been criticised for their Anglo-American approaches. Though American, many principles of managerialism nevertheless seem to fit the newly capitalized Finnish welfare state as well as the frames of Nordic democracy. Managerialism has introduced customer-orientation as well as efficiency as basic values for modern public administration in many countries. (Barzelay 2001.) Some of the most influential trends are briefly discussed in the following section.

2.3.3.1   From Total Quality Management to Balanced Scorecard

In the difficult years of the depression in the early 1990's Finnish public administration was in the critical depression years of the early 1990's introduced to a management model that claimed to ensure quality and productivity, efficient processes and customer-orientation. This new model was

called Total Quality Management (TQM). Most of the principles of Total Quality Management are guidelines written in the form of a development programme. The aim in TQM was to abolish old standards of success, and introduce new, efficient and more humane models. The quality was to be constantly improved. The suitability of services or products was questioned and quality requirements were set. TQM stressed the importance of lasting customer relations, and the importance of identifying and adjusting to customers' needs. The customer was also to be given the chance to affect the development of public services. (Lumijärvi & Jylhäsaari 2000.)

The implementation of TQM did not come cheap for Finnish public organisations. According to TQM, however, good quality brings savings to the organisation in the long run. Poor quality meant extra costs; bad quality consumed finances, for example, in repairs and other maintenance work, it meant poor productivity, high turnover, dissatisfaction and complaints (Younis et al. 1996). Moreover, a bad reputation would add to the problems, causing difficulties in recruitment. By cutting back unnecessary expenses quality is improved and the organisation saves money. While all this may hold true for the industrial sector, it is not so straightforward for the public sector, as only recurring processes can be instructed and measured according to chosen criteria.

The 1997 Quality Strategy for Public Services Report by the Ministry of Finance lays down guidelines for public sector use of Total Quality Management. The report states that (according to Quality standard ISO 8402) the public sector must concentrate on the following issues: customer-orientation, transparency of services and processes, commitment, well-being and different processes of TQM in staff and management. Concerning commitment, the report states that the credibility of commitment, depends on concreteness, intelligibility and openness – citizens must know what they can expect from their services. The State Decision in Principle (1998) "High Quality Services, Good Governance and a Responsible civil Society" further promotes quality. On the national level, TQM emphasises citizens' rights to quality public services and the responsibility of public organisations to fulfil this. (Lumijärvi & Jylhäsaari 2000, 119-120.)

Before TQM had even been totally adopted, New Public Management (NPM) was introduced. It developed further the idea of the state as an entrepreneur and citizens as its customers, with an emphasis on the active role of the state. With the state as an entrepreneur, officials and policy makers became managers, who were to manage public funds as their own, as investments. New Public Management was used to describe themes, styles, and patterns of public service management that emphasized that public organisations should be businesslike. NPM emphasized efficiency and profitability. Instead of the old traditional public administration, where rationality and laws counted most, New Public Management stressed customer needs and market driven choices. (Lumijärvi & Jylhäsaari 2000, Denhart & Denhart 2000.)

NPM shares some principles with neoliberalism, as it suggests shrinking the welfare state and its civil service apparatus, decentralization and the devolution of public functions (Cheung 1996). The aim has been to make processes more transparent and emphasize the customer view as well as to make traditional bureaucratic public administration into a dynamic, improved management system. Moreover, as taxpayers are viewed as customers, they are expected to become more involved and responsible concerning issues that involve their own money, state funding. (Denhart & Denhart 2000.)

The role of government and the public sector in NPM has been to steer the state in the right direction and to unleash market forces that would help the development and efficiency of public administration. NPM focuses on creating mechanisms and incentive structures that through private and non-profit agencies would achieve the policy objectives; the role of the state was merely to control, but not provide. The self-interest involved would lead to the best possible economic outcome and thus the best outcome for citizens as well. There is a strong entrepreneurial spirit that can be distinguished in the foundations of NPM. (Denhart & Denhart 2000.)

Yet another new and improved version was introduced by two Americans who were involved in developing the US public sector during the Clinton era. Denhart & Denhart (2000, 552-557) proposed yet another new model for the public sector. They called it the New Public Service. Instead of managing quality or the public, they proposed that the officials should serve and enable citizens. The New Public Service aimed at co-operation and enabling, and at awakening spontaneous action on the part of citizens. Similar principles are influential in Finnish public organisations, and therefore the principles of the New Public Service are presented here.

In the New Public Service model, public administration is seen as just one player in a democratic administration. In this way it breaks with the traditional role of public organisational performance. Neither does it match the New Public Management's ideas of public administration as a corporation manager. Citizens are seen as citizens, not as voters or customers. An administration must include the public in the decision-making process as it is the process that is important, not necessarily results. Public participation will ensure greater commitment to public decisions and deeper trust. (Denhart & Denhart 2000, 549-557.) The New Public Service is based on the following seven principles:

1. Public administration must serve citizens, not just row or steer the state forwards. Public administration should help citizens voice their needs and achieve them, not restrict or control them.
2. Public interest is the aim, and not just a by-product. Public administration has to build up shared interest and responsibilities. Public administration has to help citizens.
3. While the focus of thinking is on the strategic, the actions taken must be democratic. Citizens should be able to feel that the administration is open and easy to approach. To ensure this, it must be true in practice: administration must be made open and approachable. Citizens should also feel that the administration is responsible and created to meet their needs. (Denhart & Denhart 2000, 553-555.)

4. Those who are being served are citizens, not customers. This creates the need for a long and stable relationship between citizens and administration. Trust becomes more and more important: citizens must feel that the administration pleads their causes. Administration should co-operate with citizens, and in the name of equality also serve those citizens who cannot voice their own needs clearly.

5. Public administration must not take its responsibilities lightly. It must serve the citizens and attend to the law and guide public values and political norms. Sometimes these needs and norms conflict and in those cases the administration becomes a conciliator. The aim is to have an interdependence between administration and citizens, and to have ongoing dialogue about current decisions, needs and problems.

6. Value should be given to people as well as profitability. Administration needs to acknowledge the needs of its staff and to motivate citizens, sharing responsibilities with them.

7. The New Public Service places citizenship and public service higher than entrepreneurship. The state is owned by citizens, so it must serve citizens. From public administrators, this demands wide know-how and expertise in many fields. Only one limited field of expertise is no longer enough in order to serve citizens. (Denhart & Denhart 2000, 555-557.)

The more recent trends in Finnish public organisations include an increased awareness and analysis of various processes. However, an even stronger trend has been the so-called Balanced Scorecard (BSC, see the Balanced Scorecard Institute). This measurement technique has actually been accepted as the official scorecard of Finnish public administration since 2004, and thus will possibly become even more important compared with other measurement techniques in the near future. The balanced scorecard approach provides a clear prescription as to what companies should measure in order to have a balanced financial perspective. The balanced scorecard is a management system, but it is often applied as a measuring system by those not acquainted with it. The BSC connects an organisation's mission, vision and strategy under one guiding indicator. The aim again is increased efficiency and procedures which are guaranteed to be measurable. The result should be a balance between short and long-term goals, financial and non-financial goals, cause and effect, and internal and external effectiveness indicators. BSC is designed to help increase cooperation, communication and general development and to provide information. It is claimed that BSC allows organisations to clarify their vision and strategy and translate them into action. It is very stakeholder centred, as it collects feedback on both internal business procedures and external outcomes in order to continuously improve strategic performance and results. (Kaplan & Norton 1996, Määttä & Ojala 1999.) Lately BSC has also been discussed from the point of view of organisational communications (see Vos & Shoemaker 2004).

The original BSC by Norton and Kaplan (1996) views strategy from four perspectives. These four are the main areas on which metrics are developed and data are collected and analysed: 1) the perspectives of Learning and Growth, 2) Business Process, 3) Customer and 4) Finances. These four perspectives may vary from organisation to organisation according to their strategic emphasis and individual goals. The learning and growth -perspective defines how the organisation will remain the ability to change and develop its processes necessary for the fulfilment of the vision. The business process identifies the

processes in which the organisation must excel in order to be able to satisfy both shareholders and customers. The customer perspective focuses on what kind of image customers should have of the organisation for the vision to be fulfilled. Finances are concerned with what the organisation should look like for both shareholders and owners, and how profitable it should be. (Kaplan & Norton 1996.)

Määttä & Ojala (1999) observe that the BSC as such does not suit Finnish public organisations. They argue that this incompatibility is due to the fact that the BSC is a strategic management tool that is-oriented towards profit and long term wealth creation, whereas public organisations are aiming to better serving the public. Some alterations have been made and a more tailored version of the BSC has been produced. It has been called the Finnish version of the BSC, or 'Tasapainoinen onnistumisstrategia' (balanced strategy of success). As with most management ideologies, its application has been optional and has relied on those interested enough to look into it. (Cinca et al. 2003.)

The structures of public administration have been developed over time, and having thus been slowly formed are often quite stable. Resistance towards change can prevent many good developments from happening, yet it can also prevent adverse development. Following new trends not only entails changes in structure, but is also a question of organisational culture. Only after changes in the culture can structures be changed. There may also be one or more subcultures that need to be taken into consideration while changing the main culture. (see Lumijärvi & Jylhäsaari 2000, Hofstede 1991.) If the existing culture took decades to build, it is unlikely that it could change in a few years, even if the change was welcome or expected.

The implementation of these various management trends has not been totally successful in Finnish public organisations. Many of the trends and ideas are applied only partly, picking out and emphasizing where certain principles, like those expressed in quality promises (Palvelusitoumus). Lumijärvi & Jylhäsaari (2000, 122) conclude that the factors that delay the implementation of management ideologies include lack of management commitment, lack of understanding of the importance of supporting subordinates and time. Moreover, the officials have witnessed many new trends come and go in recent years; during these different changes officials have become weary of the processes of change. "…The wide variety of management techniques (either genuine or imported) in the private sector has led to confusion among the professional managers of public administration…CEO's who in the public sector have survived budget planning systems, zero growth budgets and quality circles, are logically sceptical before further managerial reforms such as total quality or the change in organisational culture". (Claver et al. 1999, 460.) Another factor causing delay is the stability and rigidity of the bureaucratic public administration culture: it is common for an older culture to require more time to apply new ideas. However, in fact the implementation of management ideas in Finland has followed quite similar trends to those that have occurred elsewhere. (Lumijärvi & Jylhäsaari 2000.)

2.3.3.2 From bureaucracy to citizen-orientation

In public organisations the change from traditional bureaucracy to marketing-oriented service in Finnish public administration is sometimes seen somewhat grimly as a hindrance to equity and fairness in public administration. Cheung (1996) however in his writing on public sector reform suggests that these changes have arisen as a result of criticism of government bureaucracy and are in fact a strategy to save it through the reform of management ideas. He adds that this gives the officials working as managers more chance of getting closer to their customers yet retaining some necessary control. Citizens seem to receive such changes with mixed emotions of satisfaction and suspicion. The service has improved, but charges have risen.

There are many obstacles to the change of the bureaucratic culture of Finnish public organisations to what has been called citizen-, stakeholder- or customer-orientated culture. These obstacles can be found on three levels: First of all, there are organisation-centred problems such as bureaucracy, organisation-centred rigidity, distant decision-making and lack of incentives, as well as the lack of commercial training and interest on the part of the officials. Secondly, there are customer-centred problems such as variety, fragmentation and the large size of the target group (about 5 million), as well as the relationship with customers, which is not based on choice. Thirdly, there are competition-centred problems, such as the monopolistic nature of public organisations and the supply-driven market. (Vuokko 2004, 101-102.) Altogether, with so many changes already carried through, there is a resistance for any further change whatsoever.

As the decision to move towards citizen and customer-orientation has, however, been made, it is now a question of how. Many processes of change in public organisations are carried out in a disorganised way, merely through instructions and orders. Now a new, more inclusive way of changing the bureaucratic culture is needed. Moreover, stakeholder opinions have been largely ignored in previous changes, the emphasis having been simply on management orders. An improvement in the results of public organisations will not come from "massively borrowing the techniques and models used in private corporations." But instead; "they must result from improving the development of managerial functions in public administration, once there is an awareness and recognition of the function of public management." (Allison 1984 in Claver et al. 1999, 460.) Thus the shift from a culture of conformity to a culture of performance, from subversion to responsibility, from continuity to innovation, from a budgeted cost culture to cost awareness and from stability to progressive development must be carried out more carefully. (Claver et al. 1999, 460.)

Claver et al. (1999) list in chronological order the steps that public organisations must take in order to move from a bureaucratic culture to a citizen-oriented culture. They claim that if one point does not proceed properly, the whole process of change is disturbed. All through the process, the opinions of citizens and stakeholders must be given special attention, as they can provide information about possible successes and improvements in the level of service.

Moreover, such feedback is important in providing the motivation necessary to carry on with these difficult changes.

Claver et al. (1999) suggest beginning the process of change with a diagnosis of the present culture. This is to ensure the need for change and the degree to which the culture is shared. Next, the need for modifications must be explained. They suggest that the best justification would be to improve the level of satisfaction of citizens and stakeholders. After the decision to proceed with the change has been made, the desired values must be defined. This is a vital stage, as it will determine all further actions. It is important to note that for some public organisations the values need not be totally changed but simply refined, whereas in other cases all values need to be created anew. The authors suggest again that the ultimate value is the desire to serve citizens better. For the process to begin, management must be involved. Since public organisations are often very hierarchical structures with clear division of rank, it is vital for management to support any change. Moreover, managers set an example for the rest of the officials. Once the managers are involved the collaborators should be made aware of this new need. This refers to all the stakeholders of the public organisation in question. The involvement of stakeholders is required as "the shared beliefs are more powerful than any organisational hierarchy". This process is not easy, but it must be done and officials themselves, as one stakeholder group, must understand the importance of opening up and improving the channels of communication. After diagnosis, decision-making and the involvement of all contributors, the process of change comes to a more visible level, changing symbols. The mere acceptance and communication of the new values is not enough: what is required is drawing both material and immaterial symbols closer to the desired outcome. One change is to introduce rewards for those who accept and implement the new changes. Next, training programmes should be up to teach the officials in public organisations the desired values. The process of changing old values is more complicated than the teaching of new ones, so totally new methods need to be implemented. The emphasis could be towards teamwork and cooperation instead of the traditional specialized structures. To ensure the success of the change and its continuity, the new values should be periodically revised. The corporate concept that supports the daily functions of public organisations should be reintroduced when necessary, as even approved values are subject to change and may lapse. (Claver et al. 1999, 461-462.)

The process described above is useful in several ways. In the first place, it highlights the importance of the involvement of the different players involved in the process of change. Secondly, it establishes that change cannot be achieved overnight and thirdly, it suggests concrete actions that need to be taken in the change process. However, there are some obvious weaknesses to it. First of all, the process suggests that all the phases need to be completed for change to take place. This is, however, seldom possible in public organisations. Secondly, the process also requires time, whereas many recommendations come with a deadline. Thirdly, the process suggests a linear chronological approach, which

is seldom achieved, since many changes on different levels are carried out simultaneously. To conclude, Claver et al. list important phases in the change of public organisations from bureaucracy to customer-orientation, but their phases and what is required for their implementation are somewhat utopian when compared to the realities of public organisations.

2.3.4 Benefits and problems

In the discussion on management ideas that public organisations have adapted from economics and profit-making organisations, three different arenas can be distinguished. Academic theorizing must be distinguished from both professional commentary and actual policy-making and the adaptation of the principles. (Barzelay 2001, 159.) Many management ideas have evolved and been discussed on all these three levels: 1) on a concrete level, within government, 2) on a level between the concrete and the abstract, between professionals and 3) on an abstract level as theories in academic fields. Here the focus has been on the first in the form of the third. However, all these levels have contributed to the formation and adaptation of these ideas as well and to their durability, and it is not always possible to establish on which level the concepts are best described and analysed.

There are several benefits to market-orientation in public organisations. Among the benefits Kotler (1975, 340) sees the improvement of the public service, as the needs and desires of customers are audited and taken into consideration, and improved efficiency, as goals of the service are clearly set out and strengthened through legislation. As public organisations become more aware of their various stakeholder groups, they can improve relations with these groups and increase interaction and satisfaction. Improvement on all fronts and increased customer satisfaction attract the approval of decision-makers and lead to the securing of the necessary funding for the public organisation. A market-orientation also improves the accountability of public organisations, as marketing activities are made explicit and auditing and quality control systems collect continuous feedback.

There are, however, obvious problems when directly adapting something designed for profit-making organisations to public organisations. Along with the new demands and reduced funding, 'the business' of public organisations and administration has given rise to undesirable consequences as well. One of these is the loosening of ethics. Previously one could depend on officials in Finnish public organisations behaving ethically, but the new demands and management methods leave room for interpretation and also unethical decisions. (Grunig & Jaatinen 1999.)

Another problem caused by market-oriented thinking in public organisations is the threat it places on equity. The Finnish public sector is very consensus-centred and its emphasis is on equity. Can quality service be offered to all citizens and stakeholders equally, or only to those with the ability to pay? If the best service is provided to those citizens who are able to afford it, equity is threatened. Moreover, the public organisations themselves are often massive

constructions of different units, branches and people and operate on several decision-making levels. The long chains of decision-making blur the customer concept further.

Higher costs are a problem for public organisations. Firstly, are citizens willing to pay higher taxes for marketing functions, and secondly, are citizens willing to pay fees for services that they are accustomed to receiving free? Another problem is connected with the problem of privacy. Citizens may not be accustomed to public organisations enquiring about their preferences and conducting other market-related research. It may be seen as a waste of tax money and of civil servants' time. The chance of manipulation also becomes an issue with market-oriented thinking in public organisations. When communication is planned in order to achieve certain behaviour changes in the public, it comes close to manipulation. While this may be generally approved among profit-making organisations, public organisations should be open and honest in their operations, not concerned with image marketing or cultivation. (Kotler 1975.)

In Finland the idea of a welfare state in Finland receives widespread support (see Eurobarometer, European Social Survey). It is its alteration and reconstruction that causes opinions to divide, and so several theories and processes for carrying out these changes have been suggested. However, "In this situation the theories of justice provide little help. It is more beneficial to present grounded concrete amendments that take into consideration the local conceptions of fairness, (which one can attempt to influence), the nature of the present systems as well as the assumed consequences of the suggested amendments. Other countries' examples are worth following, yet it must be remembered that social institutions are not machines that can be relocated from one culture to another on the assumption that they function the same everywhere." (freely translated from Saastamoinen 1998, 242.)

It is important to understand that there are benefits and problems with every style of administration or management. Many of the problems and blessings of market-oriented thinking could be found in other systems of management. The public has always wanted efficient governance (Cheung 1996), low costs, equality and good service (Patulny 2003, Määttä & Ojala 1999, Kotler 1975). Whether or not market-oriented thinking is the best possible way for public organisations to produce these is a good question, which may or may not be answered in the future. For the time being, market-oriented thinking and the Balanced Scorecard have been chosen by Finnish public organisations, so the aim now should be not merely to criticise or praise them, but rather to understand their elements and implications. The fact is that the commercialisation of Finnish public administration and the adoption of management ideas have been reported to be a success, at least economically: "Overall this reform has been very successful: efficiency, effectiveness and quality of service have improved, competition has increased, profitability has improved and real prices have gone down." (OECD 2003, 5.) What the reform has done to the welfare state and citizen equality is less welcome.

3 STAKEHOLDERS AND OFFICIAL COMMUNICATION

Every organisation operates within a certain environment of publics, distinct groups of people and organisations that have an actual or potential interest and impact on the organisation (Kotler 1975). The operating environment consists of the political, social and economic as well as physical surroundings of an organisation; it is connected with its environment whether or not it wants to be. Moreover, an organisation is understood to create publics for itself, as its functions influence and affect those around it. (Grunig, Dozier, Ehling, Grunig, Repper & White 1992). These connections both restrict and enable organisational functioning, as the favour of the operating environment is understood to be a benefit, whereas its disfavour is harmful. The success of an organisation can be measured through its publics' opinions, and how well it responds to them (Grunig et al. 1992). Communication is the key to shaping these public opinions, and the success of communication is apparent in the relationships the organisation has with those around it. (Ledingham 2003.)

There is a shift in organisations in general towards a concept of legitimacy that is derived from several sources instead of merely the stockholders. Holmström (2004, 125) calls this 'poly-contextual corporate legitimacy'. The idea is that various individuals and groups around the organisation are taken into consideration and involved in the processes of the organisation instead of merely being monitored and controlled. It is what Jørgensen et al. (1998, 500) call a bottom-up perspective in the case of organisations. This shift is due to a change in thinking, as in organisational environments "support and dialogue is growing more important than control" (Jespersen in Holmström 2004, 126) and as we are moving from a service economy towards 'a support economy', where support and involvement are more favoured than services (Zuboff 2004). This process is also referred to as 'stakeholder thinking' (Näsi 1995).

Official communication is no different from other organisational communication, in that it requires the analysis of those it is to target and involve. The idea of analysing the different groups around public organisations is, however, quite new. Before the introduction of managerialism to Finnish

public organisations, there was only discussion about citizens, and little mention of stakeholders or customers. The planning of official communication via communication strategies and plans became compulsory for Finnish public organisations only in 2003 (Prime Minister's Office 2002). This does not imply the Finnish officials' previous failure to target or plan their communications, but merely the rise in importance of communications. Official communication is now established more securely than before and there is ever more consciousness involved in its planning. Moreover, there is an interest in public relations, as public organisations now aim to find out who they are to serve and how. This has introduced the concepts of stakeholder and relationship into the Finnish public sector. (Vuokko 2004.)

The stakeholder concept, as well as the whole concept of public relations, is a phenomenon of a democratic society. Moreover, though the terms 'stakeholder' and 'relationship' may not necessarily have been applied to public organisations, the ideas behind them are not new. The concept of stakeholder connotes two-way communication and dialogical relations. Such conditions are possible mainly in a democratic society. Transparency of operation and stakeholder dialogue are effective in promoting public control and corporate responsibility. In other types of society, such as totalitarian or communist society, interaction is limited and transparency not required. (Tampere 2003.) One could argue that such societies would still have a stakeholder system, but that it would only consist of the dominant classes and party members, but this does not exactly fit the stakeholder concept.

Public organisations and those around them are embedded in a society and various subsystems. These systems make it difficult to predict individual stakeholder assessments and the perceived trustworthiness of official communications. On the other hand, the systems give some insight into the stages involved in the process of official communication. Figure 7 describes the different levels in which Finnish public organisations' communication is embedded, according to their level of abstraction and complexity. Not only do the different levels affect each other, but they are actually intertwined making it difficult to establish the assessments and attitudes present on each level. Moreover, each level is subject to the level above and violations on one level will affect others. The dominant condition on the highest levels sets the conditions for the lower levels. The condition may be suitable and supportive (+), controversial (+/-) or difficult and negative (-) for the creation of a favourable reputation and trust between public organisations and those around them. In line with previous research and the theoretical literature, each level is assigned a presumed condition for public organisations in Finland.

FIGURE 7   The different levels affecting the stakeholder communication of Finnish public organisation (adopted from Renn & Levine 1991, 181 in Drevensek 2004, 3). Each level is marked +, +/- or – to describe the dominant conditions on that level in relation to a favourable reputation and trust.

The European Social Survey (2002) shows, Finland to be among the countries with highest social trust and tolerance. Finns also have a relatively strong 'Protestant work ethic', considering the lack of bribery, corruption and cheating. Moreover, state institutions have a good reputation for trustworthiness, much better than those of most other European countries. However, it is not only the Finnish situation that affects the socio-political climate Finland operates in, but also that of the European Union. Though Finns trust their own system, there is a growing prejudice against the European Union. These two cannot easily be separated, and hence they are described together. Thus the operational socio-political climate, the top level in Figure 7 is marked as controversial. On the next level, the institutional performance, a similar view may be put forward as to the reputation and trustworthiness of public organisations. The traditionally trusted public sector is nevertheless being reshaped and downsized towards a more effective and business-like system, where the reputation for equity may be diminishing. Thus the institutional performance level is also marked as controversial. On the institutional perception level, the reputation of Finnish public organisations, however, remains good (see Tarvainen 2002, Turunen 2002, Julkunen & Niemi 2002) despite the changes. Thus the level of institutional perception is marked as positive. The personal appeal of the official though the least complex and concrete, varies with the communicator, and is thus difficult to estimate. Thus the personal appeal of the official is marked as controversial. Research shows (see above) that the message of the officials in Finland is still highly trusted, which is possible because the source is trusted. Thus the message of the official is marked as positive.

These are the presumed frames of reference within which the Finnish public organisations operate and communicate with those around them. Understanding the demands of each level is critical for the effectiveness and

success of official communication (see Drevensek 2004). It is accordingly expected that on the institutional level as well as the message content level the officials are trusted and enjoy the advantage that the general operating environment is supportive. However, on the levels of socio-political climate, institutional performance and personal appeal of the official the relationships can develop in either way, positively or negatively. The starting point in Finland is, however, when compared to that in other European countries (see European Value Survey 2002), very supportive for the formation of a good reputation, trust and a good relationship between the officials and those around them. The Finnish officials do not have as great a burden of doubt on their shoulders as some other officials (for comparison see Eurobarometer, Drevensek 2004, Eisenegger 2004, Pizzorno 2004, Prêtre 2000). Conditions in the operating environment are believed to affect the assessments made of public organisations, and it is important to bear this in mind at every stage. The role of those who come into contact with public organisations is discussed next.

3.1   From public to stakeholder

Organisational publics can be grouped according to their functions or level of involvement (Kotler 1975). According to their function, these publics may, for example, be divided into employees, customers, the surrounding community and country, the media, and the general public. The organisation has to choose a way to deal with the environment and each public. It can either try to control or adapt and work with them; that is, either try to create support and acceptance or shape the organisational functions to suit and please the environment and publics. (Grunig et al. 1992, 474.) The term 'public' refers to a mass, where groups or individuals are not necessarily identified. Along with the term 'citizen', it is a familiar concept for public organisations, as they have traditionally been understood to serve citizens and the general public. Jørgensen et al. (1998, 502) prefer to speak of 'users' or 'constituencies' when they discuss the various publics or "targets of the primary production processes of public organisations". Service fees for public services have introduced the concept of 'customer'. Along with societal segmentation, the public of public organisations is becoming more and more differentiated and identified. As identified, the public may be divided into groups. Specialised groups, such as customers, various interest groups, employees or different NGO's, involve themselves in public organisations' functions. The reason for this involvement is that an organisation's functions affect them or that they wish to affect the organisation. In organisational communications and management sciences, these groups are often referred to as 'stakeholders', as they are seen to hold a certain stake in the functions of the organisation. To improve services and meet these segmented needs, public organisations are adopting stakeholder thinking.

The publics around an organisation have been grouped in several ways. One such grouping comes from Grunig (1992) as he distinguishes between preconditional relationships, which assign a voice and provide means, functional relationships, which are related with the input or output of the organisation, normative relationships, which represent relevant standards and values and diffuse relationships, which reflect unorganized public opinion. These relationships all exemplify what in the present study has been labelled stakeholders. The involvement of each group varies from one organisation to another. (Vos & Shoemaker 1999, 51.)

The concept of stakeholder is new to public organisations, and it has become of increasing interest as public organisations look for tools to maintain legitimacy in a segmented environment. Theories about stakeholders are organisation-centred as the stakeholder concept is originally a management concept. It is used for the planning of relations between an organisation and its environment. It aims to answer the question of what is in the best interest of the organisation when all the surrounding publics are considered. The trend is towards treating all publics equal, as any group can suddenly increase or diminish in importance due to turbulence in the operating environment. This is a relatively familiar task for public organisations, which have traditionally emphasised equity. Some prioritisation however must occur, as even public organisations are not able to meet the needs of all their publics. The concept of stakeholder is related to the concepts of citizen and customer, and thus it is important to understand their origins.

The concept of citizen has evolved since the time of the ancient Greek city states and since the beginning of the 20th century has become more inclusive. According to Aristotle, a citizen was defined by power, parents' citizenship and whether he had the right to participate in the work of the courts and take office. Like the concept of democracy, the concept of citizen was dormant for some time, until it was again introduced in the Middle Ages, as a definition of those people living in cities rather than the country. (Nisbet 1986.) At the end of the 18th century when 'society as a whole' was divided into state and society, the individual first acquired more than one role: he was both a citizen and a private individual, 'homme' (Pekonen 1983). Further, Touraine (1995) added the role of 'actor'. People were understood as societal 'subjects', who wee involved in a continuous process of exchange, in which they were on one hand given liberties and rights and, on the other, expected to sacrifice their bodies to serve the state. Even in more modern times there is a constant struggle over the role of the subject. In fact, according to Touraine (1995, 375) modernity itself is a "dialogue between reason and the Subject, and it can never be broken off or brought to an end because it keeps open the road to freedom." The concept of citizen includes both rights and responsibilities. Along with Touraine, the thinking of Hegel (1994) and Rousseau (1762) can be understood to have contributed to the formation of the concept of citizen.

A newer way to define the citizen is proposed by Pekonen (1983), who lists three roles of the citizen in relation to the modern state: 1) a subject of the

political will, the creator of official, a political citizenship, 2) a subject of the state between coercive force and civil liberties and rights, and 3) a customer of the public services organised and provided by the state, the role of customer of the welfare state. Though all these aspects are relevant, lately the third role has received more extensive attention than the first two, as it gives the citizen the greatest opportunities to voice opinions: in the case of a customer, feedback is important. The first role, however, gives the citizen's opinion the greatest legitimacy, as there the role of the citizen is to take part in decision-making and contribute to the political will and creation of authority.

The citizen's role is clearly defined by civil rights both at the national and international level. One of the citizen's rights in Finland is guaranteed by the principle of openness. This gives the citizen a right to request any official document that is not declared secret. The thinking is different in many other EU-countries, where the opposite, principle of discretion is dominant. The citizen is seen as the recipient of information coming from the officials, as a holder of certain rights and obligations. Traditionally this has given the citizen the role of subject of the administration. The citizen's right to influence the quality of services in this setting is minimal, and the only clear channel is through political influence. (Määttä & Ojala 1999.)

Ongoing discourse and interaction between public organisations and the citizens is connected with the debate about civil society. In Finland civil society is no older than the state, and hence its roots are not as distinct as with other European countries. The concept of civil society is broad, and it shares many principles with The New Public Service (Denhart & Denhart, 2000). Civil society can be seen as a kind of peaceful utopian society of consensus and freedom. According to Dahlsted, civil society aims at producing citizens who acknowledge both their rights and their responsibilities. Contrary to traditional management from the top down, a civil society would function from the bottom upwards: the citizens and different groups would take part in the administration. This participation would lift the citizens on to the same level as the administrators and officials. An ongoing discourse between the public administration and the citizens is very challenging for a traditionally functioning top-down -communicating public administration. (Lehtonen 2001.) Moreover, it can be seen that focusing on continuous interaction represents a shift from citizenship towards stakeholding, where the stake is clearly defined and expected.

The citizen's rights to services and protection from the state and related obligations towards the state can be seen as the relationship of a customer. A customer is defined as someone exchanging money for products or services (Kotler 1975). According to this definition taxes could be interpreted as 'money' for public services. Yet the customer role has become obvious only as public services have become chargeable, as the citizens pay service fees for state services. In this type of transaction, the citizen has choice as to what to buy and expects services for the money. Moreover, citizens are placed in a customer-like mode through the various opinion polls and surveys which aim to involve

citizens and make public organisations more accountable for their services. It is claimed that the term customer was first introduced to the public sector through managerial models such as the New Public Management. In NPM the state is seen as a big enterprise in the market and the citizens as its customers. As the customers 'invest' in the state 'enterprise' through taxes, the officials behave as businessmen and use and invest the state money as their own. (Cheung 1996.) Though the weaknesses of this thinking have been established, the concept of customer persists in the functioning of public organisations (Lumijärvi & Jylhäsaari 2000).

The concept of stakeholder has been defined in various ways. There are differences between approaches and some approach the concept quite broadly and generally, taking it to cover any individual, group or organisation that affects or is affected by the organisation and its aims and functions (see Näsi 1995). There is ongoing debate on the scope of the concept, but in fact the definition should depend on the issue under study. Others approach the concept more narrowly, limiting the concept to include only those individuals, groups and organisations that are critically connected with the survival of the organisation, often financially. (Mitchell et al. 1997.) These two concepts need however not conflict; rather the broad definition includes the narrower. Some stakeholders are more important for an organisation's survival, financially or in some other way, but that does not exclude those less important from the stakeholder group.

The concept of stakeholder has come to the fore in social sciences in the last few decades. It was originally born as a counterpart to the classical economic notions of shareholder value and profit maximization, as it gives a voice also to those groups whose value is not measured through profits, but who variously affect or are affected by the organisation, "those groups without whose support the organisation would cease to exist" as the Stanford Research Group defined stakeholder in 1963 (Freeman 1984, 31). Later on stakeholders came to be seen as including not only shareholders but also employees, customers, suppliers, lenders and even society at large. Moreover, those groups that enable the organisation to fulfil its purpose are also referred to as stakeholders. (Calton & Kurland 1996.) Stakeholder as a concept and the scope of its application has been designed largely to cover the case of profit-making organisations, but it is applicable to public organisations as well.

The stakeholders provide certain inputs or resources to the organisation and they expect something in return, at least a partial satisfaction of their own needs. (Vaara 1995, Juholin 1999b). Carroll (1989, according to Näsi 1995, 22) defines a stakeholder as "an individual or group that asserts to have one or more of the kinds of stakes in business. Just as the actions, decisions, policies, or practises of the business firm may affect stakeholders, these stakeholders also may affect the organisation's actions, decisions, policies or practises. With stakeholders, therefore, there is a potential two-way interaction or exchange of influence." The emergence of the term stakeholder can also be seen as a product of the present era. It is a challenge to the neoclassical economic view of Adam

Smith and the notion of the 'invisible hand', as the stakeholder concept deliberately emphasizes the role of placing others interests before one's own. Rhenman (1964) was among the earliest to define stakeholders in organisations as "individuals and groups who are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence" and the reason: "the stakeholders are drawn into relationships with the managers to accomplish organisational tasks as efficiently as possible" (Donaldson & Preston 1995, 79). The stakeholders hold the power to both harm and benefit the organisation.

When translated into other languages, the term stakeholder has been interpreted to signify a related group, customer or stockholder. The Swedish word often used is 'intressent', meaning the party concerned or interested in a matter for personal gain, and from whose co-operation the organisation benefits (Abrahamsson 1975, 101). The German translations, 'Anspruchsgruppe' and 'Interessengruppe' as well as the French 'groupe d'intérêt' point to the legitimate demands as well as interests of the stakeholders. The Finnish word 'sidosryhmä' and the Estonian 'sidusryhm' both refer to a group that is tied to the cause and thus identified. Some have even proposed the exact translation of the term stakeholder into Finnish to be 'panoksenhaltija' (Määttä & Ojala 1999, 6) which points to the stakes and their ownership. Some translate the term stakeholder as a target group, but there is a difference between the two as stakeholders include those inside the organisation, whereas target groups are mainly those outside (Åberg 1996). It should be noted, however, that the translations do not exactly capture the meaning of stakeholder, since stakeholders can also include unrecognized individuals or larger groups. Customers and other related groups are acknowledged by the organisation, but certain stakeholder groups may remain unidentified (Juholin 2001, 29.) At the same time, the term stakeholder can also be used to refer to customers, employees and stockholders.

Näsi (1995, 23) defines stakeholder to include all those around the organisation who wish to affect or are affected by the operation of the organisation. This definition sees stakeholder as a term applicable only to acknowledged groups and individuals. This definition suits the changes that have taken place in public organisations with reference to the publics around them. It is a change brought about by managerialism, yet it can be applied to less managerial organisations as well. In fact, the concept itself is a managerial one. The stakeholder concept has brought along many beneficial ideas. In the first place it gives separate identities to different groups that have traditionally been addressed as one. Secondly, it includes the idea of two-way communication, where stakeholders should also have a say. Thirdly, the idea of continuous scanning of the changing environment and its changing stakeholders is an important step for the public organisations that have previously addressed a more stable group of citizens or the general public. With these things in mind, it can be concluded that the target of public organisations' communication and collaboration is changing from the public to stakeholders.

The 'stakeholders', however, can be understood to include the general public as well as citizens. It is merely a change of thinking, leading to more groups having a say in public organisations' functions. Thus the legitimacy of public organisations is also coming to depend on stakeholders' assessments.

3.2   Stakeholder thinking

Stakeholder theory as such is hard to formulate and the concept is used rather as a frame for understanding the relationship between an organisation and its environment. Recent academic discussion has questioned whether there even exists a stakeholder theory as such. This has prompted scholars to defend, challenge and analyze stakeholder theory. Different views and understandings of stakeholder theory have emerged, and the purposes and validity criteria change according to the understanding of the nature of stakeholder theory. According to Donaldson & Preston (1995, 67), "The principal focus on interests … has been the proposition that corporations practicing stakeholder management will, other things being equal, be relatively successful in conventional performance terms…" Closely related stakeholder theories such as principal-agent perspective and agency theory-perspective share a common emphasis: efficiency. (Clarkson 1995, 78.) Due to the ongoing discussion on the subject, stakeholder theory is often referred to as stakeholder thinking instead of a theory.

Freeman (1995, 39) suggests that there is not one well developed stakeholder theory, but that stakeholder thinking can be seen as a type of human value-giving creative metaphor. This metaphor is essential to many theories. Stakeholder thinking is often approached from the point of view of management, when stakeholder groups are assessed and classified hierarchically from within the organisation. Stakeholder theory is thus in a broad sense an organisational management theory, originating with profit-making organisations. This does not, however, signify that the managers or staff of an organisation would be neutral to it but rather central and primary. Donaldson & Preston (1995, 67) conclude that the ultimate justification for stakeholder theory is to be found in its normative base, as it links stakeholder management to conventional concepts of organisational success through analytical argument.

Stakeholder thinking has come into focus due to a paradigm shift not only in organisations but also in organisational communications. In postmodern society, stakeholder thinking means a change from organisation-derived monologue to shared discourse with stakeholders. Stakeholder thinking is a combination of the traditionalist / functionalist organisation-centred approach and dissipative, chaos-centred organisational communication. Stakeholder theory emphasises joint responsibility, ongoing development and dialogue: the process of shaping an organisation through interaction with those around it.

The model of Joint Responsibility has some features in common with postmodernism, as it stresses everyone's roles as both sender and receiver, since "…communication has value an sich, while in the traditional concept communication is an intervening factor and in the dissipative model the value and the meaning of communication is unconscious." (Juholin 1999a, 58.) The bureaucratic public organisations are more likely to practise traditionalist/functionalist organisation-centred communication, but the trend even there, as noted before, is towards involving the stakeholders, towards the model of Joint Responsibility.

Stakeholder thinking differs from other theories in that "it is intended to both explain and to guide the structure and operation of the established corporation. Toward that end it views the corporation as an entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes. The stakeholder theory is general and comprehensive, but it is not empty: it goes well beyond the descriptive observation that "organisations have stakeholders"". (Donaldson & Preston 1995, 70). For an overview of what is meant by stakeholder thinking, four premises of stakeholder thinking are assumed in the present study (Jones & Wicks 1999, 207):

1. An organisation has relationships with many constituent groups, stakeholders. (Freeman 1984)
2. The concern of stakeholder theory is with the nature of these relationships, as well as the outcome of the relationships for both the organisation and the stakeholders.
3. The interests of all (legitimate) stakeholders have intrinsic value, and no set of interests is assumed to dominate over others. (Clarkson 1995, Donaldson & Preston 1995)
4. Stakeholder theory is focused on managerial decision-making (Donaldson & Preston 1995), and thus somewhat organisation-centred.

Donaldson and Preston (1995) specify three aspects of stakeholder theory: descriptive, instrumental and normative. These are illustrated in Figure 8. They begin with the outer shell, representing relationships that are observed in the external world. A second level is the descriptive level, with instrumental and predictive value along with cause and effect statements. The central aspect of stakeholder theory is the normative aspect, how organisations should behave and what are their moral obligations to the stakeholders. There are however, some contradictions. Though clear distinctions are thus drawn, they are not always realistic. Distinguishing in this way presupposes well defined and narrow structures of interest, motivation and interaction. Moreover, a purely descriptive theory is a contradiction in terms; there is always some interpretation involved in describing (Friedman & Miles 2002, 17). Despite these problems, this tripartite division is useful in distinguishing between the different theories in the field of stakeholder thinking. The present study focuses mainly on the first level, as the focus here is on the stakeholders' relations of public organisations.
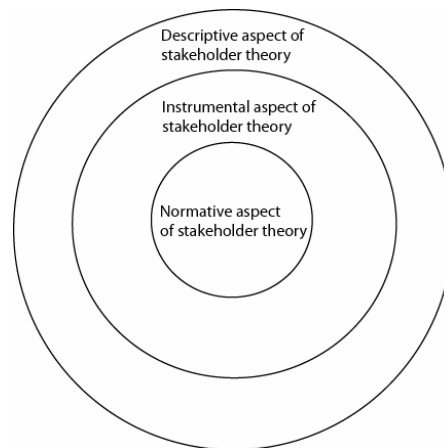
FIGURE 8   Three aspects of stakeholder theory nested within each other (Donaldson & Preston 1995).

Stakeholders have often been thought of as something to manage. The use of the word 'manage' implies that stakeholders could somehow be controlled. Traditionally management can also include the wielding of power and hierarchy. The emphasis on management does not suit public organisations, as they should involve and enable citizens instead of managing and controlling them (see Prime Minister's Office 2002, Denhart & Denhart 2000). Thus the theory of Stakeholder Enabling can be understood to better more appropriate to public organisations (Calton & Kurland 1996). The notion of enabling explains well the quality of the relationship and the communications between an organisation and its stakeholders. It explains stakeholder thinking as an interdependency between an organisation and its stakeholders; it indicates acting together and sharing responsibility, thus removing the confrontational setting from the relationship. This interdependency involves shared information, a similar understanding of the concepts applied and ongoing dialogue as customary features of the organisation. Ongoing dialogue is one of the main emphasises of 'Stakeholder Enabling', as it directs attention to the joint creation of meanings, the building of ethical regulations and trust formation. Stakeholder Enabling aims to bring all stakeholder groups into dialogue and create a mutual understanding of the direction followed. In reality this may be difficult. (Calton & Kurland 1996, 154-170.) Stakeholder Enabling is especially suitable for public organisations, where the role of the state and public organisations is to enable stakeholders such as citizens and involve them in decision-making.

Not only is the organisation, according to stakeholder thinking, connected to the stakeholders, but the stakeholders are also embedded in their own environments. Thus inter-stakeholder relations and relations not necessarily known to the organisation may affect their stakeholder relations. These interdependencies are best described through a network model of stakeholder relations that takes account of stakeholder relations and interdependencies at one stage further than the traditional stakeholder maps show. However,

network position maps are challenging to construct, since the relationships may or may not be known, may or may not be active, may or may not be recognized etc. Stakeholder thinking can also be applied to social network analysis (see Granowetter 1985, Burt 2001). Network analysis is a strategy for investigating social structure by mapping structural relations and the positions of actors in a network. It suggests that in a dense network those organisations, in a central, bridging (betweenness) position have more power. (Lin 2005, Rowley 1997). Centrality, according to Rowley (1997, 898) refers to "power obtained through the network's structure", as differentiated from the power gained through individual attributes. Bridging and betweenness refer to the intermediary functions of the actor. Actors in this position can be defined as stakeholders and there need not be a centre, though the organisation itself is often considered central. Social network analysis is thus also means of distinguishing organisational resource dependencies. (Rowley 1997, Pajunen 2004.) Moreover, the degree to which the stakeholder acts as an intermediary between other stakeholders, and is able to manipulate the crucial resource flows in the network, has been suggested to be a relevant factor in the stakeholders' influence in relation to the organisation (Pajunen 2004, 71).

According to stakeholder thinking, an organisation exists only to engage in interaction with its stakeholders, through exchange and transaction. The organisation has something to offer each stakeholder, and in turn each stakeholder may have something the organisation needs. The organisation has to operate in ways that satisfy the stakeholders. The less satisfied the stakeholders, the more likely the organisation is to fail. (Näsi 1995, 24.) In the present study, stakeholder thinking is used to provide a basis for the practical development of stakeholder relations. Constant change in the environment creates an ongoing need for dialogue between the organisation and the stakeholders. The organisation has to be alert to new needs and situations and so has to have 'antennae', through which to monitor its surroundings (see the work of Lehtonen).

3.2.1 Different types of stakeholders

For a better understanding of the concept, various stakeholder typologies have been developed. Since often the basic stakeholder mind-map for different groups is not enough, and as the organisation is not always able to meet all the needs of all stakeholders equally, various typologies have been derived to that suggest in which order stakeholders should be addressed and placed in importance. Stakeholders are often categorized into primary and secondary stakeholder-groups, which change over time. Primary stakeholders would be those with formal contracts with the organisation, and those without such contracts would be considered secondary. (Carroll 1993). Secondary stakeholders are those who influence or are influenced by the organisation, but are not engaged in significant exchange or essential to the survival of the organisation (Clarkson 1995). Other categorizations refer to importance, closeness or type of relation. Stakeholders can also be grouped into internal

(permanent relation) or external coalitions (Näsi 1979). Freeman (1984, Näsi 1995, 22) proposes the type of change the stakeholders are involved in as a means of categorizing them. He mentions internal change and external change, referring to internal change as change among the known stakeholders and external change as the emergence of new groups and conditions of uncertainty.

Pizzorno (2004) distinguishes between active and dormant circles of stakeholders: active are those who through their discussions generate opinion and the reputation of the target discussed, whereas dormant are the circles where no reputation is formed, whether for lack of knowledge, experience or discussion. The stakeholders can further be distinguished according to their different traits or environments: economic, technological, social and political (Carroll 1993). Savage, Campbell, Patman & Nunnelley (2000, 103) distinguish stakeholders according to past and present potential to cooperate with or threaten the organisation. They differentiate between marginal stakeholders with a low level of cooperation or threat, and supportive and non-supportive stakeholders. The most important stakeholders, however, are the 'mixed blessing' stakeholders. They have the power both to cooperate with and to threaten the organisation.

These ways of categorizing aim to focus organisational efforts on those stakeholders with most influence. This is understandable, as organisational resources are limited. However, there are arguments against such a division. The importance of stakeholder groups changes, for example, with the organisational life cycle (Jawahar & McLaughlin 2001). The attention stakeholders require varies as their importance to the organisation grows or diminishes over time. Secondary or dormant stakeholders can change their status and quickly become primary and active. Categorising stakeholders can create an artificial and false sense of order and therefore all stakeholders hold a potential stake in the organisation and should be considered primary. (Fombrun & van Riel 2003, 220.)

Another way to categorize different stakeholders is to look at their wants and needs. Carroll (1993) distinguishes four types of stakeholders according to their desire to cooperate and the level of threat they are and can be to the organisation. There are also various approaches to the question of how the organisation should react to each group. The first group could be described as cooperative stakeholders who make no attempt to threaten the organisation. Examples would be the customers or other organisations working in collaboration with an organisation. This group is ideal for cooperation. The second group could be described as those with neither cooperating with the organisation, nor threatening it either. This group requires monitoring for possible changes, but is relatively quiet. Examples of the second group would include investors in the organisation. The third group includes stakeholders with opposing interests and the potential to threaten the organisation, such as competitors and even the media in some cases. There is little cooperation with the third group, yet they are a threat to the organisation and so the strategy toward this group is defence. The fourth group is those on the borderline

between cooperation and threat. They may take a line of cooperation with the organisation, or again they may turn against it. This group requires monitoring and attempts at cooperation, as frequent cooperation might turn them into the first type of stakeholder. (Carroll 1993, 78-79.)

Mitchell, Agle & Wood (1997, 865-875) have developed a classification which offers further distinction between stakeholders. They apply the attributes of power, legitimacy and urgency. To them, power is the ability to bring about desired outcomes, to force others to behave as they wish, whereas legitimacy refers to the degree to which the actions of an entity are generalized as desirable, proper, or appropriate. Urgency is simply the degree to which stakeholder demands require instant action from the organisation. These attributes may exist independently, but also together. As an example, legitimacy and power together create authority. The stakeholders can be analysed in terms of these three attributes and their presence or absence. The authors find seven distinguishable stakeholder groups depending on whether one, two or all three attributes are present in the relationship between the organisation and the stakeholder. Those with only one of the attributes are called latent stakeholders, those with two are called expectant stakeholders and those with all three are called definitive stakeholders. Figure 9 shows this division as well as the names Mitchell et al. have given the different stakeholder groups.
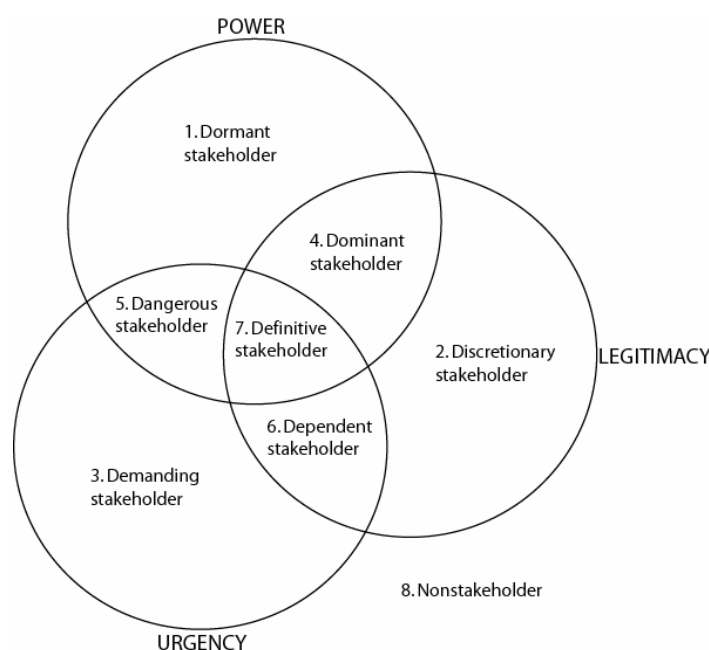
FIGURE 9   The stakeholder typology of Mitchell, Agle & Wood (1997, 874) based on the number of particular attributes present in the relationship between the stakeholder and the organisation.

The argument goes on to state that the more attributes there are present in a stakeholder relationship, the more important is the stakeholder. The most important are the definitive stakeholders (7) who possess all power, legitimacy and urgency. Those possessing none of the attributes are categorized as

nonstakeholders (8). The latent stakeholders consist of those who only have one attribute; either power, legitimacy or urgency. The first latent group are the dormant stakeholders (1) who possess power but no legitimate claims or urgency, which means that the power is not applied and the interaction between these stakeholders and the organisation is minimal. The second latent group are the discretionary stakeholders (2) who have a legitimate cause but no power nor urgency; they could rightfully influence the organisation but do not. The third latent group are the demanding stakeholders (3) who possess urgency but no power or legitimacy. The demanding stakeholders could be described as disturbing but non-dangerous. The expectant stakeholders possess two of the three attributes. The dominant stakeholders (4) possess both power and legitimacy, but no urgency. Their relation to the organisation is often formal and non-personal. The dangerous stakeholders (5) possess power and urgency but no legitimacy. They are described as dangerous, since they may practise coercion. The dependent stakeholders (6), on the other hand have legitimacy and urgency, but no power. This makes the dependent group dependent on those with power. Any other stakeholder group may enter this realm should they gain more of one attribute or ally with other stakeholders who have what they need. (Mitchell et al. 1997, 874-878.)

This model of stakeholder typology (Mitchell et al. 1997) is quite all-embracing and serviceable, yet it has some defects. Firstly, it places no emphasis on different levels of the attributes. Secondly, it is difficult to distinguish between the attributes in reality, as they intertwine (See Pajunen 2004). Thirdly, it lacks the concept of frequency. Prêtre (2000, 125) notes the importance of frequent contacts: should the stakeholders possess the opportunity to interact with the organisation less frequently, their legitimacy, power and urgency, however strong, do not play as big a role as if the interaction is frequent. 'Out of sight, out of mind' could apply even to urgent stakeholders, should their chances to meet with the organisation be diminished. Only repeated interactions develop trust and commitment, as "repeated cycles of exchange, risk taking, and successful fulfilment of expectations strengthen the willingness of trusting parties to rely upon each other and expand the resources brought into the exchange." (Rousseau et al. 1998, 399). Moreover, in the long run of repeated interactions the benefits of being trustworthy for an organisation's reputation outweigh the short term benefits of exploitation or non-cooperation (Lahno 1995). When the organisation is aware of all the existing stakeholders it can concentrate on the most important ones. Problems arise when the organisation is not aware of its stakeholders or deliberately neglects some. The phenomenon of frequency thus plays a role not discussed in the model, but nevertheless important for the stakeholder relationship. Figure 10 assumes frequency to be yet another equally important consideration. Frequent contact is defined as contacts, mediated or not, between the organisation and the stakeholders, such as formal and informal meetings, phone-calls, emails or other interpersonal contact.
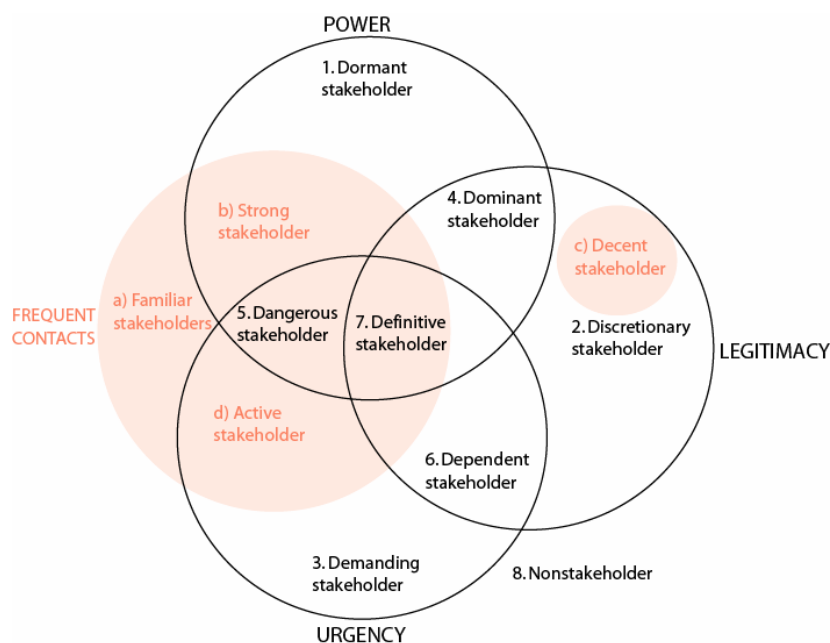
FIGURE 10 Amended stakeholder typology (original by Mitchell, Agle & Wood 1997, 874) according to the number of features present in the relationship between the stakeholder and the organisation.

Figure 10 shows the importance of frequency of contact in the stakeholder typology. Those stakeholders (a) with no power, urgency or legitimacy, but frequent contact are termed 'familiar stakeholders'. They are not very threatening, but because of their presence and frequent contact they are considered familiar. Those stakeholders with both power and frequent contact (b) are called 'strong stakeholders', as they possess both power and a chance to exercise that power through the frequent contact, yet no legitimacy or urgency for their claims. The 'decent stakeholders' (c) possess legitimacy and have frequent contact, so their needs are legitimate and they have opportunities for expressing them, yet they lack power and urgency. The 'active stakeholders' (d) possess urgency and have frequent contact, yet neither legitimacy nor power. The stakeholders with the three attributes of power, urgency and frequent contact are 'dangerous stakeholders' (5). Those stakeholders possessing all four, power, legitimacy, urgency and frequent contacts are the 'definitive stakeholders' (7).

Frequency is related to stakeholder loyalty and involvement. Tuominen (1995, 167) describes the process of becoming a stakeholder using the metaphor of ladders by which stakeholders climb from the position of potential or new stakeholders to being regular, frequent and later even supporting and advocating stakeholders. This type of progression is typical in the case of frequency as well although Figure 10 does not show this. It is possible for all types of stakeholders in Figure 10 to have anything between nil and constant interaction with the organisation. Thus the amount of contact need not be a separate attribute, but rather a field in which all stakeholders are placed.

Moreover, it is often the case that the more attributes (power, legitimacy, urgency) the stakeholder has, the more contact they also have. Figure 11 describes this trend.
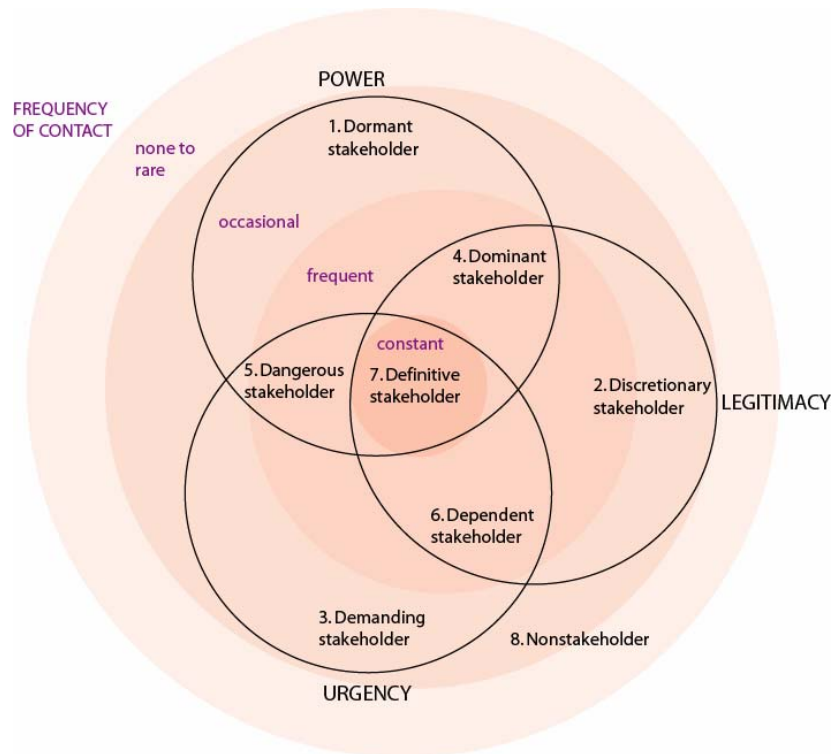
FIGURE 11 The stakeholder typology of Mitchell, Agle & Wood (1997, 874) amended by Luoma-aho to cover the field of frequency. The amount and frequency of contact between the organisation and the stakeholders increases from the outer edge inwards. Along with the increase in attributes the amount of contact also increases.

There are several problems with Figures 10 and 11, however, as it is not always the case that those stakeholders with more attributes have more contact with the organisation. The models, however, do not aim to define all possible types of stakeholders, but simply to illustrate the overlooked importance of contacts and their frequency. To conclude, along with legitimacy, urgency and power, frequency of contact should be taken as a serious attribute of the relationship. The concept of frequency is central to the present study, as the assessments of the frequent stakeholders are understood to be more influential in the formation of a favourable reputation and trust (Bromley 1993, Rothstein 2003).

Another, perhaps more developed approach to categorizing stakeholders has been that of Friedman & Miles (2002). They seek to find explanations for different stakeholder behaviour and actions. They adapt the approach of social realism (Archer 1995) where, as in systems theory, society is understood as dependent on human activities that in turn can affect structures. Friedman & Miles distinguish stakeholders according to the compatibility of interests (those of the organisation and those of the stakeholders) and the importance of the

relationship to the organisation (necessary or contingent). They propose four structural configurations for organisation / stakeholder relations, where each is associated with situational logic and strategic actions which condition stakeholder actions. They suggest 'a value attuned', descriptive model of four groups of stakeholders: 1) necessary compatible stakeholders, such as management and partners, 2) contingent incompatible, such as some NGO's, 3) necessary incompatible, such as customers and suppliers and 4) contingent compatible stakeholders, such as the general public. They suggest that those stakeholders (group 1) with contractual form of relationship, institutional support and mutual dependency with the organisation have the most power. They further suggest that the legitimacy of these stakeholders is contractual: only those with necessary relations are legitimate. Should the contingent stakeholders manage to build institutional connections with organisations or include intermediaries with such connections, they could become legitimate. (Friedman & Miles 2002, 16.)

An even more developed model for defining stakeholders has recently been presented by Pajunen (2004). He combines firstly stakeholder resource dependence and secondly network position-based capabilities to create a stakeholder influence identification matrix. He distinguishes between low, moderate and high network position based power and direct resource dependency-based power, and puts stakeholders into nine different classes. His combinatory logic makes it possible to handle simultaneously and systematically two essential forms of stakeholder power that together make up a single phenomenon. He distinguishes three distinct classes in terms of combinatorial influence; 1) 'minor stakeholders', with few critical resources and poor network location, 2) 'potential stakeholders', possessing one of the attributes mentioned above, and 3) 'governing stakeholders', who possess both critical resources and good network location. Pajunen suggests that major management attention be directed to governing stakeholders, nonetheless paying attention to the others as well, since even minor stakeholders may unexpectedly rise in value and influence. (Pajunen 2004, 72-74.)

Though the scales, terms and grounds for distinctions vary, there are many similarities between the notions of 'governing stakeholders' (Pajunen 2004), 'mixed blessing stakeholders' (Savage et al. 2000), 'necessary compatible stakeholders' (Friedman & Miles 2002), 'primary stakeholders' (Carroll 1993) and 'definitive stakeholders' (Mitchell et al. 1997). They all refer to those stakeholders most central to the organisation. These are the stakeholders whose opinions matter the most, and whose assessments the organisation should be concerned about, as they contribute most to the formation of reputation. The present study concentrates on stakeholders that have frequent contacts with the organisation. Future stakeholders are difficult to predict, nor would they necessarily have made much contribution yet and thus the attention here is on past and current frequent stakeholders.

3.2.2 The stakeholder dilemma

The theory of Stakeholder Enabling (Calton & Kurland 1996) suggests collaborating with and giving voice to different stakeholders instead of managing them. It lacks, however, understanding of the whole scene, since different stakeholders may take totally opposite views. An organisation is legitimated through the satisfaction of the stakeholders it exists to serve. Should the needs and desires of important stakeholders conflict, the organisation is left with the dilemma of whom to prefer. Even the legitimacy of the organisation could be at stake should it not be able to fulfil the needs of its central stakeholders. Given limited resources, in cases of conflict the organisation is forced to prefer one at the expense of the other or provide each stakeholder group with only partial satisfaction.

Though keeping everyone happy is utopian, Donaldson and Preston (1995, 78) claim that "the satisfaction of multiple stakeholders need not be a zero sum game (i.e., that benefits to one stakeholder group need not come entirely at the expense of another)". Jawahar and McLaughlin (2001) suggest that as organisations are unlikely to fulfil all the responsibilities they have toward each primary stakeholder group, they are likely to fulfil the responsibilities to all primary stakeholders as required for organisational survival at different points in time. Moreover, in their response to stakeholders organisations do not respond to each stakeholder group individually, but rather interact with the multiple influences of the entire stakeholder set (Rowley 1997). Thus stakeholders may be kept satisfied in the knowledge that though they do not always have precedence their turn will come, and that they are being kept involved in the process whether the results satisfy them or not. This is close to the fair-process principle, which places more importance on the fairness and justness of the process than its actual outcome. (Dworkin 1977, Patulny 2003, Kumlin & Rothstein 2005.)

Furthermore, in postmodern society the many roles of the stakeholders overlap. One individual may have different needs in relation to an organisation depending on the role she represents. In the case of public organisations the stakeholders may play several roles: at work they might collaborate with public organisations as stakeholders, on pay day they represent taxpayers, at election-time they are citizens, and during sickness they are customers of the welfare state. These different roles may even conflict, and thus targeting to the various groups in communications is challenging. (Bernstein 1984. The degree of satisfaction of the same individual with the same organisation may change as another role is assumed.

Ethical principles such as equity and neutrality may be affected by the economic demand of efficiency. Public organisations are a good example of this. Should they aim to satisfy the political decision-makers and taxpayers and prioritize cost-efficiency with minimum resources, or should they aim to serve well those stakeholders it exists to serve despite consuming resources? This can be compared to the conflicting needs of shareholders and stakeholders. An organisation is dependent on both: without the shareholders there would be no

operations, but without the stakeholders there would be no need for the operations. It may be understood that often the shareholder view favours short term advantages, whereas the stakeholder view also takes into consideration long term advantages. These need not necessarily be opposing demands, as it is often in the interest of shareholders to take care of the various stakeholders as well. There are, however, differences between North-American values and European values with regard to stakeholders, and European values are thought to be 'softer', more stakeholder-oriented.

Public organisations face the same dilemma when their stakeholders have opposing views. Take an example of an authority organisation supervising industry. The wishes of two or more important stakeholder groups may be diametrically opposed if the industry group wishes to enforce production by introducing night shifts to their factory, while the neighbourhood community wishes to have silence at night and the trade unions wish to have only daytime jobs, taxpayers want the economy to flourish, and some want to close the factory down altogether. It has been suggested, to resolve this dilemma that the role of the public organisation is not to act as an intermediary or take sides, but merely to supervise a field that it has been assigned for the common good. This requires a certain aloofness, staying somewhat apart so as to not take sides.

In the end the question is not about which stakeholder to satisfy but rather whether an unresolved dilemma concerning the stakeholders can damage the organisation. Practical stakeholder manuals advise resolving these differences, but this may be a never ending process. It might be better in such circumstances to maintain a stable course and proceed with normal organisational functions while aiming to minimize the inconveniences caused by the differences. In any case when one issue is settled another arises and so organisations have to put up with some levels of stakeholder disagreement, as this cannot entirely be avoided. The key is to monitor changes and maintain open interaction so as to decide which stakeholders are in particular need of attention.

3.2.3 Citizen, customer or stakeholder?

Nieminen (2000, 113) asks the interesting question whether public organisations can have several publics if they have to serve all equally. Does grouping and stakeholder thinking contradict democracy and the principle of equity? Will the different stakeholders receive different or even unequal amounts of attention? Within the perspective of communicative action (Habermas 1981), the communication of public organisations is for all equally. The communicative point of view seems to presuppose that term 'citizen' can be understood to describe all as equal. However, not all people living in a state are citizens and even the concept of citizen has some inequities built in. Foreign residents or underage children or mentally retarded people may be treated differently from most citizens. Declaration of Human Rights may come close to being universal, yet not even that is respected everywhere. The thinking is twofold: on one hand everyone should be treated equal, while on the other, everyone's different needs should be met. While equity requires the same status for all, meeting

needs requires grouping and segmentation. Moreover, people have not only one but several overlapping roles with various needs that public organisations have to deal with. On the other hand, the several roles of each stakeholder can be an advantage for organisational communications. (Bernstein 1984.)

The Finnish public sector is not a closed system, but rather is influenced by and influences several stakeholders (Määttä & Ojala 1999). What these stakeholders are called reflects their status and the amount of influence they have. The Finnish public services have always emphasised the term citizen, as they not only fund the services they provide through service fees but also through taxes. Along with service fees and managerialism in the public sector, a more service-related attitude has been taken towards the citizens through the concept of 'customer'. Moreover, the efficient functioning of public organisations involves many other actors than just citizens or customers; interaction and communication with other officials, decision-makers and organisations working in collaboration are essential for the smooth operation of public affairs. (Vuokko 2004.) The concept of 'stakeholder' has arisen to include this often overlooked group. It provides the citizen and customers with an obvious stake that has not at all times been so clearly emphasized. The concepts are sometimes treated as synonymous, and in government publications they are all used to refer to those whom the public organisations exist to serve. There are however certain features of each concept that should differentiate it in use from the others. This section discusses these differences.

Government publications and recommendations reveal the roles attributed to those the public organisations serve. Whereas the constitution mentions mainly citizens, government publications and recommendations also mention customers and stakeholders (see Palvelusitoumus, publications of Prime Minister's Office, Pekola-Sjöblom et al. 2002, Vuokko 2004). The concepts of citizen, customer and stakeholder seem to form a continuum for the relationship between Finnish public organisations and those in contact with them to those around them. This continuum is presented in Figure 12. The use of the term 'citizen' is the oldest, dating back to the early days of the Finnish welfare state, whereas the term 'customer' was introduced along with managerialism in the 1980's. The concept of 'stakeholder' is the newest. It is, much like customer, a management term, yet it goes a step further than the service idea of customer; a stakeholder relationship is understood as more transparent than a customer relationship. Traditionally in Finnish public organisations, the concept of citizen has been dominant. Since the introduction of managerialism, however, both customer and stakeholder have gradually received more attention as the objective has become more effective public organisations. Moreover, the division into different stakeholder groups also results from practise: public organisations deal with different segments of customers and stakeholders in different ways and on different matters. In practise these divisions are seldom seen as a threat to equity, as they ensure fluent operation. In fact, most stakeholders of public organisations have a dual or even a triple role - at once citizen, customer and stakeholder.
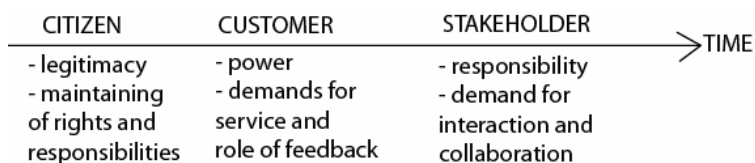
FIGURE 12 The continuum of the terms applied in Finnish public organisations over time, citizen, customer and stakeholder along with their central emphases.

Defining roles is also a question of discipline. The management and public relations literature emphasizes the term 'stakeholder', whereas the social science literature highlights the importance of the term 'citizen'. The marketing literature, on the other hand emphasizes the term 'customer'. Grönroos (2000) represents the latter, as he notes that even in the case of public and non-profit-making organisations, the organisation's relation to the customer is crucial. Grönroos takes a step away from customer-oriented thinking and service pledges, and suggests building a relationship between the organisation and the customer. He emphasizes the importance of the long term relationship, and concludes that only through dialogue and mutual commitment can service be at its best. The writings of Gröönroos show that the whole concept of 'customer' is expanding to include customer relations, not just mere services and products.

The various roles of one individual change on occasion and over time. Almost everyone who frequently has dealings with a public organisation is a citizen. When organisations interact the terms vary. As representatives of the organisation they work for, citizens become stakeholders. In transacting business with a public organisation, citizens become customers. The term seems to depend on whose behalf the interaction is made: citizens on their own behalf, stakeholders on their organisation's behalf, and customer on their own behalf, in exchange for their money. Pekola-Sjöblom et al. (2002) approach the roles in their study of municipal public organisations. They find five roles in relation to the concept of 'citizen': 1) the citizen as a member (citizen, stakeholder), 2) the citizen as a financer and user of services (customer), 3) the citizen as an exerciser of influence (citizen), 4) the citizen as a participant in organisations (stakeholder) and 5) the citizen as an evaluator of municipal decision-making (citizen). In brackets are those terms applied in the present study best understood to describe these roles. Most of these roles emphasize the citizen view, though the citizen as a financer and user of services could be understood as the citizen in the role of customer and as participant in organisation in the role of stakeholder. This division could be carried out in several ways, yet it is nevertheless in practise not quite so simple.

Though the funding of public organisations partly comes from the customers, public organisations are also funded through taxes. This makes defining citizens, customers and stakeholders more complicated in the case of public organisations. It is challenging to mould together the state-regulated common good, customers' rights and citizens' rights. It has been claimed that market-oriented thinking does not as such suit public administration, because

the citizens' equality can suffer under the market-oriented thinking (Denhart & Denhart 2000, Patulny 2003). The principle of equal treatment makes it questionable to tailor the services to fit different customers' needs, as the whole nature of public administration and its services differs greatly from that of the private and profit-making organisations. (Määttä & Ojala 1999, Lumijärvi & Jylhäsaari 2000.)

However, Grönroos (1987, 10) argues that the legal protection of citizens is in no way threatened by good service, and that the customer-orientation is also a suitable model with which to approach public administration. Both are right, as service is necessary also in public administration, yet not all dealings with the officials can be assimilated to those of 'a customer'. Customers of public organisations do not always buy or choose the services they receive. The different regulatory authorities are an example of this. Not all regulated citizens want to pay inspection fees or be punished for wrong behaviour, but the law requires it. It is important to remember this when measuring the assessments of those dealing with public organisations. Though there is increased competition even in the public services, due to privatization, most public organisations still have a monopoly in their field. Implementing managerialistic principles in public administration should be considered carefully. (Lumijärvi & Jylhäsaari 2000, 192.) Moreover, it could be suspicious if all customers received exactly what they wanted from public organisations, as that would probably suggest bribery or corruption. The concept of customer service is, however, quite appropriate to Finnish public organisations.

Many public organisations provide services. The quality guarantee that every customer should receive the same service is problematic in service-providing organisations. The nature of services differs from the nature of products, and mere defect control is not enough, since customer service situations always involve the traits and characters of the people involved as well. This makes it very difficult to work and act the same way with each customer. The prejudices and previous perceptions of the customer may also affect the service (Vos & Schoemaker 1999). As is well known in PR, personal relationships appear to have the greatest influence, on the formation of reputation and trust (Grunig & Hon 1999, Bromley 1993). The key to trust in the organisation lies in personal trust, though sometimes the personal trust may exceed the trust in the organisation, and thus the customers leave when an official leaves. (Liljander & Roos 2001.) As Cinca et al. (2003, 256) conclude, "In the public sector, one could address the public as 'customers' but this cannot have the same meaning as in the private sector, given the lack of competition and the fact that there is usually no choice…percentage of customers lost cannot be computed in the public sector. There are no trade names in the public sector, although image can be important. Human and organisational capitals have their peculiarities in the public sector: civil servants have their own culture. The need for transparency in management is central to the public sector."

Along with the introduction of the concepts of customer and stakeholder, public and private organisations have many activities in common. The

expectations of the customers have risen as technology has developed in both public and private organisations. Even the tools and measurement techniques may be similar, though some core concepts such as 'vision' or 'mission' are more difficult to establish for public organisations. One good example is the measuring of customer satisfaction or feedback. The need to know the assessments of the customers is there in both public and private organisations, yet the relationship is different. This is seldom remembered. The trend has lately been that the public organisations are a step behind the private organisations, and apply private organisations' measurement and management ideologies and tools only after they have been applied in the private sector. Whatever the tools, public-private benchmarking as such is difficult. Rather than benchmarking ways of treating customers with reference to private organisations, it is necessary to give a voice to the customers of public organisations, as they are the ones who can best assess public organisations and their performance. (Bolton 2003.)

Stakeholder is a concept referring to "those groups without whose support the organisation would cease to exist" (Freeman 1984, 31), or those who aim to influence the organisation or are influenced by the organisation (Näsi 1995). This definition applies to almost anyone who has anything to do with a public organisation. The support for public organisations may be of various types, ranging from voting and paying taxes to buying products, using services or speaking well of and reporting to others any favourable experience of the organisation. Most of the stakeholders are also citizens, subjects of the state with responsibilities and rights (Pekonen 1983). These roles are also connected with the concepts of reputation and trust. The concept of reputation can be seen to be closely related to customer thinking, and the concept of trust more related to stakeholder thinking, as customers choose a service based on reputation, but stakeholder-relations are not always chosen and thus depend more on trust. Not all citizens are, however, customers. Customer refers to those stakeholders paying money for services (Kotler 1975). Though almost all citizens pay taxes, taxpaying can be understood either as a responsibility of the citizen or part of a customer relationship. The concept of customer is, however, in the present study more restricted to those choosing to pay for optional services available from public organisations. Stakeholder as a concept thus covers both citizens and customers with their specific traits. This is illustrated in Figure 13.
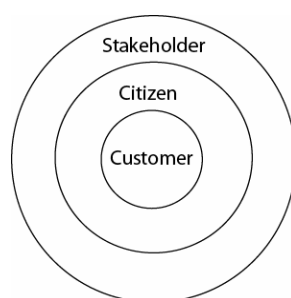
FIGURE 13 The range and interrelations of the concepts citizen, customer and stakeholder.

To conclude, from the viewpoint of public administration, an individual can be understood at the same time as a citizen, a stakeholder and a customer. Various other roles may also come into question. The suitability of each term depends on the point of view, on the situation and the nature of the transaction. To call all those dealing with public organisation 'citizens' could provide equity but would not emphasize the much prized notion of service. To call them 'customers' would promote service hint partiality. Moreover, this would not include all necessary parties. To call them 'stakeholders' would seem to remain the safest way to address a group consisting of citizens, customers and organisations working in collaboration, though the term is perhaps too broad.

Hence, when the aim is to influence the administration, 'citizen' is appropriate. 'Customer' suits situations where the individual orders or receives some service from a public organisation. In the present study, customers and citizens and all frequent contacts are brought together under the term 'stakeholder'. All the terms described in this section have their weaknesses and limitations. The question arises as to whether there should be a totally new term describing the stakeholder relations of Finnish public organisations? The empirical study Chapters of the present study seek to answer this question. Next attention is turned to the communications and the relationship between public organisations and their stakeholders.

3.3   Officials communicating with stakeholders

Communication refers to the processes by which verbal and nonverbal messages are used to create meaning (Frey, Botan & Kreps 2000, 412). It is "the process by which a person, group, or organisation (the sender) transmits some type of information (the message) to another person, group or organisation (the receiver)." (Greenberg & Baron 2003, 662.) Communication is a means, but also an end that is present in most interpersonal interaction situations, whether this interaction is between people or organisations. Communication can be understood as disseminating information and creating shared meanings. Organisational communication is communication in and from the organisation, "in und von Organisationen" (Theis 1994). More precisely, "Organisational communication is concerned with organisations' public relations and communication in various different organised environments. Organisation-public relationships are represented by the patterns of interaction, transaction, exchange, and linkage between an organisation and its publics. These relationships have properties that are distinct from the identities, attributes, and perceptions of the individuals and social collectivities in the relationships. Though dynamic in nature, organisation-public relationships can be described at a single point in time and tracked over time." (Broom, Casey & Ritchey 2000, 18.)

Organisational communication aims to influence the opinions of all stakeholders with an interest in the organisation through information, impressions and actions (Vuokko 2004). It is a management function; it is about maintaining relationships between the organisation and those around it. To enable effective communication, the types of relationships as well as the elements those relationships consist of must be identified. Good relations between an organisation and those around it can be seen as an outcome of good communication. (Ledingham 2003.) The stakeholders of public organisations are broader and more undefined than in most profit-making organisations, where messages can be tailored to particular customers. Official communications have to be planned strategically, so that basic policies are defined. Hakala (2000, 87) claims that the state's information strategy should reflect the philosophy of the whole society: the basic messages of the state, its vision, its aim, where the state wants to be. (Hakala 2000, 87.) Ostrom (1998) is of the opinion that an open and democratic decision-making process can change short-sighted egoism to cooperation.

In 1929 a pioneer of public administration research, Leonard D. White, described two ways to approach the public relations of an official; the spokesperson model, where "only one person can speak to the press or the public" and the shared responsibility model where "responsibility for the public relations of the department seems to be within anybody's province" (see White 1926, 62). In his later editions, White continues noting that "Practically any phase of administrative activity may have an influence upon public relations. It is an error to assume that the formation of good public attitudes is the sole responsibility of a public relations expert. All officials and government employees, especially those who deal directly with citizens, are public relations agents whether they realise it or not." (White 1939, 478). Finnish public organisations mostly operate on the latter basis, in which it is emphasized that each member of the organisation is expected to take part in communicating their expertise when necessary.

The organisation's right to exist is often bound to its function. The existence of an organisation is defined by its stakeholders' expectations (Näsi 1995b, 24-26). Thus it can be understood that public organisations have to legitimate themselves with their stakeholders. Stakeholder opinions are based not only on the organisation's functions, but also on the interaction and communication between the public organisation and its stakeholders. This places intrinsic value on the officials' ability to communication. Traditionally an official's communications patterns have consisted of the unidirectional delivery of information (one-way informing). Now the trend is towards two-way communication, as is evident in the central government's communication guides and publications. In the 1990's, they expressed merely the need for the distribution of information and advise, whereas the newer versions emphasize interaction and transparency.

Sztompka (2000, 81) emphasizes the importance of open communication. Especially in cases like public organisations, where friendship and personal

contact is not possible with everyone, openness in communication is essential. "In the case of public institutions, organisations, official in public roles, expert technical systems, they may be made more transparent, and therefore seemingly familiar, by easily accessible mass media, publications, open information policy. Such arrangements provide arenas for mediated, vicarious contacts and open the world of institutions and organisations closer to scrutiny." (Sztompka 2000, 81.) The role of the officials in the process of communication is to make information relevant and easily accessible, as "administrators are not passive recipients of public demands. They are active both in collecting information that serves agency needs and in disseminating information that creates a favourable climate of opinion." (Sharkansky 1982, 66-67). This access should hold both physically and mentally: any information needed should be easily found and easily understood (Abrahamsson 1976). The term 'porous administration' coined by the Finnish future theorist Keskinen (1998, 36), describes official communications well: the administration is not totally open yet airy and transparent enough to let stakeholders see in. The same applies for official communication: it should be transparent, yet it cannot always be totally open.

Abrahamsson was one of the earliest Europeans to discuss official communications in the 1970's. He (1976, 190) distinguishes between the traditional provision of official information providing and communication. He mentions three different information strategies the officials have applied (in Sweden): the principle of publicity (offentlighetsprincipen), the principle of information (informationsprincipen) and the principle of communication (kommunikationsprincipen). According to the principle of publicity, the officials keep everything open, but communicate only reactively and quite passively when citizens ask for information. The principle of information demands more from the officials, as the officials have to communicate with all citizens equally. The principle of communication is the most demanding both for citizens and the officials, as they are both called upon to act as information seekers and providers in an ongoing discourse. The principle of communication is also the most democratic of these three, as it enables interaction and dissipative communication. Interaction is taken further in dissipative communication, where the recipient is not only expected to understand and communicate, but to create new associations and meanings (Åberg 2000). This thinking is related to the transactional model of communication (see Anderson & Ross 1994, Berko, Wolvin & Wolvin 1995, 52). The transactional model of communication gives equal roles of the sender and receiver to all those involved in and throughout the transaction. Though democratic and ideal, dissipative communication is often not feasible in the conditions and financial constraints within which public organisations operate.

Based on the thinking of Habermas, official communications can be divided into communicative and strategic ways of action (see Hakala 2000). Communicative communication is mainly based on the spread of information through the media; it emphasizes democratically informing citizens, protecting

citizens and starting an open dialogue between the state and its citizens (Bentele & Nothhaft 2004). Strategic communication accepts all means of communication as part of its function, and clearly defines its strategies, objectives, stakeholders and contents. Customer-orientation is stronger in strategic communications. In communicative communications, it is important to be open towards citizens. Both strategies accept the idea of serving citizens. (Prime Minister's Office 2000.) The starting point is that in their communication private and profit-making organisations follow a strategic operations model and have a clear sense of direction, whereas public organisations aim more at consensus through communicative communication. (Nieminen 2000, 109.) This thinking has been questioned in recent years along with managerialism and neoliberalism, as many public organisations have become more businesslike. It could be argued that at the moment the Finnish public organisations are gradually changing from communicative to strategic.

History has affected the development of official communication in Finland. Official communication in Finland was quite rare before the Second World War. During the wars in Finland, the emphasis was on propaganda and censorship and all official communication was centralized. Centralization was abandoned after the wars and Finnish official communication slowly became established on the principles of transparency and openness. Hakala (2000) distinguishes five strategically different phases in Finnish official communications since WW II. The first is the 1939-1951 period of crisis communication, which included the official-centred delivery of information on those matters that required it. The second, between 1952 and 1965, was a period during which the public administration was very quiet, when the officials were quite passive and expected to give little information about their activities. On the other hand, during this period all public documents were open to anyone interested. The third is the 1965-1975 period, when information necessary for the creation of the welfare state was actively disseminated. The fourth is the period between 1976-1986 of customer-orientation, which introduced the concept of interaction between the official and the public. The fifth is the period of openness that began in the 1980's information crisis of Tshernobyl. This has led to written instructions on official communications and the introduction of planned communication. (Hakala 2000.)

In Finnish public organisations special communication units were established in the 1980's, most of them in 1986 immediately after the communications fiasco of the Tshernobyl nuclear accident in neighbouring Russia. No news of the accident was communicated from the Russian side, leaving Finnish and Swedish officials and citizens with many questions. These questions, however, led to the foundation of special information units within most large public organisations. There has been a shift over time from mere publicity, through the delivery of information towards reaching dialogue and communication.

3.3.1 Regulations and guides

Public officials and their ability to communicate will have an effect on stakeholder opinions. "In a public agency, the economic resources and infrastructure are important but undoubtedly it will be the people who, through their management and daily work, will ensure an adequate public service." (Claver et al. 1999, 462.) This public official communication, however, is not entirely up to the individual officials, but depends on several guides, laws and publications that guide the process. A public organisation's patterns of communication have lately become more normative and they have been given more importance in Finnish public organisations. This has mainly resulted from the publication of influential guides for official communication.

The aims of any official communication must be easily accessible. The 2001 Prime Minister's Office publication of the working group report on central government communications puts forward the notion that official communications must meet the information needs of both active and passive citizens. All official communications must be conducted in a trustworthy, equal, independent and impartial way. Particular attention has been paid to the trustworthiness of official communications. In fact, professionalism and trust (doing what is expected) go together; in the knowledge-based economy that Finnish public organisations operate in, "a trustee's competence, ability, and expertise become increasingly important as an indicator of his or her ability to act as anticipated." (Rousseau et al. 1998, 402.) The importance of quality and intelligibility in official communications is mentioned, and the report advises public organisations to use planning, research and systematic scanning of their communications.

Legislation in the form of various statutes determines how Finnish public organisations communicate with the publics. Perhaps most fundamental is national legislation. The dissemination of information is governed mainly by The Act on the Openness of Government Activities (621/1999) and The Decree on the Openness of Government Activities and Good Data Management practises (1030/1999). The former is a product of a reform of the legislation on secrecy and access to information which was intended to increase openness on the part of the officials by requiring them to produce and disseminate material describing their work and to provide access to information on pending matters. The Decree on the openness of government activities and good practise in information management, (1030/1999) was issued later, following the act on openness, and its amendment in 2002 added provisions for the planning and organizing of governmental communication. The Administrative Procedure Act of 2004 emphasizes the officials' responsibility to communicate and stresses the need for transparency, as public organisations are legitimated in part through communication. Public organisations must assume a public-friendly attitude towards their stakeholders. In addition to this legislation, various governmental regulations and guides also direct the way officials communicate. In practise, the regulations and guides seem even more influential than the legislation, as

the guides provide clear and practical advice and guidelines within which to operate.

Finnish officials must serve the public in a transparent, open way. The regulation on the "Publicity of the official functions and good knowledge management" (1999) states that citizens have a right to information about public documents both during their preparation and after it. All documents in the possession of the officials must be accessible to citizens, unless classified. The officials are obliged to produce and share information as well as let the public know about any existing information or unfinished proceedings. Thus the content of official communication is not a problem: all official information must be shared and citizens have a right to demand this. This principle of openness is quite common in the Nordic countries, but quite rare in some other countries even within the European Union. In fact, the EU determines the broader decisions of its member states, but leaves the details to each state. Communication seems to be considered to be one such detail, as national laws and guidelines receive much more attention than EU guidelines.

Both the Information and Communication Strategy for the European Union and the Finnish Guide on Government Communication were published in 2002. The former has not been of much significance for Finnish public organisations. There are, moreover, many fundamental differences between Finnish communication and EU communication: whereas Finland operates on the principle of transparency, the EU operates on the principle of discretion. While Finnish official communication guides warn about the unsuitability of image advertising and PR in public organisations, the EU lists as one of its main aims an improved image through image marketing. (Commission of the European Communities 2002.) With such contradictory policies, it is no surprise that one should be preferred over the other.

The concept of handing down information is still evident in the older acts; the Act on the Openness of Government Activities (1999) states that officials must provide information about their actions. Information here is being given on the assumption that the organisation benefits from informing stakeholders and others connected with it (Juholin 2001, 19), but now it is no longer enough that official should inform the public, but they should involve citizens, participate in dialogue and open up their processes to ensure the increased participation of various stakeholders. Public organisations should become 'porous' like floorball balls (Keskinen 1998, Markkanen 1999). "The increased importance of communication within society, combined with notions of efficiency and profitability, place new expectations on governmental communication. For that reason, communication must be target-orientated, systematic and applied both in management and implementation." These words begin a publication that has shaped communication policies of Finnish public organisations. This is the 2002 "Recommendation by the Prime Minister's Office on the Principles and Procedure of Central Government Communication" entitled "Communication in the Finnish State Administration- towards open, trustworthy and efficient administration". This recommendation

has gained a lot of attention in Finnish public organisations, one reason being that it is one of the first of its kind to discuss two-way communication rather than the one-way delivery of information. The goal is towards an ongoing dialogue between the officials and those in contract with them. It is in some ways utopian theory for organisations and those around them, since an honest dialogue such as those that took place in the democratic Polis of ancient Greece is seldom achieved. However, dialogue, in one shape or another, is the foundation on which all public organisations' communication in Finland is built.

The average citizen may understand official communications as involving control over only minor issues, such as writing parking tickets or distributing notices (Karvonen 2001). These are official functions. It has been argued that Finnish public organisations are markedly work-orientated and exist mainly to enable people to carry out their responsibilities (Harisalo & Stenvall 2003). Relationships with stakeholders and other social aspects seem to be less important. This action-orientation can be detected even from the 1999 Act on the Openness of Government Activities, as it states in Section 3: "The objectives of the right of access and the duties of the authorities provided in this Act are to promote openness and good practise on information management in government, and to provide private individuals and corporations with an opportunity to monitor the exercise of public authority and the use of public resources, to freely form an opinion, to influence the exercise of public authority, and to protect their rights and interests that the administrator is to produce and share information, inform about its actions and produce."

In the more recent acts and guides, official communication is seen as a process, where officials and citizens together receive, produce and share information and take part in public dialogue through which meanings are created. This process must be honest and truthful: no false or artificially created impressions can be allowed to intentionally mislead the public. Impression advertisement, profile building, and image-advertising are seen as inappropriate in Finnish official communications. Reputation and profile should be formed directly through actions: "The reputation of state administration follows from its activities. There can be no justification for constructing images unrelated to the actual work of government, and, for example, image advertising is not an appropriate form of activity in communicating the work of state administration. Communication should not be about shaping positive public attitudes to the work of the authorities; it should aim at increasing openness and transparency." (Prime Minister's Office 2002.) This raises activities even above communications as the focal point of reputation, trust and even social capital formation. Communication is to be based on interaction, not top-down management. The goal is to achieve a trusting relationship with citizens and other stakeholders based on interaction. According to these principles, the Prime Minister's Office is aiming for management exactly like the New Public Service (explained in further detail in Section 5.3.5.). (Prime Minister's Office 2001.)

As laid out by the principle of transparency and the 2002 Recommendation by the Prime Minister's Office on the Principles and Procedure of Central Government Communication (the 2002 communications guide), Finnish public organisations are officially becoming open to stakeholder dialogue. Whether the dialogue will actually take place in the future, or be merely a PR-trick providing a "Do you see how open we are?"-show for stakeholders, that is, something that has to be said but is not applied, is still to be seen. The introduction to the 2002 recommendation states: "The purpose of the present recommendation is to advance openness throughout all government agencies and organisations within the state administration and at the same time to improve communication and information provision by state administration. The idea is to advance interactive communication and the principle of right of access to information and to emphasize the importance of government information to the general public and other stakeholders in enabling them to access information and enhancing their opportunities to participate in public affairs. Communication is also an integral part of management and an important tool for ensuring the realization of administrative goals." (Prime Minister's Office 2002.)

Lee (1998, 517) says that "we live in an information-drenched society, where the ability of the public administrator to communicate effectively with various publics is at least as important as it has been in the past, if not more so." However, the several guides and publications that guide the communications of public organisations run the risk of simply providing more knowledge without actually affecting the everyday practises of public organisations. The point of departure of all the Prime Minister's Office publications is the idea that information about how the officials should behave will be sufficient to influence action: when the laws and regulations are well understood, behaviour will change. What matters, however, is the actual opinions of those who are subject to official communication, in other words, the stakeholders. The empirical study Chapters go some way towards testing the official communications and the official trustworthiness that the guides and proceedings emphasize. It is interesting to report stakeholder opinions, for as Turunen (2002, 67 freely translated) concludes: "To throw fat on the fire; the (Finnish) public administration still seems to cultivate the belief that new skills and competencies as well as interaction skills are achieved through centralized internal directions".

3.3.2 From informing toward communication

The difference between informing and communicating is clear: communication is a two-way process, where both parties produce and receive information, whereas informing as an official function is one-way communication on the initiative of the official. (Grunig 1992, Abrahamsson 1976.) Even the 2002 guide on governmental communication makes this clear by defining communications as follows: "Communication extends the concept of information and covers all the different sorts of situations and activities in which the officials receive, produce and disseminate information and also those in which the authorities

and members of the public both as individuals and in associations of various sorts come together in dialogue to interpret social issues." (Prime Minister's Office 2002, 8.) The dominant political system also affects the communication of public organisations. The pluralist system has been linked with one-way communication, whereas the corporatist system has been linked with asymmetrical communication. However, in a system of societal corporatism, the communication can be both symmetrical and asymmetrical. (Grunig & Jaatinen 1999.) That is to say that on the national level, where the Nordic countries are rather corporatist, communication aims at symmetrical communications but each institution and organisation itself is quite pluralist as far as those it interacts with are concerned and thus the communication is mostly one-way. The ideal has been towards two way-symmetrical communication, which would ensure ongoing dialogue, yet this is quite idealistic.

Most public organisations have communications departments led by a Head of Communications. In the Finnish public sector the term 'communication' has become more popular since the early 1990's, which can be seen for example in changes in the title from Head of Information to Head of Communication. The change in name also implies that the communication department has the ability to listen. Besides, a listening organisation is bound to awaken stakeholder trust (Karvonen 2001). Moreover, "…trust, by keeping our mind open to all evidence, secures communication and dialogue." (Misztal 1996, 10.) The stakeholder should not only be heard, but should also be able to affect the formulation of laws and regulations. This requires constant interaction. (Hakala 2000, 86.) Official information should be provisioned of the initiative of the officials (Prime Minister's Office 2002).

Public sector communications encounter some typical problems. Lehtonen names two: 1) how to get the message through to an audience who, instead of factual information, merely have impressions of the public sector, and 2) how to provide the public with the information they need (Lehtonen 1998, 4). There is, in addition, the problem of understanding and therefore of possible unrealistic expectations. Communication satisfaction (the overall attitude or emotion describing how satisfied one is with information from various channels and the opportunities one has to communicate, or express oneself) also plays an important role in the communication of public organisations (Juholin 1999a). Different publics not only have different needs and expectations, but they also vary with regard to their communication satisfaction.

Some claim that the communication of public organisations is in fact marketing. Kotler (1975, 330) argues that "the question is not whether government agencies should engage in marketing – they can hardly avoid this – but rather what objectives, efficiency, and controls should be used." Even earlier approaches can be found; Pfiffner noted already in 1935 (p. 464) that "the public service suffers because it is the only business service which does not advertise. To correct this alleged defect, it has sometimes been suggested that a bureau of public relations be established in each department… They would merely try to study and direct the day-by-day prosaic contacts of officials with

citizens, so that the least possible friction would arise, and so that maximum favourable impressions would result." These seem to support EU policy, and contradict the communication guides put out by the Finnish legislature. Though the means may differ, their aim, however, does not. In fact, Finnish public organisations are seeking more favour with their stakeholders in order to legitimate their functions and ensure their own future existence.

An international, longitudinal study on communication management and tools (Excellence in Public Relations and Communication Management) showed virtually no differences between corporations, government agencies, non-profit-making organisations and associations in their communication. Public organisations practised one-way communication and applied the public information model, where the purpose of communication is merely to disseminate information, more than other organisations. (Abrahamsson 1976.) The communication officers of public organisations were rather more likely to report being in technician or media relations roles, suggesting that "…the historical public information or public affairs definition – of disseminating information to the general population directly or through the media – lives on in government." (Grunig & Jaatinen 1999, 220.) However, public organisations are moving away from journalist-centred thinking towards stakeholder-centred thinking, where communication is less formal and more ongoing: "At the same time, the data suggested that government agencies are moving towards a strategic, managerial and symmetrical role but that they are not quite there yet." (ibid.) This gives public organisations new freedom, as they are not so dependent on the media, but whatever the trends the reality is still some way behind. (Nieminen 2000.)

The public relations functions and communications of public organisations often differ from those of private organisations. The American public organisations' PR functions can be described as 'Public Information', whereas the private organisations' PR functions can be described as 'Public Affairs' (Wilcox, Ault & Agee, 1998, 333-343). In Finland this division is apparent in the glaring absence of the term 'PR' in public organisations' communications and guides, and the excessive use of the terms 'information' and 'communication' even in cases where 'PR' could be more accurate. The process of communication between officials and citizens has been called by various names, ranging from engagement or dialogue to PR and marketing. Traditionally, public organisations manage functions that involve self-disclosure, environmental scanning and even listening. The need to be involved in dialogue with their stakeholders is still a challenge (Juholin 2001, 29.)

Nowadays an ongoing process of change can be identified as the earlier communication of public organisations becomes receiver-centred communication, where the question is no longer what the public organisation wants to communicate but what those around it need to know. This shift is from publicity, where the citizen has to search and ask for information, towards communication and interaction, where the citizen and the officials together form messages tailored for each others' needs (Abrahamsson 1976). This calls

for long-term relationship management and strategic thinking as well as public relations practises. (Grönroos 2000.) Citizen and stakeholder involvement and dialogue with stakeholders are only achieved through communication and open and honest communication at its best creates trust. Given expression in several laws and orders, transparency and equity are the key concepts in any discussion of Finnish public organisations and their communications (Prime Minister's Office 2002). As Cinca et al. (2003, 256) conclude "The need for transparency in management is central to the public sector."

3.3.3 Official communication as relationship management

As the emphasis has shifted from one-way communication, in which the officials inform their publics, towards two-way symmetric, ongoing dialogue, the relationship between the organisation and its publics has become central. Rousseau et al. (1998, 401-402) observe in society a move toward small-scale relations, an era of more flexible forms of organising that is described as "a shift from institutional trust to individual and network-based trust" with a new emphasis on relationships. Zuboff (2004) suggests we are entering 'a support economy', which further emphasizes the importance of relationships. The social and cultural norms of the surrounding society also lead to an expectation of relationships. A relationship is also a way to control and survive among the possible threats from the organisational environment. (Broom et al. 2000, 16-17.) Moreover, the officials' relationships with citizens and stakeholders are expressed in laws and orders, and thus obligatory. (Grunig & Huang 2000.)

'Relationship management' is an approach to organisational communications emphasizing the importance of managing the relationship between the organisation and its stakeholders (Ledingham 2003). Like stakeholder, relationship management originates from management ideologies, but at least on the theoretical level has also quickly gained ground in public organisations and their communication. The traditional management of various publics and issues is turning towards ongoing interaction: building and maintaining a relationship between the stakeholders and the organisation. (Ledingham & Bruning 2000.) This shift places more emphasis on those stakeholders with whom public organisations have stable or frequent interactions, as they are the ones with whom a relationship can be built. However, public organisations must never concentrate on some stakeholders more than others, as they have to promote the principles of equity. (Prime Minister's Office 2002.)

This approach is new for public organisations, yet unavoidable given public organisations' change toward more managerialistic operations. A relationship includes alertness and scanning the environment for changes and trends that might affect the organisation (Wilcox et al. 1998). Along with managerialism and the relationship approach in public organisations, public services have also received more attention. Public organisations are expected to have relationships with their customers, and the relationship is viewed from the point of view of its profitability. There is a developmental shift from perceived

customer value to actual customer satisfaction and relationship strength and support. Relationship strength should develop into relationship length and the profitability of the relationship. (Grönroos 2000, 146-149, Zuboff 2004.) These phases as they are presented here are not totally applicable to public organisations, but they describe well current trends in public administration.

Relationship management is not wholly uncontroversial for public organisations, however. Though the importance of relationship and trust between officials and stakeholders is widely acknowledged, there is still the question of resources. Good customer relations are expected to turn into relationships of affection and trust. This is a process moving from initial questioning to a kind of friendship, where needs and ideas are shared. This type of relationship may not be achievable by public organisations, not necessarily even in their services, as their field is large and customers many. However, since the ideas of relationship management have many beneficial aspects for public organisations and since they are in line with the new applications of managerialism in public organisations, it is also discussed here.

There are two basic theories from which relationship management theory derives: resource dependency theory and exchange theory. The former places the organisation in a dependency and the latter emphasizes mutual benefit. (Broom et al. 2000, 13.) The relationship approach in the present study is organisation centred: official communication is approached from the point of view of public organisations. An organisation has a relationship with those who are influenced by it and who influence its behaviour. In relationship management, the concepts of interpersonal relationships are applied to organisations and their stakeholders. Though fitting, this application is problematic; there are some fundamental differences in the nature of these two relationships. A relationship is a state of mutual influence in the economic, social, political and cultural well-being of the other. Without a relationship, ongoing dialogue is difficult and vice versa. A relationship is formed when an organisation and those associated with it share interests and goals, which lead to mutual understanding and benefit; a relationship is formed and develops only when both parties accept it and benefit from it. (Ledingham 2003.)

A relationship is based on assessments and perceptions of behaviour; if well-intended behaviour is falsely interpreted, it does not lead to a relationship. A relationship may also be built on indirect interaction, and it need not only be between two parties. Further, one relationship may be interpreted in very different ways owing to the different expectations of the different parties. (Gröönroos 2000.) Moreover, relationships are seldom stable, but are in a constant mode of change and evolvement. Not only do relationships change but the demands, expectations and needs of those involved in the relationship are also subject to change. Over the life of a relationship there may be pendulum swings of what is considered important as well as changes on the levels of trust and involvement (Rousseau et al. 1998, 401).

Relationships are unique. Models explaining general trends and aspects of relationships have been criticized for their universalism and their neglect of

context dependency. However, both interpersonal and organisational relationships seem to consist of similar antecedents. Grunig & Huang (2000, 42-47) list four antecedents of a good, stable relationship. They begin with trust, which they define as confidence and willingness to open oneself for the relationship. The second they name is control mutuality, which refers to the distribution and agreement of power within the relationship. Thirdly, they mention commitment, the parties' willingness to continue the relationship, and lastly they name satisfaction, the parties' feelings of their needs being met in the relationship. These can be conceptualised to measure the quality of organisation-public relationships. Grunig et al. (1992) make a more thorough list of relational elements including 1) reciprocity, 2) trust, 3) credibility, 4) mutual legitimacy, 5) openness, 6) mutual satisfaction and 7) mutual understanding. Perhaps the most thoroughly researched list of relationship antecedents comes from Wood (1995). Based on studies of over 700 articles and books on satisfying interpersonal relationships, he concludes that a relationship consists of investment, commitment, trust and comfort with relational dialectics. Investment includes investments in time, energy, feelings, effort and other resources given to build the relationship, while commitment reflects the personal decision to continue a relationship. Trust is the feeling that partners can rely on each other that they are dependable, reliable, forthright, and worthy of being trusted to do what is in the best interest of maintaining their long-term relationship. Comfort with relational dialectics refers to the numerous risks and opposing forces on relationships which generate tensions and require a delicate balance.

According to the ideas of relationship management, official communication may be understood as managing the relationships between officials and those associated with them. The relationship management view emphasizes the strategic and stabilising function of communication between an organisation and its stakeholders. Communication serves as a mediator between the different and sometimes conflicting interests and concerns of the organisation and those in contact with it. (Ledingham 2003.) Relationship management can be understood as one of the most vital functions of organisational communication which determine stakeholder relations. Moreover, communication and relationship management establish the legitimacy and enable the success of the organisation. (Grunig & Huang 2000, 24.)

Relationship management is an important public relations function of most organisations. It is not in fact a new concept, although it has gained ground recently. Ledingham (2003, 182-183) finds four reasons for the emergence of the relational perspective in discourse on Public Relations. Firstly, there is the recognition of the central role of relationships in public relations. Secondly, there is a re-conceptualizing of public relations as a management function. Thirdly, the identification of components and types of organisation-public relationships, their link to public attitudes, perceptions, knowledge and behaviour, and relationship measurement strategies have gained ground. And

fourthly, the construction of organisation-public relationship models that accommodate relationship antecedents, process, and consequences has increased.

3.3.3.1 Organisation-public relationship

Organisation-public relations can be divided into various types, for example interpersonal, professional and community relationships. The levels of relationship antecedents vary between these different types of relationships. (Ledingham 2003.) The officials' relationship to those dealing with them are active on all levels; though the most dominant is perhaps the professional relationship, official communications are embedded in the community and function according to its rules, but sometimes interpersonal relationships develop between officials and their frequent contacts. Distinguishing between the different types of relationships is difficult owing to their changing nature, as well as the multifaceted nature of any relationship. The level of involvement also varies from cognitive to emotional (see Zaichkowsky 1985, Laaksonen 1994). Good relationships are vital for organisations to ensure their legitimacy and survival, as good relations help cut transaction costs, ease conflicts and enable joint planning. Good relations between an organisation and those with whom it interacts are reflected outside the organisation as trust and a good reputation. Good relations are an asset to the organisation; they may even contribute to its social capital (Ilmonen 2000a).

Although they have been compared to each other, official/stakeholder relationships do not develop in the same way as romantic relationships. Based on the relationship types put forward by Deutsch (1985, 78) several differences can be distinguished between 'public' and 'private' relationships. In the first place, the relationships between the staff of a public organisation and the stakeholders in that organisation are often task-oriented rather than socio-emotional. One explanation is that the officials represent an officialdom: right from the start there is an assumption of official behaviour based on the background of the parties involved in the relationship. Moreover, the relationship between stakeholders and officials is often realized within working hours and in bureaucratic settings, which may also contribute to the type of relationship. Secondly, the relationship between officials and stakeholders is often official as opposed to unofficial. Thirdly, these relationships are often based on collaboration rather than competition or defection, emphasising equality and shared goals. Especially in peer relationships between officials there is a high level of collaboration and equality. However, when compared to the stakeholder relationships of business organisations, it can be concluded that the stakeholder relations of public organisations are not very different. Public organisations, however, operate in a more distant and official setting than the customer relations and PR of profit-making, business organisations. Hence the stakeholder relations of public organisations are expected to be somewhat more distant and official than, for example, friendships. (Deutsch 1985.)

Communication is the way to maintain relationships. Grunig & Huang (2000, 40) list several strategies for the maintenance of a relationship, balancing the interests of the various publics and the organisation. They note that the current state of any relationships should be understood before choosing a strategy. Cooperation is the best way to maintain a relationship, as it enables a win-win situation of mutual benefit. Being unconditionally constructive is another way to maintain the relationship, yet this strategy is somewhat unrealistic in the everyday operations of organisations. The third strategy is the possibility of no relationship: should interests seriously differ there is the chance of no deal at all. Other less ideal strategies for maintaining relationships are compromising, accommodating, avoiding and contending. These are less democratic, but necessary in some cases. If the needs of those involved in the relationship are not met, the relationship faces the threat of breaking down. For example, the organisational relations of public organisations are in need of constant scanning. With changes in society, the political sphere or attitudes, public organisations run a risk of promising something that cannot be delivered. Government guides and publications promise interaction and building a relationship with citizens, yet this is rarely carried out, owing to lack of resources and a strong bureaucratic culture. However, there is a divide between symbolic, more communication-oriented, and behavioural, behaviour- and deeds-oriented relationships; the mere fact that an organisation makes an attempt to build relationships and communicate creates an image of openness that promotes trust. (Grunig & Huang 2000.)

Many of the aspects of interpersonal relationships are present in the relationship between an organisation and its publics. Ledingham & Bruning (1998, 60) approach the organisation-public relationship through five factors: 1) Trust, the parties' belief that the organisation will keep its promises, 2) Commitment, the organisation's commitment to taking part in social welfare, 3) Openness, the degree the organisation shares its plans for the future, 4) Involvement, the involvement of the organisation in the welfare of society and 5) Investments, the investment of money, time or effort that the organisation places in social welfare. These factors are very similar to those of human relationships, and they are crucial, especially in competitive situations. Organisational involvement and support for social welfare can engender loyalty towards the organisations among key publics, provided that the involvement is known to these key publics. "What emerges is a two-step process in which organisations must 1) focus on the relationships with their key publics, and 2) communicate involvement of those activities/programs that build the organisation-public relationship to members of the key publics." (Ledingham & Bruning 1998, 63.) What does this mean for public organisations and official communications? It means simply that they do what their stakeholders expect and trust them to do, and then let stakeholders know what they are doing. Without communication the organisation's deeds, however good, bring them no benefit. (Sjovall & Talk 2004).

The organisation-public relationship may also be approached through its foundational assumptions. Based on earlier literature, Ledingham (2003, 195) lists 14 axioms of the organisation-public relationship. Some of these touch in the relationship between the organisation and the publics, other on the role of public relations and communication. Some of the axioms also fit the relationship between officials and their stakeholders. These axioms sum up well the discussion on relationship management. The axioms state that 1) Organisation-public relations are transactional, 2) they are dynamic and change over time, 3) they are goal-orientated, and 4) they have antecedents and consequences and can be analysed, for example, in terms of relationship quality, maintenance strategies, type and actors. Organisation-public relationships are 5) driven by the perceived needs and wants of those interacting, and thus 6) the continuance of the relationship is dependent on the degree to which expectations are met as 7) the expectations are expressed in interactions between the organisation and its publics. Organisation-public relations 8) involve communication, but they are not merely built on communication, as 9) the relationships are impacted by relational history, the nature of the transaction, the frequency of exchange and reciprocity. Organisation-public relationships can 10) be described by type (personal, professional, community, symbolic and behavioural) independent of the perceptions of the relationships. 11) The proper focus of PR is relationships, not communication, as 12) communication alone cannot sustain long-term relationships in the absence of supportive organisational behaviour. 13) The effective management of organisation-public relationships supports mutual understanding and benefit and 14) the relational perspective is applicable throughout the PR process and with regard to all PR techniques.

3.3.4 Official PR

Public organisations have many duties which could be called 'PR activities', though they are not always called this. In fact, the concept of PR has been sometimes marked as ethically questionable, and thus unsuitable for public organisations. However, in training for public administration the concept and practises of PR have come and gone; they emerged strongly from the 1930's to the 1950's, but disappeared in the 1980's and 1990's. Some people are expecting their reappearance in the 21st century. Their disappearance was possibly due to image problems (see Lee 1998), and it does not signify a lack of communication or PR; merely the names used have varied in terms of fashion. Public organisations cannot be without any sort of PR, in fact, as Dimock & Dimock noted in 1953 (p. 403), "In the broadest sense, public relations is almost synonymous with the administrative process itself because its purpose is to satisfy all parties of interest- public, employees, and management included." Moreover, as Lee (1998, 515) notes, "Administrative policies in a democracy must be accompanied by public relations because "compulsion devoid of persuasion and explanation is a two-edged sword, likely to leave the individual hurt and antagonistic". Enforcement of a regulatory programme should include

communication efforts so that citizens will understand and accept the rationale for the rules and limitations being imposed on them." The function of informing, which has traditionally been understood as one of the main requirements and functions of public organisations, could be understood as a PR activity.

Public Relations (PR) has been defined as management of the relationships and communication between the organisation and those in contact with it (Ledingham & Bruning 2000, Grunig 1992). More precisely, Public Relations is an ongoing and target-oriented management function for evaluating the attitudes of publics, identifying policies and procedures to suit the public interest and the execution of programmes to earn the acceptance of publics (Kotler & Andreasen 1987, Vos & Schoemaker 1999). PR is a way to create goodwill for an organisation (Vuokko 1993.) "Public relations is a process involving many subtle and far-reaching aspects. It includes research and analysis, policy formation, programming, communication, and feedback from numerous publics. Its practitioners operate on two distinct levels—as advisers to their clients or to an organisation's top management, and as technicians who produce and disseminate messages in multiple media channels." (Wilcox et al. 1998).

Official PR has been defined as "the collaboration of officials and citizens, where the officials aim at achieving citizen trust and helping citizens understand the actions of decision-makers by providing citizens with background information and by informing citizens of public services via contemporary communication channels." (Turunen 2002, 62 freely translated). This definition highlights the importance of trust, but it overlooks the importance of dialogue and two-way communication and stakeholder involvement. Thus for the present study, official PR is defined as the formation and maintenance of relations through trustworthy everyday actions between officials and stakeholders that legitimate and enable the conduct of official functions and stakeholder participation in the process.

PR also serves the function of making organisational processes transparent; providing those associated with the organisation with a chance to monitor its activities. This monitoring is becoming ever more important in the contemporary world (Juholin 2003, Panteleeva 2002). Moreover, the role of PR is to achieve consistency between organisational goals and society's expectations, as PR "helps achieve organisational objectives, define philosophy and facilitate organisational change. Public relations practitioners communicate with all relevant internal and external publics to create consistency between organisational goals and societal expectations. Public relations practitioners develop, execute, and evaluate organisational programs that promote the exchange of influence and understanding among organisations' constituent parts and publics." (Baskin & Aronoff 1992, 4.) To ensure effectiveness, the public relations programme of any organisation should be "broadly conceived, formulated with the help of everyone in the institution, carried out by every employee, focused on the public, and largely directed from the office of the top

executive." (Dimock & Dimock 1953, 403). Thus to simplify the functions of PR, they must identify individuals, groups and organisations that are important for the survival of the organisation and involve these individuals, groups and organisations in a relationship with the organisation in order to share expectations and needs and create a favourable operating environment for the organisation. Communication is the necessary tool for conducting PR and stakeholder relations. Organisational communications and PR serve to balance the interests of organisations and their environments and stakeholders. Thus the success of PR can be measured by examining the relationships the organisation has with associated with it. (Ledingham 2003.)

PR has many roles in society. PR scholars argue that PR contributes to a democratic society by making information available, by building relationships between possibly opposing views and maintaining consensus. (Cutlip et al. 1994.) Moreover, PR creates an air of openness and transparency. Tampere (2003) finds many beneficial functions of PR in society. First, PR heightens attention to social and public responsibilities among government administrators and business executives. PR also makes organisations responsive to public interests, and contributes to the public information system that prevails in a democratic society. Further, PR helps organisations anticipate and react to significant changes in public perceptions, values, lifestyles, opinions and other changes in the environment. (Tampere 2003, 51.) Critics claim the opposite: instead of opening the processes of organisations and helping society by providing balanced, honest information and creating relationships, PR distorts the facts, involves propaganda and manipulates public opinion for individual gains. PR is sometimes even linked with corruption, and PR-practices have had a bad reputation for a long time. The views of both scholars and critics are justifiable. However, what matters more is the definition of PR and its practises. Often PR is confused with the promotion of products through marketing or advertising on false premises or misleading promises or questionable practises such as propaganda. PR and propaganda have a common aim: systematic changes in opinions. However, unlike propaganda, where the source is not identifiable, the source of PR should always be identifiable. (Jowett & O'Donnell 1992.)

Four categories of PR are often used to describe the type of communication an organisation aims to achieve with regard to its environment. Presented originally by Grunig & Hunt (1984), PR functions, and possibly even to some extent organisational communication, can be divided into four categories: 1) publicity, 2) informing, 3) asymmetric communication and 4) two-way symmetric communication. Publicity is the propagandist, one-way transmission of information used in advertising and sales promotion to affect public attitudes and behaviour regardless of the truthfulness of the contents. Informing the public happens with reference to matters the organisation considers to be of interest or concern to the public, and this is achieved through one way communication. Asymmetric communication acknowledges the role of the public and involves the processes of scanning and feedback. In asymmetric

communication, the organisation still maintains its authority, but it is interested in public attitudes and expectations. Two-way symmetric communication is a dialogue between the organisation and its environment and publics. In this case, emphasis is on collaboration and mutual understanding. In recent decades, two-way symmetric communication has become the ideal for many organisations, even Finnish public organisations, though most of their present day communication could be categorized as informing. (Grunig & Hunt 1984, Lehtonen 1998.) However, two-way symmetric communication is rarely achieved in a setting where the number of officials is a small fraction of the number of stakeholders interested in dialogue. Though all forms are practised today by different public organisations, the four categories can in fact be simplified into a historical continuum in the trends of the communication practises of Finnish public organisations, ranging from propaganda of the period of the Second World War, to informing the public, on to the collecting of feedback and eventually aiming at establishing a continuous relationship with the organisation's environment and its stakeholders. (Lehtonen 1998.)

Thus the concepts of PR are not unknown to public organisations, but the use of the term 'PR' is only found in the literature before the 1980's. In 1939, McCamy listed the objectives of public relations in public administration based on a study of federal agencies. First he identifies the distribution of publicity among the agency's clients, as well as the catching and holding of the attention of the general public. Public agency PR aims to influence legislation as well as reply to attacks on the agency. McCamys' list also includes the notions of avoiding publicity and reporting the routine news of government. A later record of the PR functions of public organisations can be found in Millet (1954, 123), including learning about public desires and aspirations, advising the public about what it should desire, ensuring satisfactory contact between the public and government officials, and informing the public about what an agency is doing. Though it is not stated explicitly, the trend even then was towards ongoing interaction between the officials and citizens and stakeholders. Philip Selznick (1957, 7) is one of the earliest scholars to note the longer time span involved in the relations between a public organisation and those with whom it interacts; "As … a government agency develops a distinctive clientele, the enterprise gains the stability that comes with a secure source of support, an easy channel of communication."

One trend emerging in the field of Public Relations is the relationship management approach discussed above. The PR of public organisations includes not only communication. As a consequence of managerial thinking, it has been suggested that public sector is itself a brand, with brand promises. The Finnish public sector brand promises could be described as "trustworthy but bureaucratic" (see Tarvainen 2002, Turunen 2002). The overall reputation of the public sector affects stakeholder opinions of any individual public organisation: a favourable reputation among stakeholders is the objective of all public organisations, as it provides a more favourable operating environment. Honest and positive two-way communication is a valuable commodity in the every day

functions of Finnish public organisations, both internally within the organisation, and externally, in relation with stakeholders.

Public organisations, their communications and their relationships have been discussed here to ensure better understanding of the sector's needs and requirements. To conclude, the present study uses the managerial concept 'stakeholder' in relation to public organisations to include all the publics, customers and citizens that influence or are influenced by the public organisation. Finnish public organisations exist to serve their stakeholders. Communication is in the present study seen both as a tool, a means to establish favour with stakeholders, and something valuable in itself, 'an sich', as it enables dialogue between officials and stakeholders. Official PR is here defined as the forming and upholding of relations through trustworthy everyday actions between the officials and stakeholders that legitimate and enable the conduct of official functions and stakeholder part-taking in the process. A relationship between the organisation and its stakeholders is valuable, but it is not always achievable within the resources on which Finnish public organisations operate. The next Chapter, before moving on to the empirical study, discusses the significant intangibles of the present study: social capital, trust and reputation.

4 INTANGIBLES: SOCIAL CAPITAL, TRUST AND REPUTATION

Constant change is a feature of most organisations and institutions in modern society. Social exchange theory suggests that people depend on others for 'rewards', most of the things they want out of life. This interdependency makes it rational to collaborate and exchange with others. This exchange is not only economic or material but also social, and exchange in the social context is often intangible. Sztompka (2000, 11) speaks of a culturalist turn in sociological theory that has placed greater emphasis on soft variables, such as intangible concepts. Intangibles are indefinite and incapable of being perceived by the senses; they lack physical substance or intrinsic productive value, yet they are saleable though not materially or physically. (Roget's Interactive Thesaurus 2004.) Intangible concepts are risky, as their definition much like their very essence, can be vague and vary with the definer. What is understood by intangibles changes with time and context. Moreover, "no social mechanism comes about or can be sustained in isolation from other social mechanisms and practises" (Ilmonen 2000a, 6). Thus applying or measuring intangibles requires unambiguous definitions of the concepts in the current context.

Capital can be understood to be both a concept and a theory. On the conceptual level it describes investment in certain types of resources of value in a given society. However, on the theoretical level, capital describes the process by which capital is captured and reproduced for some sort of return, either economic or other. On the theoretical level the classical theory of capital of Karl Marx (1867) is a good example; his definition of capital as part of the surplus value created in a production process for the benefit of those controlling the means of production is still applicable (Lin 2001). The concept of capital thus refers to investment for return. Capital has traditionally been divided into three categories: physical capital, financial capital and intangible capital (Ståhle & Grönroos 1999). The first covers the apparatus of the organisation consisting of machines and buildings, while the second covers finances and investments. Intangible capital is everything else benefiting the organisation: the knowledge of the personnel, the acquired relationships with the organisational environment and the reputation the organisation has achieved in the

environment. All these add value to the organisation, yet they often remain uncalculated and unappreciated.

The basic assumption behind all intangibles is that they become capital only when they provide something useful and applicable. Moreover, intangibles are a difficult investment, as the profitability of such investment is difficult to quantify (Cinca, Molinero & Queiroz 2003, Rothstein & Stolle 2003). Intangible capital has often been divided into human capital and social capital. The former refers to the acquired capabilities of an individual such as knowledge and education, whereas the latter refers to the resources available through social connections, such as services, knowledge or a good reputation. Social capital theory refers to investments in social relations that create surplus value (Lin 2001, Hjerppe 2004).

The value of the different types of capital has traditionally been economic or physical capital centred. Traditional organisational thinking has had little interest in intangible concepts: what counts has long been profits and other easily measurable assets. Traditional economic thought has questioned the value of something imperceptible and unobservable and thus possibly unreal. However, this thinking has given way to a new understanding in which intangibles matter (See Vercic 2002). According to current calculations in Finland, for example, the value of the traditional resources, such as forests, is only about ¼ of value of the intangible capital such as human capital and social capital. (Hjerppe 2004.) Aula & Heinonen (2002) note that the complexity of organisations, transparency and publicity as well as social change and the speed at which stories are told have given new significance to impressions. There are also more different stakeholder groups, and more affairs are considered 'public' or reported on, and treated as of interest even to those outside the organisational boundaries. Markkanen (1999) compares modern day organisations to floorball balls which are full of holes, with each hole providing a somewhat different view of what is inside. The organisation cannot, however hide what is inside, as it would be accused of hiding something. Hence intangibles are required to create favourable impressions of the organisation.

It has been suggested that tangible capital becomes applicable through intangible capital. This has to do with the various forms of intangible capital introduced in neo-capitalist theories: human capital, intellectual capital, social capital, communicational capital and even reputational capital. (Vercic 2002.) Lehtonen (2000, 192) suggests that communicational capital facilitates the productivity of organisations by providing for the beneficial use of the data systems and maintaining the organisation's relations with stakeholders; communication can be seen as the catalyst that makes intangible capital productive. Communicational capital can also be distinguished on the societal level, where the communicational capital of societies consists of "such knowledge on the part of citizens, such communication structures, and such a communication climate that together support civil dialogue between citizens, various organisations and the officials." (freely translated from Lehtonen 2000,

192.) Hence social capital is understood to include communicational capital. (Lin 2001, Lin 2005.)

Intangibles play a role in the creation of financial capital: In a 2001 speech on globalization, the economist Fernando de Soto made a statement about capital and the poor. He claimed that physical assets can only be converted into capital through legal descriptive terminology and institutions. He claimed also that the source of poverty in the world is not lack of assets, but rather lack of conceptualization of capital or functioning legal institutions, for example public organisations where the assets could be recorded and converted into capital. It has been suggested that institutional mechanisms that protect property rights as well as support repeated interactions in society, provide for and enable trust to form in society (Rousseau et al. 1998, 401). Societies with good reputations for well functioning public institutions provide a better basis for economic flourishing than those with little trust and corrupt public institutions. (Kumlin & Rothstein 2005).

One attempt to price intangibles comes from research on brands and brand values, since brands incorporate the added value of impressions. A brand is here understood in terms of reputation, the good-will value of a trademark; "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services" (Kotler 1997, 443). Intangible capital has been calculated as the difference between an organisation's book value and its market value. The financial capital alone does not determine the market value, but it is the intangible capital that adds to it to create market value. (Cinca et al. 2003, Lehtonen 2000.) In recent decades intangibles have received more attention in organisational communications as well as in the financial market, though they have always existed on some level. (Vercic 2002.)

For organisations intangibles are essential, since "A corporation is an artificial, invisible, intangible being" as stated by Alfred Marshall in the early 20th century (Webster's Revised Unabridged Dictionary 1998). Ronald Coase (1990) goes even further in suggesting that organisations would not exist without intangible capital, as organisational transactions mainly consist of information (Vercic 2002). Similar thinking is applied in systems theory and also stakeholder theory. The intangibles of an organisation are assessed during various meetings between the organisation and the public. These meetings include interpersonal meetings between a representative of the organisation and the public, use of the organisation's products or services, stories told by others about the meetings and products or services and organisational communication both from and about the organisation. (Aula & Heinonen 2002). All these levels of meetings affect the outcome, the impression an organisation makes and whether it is trusted or not.

An impression of an organisation is formed on the basis of many various factors. Though a thorough model for impression formation may never be achieved as it is an individual process, overall an impression is understood to be formed on the basis of attitudes, expectations, values, beliefs, hear-say, knowledge, observations, experiences and prior impressions (Vuokko 2004,

201). Public organisations are realizing the importance of intangibles, as they aim to take better decisions and legitimate their functions (Cinca et al. 2003). Impression formation is the same phenomenon for public organisations and profit-making organisations; only the contents vary (Sjovall & Talk 2004).

4.1   Intangibles in public organisations

The neoliberalist thinking implanted in public organisations appears to have emphasized the importance of intangibles. As public organisations have to treat the citizens and organisations working in collaboration as customers or stakeholders, immaterial assets play a larger role. As Finnish public organisations are moving away from their traditional role as a provider of democracy and establisher of equity for all citizens, toward a profit-oriented competitive role, stakeholders' assessments become more important (Vuokko 2004). Customer satisfaction, the degree of trust in stakeholder relations and the overall image and reputation of public organisations become things worth measuring and improving, since they "…may contribute to the attainment of objectives, or to increase capital flows and development opportunities." (Cinca et al. 2003, 258). Similar developments are also occurring in other countries. Whether this development is beneficial or destructive to democracy and social welfare remains to be seen in the future. The argument for the importance of intangibles has, however, met with a counterargument, since in fact, in Finnish public organisations, money is becoming more and more important. (Määttä & Ojala 1999.) Intangibles may, however, be exchanged for tangibles, as for example a good reputation and satisfied stakeholders would add to the likelihood of future funding (Sjovall & Talk 2004, Fombrun 1996). Meanwhile, fully understanding the intangible concepts associated with public organisations becomes important.

Intangible assets in the public sector have certain distinctive features due to the nature of the public organisations. Though there have been many changes within a short time-span in public organisations, Cinca et al. (2003, 251-253) note that the public sector normally proceeds at a slower pace, and that there is lower motivation for the adoption of new management practices and methods. In Finland this may also be due to the frequency with which new management fads are introduced and applied (Lumijärvi & Jylhäsaari 2000). This slower pace has probably contributed to the adoption of practises to measure intangible assets as well. Cinca et al. note that public organisations have multiple specific objectives, amongst others to promote and ensure security, education and justice. These objectives are often more intangible in nature than those in the private sector, and they are not as readily quantifiable as financial profits. Public organisations also face stronger pressure for social responsibility and concern for the environment, as they are expected to behave in an environmentally and socially acceptable way. Though good reputation

and trust are necessary for all organisations, there is a greater need for transparency in public organisations than in the profit-making organisations. Intangibles have become increasingly important for public organisations as they aim to maintain legitimacy and support. The value of intangibles has traditionally been difficult to measure, yet many services and functions of public organisations are such that their efficiency may only be understood through intangibles.

The intangibles of public organisations have received little attention in research. Cinca et al. (2003, 250) claim that despite this, intangibility is even more present in public organisations than in profit-making organisations. They give several reasons for this. Public organisations have multiple objectives of a non-financial nature, as compared to the private sector's concern with profitability. Furthermore, though the inputs may be similar in both public and private sector organisations, public organisations make more intensive use of intangibles such as human resources and knowledge. Also the final product of most public organisations takes the form of services, and services themselves are essentially intangible, as well as the stakeholders' estimations of those services. Moreover, public organisations have more diverse stakeholder groups with different needs, and thus many impressions are formed (Bromley 1993).

The managers of public organisations have less room for manoeuvre: the principle of transparency prohibits this. As all public organisations' moves and strategies have to be open and transparent, and even in beneficial development, "public sector managers often find their hands tied by red tape and bureaucracy." (Cinca et al. 2003, 252-253.) The amount of external reporting demanded from public organisations by far exceeds the reporting of private organisations. Public organisations are expected to report the use of their intangibles, their effectiveness, and their image. Such pressures do not exist in private organisations, where such information could even be considered to be commercial trade secrets. On the other hand, there is less urgency to quantify in public organisations: where the purpose of the intangible assets in private organisations is to contribute to profits, the purpose of intangibles in public organisations is to enable the better functioning of public services. Moreover, some of the resources of public organisations are also intangible: human resources and knowledge. The resources of the public sector are even more intangible than in the private sector, where money plays an important role.

This lack of quantifiable evidence has long been a challenge for public organisations. Yet it has tended to become apparent only after serious economic challenges, such as the economic depression of the 1990's. Dragonetti & Roos (1998 in Cinca et al. 2003) have approached this challenge by operationalizing 6 concepts for the measurement of intangibles in public organisations. In proving the success and effectiveness of a stakeholder network programme introduced by a Canadian public organisation, they paved the way for the measurement of intangibles in public organisations. Dragonetti & Roos operationalized the intangibles into 1) human capital, 2) structural capital, 3) competition capital, 4) attitudinal capital, 5) organisational capital and 6) renewal and development

capital. These have served as a foundation for other scholars as well. A more recent listing comes from Cinca et al. (2003, 257). They classify intangible assets relevant to public organisations under four headings, all of which may influence the functions of a public organisation, even funding decisions:

1. Internal organisation (ability to innovate, know-how, structural organisation, corporate culture and links and contacts)
2. External structural capital (service, image, transparency)
3. Human capital (aptitudes of civil servants, permanent training, conditions of service)
4. Social and environmental commitment (social commitment, environmental commitment)

Internal organisation intangible assets are related to processes and procedures that enable the organisation to function and achieve its objectives. Various internal aspects such as the ability to innovate, know-how, structural organisation, corporate culture and the networks of contacts all add up to the intangible capital of the internal organisation. External structural capital concentrates on the external relations and reputation of the public organisation. As public organisations aim to serve the citizens, an emphasis is placed on service quality and satisfaction. Public organisation service quality has been found to consist of assurance, empathy, responsiveness, reliability and tangibles. Transparency is crucial to external structural capital. Human capital is concerned with all the human resources and knowledge that are essential for the achievement of the objectives of the organisation. Social and environmental commitment is an end in itself in the public organisations. (Cinca 2003, 257-258.) The focus of the present study is on external structural capital, though the concepts applied are perhaps broader: trust is here understood to cover transparency and the concept of reputation to cover both image and service.

Several levels can be distinguished which affect the assessment of public organisations' intangibles. It is not merely the reputation, image and trustworthiness of each public organisation as a unit that is under scrutiny, but rather other surroundings as well. There is a sector image that includes different types of organisations and binds them together (Bentele 1994, Vuokko 2004). There is also an image of the locality of the public organisation. Also the image of the country and even the continent may affect the way the public organisation is assessed. The different image levels may or may not be based on reality. In addition, the different image levels may even conflict, and thus leave public organisations fighting over even unchangeable or deeply rooted impressions. On the other hand, the different image levels may help the organisation by providing intangibles that are almost automatically associated with, such as trustworthiness and expertise in the case of Finnish public organisations (Tarvainen 2002). Moreover, public trust in general is relevant for intangibles. Public trust is here understood as a mediated process where public persons, institutions and the whole social system act in the role of trust objects to reduce complexity. Public trust is both seen as a process and as an outcome, it is based on expectations based on previous experiences (Bentele 1994, 141).

There are certain intangibles that public organisations have to offer society at large that can be understood as capital and beneficial for the economy of the nation. Such are for example the civil liberties, the quality of bureaucracy and law and order in general. Extent to which a society is law abiding also contributes to the credibility of the public sector and even the whole nation, as investors are interested in a nation where their activities are protected and safe and where people can be trusted to do what they promise without extra regulation and control. There are however certain features of public sector social capital that correlate negatively with economic growth. Such are corruption, repression, general distrust and a high risk of expropriation. Studies show that the level of trust in society is also connected to annual income growth. Knack & Keefer (1997) found that each 12 point increase in trust was associated with an increase in annual income growth of about 1 percentage point. Later Hjerppe in his study of 28 countries between the years of 1980 and 1992 found that each ten-point increase in trust was associated with an increase in growth of 0,46 percentage point. (Hjerppe 2004.)

4.1.1 Intangibles of the present study

The present study has its origin in the field of organisational communications and PR, and thus concentrates on those intangibles associated with organisations and their environment. Organisational communications and Public Relations are here understood as similar in content though various in definitions. Whereas organisational communication often refers to people communicating within an organisational context, Public Relations is understood overall as a long-term, strategic management function of planning and maintaining relationships and goodwill with those in and around the organisation. Despite these differences, both terms are here used to describe similar matters; organisations and their communication.

The study focuses on the stakeholder relations of public organisations and the advantage those relations provide for public organisations. The main area of interest is in the external structural capital of public organisations (Cinca et al. 2003, 257) and the advantage or 'social capital', the external structural capital produces. Of the external structural intangibles, three concepts are chosen. These are the concepts of social capital, trust and reputation. Social capital is chosen as a new concept under which stakeholder relations can be viewed as a resource for the organisation. Trust is chosen not only for its fundamental role for public administration but also for its future-orientation. Reputation on the other hand is here chosen for its practicality, as it refers mainly to past instances of service, past images and experiences of trust, or rather impressions based of those experiences. These are believed to be reflected in stakeholder assessments. Reputation is also less controversial to operationalize than trust.

Stakeholder relations as such are obligatory and beneficial for public organisations, but what is more beneficial is the potential that good relations can mediate. Moreover, "it is an asset for the individual to have a reputation as being trustworthy and to be able to trust the people she knows, but if this is

only an isolated social contact, it does not add up to much capital. On the individual level, social capital is the sum of the number of social contacts multiplied by the quality of trust in those relationships." (Rothstein 2003, 112.)

Intangibles are usually assessed in terms of several related measurable variables (Cinca et al. 2003). When organisational stakeholders assess intangibles, such as their trust in a public organisation and its reputation, several aspects have to be taken into consideration. These are expectations, shared worldview, prior experience and knowledge of the target. Yet even with these considered, social science is not exact; it is concerned with human behaviour which is subject to change. This makes stakeholder assessments equivocal, and often in stakeholder research the aim is to understand general trends instead of detailed records of the minds and thoughts of each stakeholder.

The concepts used in the present study can be understood as interrelated. Social capital is however here taken as the grand overarching concept. Social capital is understood, as defined by Lin (2001), to consist of resources embedded in social networks, resources that can be accessed or mobilized through ties in the networks and, further, (Rothstein 2003, 15) "the extent of trust in other people in a society or organisation within which individuals act". Social capital is here understood as a resource of public organisations. Social capital can provide organisational efficiencies; trust and good reputation enable cooperation. Organisation's cognitive frameworks or paradigms are largely dependent on the variables of stakeholder reputation and trust. Stakeholder trust and the reputation of public organisations together form the social capital that enables public organisations to function (Figure 14).
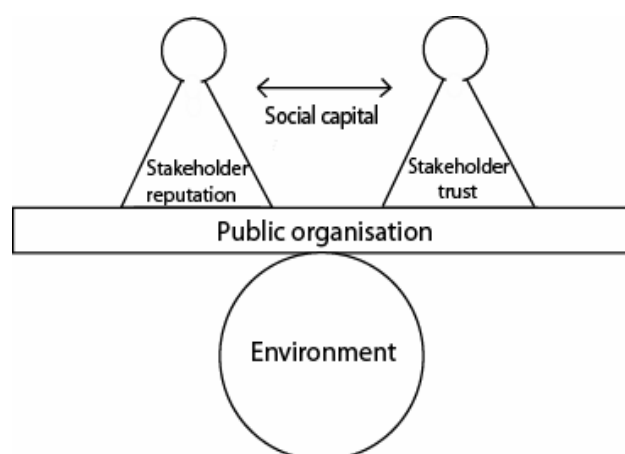
FIGURE 14 Weights (triangles) in the Figure are the components of social capital. To remain stable and efficient, despite the changes to its operational environment, a public organisation balances its social capital through interaction with stakeholders.

Reputation refers to the past history and the sum of stories told about the organisation among the stakeholders (Sztompka 2000, Bromley 1993, Fombrun & Van Riel 2003), whereas trust refers to the future expected behaviour of the

organisation, what is believed and expected of it (Seligman 1997, Rothstein 2003, Bentele 1994). Trust is here understood as faith in the interaction continuing (Seligman 1997), yet also a prerequisite of a cohesive society (Ilmonen & Jokinen 2002). Trust and reputation are formed in the minds of individual stakeholders, yet often understood as collective attributes (See Hosmer 1995 & Bromley 1993.) Trust and reputation are both products of social interaction (Ilmonen 2000a, 22). Both are useful to an organisation as they create a positive operating environment and reduce transaction costs (Hosmer 1995). Moreover, good reputation may produce social capital and trust, and vice versa (Pizzorno 2004).

"A good reputation is the result of trustworthy behaviour, and trust in this sense... is the economically rational decision to do exactly what you have contracted to do or promised to do because otherwise you would suffer an eventual loss in reputation and hence, in contracting opportunities." (Hosmer 1995, 386). These intangibles help describe the relationship between a public organisation and its stakeholders. Figure 15 links these concepts together over time and demonstrates the organisation-stakeholder relationship and its development. As shown in Figure 15, trust becomes reputation as present turns into history. Reputation in turn creates trust. Where trust is an element of a relationship, reputation is the experience of the relationship. The concepts of trust and reputation can be understood to function together in two ways: not only does a good reputation produce trust, but also trust produces reputation. Reputation and trust are both formed within the relationship of continuous meetings and interaction between an organisation and the stakeholders. Moreover, reputation and trust spread via networks. As time goes by, trust turns into reputation little by little, yet reputation influences the decision to trust also. Stakeholder trust and good reputation among stakeholders are important resources for a public organisation; hence they are components of organisations' social capital.
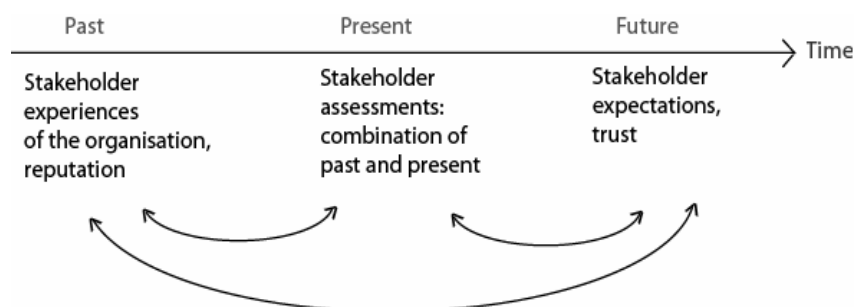
FIGURE 15 The continuum of stakeholder reputation and stakeholder trust over time: trust turns into reputation as present turns into past.

However, it is important to remember that reputation may be either positive or negative: a good reputation creates trust whereas a bad reputation may diminish trust. Trust on the other hand is unequivocal: it exists to some degree

or it is lacking. Experiences of untrustworthy behaviour may lead to a bad reputation. Whatever the content, the mechanism seems to hold. The organisation-stakeholder relationship develops over time and an organisation's good reputation is formed through trustworthy conduct. Untrustworthy conduct or a bad reputation can be amended and improved over time with positive experiences, but absence of experience or negative experience deepens the lack of trust and worsens the reputation. Prior research has shown, however, that a negative reputation and poor trust are much harder to rebuild and repair than damage to an otherwise good reputation and trust (Sjovall & Talk 2004, Bentele 1994).

An important question here is whether the assessments of stakeholders are actually reflections of social norms, worldview and values or products of actual perception based on how public organisations operate? Are the stakeholders assessments actually based on their contact or simply instances of the model answers of the present society? If the society is one of high social capital and generalized trust (like Finland and other Nordic countries), are all the answers bound to reflect this trust? Which has more influence, actual contact or the norms of the society? Both are obviously important. Rothstein (2003) approaches this by stating that they go together and hence there is no separating them. He names the worldviews, values and norms as the basis for the extent of trust and therewith social capital on which personal contact is built. In fact, a survey of data from six European countries and South Korea indicates that social trust is based on acquired information, either through direct personal experience or by other means. (Newton in Rothstein 2003.) Moreover, Finns have been reported to be quite straightforward and honest in their assessments, which would further support the assessments reported (Vaahterikko-Mejía 2001). With these things in mind, the next section discusses the central concept of the present study: social capital.

4.2   Social capital

The term social refers to interactions, whereas capital refers to an asset to be disposed of. Diverse social and individual benefits to social capital have been attributed including health, happiness, tamed ethnic conflict and reduced violence, as well as good institutional performance. Social capital has been linked to successful democracy, political rights and civil liberties, while countries and cultures with repressive governments are said to disturb social capital by discouraging trust and spontaneous group activity. Social capital has even been argued to contribute to economic growth and welfare (Fukuyama 1995). It is associated with increased interaction and coordination of operations (Ruuskanen 2001), and said to boost achievement as cooperation becomes frequent and social ties enable the formation of trust. Ilmonen (2000, 1) notes that social capital has almost become a magical concept, which "seems to offer

solutions to problems that arise when old social structures crumble", among them being the diminishing role of the state and its public organisations. The broader definitions of social capital include institutions, interaction, reciprocal relationships, attitudes, values and trust. The more narrow definitions concentrate on networks or some other specific aspect. Social capital is concerned with relations between people and the various kinds of capital embedded in and mobilizable through those relations. Other concepts bordering the concept of social capital include social capability, social infrastructure and social cohesion, though their emphasis is different. (Hjerppe 2004.)

Patulny (2003) notes that building and maintaining social capital is a 'hot topic' for governments and public agencies. In a world that is constantly changing and risky, where networks are a necessity, those organisations capable of utilizing their social networks and establishing trust are said to survive the best. In fact, those nations capable of creating a culture of trust are reported to be on many levels the most successful. (Ilmonen & Jokinen 2002, 20.) They have a higher gross domestic product, there is less corruption, their citizens are more satisfied and crime-rates are lower. (see for example Eurobarometer, Human Development Report, Transparency International.) These social networks and the trust within them, are referred to as social capital. Countries with strong social networks and a culture of trust are said to have high levels of social capital. Just like physical capital, social capital may exist on both the individual and the collective level. "The more people in a society (or an organisation) who have many and widespread social relationships with people they believe are trustworthy, the greater becomes access to social capital in the society (or organisation)." (Rothstein 2003, 112.)

The Organisation for Economic Cooperation and Development (OECD) defines social capital as "networks together with shared norms, values and understandings that facilitate cooperation within or among groups" that serve to foster important social outcomes such as voluntary activity and confidence in government and institutions of governance (Patulny 2003). Social capital is understood to consist of three elements: social networks, trust and reciprocity. Once created and set in motion, it feeds on itself. (Ilmonen 2000a.) Often social capital is understood, as Coleman (1988, 98-102) suggests, as a resource for action; to him the forms of social capital are obligations and expectations, information channels, and social norms. Coleman notes that social capital has a certain obligation of reciprocity, and there is usually a delay between a favour and its being returned. This delay requires trust, as trust bridges the gap between the favours. Coleman emphasizes the solidity of social relations and the organisation's ability to trust, maintain norms and mediate information. Strong social networks allow norm control and keep an organisation bound together: social capital is a lubricant for efficient action. Moreover, social capital must be relational, as it deals with perceptions and assessments of relationships (Rothstein 2003).

Other popular definitions of social capital are by Robert Putnam (2000, 19): "Social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them" or the earlier (1993, 167) definition of social capital as "features of social organisation, such as trust, norms and networks that can improve the efficiency of society by facilitation of coordinated actions." Putnam distinguishes between 'bridging' and 'bonding' social capital, where the latter is evident within homogeneous groups which are by choice or necessity quite inward looking, tending to reinforce exclusive identities, while the former is more outward looking and connects people from different social classes (Putnam 2000).

The sources of social capital are under debate. The origins of social capital are twofold; according to the society-centred view, "the capacity of a society to produce social capital among its citizens is determined by its long-term experience of social organisation anchored in historical and cultural experiences that can be traced back over centuries" whereas the institution-centred view argues that "for social capital to flourish, it needs to be embedded in and linked to formal political and legal institutions… social capital does not exist independently of politics or government in the realm of civil society. Instead, government policies and political institutions create, channel and influence the amount and type of social capital." (Rothstein & Stolle 2003, 13-14.) Both views have their explanatory power in research on social capital, though perhaps the latter has so far been somewhat more overlooked.

In relation to networks, three principal exogenous sources have been identified for social capital (Lin 2001): 1) structural positions, 2) network location and 3) purposes of action. Structural position refers to the strength of position and the place in the hierarchical structure of social stratification. Network location refers to the relations the individual has with others, closure, denseness, openness or bridging (acting between people). The purposes of action can be divided into instrumental or expressive motivations that have different returns; whereas the expressive motivations yield cohesion, solidarity and well-being, the instrumental motivations yield wealth, power, and reputation. (Lin 2005.) Not only are there different suggestions on the formation of social capital, there are also theories as to the level on which it functions.

In discussion on social capital, the type of social ties has also been of interest. Mark Granowetter (1973) emphasizes the importance of weak ties: strong networks have ties to the ego and are essentially closed information networks, whereas weak ties move in circles different from the ego's and have access to different information. He claims that it is those weak ties that make or break the existence of social capital. If the ties are strong, social capital is not necessarily a positive concept. Those groups with tight social cohesion and abundant interpersonal trust can be a source of destructive actions within the group or towards society at large. Whether the mafia or strong religious cults actually have too much social capital is a good question. Granowetter concluded that past relationships of trust lead to similar relationships in the future, in other words past social capital provides new social capital

(Granowetter 1985). The word capital suggests possessing something valuable, so there cannot be too much capital but rather the negative side of social capital should be considered *deficit* of social capital.

Two main streams of social capital can be distinguished on the basis of where social capital resides: social capital as 1) a common good on the societal level, a macro view (as represented by Bourdieu, Coleman, Putnam, Fukuyama) and social capital as 2) an individual advantage, the micro view, where the individual may gain various benefits from her membership in a social network (as represented by Burt, Portes, Lin). On the individual level the focus of interest is the number of social relations utilizable for benefits and the values and attitudes dominant in those relations. In fact, in order for a social relation to become an asset, it must include good will, such as trust or a good reputation. On the societal level, social capital promotes aspects of the common good such as generalized trust in society or longer life expectancy. Both views are necessary to ensure a thorough understanding of the concept. Moreover, the views are inseparable, as individual actions affect society at large and vice versa. Rothstein (2003) puts the two together in concluding that individual experiences of trust contribute to the social, generalized trust in the society. Naturally this contribution is two-way: society also influences the individual. In the present study the focus is on the individual level, the level of organisational advantage the social relations provide. However, as public organisations also have a societal role, the level of the common good is also addressed.

Cooperation is facilitated by social capital, and social capital is made productive through communication (Putnam 1993). Thus communication can be seen as the catalyst or even means of social capital (Lehtonen 2000). "Social capital can be understood as the intangible capital of society that is manifested in trusting relationships between parties and enables the official functions." (Lehtonen 2000, 194.) In fact, communication as such can be understood to have capital value, it may be a form of social capital 'an sich'; the chance to be heard and understood or even listened to is in our communication-entrenched society not axiomatic. Moreover, trusting relations are upheld through open and honest communication, and this makes social capital a central issue for communication research.

Several authors have developed the concept and theory of social capital (Bourdieu, Burt, Coleman, Flap, Putnam), and though there are differences in definitions and application, all seem to agree on the embeddedness of social capital in networks. The differences can be established in what and which part of the network is considered social capital; 1) a feature of the networks, such as closure, 2) the mere existing of the network or 3) the type of relationship achieved through the network, such as generalized trust. Lin (2005) suggests staying close to the original conceptual understanding of social capital, as defined by Coleman, Bourdieu, Lin, and others: social capital as resources embedded in social networks, or resources that can be accessed or mobilized through ties in the networks (Lin 2001). Accordingly the theory of social capital

describes the process by which the resources are captured through investments in social relations for returns. (Lin 2005.)

Social capital differs conceptually from other types of capital. Unlike physical capital, social capital does not wear out but may increase with use (Rothstein 2003). Social capital cannot be bought, at least in the case of trust, but it can be earned. Social capital is not like economic capital as it cannot be separated from its context and is thus not as movable as other forms of capital (Ilmonen 2000a). It is also conceivable, as participation in various kinds of networks and appearing trustworthy may produce social capital. On the institutional level, organisations could foster social capital by facilitating opportunities for creating networks and investing in institutions that increase the likelihood that others will behave in a trustworthy manner. Being reputedly trustworthy can thus be seen as social capital. Investing in social capital remains difficult. (Misztal 1996, Rothstein 2003.) According to Rothstein & Stolle (2003, 5) there is an implicit assumption, that "weak ties, bridging interactions and generalised trust might be forms of social capital that benefit both the individual and even the wider society."

4.2.1 New name for an old concept

Social capital is considered a new concept, yet its ideas are not new. This is visible especially in the definition of social capital by Coleman (1990, 306): "If A does something for B and trusts B to reciprocate in the future, this establishes an expectation in A and an obligation on the part of B to keep the trust. This obligation can be conceived of as a "credit slip" held by A to be redeemed by some performance of B … Two elements are critical to this form of social capital: the level of trustworthiness of the social environment, which means obligations will be repaid, and the actual extent of obligations held". Coleman notes the importance of closed networks and reputations in maintaining them. This definition shows the connection between social capital and collaboration, which has already been discussed by sociologists and social theorists already for centuries. Bourdieu (1986) notes that social networks are based upon shared habits and cultural understandings. However, such networks are almost by definition finite and contested because of their exclusion of others; hence the analogy with capital (Bourdieu 1986, Patulny 2003). It has been argued that as we are moving toward a society that places value on intangibles such as social networks and reputation, the questions of trust and collaboration once again increase in interest (Misztal 1996). Thus it can be understood that the concept of social capital is in fact a new name for an old concept.

The importance of cooperation and the problem of trust and contract in society are visible already in early western society of the 17th and 18th century in the writings of T. Hobbes (see Leviathan of 1660's) & J. Locke. Their writings are concerned with society, the role of the subject and ruler, and the relation between protection and obedience. Moving from God or King as the sovereign ruler, Hobbes emphasized the stability and sovereignty of the once chosen earthly ruler, whereas Locke suggested that even rulers could be replaced.

Social contract theory has been linked with the development of social capital, since it assumes the existence of a contract binding upon individuals who have not explicitly accepted it, a notion likewise present in the concept of social capital.

Social capital owes its origin to such concepts as social connectedness, referring to formal memberships as well as informal social networks, and generalised reciprocity, referring to social trust and tolerance. On this basis, social capital is understood to consist of connections among individuals. The roots of social capital can be found on one hand in Neo-weberianism, where interest-driven actors try to improve their 'Lebenschancen' through use of social ties (see for example Bourdieu). Human behaviour is interest driven and those actors who have greater resources at their disposal will realize their interests to a larger degree. On the other hand it can be seen to result from the many notions of rational choice sociology, where goal-directed actors try to maximize their well-being given embeddedness in social networks (see for example Coleman). Rational choice theory suggests that wishes or goals arise from human nature: well-being and status. The concept of rational choice refers to choosing the action that brings the highest relative return, given the logic of the situation, the actor's wishes and the possibilities present in the social situation.

Putnam joins together other concepts often associated with collaboration and social capital. He starts out from the position that successful cooperation along with social trust, norms of reciprocity and networks of civil engagement are mutually enforcing. "Effective collaborative institutions require interpersonal skills and trust, but those skills and that trust are also inculcated and reinforced by organised collaboration." (Putnam 1993, 180.) Moreover, norms and networks of trusting behaviour contribute to economic prosperity and are in turn reinforced by that prosperity. It seems the virtuous circle maintains itself, yet the question that Putnam asked of Southern Italy is still as to how to overcome suspicious attitudes and get a society on that virtuous circle? Cooperation is a necessity and the makings of a cohesive society and the importance of exchange, networks, reciprocity and trust have been under discussion for decades in different disciplines (see the writings of Bourdieu, Simmel 1950, Weber 1946). However, according to game theory, collaboration on the societal level makes no sense, if you do not trust others to do the same. Some suggest the key is getting people to work together (Putnam's idea of associations as a learning school for democracy) and trust each other on a smaller scale, but there is little evidence of convincing results (Patulny 2003).

4.2.2 American concept in the Nordic Countries

In Making Democracy Work (1993, 167), the American Robert Putnam describes social capital as made up of individual participation in formal and informal social networks, norms of reciprocity and interpersonal trust that may improve the efficiency of society through coordinated actions. These, he claims, have positive effects on society in general. He views social capital not merely as

something that supports the economy through credible politics, but also as something with a moral dimension. Social capital can be seen to be a part of the social contract of modern society, its legitimacy and morality. For Putnam social capital is a guarantee of the operation of the system, as it helps organise collective concerns, such as public services. In the United States, this social capital is eroding according to the US General Social survey. People go 'bowling alone' and social interaction diminishes. However, a similar erosion has not been detected in Europe, where some forms of social capital in Europe even seem to be on the increase. It has been suggested that social capital in Europe is different from social capital in the United States, because of the differences in historical development, the stronger role of the state, and cultural traditions. Differences in levels of social capital can also be interpreted differently depending on differences in definition. In all cases, trust in society is the vital central concept of social capital, as reciprocity and participation follow from trust.

The formation of social capital has been linked with engagement in voluntary associations (Putnam 1995). This involvement, it is argued, provides for a place to practise trust and form relationships, even practise democracy. This learnt trust is then transferred into society as generalized trust. Though membership and social capital seem to go together, the question is whether the membership of associations produces social capital or high amounts of social capital that lead to people seeking membership in clubs and associations? This has, though widely assumed, never quite been empirically proven and confirmed. Do those involved in clubs have more social capital to begin with or does the association produce this capital? These definitions, though objects of much dispute, still form the basis of social capital in current research. It is however important to remember that not all clubs further trust in society and some may even reduce it.

"Some policy strategists see government as a corrosive influence upon social capital and are keen to point out the failings of the welfare state" (Patulny 2003). The assumption often connected with the traditional understanding of social capital is that in societies where the welfare state reigns, little social capital is developed. This has sometimes been cited as the crowding out –effect, referring to the uselessness of social capital where the state meets all needs. A case in point is the writings of Norton (1997). He views social capital as a convergence of liberal and communitarian action against a welfare state that has eroded and sought to replace the 'natural' associations and trust of institutions with inferior government products. (Patulny 2003.) These claims have not been supported by sufficient empirical evidence. (Kumlin & Rothstein 2005, Ilmonen & Jokinen 2002.) Moreover, the Nordic countries have always been a puzzle for this thinking, as they represent a large welfare state yet enjoy high levels of social capital and generalized trust.

Hence there has been much discussion of whether large welfare states erode social capital (as claimed by Putnam and Fukuyama) or in fact contribute to increasing social capital. (Ilmonen & Jokinen 2002.) In the traditional

thinking, social capital is considered to be a substitute where welfares support is lacking and people turn to each other for support as the state plays a smaller role. Yet in the Nordic context, the extensive cover of the welfare state has actually been linked *with* high amounts of social capital (Kumlin & Rothstein 2005). Moreover, the extent of the welfare state has been found to correlate positively with perceived safety and equity (Doyal & Gough 1991). This shows that the traditional, association-based definition of social capital provision does not fit the context of the Nordic countries with extensive welfare provision.

It has been suggested that highly developed welfare states have the effect of fostering social capital, since the universal nature of the large Nordic welfare system which does not test needs and thus treats everyone as equal creates an atmosphere of trust. (Kumlin & Rothstein 2005). The high degree of economic equity, the low level of patronage and corruption together with the prevailing universal non-discriminatory welfare system may explain the high levels of social capital of the Nordic countries (Rothstein & Stolle 2003). Thus in the Nordic countries social capital may also be defined as "the extent of trust in other people in a society or organisation within which individuals act" (Rothstein 2003, 15). This definition however, does not include the reciprocal nature of the concept. Social capital may be understood as the extent of trust and reciprocity in an organisation and among its stakeholders. This definition lacks the notion of capital and the surplus received, and as recent literature (see Lin 2001, 2005) suggests, it is not only the connection of social ties that matters, but what is at the other end of the tie. Thus it is not only the aspect of reciprocity that makes social connections capital, but the resources of the contact person/organisation. Thus in the present study social capital is understood as the extent of the resources available to an organisation through networks of trust and reciprocity among its stakeholders.

It was suggested earlier that intangible assets such as high trust and a good reputation among the stakeholders would provide the public organisation with social capital. Now that the concept of social capital has been defined, attention is turned to the other intangible assets important for the present study: trust and reputation.

4.3 Trust

The concept of trust has again since the 1980's received special interest in research fields such as communication, sociology, psychology and economics. This attention is said to result from the search for a balance between social cohesion and the individualist choices that present day society requires, along with added responsibility and risks (Misztal 1996, Jokinen & Ilmonen 2002). The changing society requires trust to enable the interaction and cooperation necessary for everyday life. On the basis of the clues available choices are made as to whether to trust. Trust is a form of calm interaction, an ideal model for

communal life and it plays an important part in a healthy democracy (Seligman 1997, Prêtre 2000). Without trust or some form of agreement, opportunism rules and all social exchange is risky. Luhmann (1979, 33) writes "The clues employed to form trust do not eliminate the risk, they simply make it less. They do not supply complete information about the likely behaviour of the person to be trusted. They simply serve as a springboard for the leap into uncertainty." Luhmann (1988) mentions trust as one way to survive the increasing uncertainty of modern society.

An atmosphere of trust and the economic welfare it promotes are best guaranteed by the ability of people to work together and be able to achieve consensus about central values and ethics (Ilmonen & Jokinen 2002, 18). Luhmann (1988) associates trust with a certain unselfishness that is traditional in small communities, where trust is formed over long-term interactions and networks of friendship based on the traditional values and backgrounds of the actors involved. Though small communities have evolved into large societies, Luhmann argues that long-term trust networks still function in the modern society. In fact, a good society has been defined (Rawls in Hosmer 1995, 394) as one where members willingly cooperate for the ultimate benefit of all. There are always societies that, even though they could, choose not to exploit others, a trait sometimes referred to as the Lutheran or protestant work ethic. Such cooperation requires trust. There is a vulnerability in trusting, a risk of unwanted consequences. People tend to trust those similar to themselves, probably because they have a greater chance of predicting their behaviour. (Sztompka 2000). Along with social proximity, cultural as well as socio-economic factors affect the ability to trust. There are no clear criteria for assessing these, since they are culturally constructed and thus difficult to generalize. Cultural construction is not only built on traditional forms of thinking and personal experience, but also the media (Bentele 1994, 2005). Most trusted seem to be those with direct relationship, high visibility and familiarity. (Misztal 1996, Sztompka 2000.)

Trust is "a bet about the future contingent actions of others" (Sztompka 2000, 25). To trust is to expect the best, to give up control. From a moral point of view trust is an "expectation by one person, group, or firm of ethically justifiable behaviour – that is, morally correct decision and action based upon ethical principles of analysis – on the part of the other person, group, or firm in a joint endeavour or economic exchange." (Hosmer 1995, 399). Trust has been defined as a kind of deep sentiment, more fundamental than mere acceptance, satisfaction or legitimacy (Harisalo & Stenvall 2003). Trust is faith in the continuance of the interaction (Seligman 1997). Rousseau et al. (1998) define trust as positive expectations in relation to the target. Trust involves both risk and interdependency. For Harisalo & Stenvall (2003, 919) trust is "a more or less unintentional outcome of human interaction made possible and maintained more or less successfully by certain organisational factors", such as ethically sound criteria (integrity, consistency) or behaviour traits favoured by the organisation (honesty, inspiration). Liljander & Roos (2001, 24) remind us that

trust is not a simple trait that either exists or does not; one can at the same time both trust an organisation and not trust it. Trust can, for example, be divided inside an organisation if a stakeholder trusts her personal contact in the organisation, but does not trust the organisation itself or other parts of the organisation.

Trust is a psychological state rather than behaviour or a choice, "comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (Rousseau et al. 1998, 395). It is the willingness to be vulnerable under conditions of risk and interdependence, also interpreted as confidence, positive expectations or perceived probabilities. Trust is said to enable cooperation, reduce harmful conflict, decrease transaction costs and promote effective responses to crises. Organisational theory views trust as vulnerable, voluntary optimistic expectations which enable cooperation and economic exchange yet require altruism and reciprocity. (Hosmer 1995, 392-393). Should trust be absent or lacking, the survival of the organisation is in question. Without trust, there is no way of establishing a cooperative equilibrium (Gambetta 1993). Trust is required for interaction involving all intangibles; "in the present era of many knowledge-based products and services in which human capital is expected to be an organisation's most valuable asset, lack of trust destroys the very essence of the collective intelligence that creates new wealth and facilitates future survival" (Dervitsiotis 2003, 515).

Like other intangible assets, trust can also be understood as a form of capital that can be consumed or increased. Trust is context-bound, and it should be conceptualized as a three-part relation involving the properties and attributes of the one who trusts, the one who is trusted and the context of the trust-situation and possible trust intermediaries (Hardin 1993, Bentele 1994). Trust can be divided into different types, such as process-based, person-based, system-based and institution-based. (Bentele 1994, 143, Zucker in Hosmer 1995, 389.) All these are present to some degree, yet their importance is situation-dependent. Process-based trust refers to the record of past experience and history. Person-based trust is based on similarities between people and thus includes the formation of a common worldview and shared expectations. Institution-based trust could here be compared to confidence, as it is trust tied to formal mechanisms such as professionalism or legitimacy. System-based trust is trust in the general system within which interaction takes place. These various types of trust concur and hence it is not always possible to distinguish which type of trust is in question.

Rousseau et al. (1998, 398-401) present another valuable classification for different types of trust according to their foundation:

1) Deterrence-based trust, where the fear of sanctions maintains trust and cooperation,
2) Calculus-based trust, where rational choice based on experience and information acquired (reputation) and economic exchange maintain trust and cooperation,

3) Relational trust, where repeated personal interaction and experience of the other (reputation) as well as emotional factors determine and maintain trust and cooperation, and

4) Institution-based trust, where institutional settings and control maintain trust and cooperation.

Some claim that deterrence based trust is not trust at all, but rather low levels of distrust which arise from knowing that the contracts and laws force others to behave in expected ways. Both calculus-based trust and relational trust rely on previous knowledge of the other, their reputation. The continuum in a new relationship is thought to move from calculus-based trust towards building relational trust and attachment, and in some relationships this trust is even institutionalized. While they may remain difficult to distinguish in practise, the different types of trust help clarify the concept and its application.

As is typical of intangibles and social constructions, trust is a multidimensional state, where trust and distrust, negative and positive sentiments may exist simultaneously (Lewicki, McAllister & Bies 1998). According to Luhmann (1979) trust and distrust serve the function of enabling and relieving control and understanding of social relations by simplifying problematic situations. In a strategic game of trust, one is tempted to misuse trust, until there is some gain in cooperation, in other words, repeated games (Axelrod 1984). This theorizing leaves a view of the world that is calculative, yet the world does not only function on mere calculative transactions: other things matter as well such as morals and sentiments. Moreover, human beings are often irrational in their behaviour and choices, and trust is always context bound. It is a psychological state that can be viewed from both a rational and a social perspective. The rational perspective of trust focuses on the calculus of self-interest, risk and game theory, where cooperation is profitable only if the others cooperate as well. In the rational perspective, there is an ethical need for trust in two situations: when the parties expect longevity and continuous relationship and when the parties are involved with a third party and want to maintain their good reputation. (Lane & Bachmann 1998, Sydow 1998, Stigler 1950.) In fact, the value of a trustworthy reputation is considered great enough for it to be rational not to try to seize any short term advantage (Lahno 1995). The social perspective of trust, on the other hand, places an emphasis on moral duty or commitment.

Trust is required in interaction; it is an essential part of every good relationship, as it diminishes the fear of betrayal and the natural questioning of others' motives (Fombrun 1996). Hosmer (1995) mentions characteristics such as integrity, competence, consistency, loyalty and openness as contributing to a trusting relationship. Trust involves positive expectations, good will and benevolence. Trust is especially important for repeated interaction; it is a prerequisite for a relationship (Sydow 1998, Lahno 1995). Long-term relationships are not formed without trust, honesty and reliability. Trust is thus willingness to open oneself up, faith in the other party not exploiting one's goodwill (Grunig & Huang 2000, 44). Trust is not merely knowing or rational thinking, as trust contains "feelings, experiences and individual values,

cooperation, conscientiousness, honesty, loyalty, hope and faith in the common good" (Ilmonen and Jokinen 2002, 12). Trust is essential also for a relationship between organisations, as well as between an organisation and its stakeholders. The type of trust may vary, but it is still formed through actions and communication. The relational networks of organisations, the stakeholder-relations are valuable grounds for trust-maintenance. Moreover, once established, trust supports the organisation within those networks, in the eyes of the stakeholders. When the stakeholders and other relations have good will toward the organisation, trust can be understood to be social capital for the organisation. (Sydow 1998, 35-37.) Trust also has an aspect of moral duty, as it is social and normative rather than individual or calculative, and thus prior social relationships are required for trust to exist. (Lewis & Weigert 1985 in Hosmer 1995).

Trust may be approached from several different angles; 1) Trust as a personal trait, with a focus on the ability to trust as well as factors affecting this trust, 2) trust between persons and small groups, with a focus on reciprocity and 3) trust as an institutional phenomena, with a focus on both how trust abides within an organisation and how well those outside trust the organisation. (Lewicki & Bunker 1996, 115.) The three angles cannot always be separated, and they affect each other. Couch & Jones (1997) distinguish between trust on the general level, what they call 'global trust', and trust connected with a relationship, 'relational trust'. Whereas trust on the general level is a personal characteristic or trait, relational trust is connected with the relationship. Global trust is a confident or trusting attitude, where relational trust has an object of trust. This distinction resembles the distinction between public and private trust, although public trust is more associated with the media and public discourse than global or generalised trust (Bentele 1994). The importance of the object of trust is also acknowledged (see Misztal 1996), as the type of trust may vary. Trust can further be divided into earned or given trust, earned trust being formed through social interaction and contacts, whereas given trust results from trust in certain institutions that transfer the institutional trust to the situation. This is especially true in the case of public organisations.

4.3.1 The formation of trust

Trust formation is a developmental process closely intertwined with the processes of relationship development (Lewicki & Bunker 1996). Trust is formed as a result of past experiences, the history of interaction (Kramer, 1999) and reputation (Lahno 1995, Misztal 1996, Pizzorno 2004). Trust is dynamic; it is developed gradually through personal interaction and communication (Kramer 1999, Mayer, Davis & Schoorman 1995, Ilmonen 2000b). Though personal experience has most effect on trust, third party relations have also been shown to affect trust, as "…existing social structures shape a person's reputation based upon a third party's ability to tell stories that corroborate one's trustworthiness (or lack of it). Further, trust can also be seen as a result of attributes of the other party such as that party's competence, concern, openness and reliability."

(Rousseau et al. 1998, 396.) Bentele (1994, 145) lists eight trust factors that either increase or diminish the level of trust. These are expertise, ability to solve problems, adequacy of communication, communicative consistency, transparency and publicity, as well as social responsibility and responsible ethics. Should these factors rate high, trust is won while should they rate low, a reduction in trust is probable.

Trust requires interaction and frequent contact, and it is formed over time through good experience, and a good reputation. High trust is formed often as a result of what game-theorists refer to as a 'repeated game', where previous experience guides the decision to cooperate and trust (see Axelrod 1984, Lahno 1995). It is understood that trust changes over time, developing, building, declining and even resurfacing in long-term relationships. Thus trust can be the result of deep dependence and identity formation but also a result of more lightweight interaction, as in the case of 'swift trust' – trust built quickly and temporarily, often in virtual groups (Meyerson, Weick & Kramer 1996).

Trust formation in organisations has sometimes been compared to the psychological development of human trust, and it has been suggested that organisational life follows the human life cycle (Chandler 1962, Jawahar & McLaughlin 2001). Though problematic in many ways, there are certain benefits to this thinking, as the phases and interrelations of trust development can be metaphorically viewed. Human trust is formed during psychosocial development in early childhood. In fact, Erikson's stages (1994) in human development begin with the formation of trust. The first year and a half of life is a time when depending on the environment and experience the individual develops either a trusting or an insecure approach. Each developmental stage has to be gone through, so that the individual may enter the next stage. Should the development of trust be hindered, this can greatly affect the rest of the individual's development. (Erikson 1994, Feldman 1989, 89.) In fact, the ability to estimate others' trustworthiness is derived from the past history of relationships first in the family and later in groups, associations and organisations.

Trust is formed on the basis of general expectations and behaviour, and often on personal experience. At least three distinct grounds for trust can be distinguished; knowledge, values and emotions. Knowledge is factual information that the other will act in a trustworthy manner, whereas values, relate to the trustee and truster sharing a sense of what is important. Emotions describe the feelings of the truster leading to trusting. (Lane & Bachmann 1998, 4.) Webley (2003, 11) suggests that organisational culture (values, standards and conduct) is reflected in the degree of trust that exists between an organisation and its stakeholders.

Sztompka (2000) identifies the grounds on which the decision to trust is based as reflected trustworthiness, agential trustworthiness and the prevailing trust culture. The latter two refer to external factors, whereas the first refers to personal experiences. Reflected trustworthiness is the most important and common as it is the estimation of the object of trust and part of what Coleman

(1990, 185) calls 'trust ratings'. The information acquired consists of primary and secondary trustworthiness. Primary trustworthiness is associated with immanent traits of the trustee; abilities, traits and possessions. Primary trustworthiness is determined on the basis of reputation, performance and appearance, all of which require information and are used simultaneously. Closeness, familiarity and open access to this information diminish the risk of betrayal, since closeness provides a greater chance for monitoring. Reputation is the dominant factor, as it carries a historical background of prior actions. Reputation gives an overview of the past actions of the organisation. Performance focuses on present behaviour and the potential benefit of trusting now, yet it is less revealing for lack of historical data. Appearance is the most superficial factor and thus most vulnerable to manipulation, yet even public organisations enhance trust through their familiar style of buildings and formal dress codes. Secondary trustworthiness refers to the context of operation, the external influences that mainly confirm primary trustworthiness. (Sztompka 2000.)

Lewicki & Bunker (1996, 119-123) have theorized a sequential iteration in which the achievement of trust at one level in a relationship enables the development of trust at the next level. This thinking has some connections with the ladder of stakeholder loyalty (Tuominen 1995). The first level is concerned with calculating trust, with little actual knowledge and experience to build trust on. On this level, maintaining trust is based on one hand on the fear of on one hand losing, and on the other the hope of reaping the potential advantages of maintaining the relationship. The parties involved in the interaction polish their reputation as a trustworthy partner, as this first phase is a delicate one where trust and the relationship may easily break down. Moreover, should such a breakdown occur, the other party could harm one's reputation. Maintaining trust is based on keen observation of the behaviour of the partner in order to collect information and experience. Trust is still unstable and fragile in this first phase and frequent, ongoing interaction and communication between the parties is essential for the relationship to progress to another level of trust. Open and honest communication enables the parties to learn more about each other and predict behaviour. The second level is reached as the experience accumulates of the other's capabilities, values, and behaviour, and trust is based on cognitive assessment or affective response. Cognition-based trust is a result of assessments of others' characteristics and the benefits of trust, whereas affect-based trust describes emotional bonds, caring and concern. At the second level the prediction of behaviour becomes easier. Constant interaction and correct estimates and interpretations of the other's behaviour maintain the relationship and lead it to the next level. The third level of trust may be described as the level of identification, where the parties have established what is required to maintain the trust in the relationship, are able to predict each others needs, choices and behaviour and even share some of these. Trust is maintained and developed further by mutual understanding, even to the degree that the partners may act on behalf of each other without control or monitoring. A

common identity is forming, and identification is further emphasized by spatial nearness or shared goals and values. (Lewicki & Bunker 1996, Sydow 1998.)

The evolution of trust is often considered a temporal process, but this is not axiomatic. One-off transactions typically produce only a calculus of gains and losses in view of the risks, but little actual trust, whereas in the course of ongoing relationships or frequent interaction trust is developed (Lahno 1995). However, not all relationships ever proceed to the level of trust, as some remain at the realm of calculus. Moreover, a relationship may change and vary between calculative and what is called 'people-trust'. The choice is up to the actors, though interactions are made more fluent and require less effort if trust is included. (Rousseau et al. 1998.) Deutsch proposes dividing relationships into social, emotional and task-oriented as well as cooperation-oriented and defection-oriented. He further distinguishes between official and unofficial relationships and equal and unequal relationships. (Deutsch 1985, 78.) The development of trust is different for each type of relationship, and in some relationships trust hardly forms. Relationships evolve at a different pace, depending on the parties involved and the circumstances. Breakdowns and disappointments may hinder progress, or even prevent it altogether. Moreover, the aims of different relationships vary. The final result of a successful task-oriented and defection-oriented relationship will never be deep people-trust, as this is neither required nor sought. However, all forms of relationship require some form of trust or contract in order to function. Some relationships stop at the first level of calculating trust, while others progress further. Progressive trust is necessary in some relationships; formal contacts and relationships are even preferable in some cases. A deeper relationship with more trust cannot be formed if either party opposes it. (Lewicki & Bunker 1996, 124-125.)

Hung, Dennis & Robert (2004) approach the formation of trust through dual process theories of cognition, which explain the way in which individuals form attitudes. They apply both the Elaboration Likelihood Model (ELM) (Petty & Cacioppo 1986) and the Heuristic-Systematic Model (HSM) (Chaiken, 1980) to define different routes to trust formation depending on the resources available. The ELM (Petty & Cacioppo 1986) distinguishes between two different routes to attitude formation: 1) the central route, where attitudes are formed on the basis of the consideration of available information and cognitive evaluation and 2) the peripheral route, where attitudes are formed on the basis of emotional, less cognitive assessments of positive or negative feelings such as attractiveness or image. The HSM (Chaiken 1980) is somewhat similar, as it assumes that attitudes are formed in two ways: either 1) by systematically analysing the available information or 2) by applying less demanding, simple heuristics to readily accessible information. To conclude, according to both the ELM and the HSM the choice of route to attitude formation depends on motivation and ability to expend cognitive effort (Chaiken 1980, Petty & Cacioppo 1986).

The central route is cognitively intensive, more demanding of effort and interest; it demands motivation and involvement as well as the willingness to process the accessible information. Unless the mental processes of evaluation

required by the central route are obviously valuable and beneficial, the peripheral route is chosen. However, attitudes formed through the longer process of the central route tend to be relatively enduring and predictive of subsequent behaviour, whereas attitudes formed through the peripheral route tend to be less stable (Petty & Cacioppo, 1986). Hung et al. (2004) note that during initial contact little cognitive information is available and thus the parties are forced to apply simple heuristics based on the peripheral cues embedded in the interaction environment. Thus during the presumptive trust, peripheral routes are applied. For cognition-based trust, where some information already exists about the other party, the central route is applied. When trust is firm and mutual understanding prevails, a habit-based trust will form. This requires less effort than the cognitive route, as experience has already proved the other to be trustworthy. Some suggest that the habit-based trust is more commonly known as confidence. This easier route via well developed trust is called the structural route. Figure 16 sums up these routes.
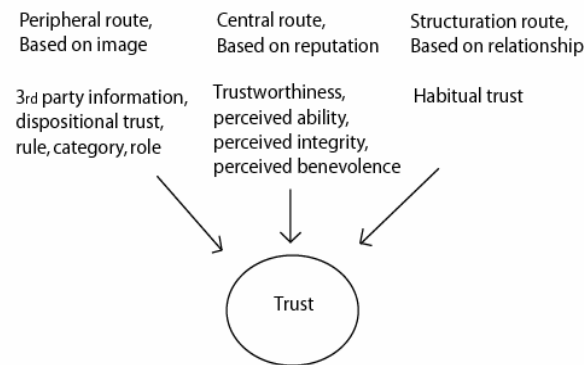
FIGURE 16 The three routes of trust formation based on The Integrative Model of Trust formation by Hung, Dennis & Robert 2004, 45.

Figure 16 suggests ways in which trust is formed according to the type of information available. The peripheral route is based on 3rd party information, dispositional trust, or rules, categories and roles that the situational contexts determine, but little actual experience. In this case trust is formed on the basis of peripheral impressions and estimates in terms of organisational communications, and based on an image. An image can be understood as a synthesis of the images held by external constituencies, a perception subject to manipulation and distortion. The central route, on the other hand, involves experience of trustworthiness, perceived ability, integrity and benevolence, the past experience and impressions of that experience. The image of the peripheral route is turned into actual experience, a reputation. Thus the central route is based on reputation, more precisely a record of past deeds, the most frequent mentions of the target. The structural route, which is based on habitual trust, is based on a relationship between the two parties. Image and reputation have developed into a relationship of mutual interaction, and the focus is on maintaining the relationship at a comfortable level of trust.

This development is progressive. During the first encounter the initial impressions formed through the peripheral route form an image. Based on this image, a decision is made whether to trust or not. As more information and experience are collected, the central route begins to gain ground. The accumulated experience of the central route leads to a reputation. Trust formed through reputation is more stable than that formed through an image (Petty & Cacioppo 1986, Bromley 1993). Once established, trust based on reputation leads to a relationship if both parties so desire. As the relationship progresses, trust becomes habitual, no longer something requiring estimation and cognitive processes. The relationship does not, however, always progress through all possible levels, as demands and relationships vary.

Trust can thus be maintained and built upon. Dervitsiotis (2003) suggests that building organisational trust means cultivating quality relationships among stakeholders. These relationships are normally built up over long periods of time during repeated interactions, and thus require constant fostering. Perseverance, however, is beneficial to the organisation, as the stakeholder trust thus developed shields the organisation from damage in times of trouble as well as legitimizing the organisation. To some extent trust requires a relationship to be formed, as in a relationship trustworthiness is under constant evaluation. (Dervitsiotis 2003.)

4.3.1.1 Generalised trust

Along with the development of international scales for measuring trust (Eurobarometer, World Value Survey, European Social Survey) there has been discussion of generalised trust, the trust that is evident amongst all members of society. Though some have argued against the possible existence of such confidence or generalised trust (see Granowetter 1985), Rothstein & Stolle (2002) have developed what they call an "Institutional Theory of Generalized Trust". They claim that trust in society becomes generalized through institutions: the structure of contemporary institutions generates generalized trust, especially in societies where institutions are trustworthy. A good example of the generalization process can be found in the Nordic countries, where institutions are reputedly impartial and just, without much corruption or bias. Rothstein & Stolle provide empirical proof that trustworthy public institutions make an impression on citizens.

The process of generalised trust is similar to the imitation process of trust formation in early childhood (Eriksson 1994); the influence of the 'care givers' is crucial. In the case of society, the care givers would be the institutions and organisations. Rothstein & Stolle note that especially significant for the formation of generalised trust are those organisations and institutions that provide order and implementation, such as many public organisations. "The impartiality and efficiency of these institutions influences basically citizens' institutional trust and more specifically (1) how they experience feelings of safety and protection; (2) how citizens make inferences from the system and public officials to other citizens, (3) how citizens observe the behaviour of

fellow-citizens, and (4) how they experience discrimination against themselves or close others." (Rothstein & Stolle 2002, 27.) Rothstein & Stolle speak of citizens, yet the same goes for other types of stakeholders as well.

Institutional trust turns into generalized trust as citizens make strong connections between the impartiality of institutions and the trustworthiness of society at large, generalized trust. Moreover, the citizens develop different levels of trust dependent on their own institutional experience. Good experiences lead to more trust whereas bad ones diminish trust; societies with well functioning institutions, especially efficient and trusted 'order and implementation' –type organisations such as public organisations, are more likely to have higher levels of generalized trust as well as social capital.

Generalised trust is understood to be one aspect or form of social capital. In fact, for social capital to be understood as capital, trust merely between two people or organisations is not enough; it needs to be generalised to society at large (Lehtonen 2000). Such trust must also be resilient. The direction of the cause-effect process however, is not fully known. Thus the converse could also result: generalised trust in society with high social capital could lead to well functioning, neutral and impartial public institutions. Moreover, trustworthy public organisations and generalised trust could themselves both be results of some other unidentified cause. Figure 17 suggests a process of generalized trust formation and describes the roles of the intangibles identified in the present study. Reputation is formed on the basis of the behaviour and structure of the public organisations, and stakeholders' assessments and experience of them. Depending on experience, the stakeholders make the further decision whether to trust in institutional fairness and effectiveness. This trust is then generalised into trust in other people in society, which is closely associated with social capital.
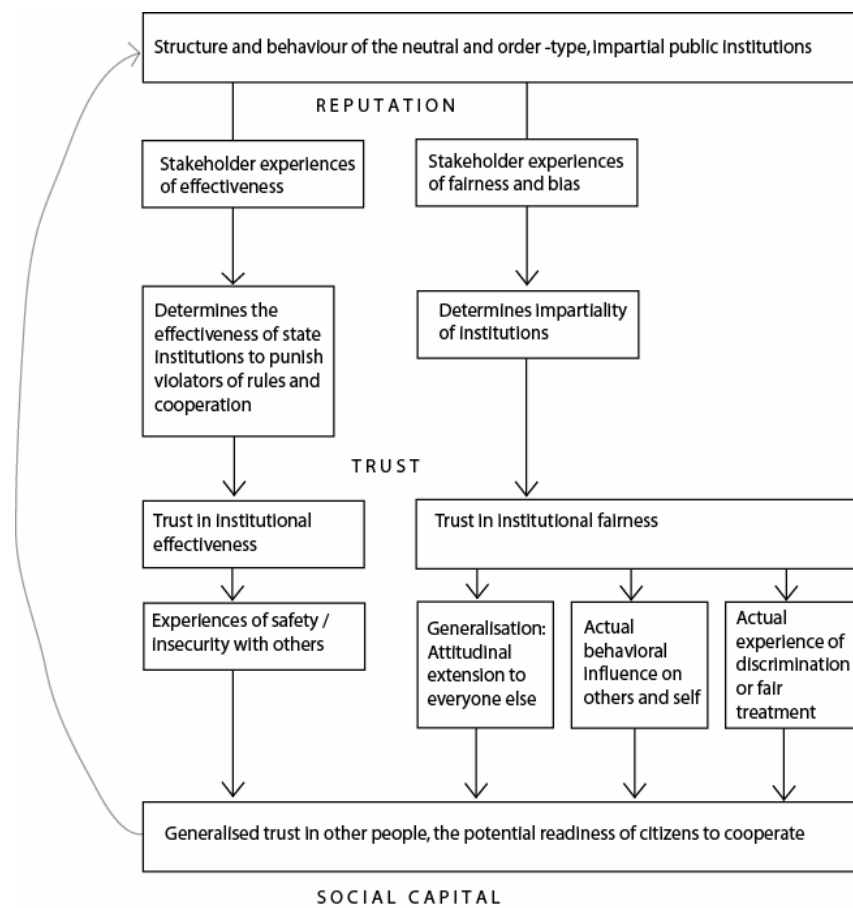
FIGURE 17 The virtuous circle of trust, based on the Institutional Theory of Generalised Trust (Rothstein & Stolle 2002, 18). Starting from the top, the neutral and order -type, impartial public institutions (such as the public organisations examined in the present study) affect stakeholder experiences and trust, which are then generalized.

Mark Granowetter (1985) rejects this view of institutional arrangements and generalized morality as the basis of trust and instead emphasizes the significance of informal social relationships within which economic behaviour is embedded. (Hosmer 1995.) Granowetter realizes the significance of prior contact and its nature, and claims that trust in the past leads to trust in the future. Granowetter's writings on strong and weak ties (1973) are applicable to the concepts of trust and confidence. The strong tie societies are understood to consist of very similar members who know each other well enough that trust and commitment is very strong. The risk is that there may be too much cohesion or 'groupthink', creating an introverted group without social exchange with the external world. Fukuyama (1999) mentions that traditional societies have allowed membership in one such group, where modern society allows membership in many. Modern society is a society of weak ties, which require the building of trust. Seligman (1997) believes that the nature of commitments has also changed to become more short-term and market-oriented. Trust in modern society can be understood as faith in the goodwill of others. (Seligman

1997, Ilmonen & Jokinen 2002, 15.) Trust is future-oriented; Sztompka (2000) sees trust as a game of guessing the future.

Giddens (1990, 1994) notes that under increasingly complex post-industrial conditions, trust is becoming particularised into two distinct forms: 1) intimate interpersonal conditions and 2) confidence, or trust in expert systems, a more generalised variant of the former. He adds that whereas trust is intimate and experience-based, confidence is general and either normative-value or expert-contract based. The question arises of whether generalised trust is actually not trust at all, but rather confidence. Luhmann (1979) differentiates between trust and confidence: the former is associated with people, and the latter with organisations and institutions. Seligman (1997) makes a similar distinction between trust in individuals and trust in abstract systems, such as institutions. It remains impossible to draw a line between these two forms of trust, which often appear to prevail together or may even result from each other. However, some see trust and confidence as located on the same continuum.

Confidence can be understood as trust that has been already built up. (Ilmonen 2000a.) In situations of trust, the interaction between people is personal and direct and can be described as primary trust or dense trust. Confidence however applies to situations where the relations between the actors are impersonal and indirect, even systemic. This distinction is hypothetical and it is difficult to draw a line between them, it is rather a matter of degrees and as Ilmonen & Jokinen (2002, 13; freely translated) mention: "Trust can turn into confidence, and earned trust can gradually change into given trust along with the entrenchment of roles." They conclude that there is no need for strong distinctions, as the concepts evolve and change. Moreover, Ilmonen (2000) separates trust from confidence depending on whether or not the contact is personal. He claims that trust refers to situations where the contact is personal and direct, while confidence refers to situations of systemic, impersonal indirect trust. He categorizes theories of trust and types of trust according to directness and type of relationship. Personal, direct relationships represent given or primary trust, while impersonal and indirect relationships represent confidence. Direct and impersonal relationships involve humanistic trust found in situations where the contacts are stable yet the people are unknown. Humanistic trust comes about through perceived common attributes, like nationality, morals, age or culture. Indirect, personal relationships are representative of trust networks.

According to Rothstein (2003), trust and confidence are general assessments of reality, based on available information, what can be expected in society and what other members of society expect. Whereas confidence requires little processing, Hardin (2002) claims that trust should be understood as the outcome of a rational process. He argues that individuals trust others insofar as they have reason to believe that behaving in a trustworthy manner is in the best interest of those others, i.e. that is trust and trustworthiness result from rational thinking. Hardin speaks of encapsulated trust, meaning that there should be some incentive encapsulated for those trusted, that it should benefit the trusted

to act in a trustworthy manner. This incentive is not necessarily material, but may be something immaterial, such as a good reputation. A distinction can be made between trust and confidence, yet in the long run they concern the same thing: the future and its predictability. Both relationships among people and contacts with an organisation or institution diminish the complexity of the future and build faith in the interaction continuing. The outcome of both these relations can be called trust. (Ilmonen 2000a, Luhman 1979.)

4.3.2 Trust and public organisations

Unfamiliar situations are potentially alarming and risky (Luhmann 1979, 1994). The less that is understood, the less is trusted; trust is a necessary force that moves to fill the information vacuum of modern society and enable decision-making. Trust is thus viewed as mandatory under conditions of uncertainty even though it decreases as uncertainty increases. This may be due to the fact that "Increases in complexity decrease the possibilities of familiarity on which individual trust rests" (Barbalet 1996, 80). Public administration and the functions of public organisations, however, have the force of law and there is no stakeholder choice in whether to accept them, unless the choice is through long-term democratic decision-making and hence complicated (Prêtre 2000, 119.) Trust and trustworthiness do not feature in laws. The stakeholders can freely form their opinions on the trustworthiness of public organisations. Trust and openness are essential to the democratic process and often stressed as the basis of all interaction (Prime Minister's Office 2002). Moreover, trust in public organisations reflects the amount of trust towards society as a whole. Ilmonen (2000, 7) finds in his study of trust in different parts of Finland that trust is always stronger when "backed up on a personal level by institutional modes of action that are relatively stable and familiar to the members of a given society."

Trust is associated with different roles and expectations about certain role behaviour (Seligman 1997). Every member of society has some form of social role that is either enacted or not. The concept of trust is here connected with risk and threat; if trust is threatened (one member of society is not behaving according to his role) laws and regulations are created to manage it. Laws and regulations are monitored by different officials and public organisations. Some have suggested that in modern society the need for trust has sometimes been replaced by laws and regulations. This should do away with interaction as well as the process of negotiating trust between people. Some suggest instead that trust is however not lost but transferred from people to law enforcement agencies. (Seligman 1997.) Is trust formed out of mere knowledge that rules and regulations exist to provide safety?

Political institutions and structures themselves are, however, in a way built upon distrust for they enable checking of those in positions of trust in many ways (Sztompka 1997). It is impossible to determine whether one trusts something one has had no experience of. In fact, Hardin argues that it would be unintelligent to trust something one is not personally aware of. This thinking does not quite meet the case. Hardin himself agrees that people can and should

trust the system for it to operate. The high amount of trust that Nordic citizens have in their states is to be explained through the fact that their personal experience has given them less reason to mistrust public organisations than the experience of citizens in some other countries with low levels of trust. (Rothstein 2003.)

The expertise of public organisations is a central factor to take into account when trust is considered. In fact, the reputation of all knowledge-based industry, including most public organisations, is to a large degree based on expertise and trustworthiness (Fombrun 1996). Trust in the reliability and safety of expert systems is a sine qua non for the normal everyday functioning of modern differentiated systems (Drevensek 2004, Bentele 2005). Hence expert systems, such as public organisations have to be aware of the factors influencing trust. Peters concludes the following three components to be critical for establishing, maintaining and increasing trust and the credibility of the officials: 1) perceptions of knowledge and expertise, 2) perceptions of openness and honesty, and 3) perceptions of concern and caring. Each of these is closely connected to communication. (Peters et al. 1997 in Drevensek 2004.) These are very similar to the eight factors in trust reported by Bentele (1994).

The development of trust is different for profit-making and public organisations. However, in both cases the phases of relationship building as such can be applied. For public organisations and their stakeholders, trust is important but it often develops only to a certain extent: work-related relationships are often official and thus focus on tasks more than the person or relationship. Moreover, when regulations and legislation guide and protect the relationship, as in the case of the stakeholders of public organisations, no deep trust is required, though it does make the interaction more fluent. However, the average frequent stakeholders may not be aware of all the legislation regulating public organisations, and thus have no official back-up. Equally important, work-related relationships are often cognition- or knowledge-based, as the work-surroundings do not provide for time and chance to bring about affective and identifiable trust. (Deutsch 1985, Lewicki & Bunker 1996.) Even continuous and long-term relationships between the officials and frequent or long-term stakeholders are often fact-based and never fully develop the affection typical of relational trust, nor are they expected or wanted to do so. (See Patulny 2003.)

There has been much discussion of whether trust, distrust, confidence and faith represent one and the same or several different concepts. For the sake of clarity, the present study understands them as so closely intertwined that they can be described together. A similar approach has been taken by Prêtre (2000, 122), for whom trust is a continuum. At one end there is distrust and at the other there is unrealistic, burning trust, even faith. Faith can be understood as the strongest type of trust, reliance without questioning. The burning trust end shares qualities such as deep commitment and unquestioned believing in the fairness of all actions. Sztompka (1997, 8) calls this blind and naive trust, the kind of excessive trust that leads to an over generous attitude towards institutions and pre-empts any rational assessment. Toward the distrust end the

different levels of trust are associated with distant and separate behaviour and attitudes. The commitment level is weaker at this end. With strong commitment and passionate trust, there are many expectations.

Prêtre (2000, 122) states that public organisations often serve as regulators, and in that role they are expected to be perfect at the strong commitment end. Public organisations cannot, however, achieve 100% security on public issues such as control, safety, health or justice. Most public organisations' tasks consist of recommendations, regulations, rules and spot checks. The strong commitment end expects perfectionism, which is more than can be provided and thus very risky since with unmet expectations trust could collapse. Though no expectations would exist at the weak commitment end reflecting distrust that end of the continuum is not suitable for a public organisation functioning within the concept of democracy. Distrust would signal a lack of legitimacy in the public organisation. The theoretical suggestion is hence that public organisations should aim neither at burning trust nor distrust, but rather at cool, maintainable trust with neutral commitment. This would ensure a more stable and less risky, more realistic and continual relationship with the stakeholders. The relationship between public organisations and their stakeholders should not be easily shaken, but aim at stability. The ideal level of trust is reasonable, healthy confidence or rather cool trust, where the official does not aim to achieve total acceptance of all its actions, but rather understanding and reasonable trust (Prêtre 2000, 117). Sztompka (1997, 8) mentions that extreme levels of trust may lack rational justification. Such trust would be risky for a public organisation. Figure 18 shows this continuum. The suggested ideal level of trust for public organisations is circled.
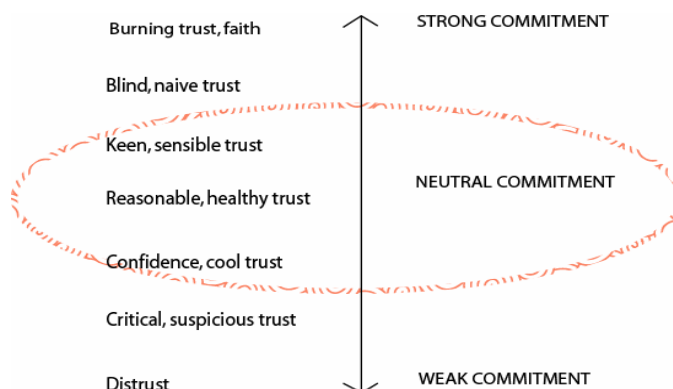
FIGURE 18 The continuum of trust based on Prêtre 2000 and Sztompka 1997. The circled area shows the proposed ideal level of trust for public organisations, with neutral commitment and realistic, healthy levels of trust.

There are some weaknesses to this model of a continuum of trust. First, as mentioned earlier, it is under debate whether trust and distrust and even faith are actually separate concepts and thus could not be fitted onto the same continuum. Second, commitment as such is an important concept and its level does not always follow the suggested order. Third, the continuum does not specify how to move from one level to another, or how to remain at the

achieved level. Despite these weaknesses and problems, the continuum offers a solution to the problem of trust in public organisations. Moreover, it demonstrates the framework within which different barometers and quality demands should work in dealing with trust in public organisations.

Does the continuum allow for the indifference and passivity of public organisations in relation to their stakeholders? The neutral commitment level supposedly ideal for public organisations is problematic. Neutrality is often connected with indifference, and this is the threat here as well. Indifference is here not the desired attitude, but neither are the extremes of faith and distrust. The idea of neutrality is nevertheless beneficial in understanding stakeholder trust in public organisations, as it defines the critical distance for democratic action and equality. Absolute certainty or faith would make trust unnecessary. Faith is here understood simply as a very strong form of trust (see Rousseau et al. 1998).

In discussion of public organisations and stakeholder trust, there is the question of whether trust in public organisations is trust at all or rather confidence based on the institutional security. Traditionally trust has been found to be the appropriate term, as the stakeholders have actual experience, not mere impressions of the overall system. Some of the trust that the stakeholders have in the public organisations is definitely confidence and it is given rather than earned. Confidence often refers to situations where the relations between the actors are impersonal and indirect, even systemic. It can be understood that the change public organisations have undergone from one-way informing to two-way dialogue with stakeholders is also a shift from simply given, institutional confidence to earned personal trust. Whether this shift, along with other neoliberal notions is actually desirable, remains unanswered.

Some recent studies in both Sweden and Finland (Pekola-Sjöblom et al. 2002) have found a connection between service satisfaction and trust in municipal or governmental decision-making. There is also a link between trust and confidence. One trusts only whom one estimates to be confident. (Hosmer 1995.) The public's inability to estimate the competence of specialists however makes such an assessment difficult. It is understood that in order for an organisation to be trusted, it needs to be known. To become known and trusted, pro-active communications in everyday practise are needed. The trust gained becomes an advantage especially in times of crisis. Public organisations and officials need to be cautious of excessive trust, however, as strong stakeholder trust could be a trap if stakeholder expectations are not realistic or not met.

It has been generally agreed in recent decades that trust in public institutions is an important part of democracy. Fukuyama (1995, 7) claims that "a nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in a society." Sztompka (1997) adds that democracy itself is a means of establishing a culture of trust. Harisalo and Stenvall (2003) add that trustworthy public agencies radiate trust in a society. Some go even further, proposing that extensive

welfare state arrangements produce social capital and trust. The universal welfare system treats everyone as equal and thus precludes the "…vicious spiral of distrust from the client leading to increasing control of the bureaucrat that in its turn results in still more distrust from the client…" as described by Kumlin & Rothstein (2005, 15).

Recent research claims that public organisations play an important role in society: trustworthy public organisations are said to radiate trust in society and even produce social capital as trust networks. (Harisalo & Stenvall 2003, Kumlin & Rothstein 2005.) The national co-existence of social capital and effective public organisations has received empirical support as "the trustworthiness of efficient institutions influences individuals' attitudes and behaviour" (Letki 2003, 21). How and under which circumstances is not fully known, yet the overall measure of trust in the officials in Finland is reportedly quite high. Moreover, well-functioning political institutions have been shown to bring about people's willingness to co-operate. Letki (2003) argues that effective democratic and bureaucratic institutions create trustworthy citizens, customers and stakeholders. This may be seen as a circle, as social capital is said to increase efficiency and democracy in governmental institutions. To conclude, in Finnish public organisations there seems to be a virtuous circle of trustworthy public institutions, stakeholder trust and high social capital.

4.3.2.1 Fair process – trusted officials

Trust in public organisations is often connected with the psychological concept of procedural justice. The concept implies that people are not merely interested in the outcome of public official processes, but the process itself has to be fair. In fact, fair process is necessary for the political legitimacy of public organisations, as they have to function with an emphasis on equality. (Dworkin 1977, Patulny 2003.) Kumlin & Rothstein (2005, 14) examine recent studies and note that "…positive perceptions of procedural justice in contacts with the institutions of the welfare state tend to increase general political trust." Public organisations creating positive encounters and just processes could thus help create a climate of trust among the stakeholders. The routines of public organisations, though a cause of inflexibility, are also necessary for trustworthiness (Kuoppala 2001).

Kumlin & Rothstein (2005, 16) interpret the link between procedural justice and interpersonal trust in terms of three psychological mechanisms. They start off with the conception that people may draw inferences about each other's trustworthiness from their perceptions of the officials' behaviour. Secondly, if in order to obtain something from the public services one is required to cheat or distort information, why should people in general be trusted? Thirdly, if you yourself cheat in order to have your needs met, then how can 'other people in general' be trusted? This distrust entrenches itself with time. The welfare state system which does not provide all citizens with equal services but tests individual needs, is a fruitful ground for distrust. On the other hand, a universal welfare system (as in Finland) "may give rise to a sense of equal treatment and that the "rules of the game" in society are based on principles of

fairness." (Kumlin & Rothstein 2005, 16.) Hence, positive personal experience of universal welfare state institutions could increase trust and facilitate the accumulation of social capital. Moreover, there is a moral aspect to trust. Trust requires a reputation of morally correct behaviour; the trustee has to place the interest of the person trusting before his/her own. In the case of public organisations, citizens have to feel that the officials place serving the citizens before their own convenience. This is an expectation that can be enforced or dispersed through the everyday processes of public organisations. (Hosmer 1995.)

It has been suggested that the management of public organisations can restore diminished trust capital through transparency of structures and knowledge of strategic factors (Harisalo and Stenvall 2003). Factors influencing assessments of trustworthiness include clarity of criteria and clear standards of achievement and scales. The appraisal and assessment of institutions and organisations is very difficult, as it usually requires simultaneous estimation of actions on various scales of achievement, and the scales are often not commensurable. This problem is especially acute for public expert organisations, as it is impossible for most citizens and even frequent stakeholders to assess performance, since they rarely understand it. Here importance is shifted to other indirect grounds for trusting: the opinions of trusted officials such as reviewers, juries, even the media and the presence and knowledge of a controlling agency enforcing professional standards. (Sztompka 2000, 83.)

Trust may be seen as contagious. When civil servants themselves trust the system they work for, this encourages the stakeholders to trust the public organisations. The employees see the organisations close up, and are thus most influential in creating a good reputation (Fombrun & van Riel 2003). Since the organisation's employees hold a key position in communications and PR, the message the organisation wants to project to stakeholders must first be accepted by the employees. In the framework of the present study, the civil servants hold this important role. Traditionally in Finland actions are valued more highly than words. This is confirmed by a recent study by Harisalo & Stenvall (2003): civil servants seem to trust somewhat more in concrete action than in the abstract purpose of their agencies. These actions not only create trust, they also add to a favourable operating environment and affect an organisation's reputation. Thus to increase trust in the officials first the trust of the civil servants needs to be increased. Harisalo and Stenvall suggest three ways of increasing trust amongst civil servants: increased communication, ensured education and incentives for employees to create value and sharpen futuristic thinking. They also note the valuable components required for development such as transparency, sufficient feedback and honesty. These are especially valuable in relation to what is said about an organisation, i.e. its reputation. The next section concentrates on the concept of reputation.

4.4 Reputation

It has been suggested that we are moving away from a bureaucratic society, in which organisations and the state provide and from a competitive market, where exchange enables provision, towards a reputation society. In a reputation society the participants estimate each other on basis of past behaviour and anticipation of future behaviour. In a reputation society, there is a special emphasis on social networks. (Pizzorno 2004.) Intangibles are becoming more important for exchange and society as a whole, as decisions are made based on impressions and reputation, instead of rationality (Juholin 2003, Aula & Heinonen 2002, Fombrun 1996). This shift creates new challenges for organisations, as their survival is no longer dependent only on economic performance, but also on how the organisation is perceived by its stakeholders.

Stakeholder assessments vary, and different stakeholders may well hold various assessments of an organisation. Reputation is, however, more than the sum of individual assessments; it is an overall estimate consisting of all these estimates. Sztompka (2000, 71) defines reputation as a record of past deeds. This definition is quite useful, as reputation is more connected to actual deeds than, for example, its sister concept, image. The reputation of an organisation is the most frequently given assessment of the organisation by its stakeholders (Fombrun 1996); it is the value of public awareness in the social networks important to the organisation (Pizzorno 2004), either good or bad. Reputation is "a common recognition of one's standing in terms of trustworthiness" (Misztal 1996, 120). Reputation, like trust, helps one manage the complexity of modern social life. For game theorists, reputation is the perception others have of the player's value, which determines the strategies applied. A good reputation is an asset that complements the value of the more tangible assets of an organisation; it is the sum of the perceptions held by all stakeholders both inside and outside the organisation (Fombrun 1996, Bromley 1993).

Reputation is 'an intertemporal identity' (Pizzorno 2004), a record of trustworthy or untrustworthy behaviour, as importance is placed on "particularly the historical trustworthiness of parties in previous interactions with others, and it is the social context that makes reputational effects possible" (Rousseau et al. 1998, 397). Reputation, however, is a more ambiguous concept than trust, as it is a publicly held opinion, and thus more vulnerable to influences. Reputation holds an organisation together; it ensures cohesion and loyalty, yet also enables those dealing with the organisation to operate within a set of generalised expectations, proper behaviour on the part of the reputation holder, the organisation (Misztal 1996). To Olins (1990), reputation means organisational identity, which includes everything that the organisation does and concerns itself with. In the long-term an organisation aims to create a reputation that assures its environment that it is credible, trustworthy and responsible. A good reputation is said to shield an organisation from risks.

Reputation is an intangible asset, and it is affected by history, organisational actions and stakeholders' impressions and images. (Lehtonen 2000, 195.) The value which arises from important stakeholders' trust in an organisation, their commitment to its goals and a positive impression of the organisation's future development can be called reputational capital (Petrick, Scherer, Brodzinski, Quinn & Ainina 1999, Lehtonen 2000, 195). Others view reputational capital as closely related to tangible capital, claiming that it can be created and transformed from one organisation to another (Carow 1999). Petrick et al. (1999, 63) claim that reputational capital is the initial part of social capital, and that it consolidates credibility, reliability, responsibility, trustworthiness, and accountability.

The concept of reputation is multifaceted. Fombrun (1996, 72) suggests that reputation is made up of four different characteristics: credibility, reliability, responsibility, and trustworthiness. The stronger the stakeholders estimate these characteristics to be, the better the reputation; the characteristics are like pillars of strength for the organisation. (Fombrun 1996, 72.) From this one can conclude that organisational image and reputation are outcomes of all organisational actions. Reputation is the observers' perceptions and interpretations of assets, and thus difficult to influence (Clark & Montgomery 1998). The observers' interpretations may or may not be compatible with the desired interpretations, yet some evidence has been found supporting the organisation's ability to influence the perception formed and its interpretation. For example, the buyers' concepts of a vendor's reputation have been found to be consistent with their response to the service provided (Yoon, Guffey & Kijewski 1993). Reputation, like other intangibles, is particularly valuable only after it has been recognized by significant others, i.e. people whose opinion matters. This makes building a reputation a strategic choice.

A good reputation benefits an organisation's actions in many ways. An organisation can demand higher prices for its products or get cheaper supplies. The organisation has a lower risk of facing crises when its stakeholders' attitude is for the most part positive. An organisation of good repute recruits the best people and has satisfied personnel. A good reputation has also been linked to greater customer commitment and loyalty and general trust. (Fombrun 1996, 73.) A good reputation creates a favourable operating environment, although it demands continuous maintenance and proof in good daily practises. Reputation as such has economic value for the organisation, as stakeholders who have heard that the reputation of the organisation is questionable are less likely to enter into an exchange or cooperate with the organisation, and they may even share their doubts with other possible stakeholders, hence contributing to an increase in reputational problems. (Hill 1990.)

Reputation is founded and sustained by the anticipation of particular rewards and sanctions linked to group membership, especially the need to maintain the achieved reputation in a long-term relationship (Misztal 1996, 121). The value of a good long-term reputation exceeds the value of any passing short term advantages (Lahno 1995). Reputation is a possibility for others; it

brings along certain expectations, such as 'noblesse oblige' (Pizzorno 2004). Thus in a reputation society the performance of organisations is controlled not so much by others as by the organisation itself, it is in the organisation's interests to maintain the good reputation they have achieved. This self control or 'reputation management' is a function of organisational public relations (PR). Public relations professionals are concerned not only with the maintenance of positive stakeholder relations, but also with media relations, since they affect the public at large. Often organisational reputation and media visibility go together; those organisations with especially good or especially bad reputations are more interesting to the media than those with neutral or normal reputations (see Bentele 2005).

Reputation management can be understood as various organisational communication functions aiming to positively impress stakeholders and contribute to the wellbeing and success of the organisation in the future. Dialogue with stakeholders is of great value to an organisation (Fombrun & van Riel 2003). In fact, the results of Corporate Reputation Watch 2002 (Pharoah 2003, 48) suggested that the most influential factor in safeguarding corporate reputation is the organisation's ability to communicate. Organisations may regard themselves as open in their communication and well developed in communication skills, but is stakeholders who have the final say. Where an organisation cannot directly influence the impressions formed in stakeholders' minds, it can aim to influence the stories told about it, and thus contribute to stakeholder and public opinion. (Lehtonen 1998, Fombrun 1996.) Moreover, it has been suggested that on the theoretical level, corporate reputation and the stakeholder thinking are overlapping perspectives (Lehtonen 2004a). In the present study the comparison is understood, but the two are viewed as interconnected but separate: while the stakeholder approach refers to those associated with the organisation placing emphasis on the importance of their voice and opinion, reputation refers to what that opinion is.

Customer and stakeholder satisfaction research is very closely connected to reputation research, as satisfied stakeholders are expected to voice their experiences and recommendations. Reputation is actually a web of impressions that represents the organisation's ability to meet stakeholder expectations (Fombrun 1996). Whether or not stakeholder expectations are reasonable depends on the organisation's ability to communicate its values and objectives. Fombrun claims that those organisations aiming at a good reputation must develop programmes that monitor stakeholder satisfaction. A good reputation derives from the organisation's ability to manage impressions, build strong relations with key stakeholders and manage any suggestions of criticism from people who influence the organisation. (Fombrun 1996.)

A good reputation is not the same as being well known, since even well known organisations can have a bad reputation, or they may even be known for their bad reputation. Reputation is sometimes compared to public opinion, as they both exist in the minds of the public. Public opinion has been described by Baskin & Aronoff (1992, 486) as "an attitudinal measure of the image a public

holds concerning some person, object, or concept." Cutlip and Center (1982, 116-119) add that public opinion is not an arithmetical sum of all possible opinions, but "rather the sum of active opinions working through power structures or social systems." The terms overlap, but reputation can be seen as the contents of public opinion. However, the reputation of an organisation may spread widely among its stakeholders, and consequently a certain reputation among stakeholders may become public opinion. (Hill 1990.)

Reputation can be seen as an umbrella concept, consisting of other concepts and terms such as identity, image and even trust. A good reputation improves an organisation's material capital, and sometimes it can be even greater than the organisation's material capital. Some claim that reputation derives from identity, meaning that reputation is built partly on organisational identity and partly on the organisation's ability to communicate and affirm the environment of this identity (Fombrun 1996). Of all the concepts useful for this study, reputation seems the most artificial. There is a risk of misuse of ambiguous concepts; when 'anything goes', even generally useful terms may have gathered negative connotations or suffered from overuse. One such example is the term 'image'; although still useful in communication sciences, for the general public image has become analogous with manipulation and deceit. Reputation has the same risk, yet it has been widely accepted by Finnish Public organisations (see Prime Minister's Office 2002) and thus it is discussed and used also in the present study. Reputation is closely related with the concepts of identity and image, which are discussed next.

4.4.1 Identity and image

Identity indicates certain characteristics that distinguish the organisation from others (Gray & Balmer, 1998). An organisation's identity is based on its members' beliefs about the important, lasting and unique traits of the organisation; it consists of those values and principles that the organisation's members associate with the organisation (Golden-Biddle & Rao, 1997, 593). Identity reflects common views on how to see work, products and stakeholders; an identity is hence the organisation's own understanding of what it is. It has been suggested that identity becomes visible to stakeholders outside the organisation as image or reputation, as identity guides the organisation's behaviour (Lehtonen 1998). In fact, reputation is understood as the intertemporal identity of the subject formed in groups of recognition. Intertemporal identity refers to a known past and an anticipated future (Pizzorno 2004). Organisational identity and image refer to perceived reality, which along with stakeholder experiences over time add up to form a reputation.

Identity has been conceptionalised both narrowly, referring merely to the appearance of the organisation, and broadly, referring to everything the organisation does to build a good reputation and favourable images. (Vuokko 2004.) Van Riel & Balmer (1997, 340-341) divide corporate identity into three parts: graphic design, a communication paradigm and a corporate identity mix.

The first of these is closely related to the narrow view of identity: it is seen as a historical starting point for corporate identity, as formerly corporate identity consisted of the corporate logo and other visual signs. The communication paradigm relates to the unity and coherence of communications from the organisation to its stakeholders: there should be a consistent policy on what sort and form of communications are coming from the organisation. Corporate identity mix refers to all the behaviour, communication and symbolism, through which the organisation's character is shown to both internal and external audiences. Corporate identity mix reflects the cross disciplinary definition of identity: that which distinguishes the organisation from other organisations. This study sees identity as the corporate identity mix: the unique traits that distinguish an organisation from others.

The International Corporate Identity Group states in its Strathclyde statement (18.2.1995, Strachur, Argyll, Scotland) that "each organisation has an identity". This identity defines the ethos of the organisation, its goals and its values. Organisational identity helps to separate the organisation from its surroundings and competitors. The identity of an organisation is born of prior experiences of the organisation, both successes and failures. Identity can be detected in the organisation's day to day practises, internally between the employees and externally in stakeholder relations. (Fombrun 1996).

Identity has been explained as a collective self under constant construction and discussion; limits and memberships are constantly explored (Kivikuru 1998, 321). The collective self consists of individual identity as well as group identity. A similar divide can be found in psychology: the division into inner being and outer circumstances (Nature vs. Nurture, see Feldman 1989, 34). This could also be applied to organisational identity formation. First, identity consists of what the organisation thinks of itself: its employees' attitude and organisational culture. Second, identity is sensitive to external influences. These external influences may be, for example, the surrounding society's values, threats and trends, and also the physical surroundings. In the case of public organisations, internal identity could refer to the values and practises of the organisation, whereas external identity would be made up of the public sector identity and branch identity together. By managing its identity, an organisation can build understanding and commitment among its different stakeholders. (van Riel & Balmer 1997, 355.) Moreover, identity and its formation are vital to reputation management (Hakala 2000, 98).

Organisations often define their identity, values and ways of action in annual reports and publications. The aim is to engrave these on the minds of the members of the organisation, who need something to which they can commit themselves and through which they can attach themselves to the organisation. However, postmodern thinking claims that an individual may posses several identities, and so an organisation too may have several identities. (Hakala 2000). The coherence of these identities is important, as it forms an image of the organisation for its stakeholders. Identity therefore shapes the organisational image, as "men in general judge more by the eyes than by the

hands… Everybody sees what you appear to be, few feel what you are" (Machiavelli in The Prince, 1949 Chapter 18). Organisational image is formed in the mind of an individual through figures, ideas and impressions. Just like reputation, image is a compilation of people's experiences, information, attitudes, feelings and beliefs; image is an entity composed of experiences, assumptions, information and impressions (Rope & Mether 1991, Lehtonen 1998). Moreover, like reputation, a positive organisational image is important when difficulties arise, as the image acts as a protective shell to the organisation, and filters out negative rumours.

Organisational image is commonly defined as the sum of the images held by different stakeholders. Image is intentionally manipulable by insiders for the consumption of outsiders; it is not merely an attempt to infer outsiders' perceptions. Image is born as the sum of many factors, not all of which can be influenced. Organisational image is formed in the minds of the viewers, not as part of the organisation itself: the organisation cannot transfer its desired identity as impressions to the minds of its stakeholders (Gray & Balmer, 1998). Organisational image is hence a reflection of identity. It can be distorted, as it is influenced by other factors such as advertising and rumours. With time, various images of the organisation are formed, and they together form the perceived organisational image. There is not just one collective impression, but each stakeholder and individual has their own. (Vuokko 1997.)

As image is in the possession of the observer, not the organisation, it is challenging for organisations to try to affect their image. Though the organisation cannot control the impression and image formation of individuals, it can aim to be consistent in its actions and aim to limit the opportunities for undesirable messages being formed. Thus the organisational image can be controlled, shaped and guided by controlling, shaping and guiding those impulses on which individuals form their image. Organisational image is built on information, just like thoughts and feelings. Information is, however, not a stronger influence than feelings, but they both together guide the formation of images. Information is processed through two channels: thoughts and feelings. These interact with each other, and they cannot be separated (Toskala 2002). Image is linked with the concept of schema, the systems of knowledge construction that help to bring structure to thoughts. Both schemas and images are formed through interaction. (Mustonen 2001, 31.)

The interpretations of an organisation's actions are formed by both prior and present impressions; the past image acts like a filter, filtering all new information through the old and thus affecting the outcome. In cases where prior impressions are positive, any negative or neutral actions of the organisation may lead to a poorer image, but not necessarily. In the case of neutral impressions, actions will define the future impression either positively or negatively. In cases of negative earlier impressions, not even the best possible actions can totally redeem the image and make it positive (Vuokko 2004). Toskala (2002) concludes that our whole existence is a multi level information process, during which we build up feelings, images and attitudes.

Image formation has also been addressed in the Theory of Facets (Åberg 1996, 39). According to facet-thinking, new images are attached to old ones. The message is first perceived as a whole, and then simplified in the brain to ensure that it is remembered. After this, the message is compared with earlier facets, traces of memory. Finally the message is linked to some facets in our memory, and enters our mind, forming an entity that we call image. This image is always under construction, when new information is received on the same issue. (Åberg 1996, 39-42.) Thus the behaviour or services of an organisation, for example, are faceted with previous knowledge and impressions. Similar behaviour may have very different effects on the image held by different people, depending on their prior schemas, facets and images.

As with the idea of facet-thinking, Grönroos (2000, 294) argues that an image communicates expectations and filters out contradictory perceptions. Image cannot be built on nothing even though image construction is often discussed. Moreover, images are born whether they are developed or not. Should the organisation wish to influence its image, it needs to build on reality (Grunig 1992, Juholin 2001). Image expectations are influenced by the models and personal preferences for knowledge handling of the individual forming the image. (Karvonen 2000). People are more likely to notice messages that confirm their pre-existing beliefs about an organisation, which lays great stress on initial image building, as an image once built tends to be inertial. (Fombrun & van Riel 2003, 218.) Goffman (1959) speaks of possible manipulations of appearance and setting, describing the way people present themselves, build fronts and stage their behaviour in order to achieve the desired results, even seducing others into trusting them. These arranged presentations help to form the image, since others observe the behaviour and create their own impression of the person. Images are powerful, as "human actions are not based on objective of physical reality, but on the image they have of reality. From the individual's point of view, the image is objective, the truth about the object. From the point of view of the audience, there is no contradiction between reality and images. To the audience, its images are reality." (Lehtonen 1999, 46.) An individual believes their impressions to be true, however untrue they might be in reality (Rope & Mether 1991).

Image is a visual concept, and often this visuality leads to an impression of artificiality. Image has often been talked about as something easy to alter and thus easy to affect. According to the literature, a significant image can be formed faster than a good reputation. For example, a significant image can be achieved through coherent communication and campaigning, (Gray & Balmer 1998) whereas a good reputation requires some experiences, a record of good past deeds (Sztompka 1997). Image is a visual metaphor, emphasizing some aspects and reducing others. This metaphoric nature of image could be partly responsible for the impression that an image is separate from its object and often far from the truth. Separateness creates an impression of difference, when the image is not exactly the same as its object. (Karvonen 1999.) The difference here is that reputation is said to be based on actual functions, while image can

be formed simply to impress, without any actual function. Sooner or later the truth will often come out, which makes false image building risky. If an image is built to reflect reality it should only grow stronger with time, but if the image is not built on reality its revelation can be destructive. Recently, image has gained a bad reputation, and it is now considered an outdated term, and often replaced with reputation. (Karvonen 1999.)

4.4.2 Making of a Reputation

Society itself is not observable as an entity (Alkula, Pöntinen & Ylöstalo 1995, 21). Reputation is a representation based on limited knowledge. Reputation is a sum of stories told, the sum of past experiences spread among a social network. A good reputation is thus a virtuous circle in which those with good experiences tell others, while a bad reputation is a downward spiral in which those with bad experiences tell others. The spread of its reputation is a challenge for organisations, as often those with bad experiences are louder than those with good experiences. As reputation is formed on the basis of what the organisation is and does in reality, employees are regarded as one of the most vital stakeholder groups for corporate reputation. (Corporate Reputation Watch in Pharoah 2003). They form the most influential opinions that shape reputation. A good reputation is born out of a good internal reputation and a good organisational culture. This is to say, the employees first need to be satisfied with the organisation before anyone on the outside can be expected to be. A good organisational reputation is thus an internal matter of the organisation. Satisfaction is difficult to fake credibly. (Karvonen 1999.) Reputations are entities, and thus it is necessary to emphasize the situational sensitivity of all stakeholders.

Reputation formation has many aspects in common with image formation; previous images and experiences are processed and form an entity. However, reputation is somewhat more demanding than image, since it requires actual deeds, while image may be built through marketing or advertising. Reputation, more than image, is connected with actions, which makes reputation a more comprehensive concept than image. Bernstein (1984, 18) says that reputation is not as visual as image, and thus it is harder to change and shape. Reputation is earned through what the organisation is and how it presents itself, through identity and past deeds. A reputation is more stable than an image; it is based on what is said rather than what is perceived.

Reputation depends on word of mouth, one of the most powerful communication tools, as reputation deals with speaking and listening, mentioning (Pharoah 2003). Reputation is thus something said about something, a note or a testimony, either good or bad. Reputation exists among people, in communities, groups and organisations (Karvonen 1997, 1999). A reputation has an alter and an ego: someone mentioning something about someone. This is especially important when analysing the concepts of reputation and social capital. If social capital is understood as resources available through reciprocal social relations (see Lin 2001), in order for the ego

to have social capital the good reputation should be in the other. However, this also works in other ways: a good reputation may lead to the creation of relationships that provide social capital, and having social capital may lead to a better reputation. (Pizzorno 2004.) In fact, Misztal (1996, 127) claims that reputation as such can be understood as social capital: "the existence of reputation is an important social capital which facilitates people's willingness to cooperate…"

As reputation is a sum of opinions, it has been an area of interest in network studies as well. The principles are the same as in other reputation research. For network studies, a good reputation is an "advantageous network prominence" (Burt 2001, 205). However, reputation requires closure - it cannot arise in an open network structure (Coleman 1988). Reputation is thus a resource embedded in the social network (Nahapiet & Ghoshal 1998.) The prominence itself is determined by those in the network and their opinion of the subject. Thus, though the advantageous prominence may seem to be the property of the subject (its reputation) it is nevertheless the property of the network, as reputation is a collective estimate.

Reputation is formed differently depending on the directness of the situation itself and the amount of contact. Reputation formation also depends on the stakeholders (Mitchell et al. 1997). Those with frequent contact with the organisation have more personal interactions, whereas those with less actual contact rely on other means for forming opinions such as the media or other people. Aula & Heinonen distinguish three levels of reputation formation. On the first level, reputation is formed directly through personal encounters, individual experiences. This is the most crucial level of encounter, exceeding in importance the two other levels. The second level is that of stakeholder interaction, where there is no actual face-to-face meeting, but intermediary interaction in which stakeholders encounter the organisation or its products and services. This level is associated with the formation of schemas and joining later facets with previous ones. The third level is the level of stories and impressions and occurs when there is no contact with the organisation, merely hearsay, the exchange of experiences or publicity through the media. The third level usually has a wider reach, but it is not as influential as the other two levels. (Aula & Heinonen 2002, 91-92.)

The desired reputation (target reputation) may differ from the outcome (perceived or stakeholder reputation). This gap is often filled with PR-actions such as profile building, information flow, listening and dialogue, marketing and environmental scanning. (Juholin 2001.) Managing reputation, however, is a twofold issue. On the one hand, reputation should result from actions, hence a good reputation would result from good and just actions without any effort or communication. The argument is that the most credible reputation results from satisfied stakeholders sharing their experiences informally in various social networks (Sjovall & Talk 2004). This is the approach that is adopted by Finnish public organisations, for example (Prime Minister's Office 2002). This is, however, seldom sufficient. Moreover, good deeds do not benefit the

organisation if they are not known. Hence, and on the other hand, a good reputation requires management, and as reputation is connected with what is said, it can be managed, for example by monitoring conversations and writings where the organisation is mentioned. Such conversations take place not only between stakeholders, but also in the media or on the internet. Monitoring enables quick interventions in cases of incorrect information. (Karvonen 1999.)

If reputation is an entity made up of the stories told, its contents are those stories. Pizzorno (2004) views institutional position, competence, membership and interpersonal experience as forming the grounds on which a reputation is built. Personal experience is the most important for reputation, as it exceeds all other forms of knowledge; one's own judgement is trusted more than others' experiences (ibid.). Reputation is formed only after repeated contact; with only one interaction there is no need for a reputation. In fact, repeated interactions form a reputation that solves even the 'prisoner's dilemma' of cooperation. (Axelrod 1984.) We hear of the legendary King Midas of Phrygia that he made everything he touched turn to gold. This Midas touch, the touch of excellence, can only be achieved by continuous and good operations and actions. According to Fombrun (1996), this excellence can be achieved by outshining others in some certain area of expertise, such as services or knowledge. Whatever this excellence, it is supported by routines that build trust and trustworthiness.

To help operationalize organisational reputation, researchers have divided the concept into various measurable terms and dimensions. One such operationalisation has resulted in the Reputation Quotient (Fombrum et al. 2000). The Reputation Quotient has been created for profit-making organisations. It has been validated and tested and is therefore a trustworthy model, though perhaps somewhat commercialised. The Reputation Quotient consists of six reputational dimensions that describe the schema-processes of individuals when assessing the reputation of an organisation. Each dimension consists of individual statements or questions that can be applied to create an overall rating for each dimension. The six dimensions help to concretize the concept of reputation by breaking it into statements. The six dimensions of reputation are as follows:

1. Emotional Appeal: How much the company is liked, admired, and respected. [Examples: Have a good feeling about the company. Admire and respect the company. Trust the company a great deal.]
2. Products & Services: Perceptions of the quality, innovation, value, and reliability of the company's products and services. [Examples: Stands behind its products and services. Develops innovative products and services. Offers high quality products and services. Offers products and services that are good value for money.]
3. Financial Performance: Perceptions of the company's competitiveness, profitability, growth prospects, and risk. [Examples: Has a strong record of profitability. Looks like a low-risk investment. Looks like a company with strong prospects for future growth. Tends to out-perform its competitors.]
4. Vision & Leadership: How much the company demonstrates a clear vision, strong leadership, and an ability to recognize and capitalize on market opportunities. [Examples: Has excellent leadership. Has a clear vision for its future. Recognizes and takes advantage of market opportunities.]

5. Workplace Environment: Perceptions of how well the company is managed, what it is like to work there, and the quality of its employees. [Examples: Is well-managed. Looks like a good company to work for. Looks like a company that would have good employees.]
6. Social Responsibility: Perceptions of the company as having high standards in its dealings with people, supporting good causes, and caring for the environment. [Examples: Supports good causes, is an environmentally responsible company, Maintains high standards in the way it treats people.]

Another listing of reputational characteristics from a different point of view comes from a team of researchers involved in a comparative study assessing both employee and customer views on organisational reputation. Davies, Chun, da Silva & Roper (2004, 136) identify five major and two minor dimensions of reputation which together form what they call "Corporate Character". The dimensions of the Corporate Character interlock and overlap with the reputational dimensions of Fombrun and Gardberg, and they consist of the following:

1. Agreeableness: Measuring warmth, empathy and integrity. [Warmth: how friendly, pleasant, open and straightforward the corporation is. Empathy: how concerned, reassuring, supportive and agreeable the corporation is. Integrity: the levels of honesty, sincerity, trustworthiness and social responsibility.]
2. Enterprise: Measuring modernity, adventure and boldness. [Modernity: how cool, trendy and young the corporation is. Adventure: how much imagination, excitement and innovation the corporation possesses as well as how up-to-date it is. Boldness: how extrovert and bold the corporation is.]
3. Competence: Measuring conscientiousness, drive and technocracy. [Conscientiousness: how reliable, secure and hardworking the corporation is. Drive: how ambitious, achievement-oriented and path-breaking the corporation is. Technocracy: how technical and corporate it is.]
4. Chic: Measuring elegance, prestige and snobbery. [Elegance: how charming, stylish and elegant the corporation is. Prestige: how exclusive, refined and prestigious the corporation is. Snobbery: how snobbish and elitist it is.]
5. Ruthlessness: Measuring egotism and dominance. [Egotism: how selfish, arrogant and aggressive the corporation is. Dominance: how authoritarian, controlling and inward-looking the corporation is.]
6. Informality: [How casual, simple and easy going the corporation is.]
7. Machismo: [How masculine, tough and rugged the corporation is.]

This listing of Davies et al. describes the reputation of an organisation perhaps rather more thoroughly, as they also measure aspects that describe negative traits. It is, however, important to remember that each organisation is unique in its traits and character, and thus some caution should be applied when adapting untailored barometers and reputation questionnaires. Moreover, cultural aspects play a role as well. It is important to note a Finnish approach to measuring reputation, the RepMap by Aula & Heinonen (2002, 100). It takes into consideration the specific traits of the Finnish business world and its implications for reputation. The six dimensions of the RepMap are:

1. Corporate culture and management. [Esteem, management and employee trust, motivation and appraisal, commitment and satisfaction.]
2. Products and Services. [Delivery, price-quality ratio, quality and benefits.]
3. Ability to change and develop. [Development, dynamics, courage, vision and strategy.]

4. Public image. [Fame among stakeholders, visibility, public image, charisma of leaders.]
5. Social Responsibility. [Immediate surroundings, societal surroundings, ethics.]
6. Success. [Internationality, leadership-position, competitiveness, economic growth.]

These measures emphasize the importance that Finns place on social responsibility and management as well as on corporate culture. Though Finnish, the RepMap has been designed for business organisations. Special caution is required when adapting across sector lines, as when instruments designed for profit-making organisations are adapted to public organisations. For Finnish public organisations this tool is not suitable. The Association of Finnish Local and Regional Officials (Kuntaliitto) has had a reputation barometer tailored for its own specific needs. Although once again this barometer was originally designed for commercial purposes, it is of benefit for the present study. However, it needs to be noted that there are differences between municipalities and public organisations, one of which is the presence or absence of competition. Whereas municipalities compete with each other, central administration public agencies and organisations are often monopolies or unique. The factors that affect municipal reputation are as follows (Suomen Kuntaliitto & Viestintätoimisto Pohjoisranta 2004):

1. Management culture. [Management trustworthiness and honesty, management expertise, skill and responsibility, collaboration of the authorities and elected officials, official expertise and skill.]
2. Personnel policy. [Equity for employees, training, esteem and pride in the employer's work, employee satisfaction and commitment.]
3. Services. [The quality, availability, extent and price-quality ratio of public services, the sufficiency of private services]
4. Municipal image. [Public visibility, emotional appeal of the image, general recognition, esteem and received recognition.]
5. Sensitivity to change. [Development of municipal functions, courage to try something new, ability to change, ability to support industry and commerce, support for new businesses.]
6. Sustainable development. [Ethicality of functions, support for sustainable values, environmentally friendly policies, support for residents' spontaneous action, the responsible development of the surrounding area.]

It is obvious that all these listings apply similar attributes, factors and dimensions to determine reputation. It can be concluded that those barometers measuring foreign organisations (Reputation Quotient and Corporate Character) emphasize perhaps more success and financial results in reputation, whereas the Finnish versions place more emphasis on sensitivity to stakeholders and the surrounding environment and their needs. In a pilot study of the barometer of municipalities mentioned above, management culture, services and staff policy were considered more important for municipal reputation than, for example, the municipal image or finances. (Suomen Kuntaliitto & Viestintätoimisto Pohjoisranta 2004.) Public organisations seem to be distinctive in some ways as far as reputation and trust are concerned, and so the next section discusses these.

4.4.3 Reputation and public organisations

Some public organisations in Finland have existed for quite long periods of time and have established a distinctive reputation based on their activities. Other public organisations are newer, yet the sector reputation affecting them can be understood to have developed over time. Sztompka (2000, 72) notes that independent of an organisation's past deeds, there is a crucial metacharacteristic that must be taken into account in estimating the reputation of public organisations: it is the consistency of past records, the unity of conduct over time. Consistent public policies and neutral trustworthy behaviour create a reserve of consistent behaviour that adds to a reputation of trustworthiness. It emphasizes the dependability of the organisation, and with public organisations this is crucial. The longer the acquaintance between stakeholders and public organisations is, the longer the stakeholders' record of the organisations' behaviour. Those stakeholders with more experience probably know the public organisation better and can thus evaluate it more accurately. Sztompka (2000, 73) argues that trust is contagious, and that those with experience are role models for others who may imitate their impressions. This places an emphasis on stakeholders with long contact with the organisation.

Stakeholder attitude towards a public organisation may depend on the level of trust and achieved trustworthiness of the public organisation (Laaksonen 2001, 10). The competence of the officials is one generator of trust, as competence can be understood as sufficient knowledge and skills (Stenvall 2000). To simplify, the quality or competence of the main product or function of the public organisation can be understood as a criterion for stakeholder reputation and trust. In the case of public research organisations, trustworthiness depends on the quality and applicability of the research they produce. With regulatory organisations trustworthiness depends on their ability to regulate their field. The trustworthiness of legislative organisations depends on their effectiveness in preparing quality legislation, and with the semi-commercial public organisations it can be understood to depend on their product and the regulatory actions they have to carry out. Maintaining trust and reputation require different investments in different public organisations, and are more necessary for those with intangible products than for those with more tangible outputs.

Image marketing or impression creating and cultivating is not seen fitting in the Finnish public administration. The image of a public organisation and its functions is best formed through right actions, and the actions of the public administration must not include self-praise. (Prime Minister's Office 2001.) Karvonen (2001) criticises this, stating that democratic dialogue between the state and its citizens (actions) and advancing favour (image marketing) are in no way opposites, but two sides of the same coin. Actual and ethical operations and impression formation are not mutually exclusive, but are in fact dependent on each other.

Fombrun (1996) points out the need for uniqueness in the formation of a good reputation. He suggests that this can be achieved by outshining others in

some certain area of expertise, like services or knowledge. It needs to be noted, however, that public organisations must be similar enough to be accepted into the field. To maintain and inherit a past reputation and the trust of stakeholders, public organisations cannot differ too much from other public organisations. Moreover, their products and services are guided to a large extent by legislation, and this limits the amount of uniqueness that is possible. It is a tug-of-war between managerialism and isomorphism: on the one hand there is the need to outshine other public organisations to create a reputational advantage, and on the other there is the need to maintain legitimacy via isomorphism.

A good reputation creates a favourable operating environment, but it demands continuous maintenance and proof in daily good practises. A good reputation must be constantly cultivated and guarded. A good reputation delivers a promise: this is how the organisation will behave in the future (Fombrun 1996, Sztompka 2000). In fact, future expectations based on prior and present experiences have been understood to be the force that creates trust in a relationship. Sztompka (2000, 76) adds that "high reputation adds to the visibility of actions, and invites more scrutiny and control by means of more demanding standards." The old statement of 'noblesse oblige' holds true for organisational reputations as well; good reputations, once achieved, allow no repose.

For public organisations with diminishing funding the maintenance of a good reputation may become a burden. (Sztompka 2000, 77.) Hence there is a slight problem with the reputation-promise in public organisations: should legislation change or funding be altered, actions may change. This could have an effect on the reputation of trustworthy public organisations. Like high trust levels, high reputation levels are risky. The higher the reputation, the greater the fall if something unexpected should occur (Bromley 1993). For public organisations this risk is too high, as their functions require trust no matter what the situation. Consider the case of various public safety officials (medicine, radiation, environmental): trust in their word could save lives, while distrust in their word could cause lives to be lost.

The funding of public organisations is another challenge: unrealistically good reputations require constant cultivation. Yet funds are often scarce in public organisations and the cultivation of reputation is rarely at the top of the list of things to do. The target reputation of public organisations should thus be kept at a realistic and healthy level, so as to be trusted and taken seriously, but neutral enough to acquire the necessary distance to remain trusted even in times of crisis. Figure 19 shows the continuum of reputation and suggests that a healthy level of reputation with some maintenance is achievable for public organisations.
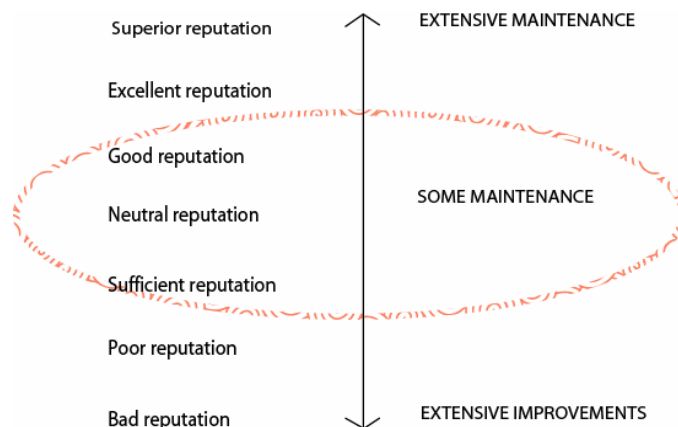
FIGURE 19 The continuum of reputation. The circled area shows proposed ideal area of reputation for public organisations, with some maintenance and realistic, neutral reputation.

Figure 19 suggests a neutral reputation for public organisations, which requires only some maintenance. The continuum has the same limitations as the continuum of trust (Figure 18) but it again highlights the most suitable level of reputation. An excellent reputation would require extensive maintenance since 'noblesse oblige'. Such maintenance is not possible for public organisations, especially in times of diminished funding and added pressure and the demand for efficiency. On the other hand, a bad reputation would harm the public organisations and is not recommendable either. Moreover, it would again require funds and resources that public organisations do not possess. It is therefore suggested that the ideal level of reputation for public organisations is neutral or good. On these levels the public organisation is regarded well enough to be appreciated and esteemed for its activities but it is not expected to deliver more than it can. The lack of competitors makes this level acceptable for public organisations, whereas for private organisations it would be problematic.

Figure 19 does run the risk of being falsely understood as suggesting a dangerous passivity to public organisations. A neutral reputation with due maintenance, however, do not point to passivity, but to realism. There is no point in posing demands for public organisations' reputation management that are unrealistic or cannot be kept. Though theoretically attractive, such models often end in forgotten files. This has been proven already by the insignificant results of various managerialistic fads that have been introduced into Finnish public organisations in the last 20 years. This continuum of reputation aims at realistically maintaining and improving Finnish public organisations.

For a good reputation, dialogue with stakeholders is considered important. The interaction between public organisations and their stakeholders is still to some extent one-way communication, where the public organisation shares its expertise with its stakeholders. Some of the public organisations' communication can be understood to be symmetric communication, where the organisation acknowledges stakeholder scanning and feedback, but no actual dialogue takes place. According to recent governmental guides, the general aim

in the Finnish public sector is towards two-way symmetric communication, dialogue with stakeholders (Prime Minister's Office 2002), but in reality this has proved problematic. In the case of regulatory organisations, dialogue would not necessarily lead to the best possible solution. (Grunig & Hunt 1984, Lehtonen 1998.) On the whole, stakeholder opinions are often complex entities and they can ease or hinder co-operation with the public organisation and even its functioning. (Bromley 1993).

Reputation is an entity, consisting of several reputations. In the case of public organisations, the field would be the public sector in its entirety, and more specifically, public administration. For public organisations, a typical image is linked with high expertise and trustworthiness along with rather poor service and bureaucratic functions. (Vuokko 2004, Tarvainen 2002.) The current reputation of the Finnish public sector is reportedly quite good. Problems with slow administrative processes and bureaucracy are typical, but in general the Finns tend to trust the officials. (Julkunen & Niemi 2002, Rothstein 2003, Tarvainen 2002.) Finland has been reported to be the world's least corrupt country, which adds to the trust Finns feel toward public organisations and the welfare system (Transparency International Corruption Perceptions Index 2003). Thus the point of departure for the public organisation's stakeholder assessments is good, since the general assumption of the public is trusting rather than suspicious. However, since the introduction of managerialism, the public sector has faced many challenges and hence stakeholder assessments may also have changed.

4.5   Summary of definitions and hypotheses

The theory part of the present study has covered the focal terminology from Finnish public organisations to stakeholders, communication and the intangible concepts of social capital, trust and reputation. The terms are all interconnected; changes in one lead to changes in others. As the terms have been discussed in various ways, a brief summary is needed of the preliminary definitions of the concepts of the present study before proceeding to the empirical study.

For the purposes of the present study, an organisation is considered to be a complex entity of independent parts interacting with a certain purpose and certain aims. Communication has value 'an sich' in maintaining a democratic order, but it is here seen mainly as a tool for creating shared meanings and enabling the function of the organisation by maintaining relations with those inside and outside the organisation. Stakeholder means those individuals, groups or communities affected by the organisation and wanting to affect the organisation, and on whom the organisation is dependent.

The present study focuses on frequent stakeholders, those who are significant for trust and reputation formation. Reputation is the mentioning of the organisation by its stakeholders, a record of past deeds. Trust is a gamble on

the future contingent actions of others, needed in all interaction between an organisation and its stakeholders. Trust and reputation are both products of social interaction useful to the organisation, as they create a positive operating environment. Social capital is here the extent of resources available to an organisation from among its stakeholders through networks of trust and reciprocity. To maintain a positive operating environment and create social capital, an organisation needs to build relations with its stakeholders. Hence the conclusions:

1. Stakeholder trust + time + experience = stakeholder reputation.
2. A good reputation + trust among stakeholders = social capital for the organisation.

Figure 20 sums up the logic of the division between trust and reputation from the viewpoint of the frequent stakeholders. Though trust and reputation are in many ways intertwined, there are some obvious differences, not only related to time (as demonstrated in Figure 15, section 4.1.1). In the case of a public organisation, trust and reputation form an entity; they are dependent on each other. Though for most stakeholders the only visible part is reputation, frequent stakeholders have experiences of the public organisation's trustworthiness over time. Hence a public organisation may be understood as an iceberg partly under water. What is visible to the stakeholders (water birds in Figure 20) is its reputation. What is under water is the foundation of reputation; trust. Reputation can be understood as built on the foundation of frequent stakeholder trust. Frequent stakeholders are those who have a chance to view the organisation from under water (diving birds). The reoccurring contacts of frequent stakeholders ensure a valid view of the public organisation and its functions. A good reputation would not exist for long if those with frequent contacts with the organisation would not trust it, and this makes trust and frequency of contact vital elements of reputation.

The assessments of frequent stakeholders define whether the stakeholder relationships are social capital for the public organisation or not; trust and a supportive reputation are social capital, whereas distrust and an unsupportive reputation are no kind of capital at all for the organisation. Figure 20 stresses the importance of frequency when determining social capital: mere reputation is not enough, and the frequent stakeholders have experiences also of the long-term trustworthiness of the organisation.
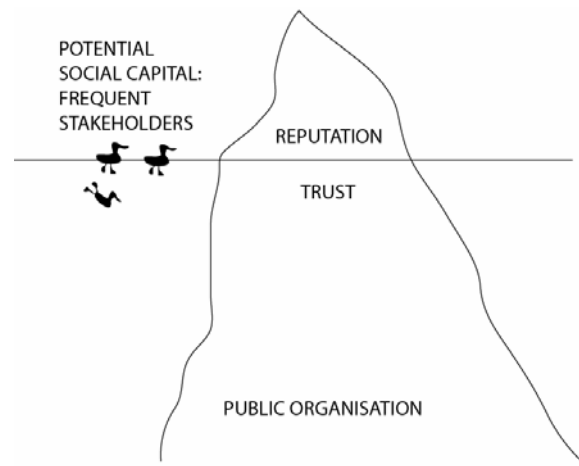
FIGURE 20 The concepts of the present study concluded: frequent stakeholders (water birds) view the iceberg mostly through its above-water reputation, but under water the public organisation iceberg is based on trust. Stakeholder assessments define whether the stakeholder relationships are social capital for the public organisation or not.

After these theoretical discussions, the interest turns to the research process, and through it to the researcher: How have the theoretical studies affected what is expected of the empirical study? All the subjective traits that affect the process may never be recorded, but some hypotheses can be made. Thus, three hypotheses for the following empirical study are presented, based on the previous theoretical Chapters:

1. A well functioning public organisation = frequent stakeholders are satisfied with its functions and trust the organisation.
2. Frequent stakeholders are satisfied and trust the organisation = target reputation matches the actual stakeholder reputation.
3. Target reputation matches the actual stakeholder reputation = the organisation is legitimate.

From the theoretical Chapters it has been possible to see that the ideal levels for both trust and reputation are different for public organisations than for profit-making organisations. It was argued that for public organisations the level of stakeholder trust should at remain neutral, on the level of reasonable and sensible trust with neutral levels of commitment. It was suggested that this middle-level would ensure the critical distance necessary for public organisations and long term stability in the development of trust. It was also suggested that the ideal level of reputation for public organisations was also neutral; a good and maintainable reputation would not promise too much and would require only a reasonable amount of maintenance. These supposed ideal levels of trust and reputation are theoretical rather than empirical, and they are used to form certain hypotheses for the empirical study. With these hypotheses in mind, attention turns to the empirical part of the present study, which tests the theoretical discussions and provides insight into the stakeholder relations of Finnish public organisations.

III EMPIRICAL STUDY

5   EMPIRICAL CONSIDERATIONS

Based on the theoretical discussions, the concepts most beneficial must be chosen for the empirical study. As the interest is in the nature of the relationship, it is to be a concept that acknowledges the importance of interaction and experience. A psychological state such as trust may be difficult to examine due to the many roles of the stakeholders in relation to the public organisation. Social capital as an empirical concept is a complicated issue and as it is not in itself a concern of the present study. The relationship is the focus of interest here; but a relationship is understood to be a sum of assessments, experiences, expectations, all of which can be understood to form a unity. This unity may be understood as reputation. Reputation is what the stakeholders see of a public organisation from the outside, it is the sum of personal experiences, the collection of expectations, the level of trust, a return on investment in communication and thus a benefit of social relations, even social capital. Moreover, reputation concerns itself with past deeds, whereas trust refers to the expected future. Future expectations may be difficult to operationalize, yet past experiences are not.

In the concluding marks of Section 4.5 the concepts applied in the present study were described to form together an iceberg. Reputation is there shown as the most visible part of the iceberg for the stakeholders. Thus for the empirical part of the present study the concept of reputation is adopted as the main concept operationalized. Although other choices could have been made, reputation was chosen for its generality, comprehensiveness and abstract nature compatible with forming assessments. This is important to remember when examining and linking the research questions, theoretical discussions and the empirical findings.

The empirical part of the present study was conducted in four phases over a period of three years (2001–2004). Altogether 19 Finnish public organisations under the umbrella of one large Finnish Ministry were chosen for inclusion in this study. The aim was to reach triangulation of data, methods and time. The time span of the present study allowed some choices to be considered and provided new ideas for data collection. Interviews and background- or desk

research were used to create a stakeholder questionnaire suitable for public organisations. The questionnaire was to serve as a tool for answering the research questions through the measurement of the opinions of frequent or long-term stakeholders. The empirical study of the present study consisted of four parts: 1) pilot study, 2) informal interviews and background research, 3) main study and 4) post study. In part one, the pilot study, the whole research process was tested on one public organisation. The results of the pilot study were reported in greater detail in an unpublished master's thesis (Tarvainen 2002: Regulates, advises, knows. A Public organisation's stakeholders' views on reputation). Part Two, the informal interviews and background research, was preparatory to the main study and involved collecting data for the drafting of a questionnaire to measure stakeholder opinions. After the formulation of the questionnaire Part Three, the main study consisted of collecting data using with the created questionnaire from 12 different public organisations, all located in the region of the capital city, Helsinki. After the main study, the need arose to measure similar public organisations also in other parts of Finland, and thus Part Four, the post study involved measuring the stakeholder opinions of seven similar public organisations, located however in various parts of Finland.

The four empirical parts are presented in the same order as they were conducted. Before this, however, the organisations under study and methods chosen are summarised. Chapter 5 introduces the organisations chosen for all the different parts of the empirical research process. Chapter 6 describes the methodology and Chapter 7 discusses the research process, results and analysis. After the presentation of the empirical study, Chapter 8 concludes the study with a discussion of its findings in relation to the theoretical background.

5.1   The organisations under study

Since the depression of the 1990's, Finnish public organisations have been under pressure to survive financially in the face of severe retrenchments. It is not that the economy would still be depressed, but that attitudes towards public services have changed. This change has been linked with the introduction of neoliberalism and managerialism. The budgets of Finnish public organisations no longer consist of public funds alone, and public organisations are forced to search for additional external funding. This has brought public organisations closer to profit-making organisations. Each of the public organisations in the present study has an annual budget and has to report their performance to the Ministry they are responsible to. Despite the increasing need for external funding, some public funding remains. While funding is no longer the obvious difference between public and profit-making organisations, there is still a difference in their raison d'être: profit-making organisations exist to maximize profits and public organisations to serve the public.

The present study concentrates on one large Finnish Ministry and its subsidiary organisations. One field was chosen to enable more reliable comparison and shared frames of reference. Most of the organisations in question were formed during the 1960's. They have since lived through many changes in title, location, functions and demands. Many of them originated in the amalgamation of various smaller organisations of similar functions or expertise, whose subcultures still abide in the organisations today. Almost all the organisations are expert organisations and thus can be understood as belonging to the knowledge-based industry. Knowledge-based public organisations provide consultation and information on their field to the stakeholders. It is important to recognize that knowledge-based industry is especially vulnerable to stakeholder views, as its whole product can be undermined by lack of trust or a bad reputation (Fombrun 1996, 13). Thus the views of the stakeholders of knowledge-based public organisations are important, perhaps even more so than in product- or service-providing public organisations, where tangibles could matter as much or even more than intangibles.

Public organisations in Finland must function according to the principles of democracy, yet the organisations themselves are not democratic in their administration or management. Most Finnish public organisations are authoritarian structures with top management and hierarchical processes and this is true of the organisations studied here. Though managerial trends have introduced teams and process-orientation as well as joint responsibility, bureaucratic hierarchies are difficult to break. Moreover, recent changes in public organisation structure have actually emphasised the importance of managerial feedback and hence the hierarchy itself. The ultimate decision-makers in public organisations are not the employees but the director general or the head of the public organisation along with a board of directors. This is important to keep in mind while further examining the organisations under study.

The present study was conducted among several public organisations, with altogether 19 Finnish public organisations included at various stages: one large Finnish Ministry, and its 18 subsidiary organisations or organisations otherwise connected to it. For privacy reasons the representatives of the organisations have asked that the real names of the organisations in question should be withheld. The main functions of the organisations vary from research, legislation and regulation to semi-commercial functions. Though almost all organisations were involved in more than one of these fields, their main function has been taken as the basis on which to classify them. Most Finnish public organisations under Ministries serve as authority organisations and research organisations, while the number of legislative and semi-commercial public organisations is smaller. This division of organisations is reflected in the present study.

The present study concentrates mainly on the stakeholder relations of those public organisations with low fees and a low level of contact with the

general public (van der Hart 1990). This is not to say these organisations do not have stakeholders, for they exist to serve their stakeholders all the same, but their most important stakeholders are not considered to be the general public. Moreover, the contact between these organisations and their frequent stakeholders is based not only on exchange of goods and services but also collaboration, regulation and supervision. These organisations were chosen because research typically concentrates on organisations with direct contact with citizens and the general public (see Turunen 2002, Eskelinen 2005), and low-contact organisations have received little attention although they face similar challenges. On the spectrum on service type (Laing 2003, 438), the organisations studied here are located in the middle between the extremes of social benefit and private benefit. Though their main functions may not be to provide products or services for private benefit, they do provide some authority services that involve contact with stakeholders. At the social benefit end of the continuum professional judgement of the quality of service is dominant, whereas at the private benefit end, consumer judgement is dominant.

The organisations under study all represent neutral- and order-type public institutions (Rothstein & Stolle 2002). These organisations have relatively permanent staff and are thus expected to emphasize equity and impartiality, as well as stability over time. According to recent research, organisations working in the field of stable, impartial (neutral & order) public institutions are the most trusted. This makes research on the neutral and order type of organisation important, for should their level of trust vary it could affect society at large. Though the organisations in the study are all low-contact, neutral and order – type organisations, their main functions or "production cores" differ somewhat (Jørgensen et al. 1998). In fact, four different types of public organisation can be found in the present study: research organisations, authority organisations, legislative organisations and semi-commercial organisations. The research organisations could be described as scientific officials, with the main function of pursuing research and serving providing information. The authority organisations often serve as regulators and consultants, since it is their function to provide expertise. The legislative organisation prepares legislation and is responsible for administration, whereas the semi-commercial organisations have both regulatory functions and also run commercial businesses based, for example, on monopolies of certain products. Table 21 describes the types and numbers of organisations examined here.

TABLE 21 The types and numbers of the organisations examined in different parts of this study. The authority organisation in the pilot study was one of the authority organisations involved in the informal interviews and background research as well as the main study, so the total number of separate public organisations adds up to 19 rather than 20 as it seems.

Research stage	Number of organisations under study	Type of organisation
1) Pilot study	1	Authority organisation
2) Informal interviews and background research	3 6 1 2	Research organisation Authority organisation Legislative organisation Semi-commercial organisation
3) Main study	3 6 1 2	Research organisation Authority organisation Legislative organisation Semi-commercial organisation
4) Post study	7	Authority organisation

The organisations studied consisted of the Ministry itself, i.e. the legislative organisation, and its 18 subsidiary organisations representing the other types of organisations, research, authority and semi-commercial. The Ministry occupies a certain managerial position in regard to the organisations in question, since it supervises their functions. The Ministry's functions include directing the development of policies in its field, while the subsidiary organisations and related authority function as experts in their own subject area and support the Ministry. The Ministry defines the main course of policy in its field, prepares legislation and key reforms and steers their implementation, and handles the necessary links with the political decision-making process. There is a Target and Action Plan (tavoite- ja toimintaohjelma TATO) for everything within the sphere of the Ministry drawn up for the whole period of office of each Finnish government (4 years). The Plan is a kind of contract of co-operation between the local officials (municipalities) and the state. The preparation, execution and follow-up of the Plan are the responsibility of a steering group composed of the representatives of, among others, the Association of Finnish Local and Regional Authorities, the Ministry-related officials, and non-governmental organisations in its sector.

  All the functions of the legislative organisation are laid down by law. The legislative organisation is the only one with political, elected and thus periodically changing leadership. All the other types of public organisation have permanent employees, but the legislative organisation's leadership changes when the dominant political party changes. Thus the legislative organisation represents a somewhat different type of organisation than the other non-political organisations. The bureaucratic nature of its affairs is

probably more evident than with the other types of organisation. Nevertheless, the officials of the legislative organisation are relatively permanent, despite the changes in top management. Swedish research on trust in government found that those government institutions with elected officials were less trusted than those with permanent officials (Rothstein 2000).

The research organisations tend to serve as providers of statistical data to help the decision-making of the Ministry and have few other functions. They do not have as much responsibility in terms of authority functions as the authority organisations or legislative organisations have. The authority organisations serve mainly as a regulatory authority for implementing the guidelines set by the Ministry, though they often acquire other functions as well such as research or even semi-commercial functions in some specific areas. The semi-commercial organisations supervise and provide services in one monopoly field of commerce under the authority of the Ministry. They have notably fewer authority functions than the other organisations, thus possibly providing more fluency. The role of the semi-commercial organisations is interesting, as they can be applied to give some insight into the differences of profit and public organisations. The semi-commercial organisations are mostly national monopolies operating under strict laws yet with more financial freedom than public organisations generally. This sets them the challenge of surviving in two fields: the public sector and the private sector. It has been shown by previous research into reputation that the reputations of private organisations emphasize service, esteem and efficiency, whereas those of public organisations involve equity, responsibility and service (see Tarvainen 2002, Rundberg 2000).

5.2   Description of the organisations

The description of the organisations under study here is challenging for several reasons. Firstly, the organisations wish to remain unrecognizable throughout this research. Secondly, as public organisations change over time, all these public organisations have evolved through various stages, including mergers and reorganisations to become what they are now. Thirdly, their main function is not their only function, and some generalisation is necessary. Fourthly important statistical data for the public organisations in question, such as the number of personnel are difficult to handle as almost all of them have several external funding projects with temporary staff and funding. These project workers are not included in the figures here. Despite these limitations, Table 22 lists the number of personnel and the decade of establishment of the organisations studied here. The table is based on records for the year 2003.

Most of these organisations originated during the strong development of the Finnish welfare state in the 1950's and 1960's, but some are newer or result from later mergers and reorganisations. The decade of establishment is problematic, since all of the organisations have existed for longer than is

implied by the figure given in the table, but as separate units, under different names, as different officials and even with different functions. In fact, some of these organisations' roots can be traced back to the 17th century, when similar functions to those of present-day public administration were instituted. The many phases in organisational history and functions, however, fail to provide a coherent measure of the age of the organisations, and thus the dates of founding provided by the organisations themselves are listed in Table 22.

TABLE 22   The public organisations studied in the present study, their size and year of foundation.

Part of the present study	Organisation type	Number of staff in 2003 (rounded)	Founding decade
Pilot study	Pilot authority organisation	300	1950's
Informal interviews and background research, Main study	Research organisation 1	850	1940's
	Research organisation 2	800	1910's
	Research organisation 3	450	1990's
	Authority organisation 1	50	1990's
	Authority organisation 2 (the pilot organisation)	300	1950's
	Authority organisation 3	150	1990's
	Authority organisation 4	90	1970's
	Authority organisation 5	50	1990's
	Authority organisation 6	90	1990's
	Legislative organisation	470	1910's
	Semi-commercial organisation 1	2480	1930's
	Semi-commercial organisation 2	1640	1930's
Post study	Authority organisation 1	80	1970's
	Authority organisation 2	50	1970's
	Authority organisation 3	60	1970's
	Authority organisation 4	30	1970's
	Authority organisation 5	50	1970's
	Authority organisation 6	70	1970's
	Authority organisation 7	40	1970's

Table 22 shows that the organisations are quite heterogeneous in size and age. For example, the semi-commercial organisations are notably larger than some authority organisations, due to their monopolistic business functions. This diversity of size ensures a range of different organisations for the present study, but brings along certain challenges as well. The pilot organisation is in deed twice in this study. It was chosen for the pilot study from the 12 organisations

of the main study for its typicality, since many of its past changes have taken place in the other organisations under study as well. For example, it has existed since the 1950's under various names and in different locations and its functions have changed and increased over time. It has several functions, mainly authority and research. Another important aspect of this organisation also typical of the others is that there is some division between the different departments, since they used to be located at separate addresses and their functions differ. A common culture and identity are therefore still forming in many of the organisations under study, and their lack of cohesion may have an effect on the present work, as the stakeholders have different departments to deal with. Such histories are typical or the other organisations as well.

The organisations were chosen for the different parts of the present study for several reasons. For the pilot study, an authority organisation was chosen as being a typical Finnish public organisation. For the main study 12 different public organisations were chosen under inclusive sample of the field. This, however, failed to measure whether the differences in stakeholder opinions would be due to the different fields and sizes of the organisations or merely the organisations themselves. Accordingly for the post study, seven similar authority organisations in the same field and with same functions were chosen but from different parts of Finland. The post study organisations were quite similar even in the number of personnel. These choices guided the research process and aimed to ensure quite an inclusive and general cover of Finnish public organisations and reach triangulation of data. Attention is now turned to the methodology applied in the present study.

6 METHODOLOGY

Research often fails to provide a perfect mirror of reality, as knowledge is never totally universal and consists of more or less generalised theoretical abstractions. This is especially true of the human sciences and quantitative research, as knowledge acquisition concentrates on certain issues perceived to be important. (Alkula, Pöntinen & Ylöstalo 1995.) What is perceived to be important and which methods are used are affected by current trends in research and science, and may vary greatly over time. Each work of research is therefore a product of its time, and should be interpreted as part of its time. Moreover, the methods chosen affect the outcome. The theoretical starting point in this study was more positivistic than naturalistic, as it took a deductive approach: this research progressed from previous studies and theories to testing and developing new theory. The research questions have had both positive and negative effects: on one hand the aim is clear and the right data and method of analysis may be utilized. On the other hand, the formulation of the questions restricts the thinking into a less dynamic and creative, preset form.

The present study was interested in the stakeholder relations of public organisations, and they were examined through stakeholder assessments of altogether 19 different Finnish public organisations: one large Finnish Ministry and its subsidiary organisations. In accordance with the theoretical understanding of the research problem, this research was based on case studies, and thus context-bound. In fact, theory and data can be understood to be interdependent in all social studies and therefore "Criteria of utility rather than "truth" should be employed in making judgements on the adequacy of theory." (Llewelyn 2003, 667.)

The aim of the present study was to achieve an understanding of the chosen research area of public organisations and stakeholder relations. The present study used data triangulation, as the concept of the stakeholder assessments of public organisations was under study through different types of data collected during the process. This research was quantitatively based, and so any qualitative approaches employed are reported within the framework of

quantitative data. Several research techniques were applied: interviews, background research on secondary data and questionnaire-based surveys.

The research questions were approached through case studies, as the case study has been shown to be a suitable method in studying a contemporary phenomenon. The expression "case study" refers to reporting objectively a real life example for research purposes. In the social sciences, a case study is an investigation revealing the processes or patterns of human or organisational life. Case studies have been noted as significant and fruitful methods of study, as they humanise the research objects and hence provide useful insight into the concepts under study (Heikkilä 1999). A case study is understood as "the findings from a naturalistic inquiry reported in the form of a detailed examination of a single subject, group or phenomenon" (Frey et al. 2000, 410). Case studies require caution, as their results cannot be generalised as such, yet they do provide useful examples and hence deepen the understanding of the research object. In addition, case studies often produce models or theories that can be applied more broadly than the specific results. Since the present study consisted of altogether 19 case studies, its scope can be seen to be rather broad and general.

6.1 The choice of the quantitative research tradition

Quantitative research is often encountered as a part of formal or conclusive research due to its form of quantifiable and comprisable numbers. Conclusive research aims at providing information that is useful in reaching conclusions or decision-making. The data used for conclusive research may be primary or secondary, and the data is to serve as a means of either testing a hypothesis or reaching reliable or representative figure of the population or the phenomenon through a valid instrument. The purpose of conclusive research is to provide a reliable or representative figure of the population through the use of a valid research instrument. However, quantitative research is also applicable for conducting exploratory research. Quantitative methods can only be applied if the research object can be measured systematically, or some parts of the research object can be isolated for study. Quantitative methods also require defined skills for adequate understanding of the analyses and their implication, since quantitative research so much depend upon measurement. (see Alkula et al. 1995, Frey et al. 2000, Heikkilä 1999.)

The qualitative and quantitative research traditions have often been falsely understood as opposites, when in fact they should be seen as supportive of each other or even two ends of one continuum. Where the quantitative approach is grounded on positivism or post-positivism, the qualitative approach is grounded on phenomenology, hermeneutics and existentialism. There are important differences between the two traditions. Though structure is essential in either approach, the data collected in quantitative research tends to be more

structured and require more structured analysis. Since quantitative research is subject to statistical tests, there is more objectivity in the results and analysis. The volume of data collected in quantitative research is greater and the data can be replicated or collected repeatedly if necessary. As quantitative research is centres upon measurement, it fails to report details which typically feature in qualitative research. However, quantitative research enables a certain precision to be achieved and an understanding of the larger picture through statistical tests that exclude chance and determine possible connections between independent and dependent variables. (Alasuutari 1995, Heikkilä 1999, Metsämuuronen 2001.) Both approaches can be applied simultaneously, yet for the sake of clarity it is suggested that either one or the other be chosen as the main approach. In the present study the quantitative research tradition is chosen as the main approach, yet both traditions are applied.

6.1.1 Measuring assessments

Measurement is an essential concept in science. Assessments are intangible and depend on the beholder, so measuring assessments requires measuring opinion. Jeffries-Fox (2002) writes "You can't manage what you don't measure" and behind the need to measure stakeholder assessment in public organisations is the demand for improved efficiency and better service generated by management ideas. As discussed in the theory Chapters of the present study, trust and a positive reputation affect the overall operation of public organisations, which makes them important assets to measure. Frey et al. (2000) note the importance of going through previously applied research methods and tools before and during the research process, as previous research may have come up with crucial improvements. Hence measuring assessments often first begins by analysing what has been achieved and understood in the field so far.

Assessments are intangible and they can be understood to reflect the values of the organisation. Thus measuring assessments is to some degree measuring values: "the purest method to draw conclusions on the values that are shared in public administrations is by contrasting the opinions of those who have any kind of relationship with the organisation, be it direct or indirect." (Claver et al. 1999, 457.) Intangible concepts are tricky, as they are socially constructed and thus socially understood yet difficult to measure. Moreover, the quantification of intangibles sometimes leads to questioning of whether the measurements really do measure the phenomena intended or rather other related phenomena. The present study accepts the challenge of dealing with intangibles and measuring them.

Cinca et al. (2003) propose user satisfaction assessments as a performance indicator for public services. The principal way to address organisational trust and reputation is through statements of corporate values and their application through codes of ethics (Webley 2003, 9). Finnish public organisations rarely produce codes of ethics as their functions are dictated by the law itself, but statements of values are applicable in other ways. Previous assessment measurement, the goals and the strategic direction of the organisation need to

be understood (Younis et al. 1996). This is often achieved through interviews with key people in the organisation: before measuring the stakeholders, the organisation itself needs to be measured. This enables the comparison of what the organisation wishes to be with what its stakeholders consider it to be: the desired levels of reputation and trust, with the actual levels among the key publics and stakeholders. Moreover, when the organisation being investigated is given a chance to assess itself, the results become more inclusive and all embracing and closer to reality (Frey et al. 2000, 98). To ensure this outcome, the management and employees of the organisation under study should be given an opportunity to estimate the organisation's present situation.

Webley emphasises that declarations of values and other statements by organisations are not enough by themselves: they have to be carried out in daily practice. Thus daily practice is a central focus of interest in stakeholder assessments. Assessments from within the organisation may be obtained, for example, through interviews, written material or background research on publications put out by the subject (Frey et al. 2000). Such assessments would then produce a picture with which to compare the assessments of others outside the organisation. For managers the measured assessments should include their knowledge of past events, their tenure, their impressions of the strengths and weaknesses of the organisation, their own ideas on important organisational issues such as the culture and other subjective features of public organisations. For employees, similar questions should be posed, but also questions about the level of management. For stakeholders outside the organisation, such as customers and citizens, the focus of attention should be "efficiency of the service and the degree of fulfilment of the agency's duties." (ibid.)

Assessments may change over time, and different publics may have very different opinions of the organisation being assessed. Hence assessments are at best measured over time periodically, since small changes or developments (issues) are easier to detect that way. Measuring stakeholder assessments is most fruitful if repeated every few years or after major changes have taken place. Repeatable questionnaires like all organisational questionnaires should measure attributes that relate to the organisation's objectives (Juholin 2001). When measuring assessments, it is important to define whether the respondent has had actual contact with the public organisation or whether the opinions presented are based on word of mouth or media coverage (Aula & Heinonen 2002). Knowing this helps plan future communication and understand the ways in which estimates of public organisations are formed. (Jeffries-Fox 2002.)

The present study concentrates on the intangibles of the past and the future - reputation and trust – within the framework of social capital theory. When a concept is vague, its measurement is difficult. In such cases the concepts must be operationalized. Intangibles are often measured through measurable variables that are related to the intangible. One difficulty is their selection, as intangible assets are often associated with more than one measurable variable. (Cinca et al. 2003, 250.) To elaborate, a good reputation is

linked with trustworthiness and financial performance, and for the spread of this good reputation a social network is required. These interrelations, however, can also include others. Moreover, as a standard issue of statistics, the variables could enter with different weights into the construction of the intangible. In the research of Galton, Spearman and Thurstone (early 20th century) the attempt to measure the intangible asset of human intelligence led to the development of factor analysis, which has become "the traditional approach of relating non-observable factors to measurable variables". (Cinca et al. 2003, 250.)

One way to understand reputation and trust is to see them as attitudes (Grunig & Hon 1999). Attitudes can be understood as evaluative, cognitive judgements and mindsets. Thus measuring assessments would be measuring attitudes. Attitudes can be measured through various methods such as value chain analysis or interviews. Another way to search for segments of reputation or trust is to reduce the data, through for example factor analysis. Reputational or trust factors can then be examined through simple questions, characteristics or attributes (see Kramer & Tyler 1996, Fombrun & van Riel 2003, Aula & Heinonen 2002, Jokivuori 2002, Tarvainen 2002). Both ways have been used, and have their strengths and weaknesses. The most suitable ways of measuring reputation and trust also depend on the target measured.

As assessments are mostly based on past experience rather than future expectations, the emphasis in assessments is on stakeholder reputation more than stakeholder trust. Since reputation is an entity, its measurement requires the understanding of the whole operating environment and related research. Customer and stakeholder satisfaction research is very closely connected with reputation research. It could be said that to some degree measuring stakeholder satisfaction measures reputation. Fombrun (1996, et al. 2000) clarifies this by explaining that reputation is actually a web of impressions that reveals the organisation's ability to meet stakeholder expectations.

The measurement of trust depends on the definition of the concept. International barometers, such as the World Value Survey and the European Social Survey, mostly measure trust on general levels. The European Social Survey 2002 operationalized the measurement of trust through three questions: 1) Generally speaking, would you say that most people can be trusted, or that you can't be too careful? 2) Do you think that most people would try to take advantage of you if they got the chance, or would they try to be fair? 3) Do you think that people mostly look out for themselves, or that people mostly try to be helpful? The World Value Survey utilized similar issues, yet with more restricted questions. Hardin (2002) criticizes the World Value Surveys and some others that claim to measure generalized trust in societies. He argues that as individuals have no reoccurring relationships with everyone in society, no estimates of their trustworthiness can be made and thus no generalized trust exists. He suggests that people respond to such questions thinking of those members of society they do have contact with. Rothstein (2003) suggests that such value surveys do not measure trust but trustworthiness. To him, trust in

others in general is difficult to measure. Both trust and trustworthiness can be understood as crucial contents of a good reputation.

The measurement of reputation requires careful thought. When reputation is measured in terms of attitudes, open-ended questions measure reputations best (Grunig & Hon 1999, Bromley 1993). The idea is to apply the dynamics of prima facie questioning to stakeholder feedback. An often used question is: "In a sentence or a few words, please tell me what first comes to mind when you think of the organisation X". This measures attitudes best, as it does not introduce any pre-set attributes or words into the respondents thinking, but allows the respondent to freely express impressions. A study by Grunig & Hon (1999) reports on relationships and reputation, and mentions that the most influential factor for relationships is the previous behaviour of the organisation. Reputation depends on previous behaviour so it can be understood that measuring organisational behaviours from the point of view of the stakeholders measures reputation.

One useful way to operationalize past experience is to apply the semantic differential scales. It condenses much information into little space, yet also allows for different estimates of the subject. Semantic differential was originally developed by the psychologist and communication scholar Charles E. Osgood, and it has been much applied in the measurement of attitudes and assessments (Osgood, Tannenbaum & Suci 1957). Semantic differential technique measures people's reactions to presented stimulus words and concepts in terms of ratings on bipolar scales defined with contrasting characteristics or adjectives at each end, such as good-bad or trusted-not trusted. It was originally developed to measure hidden connotations and meanings. Semantic differential is applicable as it enables attachment of any word: it serves adjectives as well as attributes and statements. Moreover, it is a very inspirational way to measures assessments, as it produces the possibilities the respondents are to choose between. The problems associated with semantic differential include the difficulty of knowing the individual interpretations of the stimulus words and of course the difficulty in finding opposites for each word. Moreover, the risk of respondents giving socially desirable responses or settling into a response set has to be taken into consideration. However, semantic differential is one of the most widely applied tools for measuring assessments made by individuals. (Osgood et al. 1957.)

To conclude, high trust along with a good reputation is considered to create social capital for an organisation (Ilmonen 2000b). This social capital is here measured through stakeholder assessments, and if stakeholder assessments point to positive or neutral impressions is thus an indicator of the social capital of a public organisation. Should stakeholder assessments point to negative impressions, no social capital can be attributed. The assessments of those stakeholders with actual and frequent contact with the public organisation are those it is most worth measuring (Claver et al. 1999). However, trust and reputation remain difficult to manage and control. Their ever-changing nature requires constant attention and monitoring, and even so some surprises may occur. In the unpredictable world not much can be done to control the future.

6.1.2 The questionnaire as a method of measurement

Quantitative research is often carried out by means of questionnaire. A questionnaire is an inexpensive way of obtaining comparable data, as all the respondents are faced with the same questions and even same introduction to the project. Moreover, the questionnaire enables the gathering of enough data for various statistical analyses. A questionnaire may be used both to gather information on the overall performance of a target organisation and information and feedback on specific components. The questionnaire also provides insight into the target group as it collects background information from the respondents. The questionnaire is not a research activity in itself, but rather a tool for collecting data, one part of a research process. Moreover, process of putting a questionnaire to work consists of multiple stages from definition and operationalisation of the research questions to interpretating the results. Each of the phases requires equal attention and open reporting, as it may affect the outcome.

Why should a questionnaire be the best possible way to measure stakeholder assessments? There were emphatic reasons for choosing the questionnaire for the present study. Firstly, it should be noted that if one aims to compare data obtained with earlier research findings, the methods and analysis need to be consistent. Many questionnaires measuring stakeholder assessments or the reputation of organisations consist of semantic differential characteristics or claims (see Fombrun et al. 2000, Aula & Heinonen 2002). The method of analysis applied is often factor analysis. Secondly, the number of stakeholders involved was too large to be covered efficiently through interviews (Heikkilä 1999, 60). Thirdly, a mailed questionnaire provided privacy and allows the respondent to choose the most suitable time to fill in the questionnaire (Frey, Botan & Kreps 2000, 215). Not all stakeholders had access to the internet or e-mail, so a mailed questionnaire was chosen. Moreover, a mailed questionnaire has been reported to have higher return rates than electronic questionnaires distributed via e-mail (Alkula, Pöntinen & Ylöstalo 1995, 22).

The return rate is one problem area of questionnaires. There is little control over the respondents and their activities, and especially with questionnaires that provide no immediate feedback or reward for the respondents the return rates are often very low, below 40 %. A high return rate for stakeholder questionnaires is sometimes linked with great commitment and involvement - the perceived relevance of the subject-matter to the respondent based on the respondent's inherent needs, values and interests (Zaichkowsky 1985), whereas low return rates have been linked with the opposite set of attitudes. The figure achieved by Statistics Finland is often below 60 %, though the ideal would be a return rate of 80 %. Reputation research often reports problems over sufficient return rates, as stakeholders rarely see the results and gain no direct or visible benefit. Stakeholders answering the stakeholder questionnaire must place some importance on the organisation before they will answer. (Fombrun & Van Riel 2003, Alkula et al. 1995.) Moreover, for questionnaires there is no correction

possible, should the questions be misunderstood. The questionnaire fails to provide feedback at any stage. Hence the information collected may or may not be accurate and questionnaires often only touch the surface of an issue without promoting deeper understanding. (Metsämuuronen 2001, 40-43.)

Mäntysaari (1998) criticises inquiries and questionnaires on the grounds that they produce little applicable data. This raises the question of what is considered applicable. On one hand, all repeatable questionnaires should measure attributes that are in line with the organisation's objectives (Juholin 2001). On the other hand, Mäntysaari (1998, 11-13) adds that the desires and basic needs of the stakeholders may differ. Satisfaction questionnaires can measure only those aspects on reported by the stakeholders. Basic needs in regard to the organisation may well be fulfilled in cases where satisfaction is not reportedly high. Conversely the stakeholders may appear satisfied even though some basic need remains unfulfilled. These are the general weaknesses of all social studies, and they affect the reliability and validity of the present study as well. To overcome these drawbacks to some extent, qualitative open questions are often added to quantitative questionnaires.

The sampling of the data is another important aspect of the use of questionnaires. The samples should represent the population as closely as possible. The special traits of a population should become visible in the sample as well. The sample taken in this research included frequent or long-term stakeholders of public organisations. They were chosen because of the nature of the organisations under study; neutral and order type Finnish public organisations, which mostly deal with other public organisations and have little contact with citizens as such. However, the stakeholders who do have frequent contact in fact occupy a dual role, as they all are also citizens. As the stakeholders are mostly other public sector workers, it is of interest to know what a typical Finnish public official is like. A typical representative is a middle-aged male working for a public organisation in southern Finland, as most public organisations in Finland are based in Helsinki (Tarvainen 2002). A sample should thus be made up of such individuals.

There were certain special requirements that had to be considered in the sampling process for the present study. The population involved only those with frequent contact with the organisations under study, and so many stakeholders with official contracts but little actual exchange were ruled out. This led to the selection of a more refined sample, since the level of contact had to be examined. Moreover, the aim was to acquire a sample that reflected the actual sizes of different stakeholder groups of the population in the correct proportions. Certain stakeholder groups had less contact than others, even though they were larger in size. These differences were acknowledged and taken into consideration in the selection process for the sample.

6.1.3 Statistical testing and analysis

The universal rules of statistical testing are important for several reasons. For the sake of credibility and reliability the research process should be presented in a transparent way so as to enable independent observers to replicate the research procedures and produce similar results. Transparency is a criterion of all academic research, but it is crucial for statistical testing. Only through transparent reporting of procedures are the researchers able to process new information and draw conclusions and make generalizations. The basic rules of statistical testing form the basis for new innovation and theoretical development.

Before any statistical testing takes place, the data collected require checking for errors. Only after the checking of frequencies and means, and any necessary corrections to the data collected, can the statistical testing begin. The chosen measurement scales guide the choice of suitable statistical tests. One of the first steps in statistical testing is to determine whether the data are normally distributed or not. The distribution guides the choice of later tests and their applicability. Often in stakeholder and customer questionnaires and surveys the data are not normally distributed, making it necessary for either non-parametric or distribution-free tests. One possible way of testing distribution uses the Kolmogorov-Smirnov test to calculate the maximum vertical distance between the empirical and posited distribution functions. This test is quite sensitive to even minor differences in distribution.

Heikkilä (1999, 44) suggests that a sample should number at least 200-300 if the research aims at comparison between groups. The interrelations of the variables are a central point of interest in quantitative data. Often the data include dependent variables, which are the subject under study, and one or more independent variables, which are changed or manipulated to determine effects on the dependent variable. Correlations between variables may be tested in several ways depending on the type, size and character of the data. Correlation is defined as a bivariate measure of the density of the relationship between two variables. It varies from random (value 0) to a perfect linear positive or negative relationship (value 1 or -1). Correlation is often reported in terms of its square (r^2). The r^2 reports the percentage of variance explained. Should r^2 have a value of 0.20, the interpretation is that the independent variable explains 20% of the variance in the dependent variable. For data that are not normally distributed, Spearman's rho is one means of measuring the linear relationship between two variables. Spearman's rho is a product-moment correlation coefficient, much like the Pearson r (the most common type for normally distributed data), with the difference that Spearman's rho is applied when participants are ranked on both variables, and the computations are done after the numbers are converted to ranks. (Garson.) Correlation however, does not specify the direction of causation nor does it exclude other possible explanations or variables, so further interpretation by the researcher is required. (Garson, Heikkilä 1999.) Correlation and its interpretation require caution especially in surveys measuring one aspect, such as reputation. Should the

questionnaire be adequately formed, all the attributes should correlate with each other.

Differences between similar respondent groups are often measured through an analysis of variance (ANOVA). The analysis of variance can be examined either one-way or two-way. The analysis produces measures that indicate whether there were statistical differences between the groups. The F-ratio shows how much the variance there was between the groups in comparison with the variance within a factor or group, and the p-value reports the statistical significance of that variance. The measures are statistically significant if they (in small empirical studies) are under the significance level of 5 %, 0.05. That is to say, there is still a 5 % chance of a wrong call.

The statistical methods applied here to the data have all developed over a long period of time. The concept of correlation first became known in the 19th century, but was later amended by Spearman. Spearman contributed to the study of correlation through his interest in finding the true relation between two variables. Spearman's ideas provided theoretical grounds for measuring general intelligence or ability, and thus formed the basis for factor analysis. (Vehkalahti 2000, 5.) Factor analysis is a multivariate relationship analysis applied to reduce and crystallise data around certain central issues or factors. (Frey et al. 2000, 375, 418.) The hidden factors help explain total variance using fewer variables, and thus facilitate the discernment of essential factors. (Alkula et al. 1995, 278.) Factor analysis can be described as a means of relating non-observable factors to measurable variables. It was originally created by Galton, Spearman and Thurstone, in their attempt to measure human intelligence. Factor analysis provides for the measurement of intangibles, as linear combinations of observable variables produce factors and factor scores produce rankings. (Cinca et al. 2003, 250.) The intangible concepts become concretised into attributes and factors. Factor analysis is a rather subjective method that requires care and involves many choices on the part of the researcher. It is essentially an instrument that can be used to aid the analysis of data. Factor analysis may be seen as somewhat related to, for example, Cronbach's alpha, as both approach the data by searching for similarities and consistencies.

Factor analysis can be divided into exploratory and confirmatory, the former concentrating on the identification of factors without prior expectations, and the latter on confirming factors expected on the bases of earlier theory or research (Frey et al. 2000, 375) Factor analysis is applied to determine all variables, which can be linked together and explained as one variable. (Heikkilä 1999, 239, 298.) A communality rates how well the variation of a given variable is explained by the factors (Heikkilä 1999, 299). Garson adds that the communality may be interpreted as the reliability of the indicator, and thus low communality could lead to removal of the factor. Communalities should only be interpreted along with the interpretability of the factors: a high communality is useless should the factor not be interpretable, and vice versa. (Garson.) Thus the communalities report the strength of the connection between the variable and the factor. (Heikkilä 1999, 299.) The minimum is often considered to vary

between 0,30 and 0,5, and this research exceeded the former but not always the latter. (Heikkilä 1999, 239.)

As a method of analysis, maximum likelihood is a useful choice, as it permits the numbering of factors beforehand and distributes the loadings more evenly (Garson). The numbering of factors beforehand can prove valuable for comparisons with previous reputation questionnaires (See for example Fombrun & van Riel 2003: The Reputation Quotient). Rotation of factors is often applied to factor analysis to ease the interpretation process. Varimax is the most common and useful rotation, ensuring easy identification of variables with either large or small loadings on a factor. (Alkula et al. 1995 & Garson.) The critique of factor analysis is obvious: the role of the researcher and choices made is great. Skilful performance of factor analysis opens the way to manipulation, but this is the case also with many other types of statistical analysis. The importance of the transparency of the process cannot be stressed enough. The choices and settings need to be reported openly, which then can explain what contributed to the results. Careful consideration needs to be applied at all stages, and some statistically weak factors may prove to be significant for the research. Statistical tests alone are not sufficient to determine the value of the factor analysis, but reading and interpretation is required. (see Heikkilä 1999 & Frey et al. 2000).

Factor analysis of stakeholder opinion questionnaires reveals the factors at work and the dimensions of assessments of the organisation in question in the mind of the respondent. These factors can be applied to study the relationship the respondent has with the organisation. As statistical testing involves many interpretations and generalisations, the reliability and validity of the research should always be clearly examined, as briefly discussed in what follows.

6.1.4 Measuring reliability and validity

The reliability of a study is high when it is least influenced by chance and the results are exact, since reliability is concerned with the coherence and stability of results. Reliability can be described as the ratio of the true score's variance to the observed variable's variance (Vehkalahti 2000). Reliability is high should the measurements taken produce similar results on repeated trials. Reliability can be tested through repetition of the research procedure with another sample, and reliability is traditionally measured through Cronbach's alpha coefficient method, which takes the overall statistical relationship among the answers on a measurement instrument (such as a questionnaire) as the reliability coefficient for the instrument (Frey et al. 2000, 415). Values between 0,5 and 0,7 vary from case to case as the conventional limits. The limit 0,6 is often exceeded in the case of data with many variables. Cronbach's alpha has received criticism in recent statistical research for its vagueness and age (Vehkalahti 2000). Nevertheless Cronbach's alpha is widely applied and remains applicable for the social sciences until other methods become generally accepted.

Research reliability can be divided into four main categories: equivalence reliability, stability reliability, internal consistency and interrater reliability.

Equivalence reliability is the extent to which two items measure identical concepts at an identical level of difficulty. Equivalence reliability highlights the density of the interrelation and is concerned with correlational, not causal, relationships. In quantitative research equivalence reliability is determined by a correlation coefficient, *(r)* to show the density of the correlation. Stability reliability or test- retest reliability is the agreement of measuring instruments over time and is determined by taking repeated measurements and comparing them. Internal consistency is understood to be a measure of precision, the extent to which tests or procedures assess the same attribute, skill or quality. Interrater reliability measures homogeneity, the extent to which two or more respondents agree. (Garson.)

Some researchers claim that reliability is a necessary but not sufficient condition for validity. (Karma 1983.) The validity of a research enquiry is sufficient, when its measurements measure what they intend to and no logical errors occur in drawing conclusions. Validity can be determined as the degree to which a study accurately reflects or assesses the specific thing it set out to measure. Validity is concerned with the distorting factors and biases which could undermine the meaningfulness of research. Whereas reliability is more concerned with the precision of the instruments or procedures employed, validity is concerned with whether the intended object was measured. (Heikkilä 1999, Garson.) Traditionally validity is divided into internal and external. External validity describes the extent of generalizability or transferability of the results. Internal validity is the consistency of the research, how well the theory and the data converge, and it is concerned with the success of operationalisation. It is also concerned with exactness and consideration of alternative explanations for causal phenomena. Low internal validity may result in wrong conclusions. (Garson.)

The need for the various kinds of reliability and validity depends on the nature of the research in questions. Consideration of alternative explanations in the case of internal validity, for instance, is only required for research concentrating on causal phenomena. Cautious consideration is required when determining what kinds of reliability and validity need to be addressed. The present study reports the reliability and validity necessary for the thorough estimation of the choices made and processes carried out within the research frame. The emphasis is mainly on external validity, as the similar questionnaires used for all the organisations under study provided for internal validity. With these fundamental questions of methodology covered, attention is now turned to the empirical research process, its results and their analysis.

7   RESEARCH PROCESS, RESULTS AND ANALYSIS

This Chapter continues the empirical study part of the present study by introducing the data collected, the results obtained and their analysis. The aim of the present study was to determine the factors that come into play in the relationship between public organisations and their frequent stakeholders, and to shine light on the role of those stakeholders in regard to the legitimacy of the public organisations. The data was to serve as a springboard for a stakeholder theory of public organisations. Of the intangible concepts presented, reputation was understood to be the most useful one for measuring stakeholder assessments, as it refers to past experiences. The aims were operationalized into a stakeholder questionnaire. The same questionnaire was applied and adapted for all parts of the present study. The empirical research process consisted of four different parts: 1) a pilot study, 2) informal interviews and background research (the forming of the stakeholder questionnaire), 3) the main study and 4) a post study. The aim was to establish triangulation of data, methods and time through combining the four parts as shown in Figure 23. Each part is briefly described below.

PART 1 Pilot study (1 organisation)	-Pilot interviews (5 directors) 2001 -Background research, forming the pilot questionnaire 2001 -Testing of the pilot stakeholder questionnaire 2002 -Pilot stakeholder questionnaire (500 stakeholders) 2002
PART 2 Informal interviews and background research (12 different org.)	-Informal interviews (12 communications 2002 officers or directors) -Background research for the key attributes * 2003
PART 3 Main study (12 different org.)	-Forming the stakeholder questionnaire for 2003 public organisations -The stakeholder questionnaire on 2340 2003 frequent stakeholders
PART 4 Post study (7 similar org.)	-Testing the questionnaire on 740 2004 frequent stakeholders

FIGURE 23 The structure and time frame of the present study. *The background research consisted of an analysis of earlier stakeholder research in the organisations under study and of their printed material, and a search for the key attributes used in statements concerning values, vision and mission in the printed brochures and presentation materials of each organisation.

Part 1. The pilot study

Since the present study is one of the first attempts to measure systematically stakeholder assessments of Finnish public organisations, a thorough pilot study was necessary. The aim of the pilot study was to test the whole research process in one of the 19 organisations under study before proceeding with the rest of the research on more organisations. The pilot study thus pre-tested on a smaller scale all the stages of the present study, providing experience and information about each stage: interviews, background research, the testing of the questionnaire and the completion of the questionnaire. The pilot questionnaire was sent out to 521 frequent stakeholders representing 6 different stakeholder groups of the pilot organisation. The pilot study research questions were concerned with possible differences between the reputation of public organisations and the reputation of profit-making organisations. The pilot study was conducted in 2001 and the pilot study results were reported in greater detail in an unpublished master's thesis (Tarvainen 2002: Regulates, advises, knows. A Public organisation's stakeholders' views on reputation).

Part 2. Informal interviews and background research

To ensure the general applicability and inclusiveness of results, representatives of all the 12 organisations under study (parts 2 and 3 of the present study) were given the opportunity to talk about their organisation's present situation and reputation in informal interviews. The interviews were kept informal as they served mainly to compare the 12 organisations and develop the main study stakeholder questionnaire, and were not a study in themselves. The informal interviews were held at the end of 2002 and the beginning of 2003. The background research consisted of an analysis of earlier stakeholder research in the 12 organisations in question (mainly earlier studies conducted by other researchers, consultants or the organisations themselves on issues such as customer satisfaction, quality or service delivery), and consultation of printed materials such as printed brochures and presentation materials (mainly those presenting the organisation and describing its functions and responsibilities) to define the key attributes used in statements concerning values, vision and mission. The background research yielded a list of key characteristics and attributes for the organisations under study that recurred in publications, prior research and stakeholder feedback. The interviews and the background research together formed the basis on which the main study stakeholder questionnaire was built. The questionnaire was sent out in part three, the main study.

Part 3. The main study

The main study included the collection of data through a stakeholder questionnaire. The 12 organisations involved in the main study represented different fields of research, authority, legislation and semi-commercial functions. They were all located in the Helsinki region and they each chose 6 of their current and frequent stakeholder groups, whose representatives were then asked to fill out the stakeholder questionnaire rating the public organisation in question. Those groups varied from one organisation to another, but in general the groups chosen included organisations working in collaboration, customers, board-members, employees, organisations regulated by the public organisation and other similar stakeholder groups. Only those stakeholder groups were chosen for measurement that the public organisations in question considered were suitable for measurement and were important or interesting at the time. Only continuous stakeholders, those who are engaged or deal with the public organisation frequently, were chosen, as their frequency of contact was assumed to give them a more realistic view of the public organisation, and they are the ones to benefit most from a repeatable stakeholder questionnaire. Each organisation sent out about 150-250 questionnaires, so in all 2340 questionnaires were sent out. The main study data were collected in the spring of 2003.

Part 4. The post study

After the main study, a post study was carried out. Part 3, the main study, had collected the stakeholder opinions of 12 different public organisations situated in the Helsinki region, and the post study therefore aimed at collecting data and

testing the stakeholder questionnaire on similar types of public organisations with exactly the same sort of stakeholder groups. The seven post study organisations were authority organisations located in various parts of Finland. The data for the post study were collected during the summer of 2004.

The research process to collect the empirical data lasted altogether three years. During that time the theories and questions guiding the study were refined and improved. Co-operation with the various organisations under study reshaped the research questions and contributed to the refinement of the questionnaire. Some of the early choices were proved right during the process, while others turned out to be unsuitable. The following sections discuss the four different parts of the present study in greater detail. Each empirical study is discussed in detail and the results are analysed before moving on to the following part, since each stage was significant for the other stages of the research and their results guided the further choices made.

7.1 Part 1: pilot study

This section covers the first part of the empirical study: the pilot study. First the aims and methods of the pilot study are introduced, then the results and analysis. After reporting the pilot study process, the lessons learned from the pilot study are presented and discussed. The pilot study has been reported in greater detail elsewhere (Tarvainen 2002), hence this Section reports only the main points and lessons learned.

The aim of the pilot study was to test the whole proposed empirical research process in 1 of the 19 organisations involved before proceeding with the rest of the study. Since most of the 19 organisations were authority organisations, an authority organisation was chosen as the pilot organisation. The pilot study included all the stages that later parts (2-4) of the present study were to include, hence providing experience and information about every stage. The organisation involved in the pilot study was one of the 12 organisations in the main study, thus the pilot organisation went through the research process twice within 3 years. The main aim of the pilot study was to concentrate on one specific aspect of stakeholder assessments that could be operationalized: reputation. Hence the hypotheses presented towards the end of the theoretical discussion were not examined in the pilot study, but only later in the main study. Rather, the pilot study served to examine the point of reference; the reputation of public organisations. The pilot study compared the reputations of public and private organisations. The pilot study was guided by the following research question: "Does the reputation of a public organisation differ from the reputation of profit-making organisations?"

The pilot study consisted of director-level interviews, background research, testing of the pilot stakeholder questionnaire with two different test groups and a pilot stakeholder questionnaire sent to over 500 frequent

stakeholders. To begin with, five directors of the pilot organisation were interviewed in depth. The point of interest was in terms used by managers to describe the target reputation of the pilot organisation. The pilot interviews lasted several hours and consisted of discussions on the subjects of experience with stakeholders, stakeholder expectations, previous questionnaires, research and feedback, critical incidents, strategies, core messages, strengths and weaknesses of the organisation, values, visions and missions as well as stakeholder relations. The stakeholder groups chosen for the pilot study were also discussed during the interviews. The stakeholders chosen for the pilot study satisfied the following criteria: frequent contact with the organisation under study, equal representation of different parts of Finland and representation in terms of the actual size of the stakeholder group. Moreover, the stakeholders were chosen to represent all the various stakeholder-groups, from decision-makers to customers and employees. Hence, the following stakeholder groups were chosen for the pilot study:

1. stakeholders with power over the pilot organisation, decision-makers
2. stakeholders under the authority and strict regulation of the pilot organisation
3. stakeholders under the authority and light regulation of the pilot organisation, 1
4. stakeholders under the authority and light regulation of the pilot organisation, 2
5. stakeholders with ongoing collaboration and research with the pilot organisation
6. personnel of the pilot organisation (the staff data were collected during the testing of the pilot questionnaire, and added to the later data)

It is generally considered that the larger the size of a sample, the higher the likelihood of a representative distribution of population. A sample was taken of each stakeholder group. A systematic sample was taken of the larger stakeholder groups, such as employees and stakeholders under the authority and regulation of the pilot organisation. The sampling of the smaller stakeholder groups required consideration, as contacts were fewer. Those stakeholders with official but non-active contacts with the pilot organisation were thought to produce less useful data and were therefore left out, as their opinions would not be based on actual experiences. It was therefore decided that the sample of smaller stakeholder groups (decision-makers and organisations working in collaboration) should include only those with fresh and frequent contact with the pilot organisation.

The five in-depth director interviews were based on a thematic interview outline (presented in Tarvainen 2002). This outline is attached as Appendix 1. The interviews showed that professionalism at the pilot organisation was highly valued, while flexibility was not valued as much. The assumption was made that different stakeholders could differ greatly in their opinions of the pilot organisation because of the different functions and relationships they had with the pilot organisation. The directors explained that they understood that the pilot organisation was appreciated for the expert help it provided to its stakeholders. On the other hand, some obligatory safety measures and fees that the pilot organisation has the power to demand were expensive and had led to criticism. The directors guessed that the stakeholders would give them a school

grade of 8.5 out of 10. The term 'professional' was used excessively in all the interviews as were the terms 'safety', 'regulation', 'international', 'openness' and 'co-operation'. The directors noted problems with the terms 'price', 'bureaucracy' and 'efficiency'. Together with the later background research, the directors' interviews formed the basis for the organisation's target reputation and provided some ideas of what was to be expected or hypothesized from the stakeholder questionnaire, the actual stakeholder reputation. Table 24 shows the characteristics and attributes most frequently mentioned in the pilot study interviews.

TABLE 24   The terms most used during the five in-depth pilot study director interviews. Attributes mentioned less than twice are not included here.

Attribute used to describe the pilot organisation	Number of times the same attribute was mentioned during the five director interviews
Professional, expert	34
Safe	16
Regulatory authority	14
International	11
Open	10
Co-operative	10
Trustworthy	9
Esteemed	9
Customer-oriented	8
Efficient	7
Able to predict	6
Well-known	5
Credible	4
Expensive	3
Bureaucratic	3
Courageous	3
Impartial	3
Flexible	2

After the pilot interviews, some background research was carried out on some of the printed presentation materials of the pilot organisation. This background research covered all previous research carried out at the pilot organisation concerning stakeholder relations, customer feedback or satisfaction. For complete understanding of the organisation, staff magazines were also studied. The printed presentation material of the pilot organisation was studied to broaden understanding of the vision, values and mission of the pilot organisation. Based on the interviews and background research, a target reputation was identified. Once this target reputation was defined, it was applied to determine the questions in the pilot stakeholder questionnaire. Thus on the basis of interviews, background research and earlier theory a pilot stakeholder questionnaire was drawn up.

7.1.1 The pilot stakeholder questionnaire

The pilot questionnaire was presented on double-sided A4 paper. It mostly consisted of semantic differential attributes distinguished by the numbers 1-5, where the positive attribute was at one end of the scale (5) and the negative attribute at the other (1) to provide the respondent with a clear pattern of opposites. The pilot questionnaire also included some open questions to allow stakeholders to rate the overall performance of the pilot organisation. There was also a question which asked respondents to rate the pilot organisations' overall operations with a school grade. Some background statistics were also collected.

The questions on the pilot questionnaire were mainly based on the interviews and background research, but also on earlier validated reputation barometers. Those barometers, however, had been designed for profit-making organisations, and thus they were applied cautiously. To avoid response set, the questions 13-24 had the value scale turned around, with 1 being the positive end and 5 the negative. The pilot study questionnaire is attached as Appendix 2. Table 25 presents the contents of the pilot stakeholder questionnaire.

TABLE 25   The contents of the pilot stakeholder questionnaire. The total number of 45 questions included 37 semantic differential questions, a school grade question, 2 open questions and background statistics.

Question number	Frame of reference of the question	Examples of questions, typical questionnaire phrasing
1	Initial image and first impressions	Please state in a few words or adjectives what first comes to your mind about the pilot organisation.
		Which describes the pilot organisation better?
2-12	Organisational vision and values stated in the Quality Manual of the pilot organisation	Is not esteemed – is esteemed Is not an expert in its field – is an expert in its field Is dishonest – is honest
13-24	Practical customer service situations, earlier feedback and noted problem areas	Is flexible – is bureaucratic Is accessible – is inaccessible Is extrovert – is introvert
25-38	Other reputation barometers and reputation attributes	Has poor quality in operations – has high quality in operations Is partial – is impartial Is asleep – is alert
39	Overall assessment	What school grade would you give to the pilot organisation's operations? (scale 4-10)
40	Stakeholder needs and expectations	What are your most important needs and expectations from the pilot organisation's operations?
41-45	Background information	Age, gender, position, area and frequency of contact with the pilot organisation

Before sending the questionnaire out to the chosen stakeholders, it was tested among the employees of the pilot organisations in two groups: a test group of

21 employees who received and returned the questionnaire by mail, and a 'hit group' consisting of 4 employees who filled in the questionnaire in the presence of the researcher, commenting on it aloud. Instructions were given in advance that the questionnaire should measure subjective opinions and hence there were no right or wrong answers. The testing resulted in only minor changes, such as including the return address on the questionnaire. After these amendments, the pilot questionnaire was sent out to the 500 frequent stakeholders who had been selected. As there were only minor differences between the questionnaire applied for testing and the questionnaire sent to the stakeholders, the data acquired in the testing process (stakeholder group employees) was added to the collected stakeholder data for analysis.

Several measures were taken to ensure a high return rate for the pilot study. Frequent stakeholders chosen for this study all received a preparatory letter two weeks before the pilot questionnaire, asking for their cooperation and informing them of the research and its importance. The preparatory letter also served as a test for the addresses. The questionnaire itself was kept short and was drawn up in such way that it was easy to fill in. The covering letter sent with the questionnaire was signed by the director general of the pilot organisation and emphasized the importance of stakeholder opinions and this chance to have some influence. No reminder letters were sent out after the questionnaire.

7.1.2 Results and analysis of the pilot study data

Having established the target reputation through director interviews and background research, the actual stakeholder reputation was measured. Altogether 306 stakeholder questionnaires were returned, of which 6 had to be disqualified for being incomplete. The return rate was 61.2 %. After combining these with the test data from the employees, the pilot data consisted of 327 questionnaires. The background information statistics showed that typical respondents to the stakeholder pilot questionnaire were, as expected, public servants: mostly men over the age of 50 from Southern Finland with positions as experts or middle managers and monthly contacts with the pilot organisation. All the respondents were familiar with the pilot organisation and its functions, as they were all considered frequent stakeholders. This needs to be taken into account when the results are analysed, as they only speak for the opinions of known stakeholders and not the public as a whole.

The mode of most of the semantic differential attributes was 4. This led to the possibility that the data might not be normally distributed. This was tested by the Kolmogorov Smirnov –test, and it was confirmed that the data was not normally distributed. The measured values (asymp. sig. 2-tailed) were 0.000. The limit in the Kolmogorov Smirnov –test to equal normal distribution is 0.5. The data was confirmed as being distorted towards the upper values on the scale of 1-5, and thus only non-parametric tests could be applied. The overall tone of the assessments and the values given by the stakeholders showed that the pilot organisation seemed to have a fairly good reputation. Just like in the

director interviews the pilot organisation was best appreciated as professional and trustworthy, but least appreciated as an authority due to its inflexible authority procedures. However, the target reputation and the stakeholder reputation seemed very consistent.

The open-ended questions yielded mostly neutral answers, as presented in Figures 26 & 27. The neutral answers were almost all knowledge-based, whereas the extreme ends of positive or negative were mostly emotion-based. The overall tone was neutral, however, pointing to involvement based on information and task-achievement (Laaksonen 2001). Neutral first impressions included mention of the functions and duties of the pilot organisation, such as its official status, location or functions, knowledge that had been collected through the 'central route of cognition'. The positive and negative mentions were mostly personal and emotional, recalling past experiences and impressions.
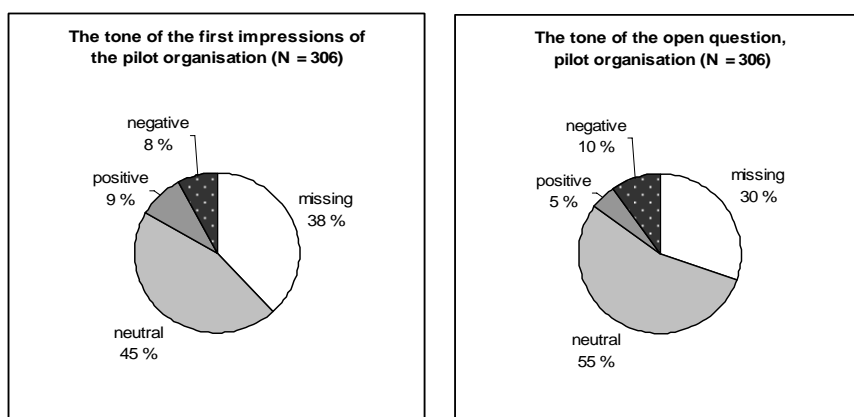
FIGURES 26 & 27   The tone of the responses given to the open ended questions in the pilot study stakeholder questionnaire. The percentage of responses for each question is also mentioned.

Overall, the results were all quite positive, hence when some assessments or results of the semantic differential attributes of the pilot study are referred to as 'critical' or 'negative', they merely refer to attributes more negative than the average (4), not necessarily (and rarely) values below the 0-limit of 3 on the scale of 1-5. The pilot study data were analyzed in various ways. Their reliability and correlations were tested. Some interesting questions arose out of the results: was there some pattern to the traits measured here? If a pattern were to be found, it would be useful for future development of the pilot organisation's reputation and stakeholder satisfaction.

Exploratory factor analysis was used to search for such a pattern. In the first round of analysis, the first emerging factor out-powered all the others. This strong factor consisted of attributes presented in Table 28. This led to the decision to run the analysis for a second time, excluding this time the attributes collected on the first factor. The second analysis was able to list four factors, which are shown in Table 29. Altogether then, five factors were found that were

named according to their contents: Trusted, Professional, Active, Customer Server and Authority. The first overpowering factor had in initial eigenvalues 60.01 % of variance. Other factors in the first run were so much under one in their total initial eigenvalues that they could not be counted as factors. In the second round, the four other factors yielded results well over 1, so they were accepted as factors. Tables 28 and 29 present the factor loadings. Most factor loadings exceeded or approached the limit of 0.5, but for those few attributes that were left below the limiting value, various other ways were used to find a suitable factor. First, the loadings were analysed so as to establish which factor received the highest value for each attribute. Next, the content of the attribute was compared to the content of other attributes loaded on the factors to determine which factor best suited each variable. Since all the attributes correlated with each other very significantly, the placing of single attributes on separate factors was not problematic. It should be noted, however, that attributes may and do correlate with each other without necessarily loading on the same factor.

TABLE 28 The strongest factor, Trusted, and its values, found through factor analysis. Maximum likelihood method was chosen to ensure that the attributes would not block onto just one factor and Varimax rotation to ensure separateness.

The attribute	Factor 1 TRUSTED
is dishonest – is honest	.733
is untrustworthy – is trustworthy	.776
is unethical – is ethical	.730
is partial – is impartial	.709
provokes a negative image – provokes a positive image	.680
has poor quality in operations – has high quality operations	.696
Initial eigenvalue	60.01%
Total eigenvalue	3.61

TABLE 29   The other four factors with their values found through factor analysis. Maximum likelihood method was chosen with Varimax rotation. For those variables that did not exceed or even approach the limit of 0.5, a suitable factor was found based on the highest loadings and internal consistency of the factors and their attributes.

The attribute	Factor 2 Customer Server	Factor 3 Active	Factor 4 Professional	Factor 5 Authority
is not esteemed – is esteemed			.428	
is not an expert in the field – is expert in the field			.469	
has stiff operations – has fluent operations				.598
is cautious – is courageous				.428
is unknown – is well-known		.295		
lags behind in its field – a trendsetter in its field			.388	
is passive – is active		.470		
has a poor work culture – has a good work culture		.409		
is not internationally oriented – is internationally oriented		.508		
is bureaucratic – is flexible				.626
is inconsistent – is consistent	.460			
is introvert – is extrovert		.556		
is inaccessible – is accessible	.605			
finds out customer needs – does not find out customer needs	.673			
does not respond to customer needs – responds to customer needs	.680			
gives unclear guidelines – gives clear guidelines	.532			
has unfriendly service – has friendly service	.701			
does not provide assistance if needed – provides assistance if needed	.754			
does not clarify the contact persons – clarifies the contact persons	.682			
communicates its aims unclearly – communicates its aims clearly	.482			
does not keep to schedule – keeps to schedule	.478			
poor employer – good employer		.419		
is involved in meaningless research – is involved in meaningful research			.580	
does not promote safety – promotes safety			.662	
is prejudiced – is open-minded		.355		
is a declined public organisation – is a progressive public organisation		.684		
is asleep – is alert		.666		
is a passive communicator – is an active communicator		.671		
is not under constant development – is under constant development		.614		
is not approachable – is approachable	.534			
is inefficient – is efficient		.431		
Initial eigenvalue (altogether 50.39%)	41.05%	4.7%	2.48%	2.16%
Total eigenvalue	13.2	1.88	1.26	1.18

The attributes collected on each factor were manually grouped together according to the factor loadings to make one variable. Thus altogether five

groups were formed, based on the contents of each factor. As variables, the loadings were analysed more easily. As the contents of the factors and the created sum variables are identical, the grouped variables are henceforth referred to as factors. All of these factors received quite good values from the stakeholders. Figure 30 shows the average values given to each reputational factor. The results agree with the target reputation (the results of the director interviews and background research): professionalism and trustworthiness are most highly appreciated. Authority functions and flexibility remain critical areas. The standard deviation was very similar, around 0.9 on all the factors. The smallest variation was 0.7, which was on the factor Trusted.
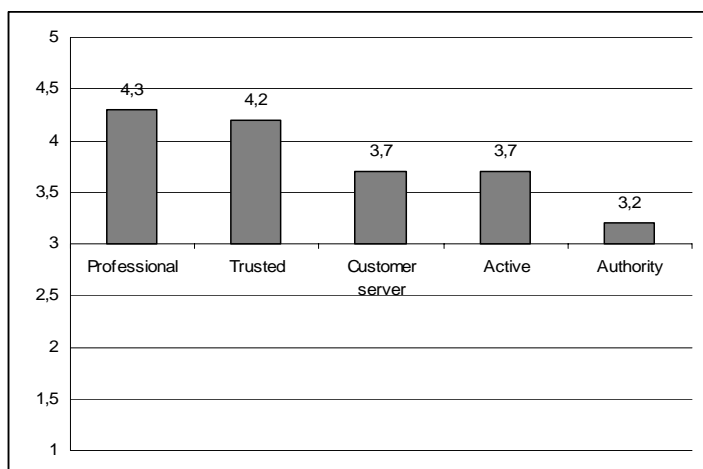
FIGURE 30 The reputational factors of the pilot organisation presented with the averages of the values received from the pilot stakeholder questionnaire. The positive end was 5 and the negative end 1.

The factors found give insight into which attributes are linked together when a reputation is formed in the mind of the perceiver. Professionalism received the highest values from the stakeholders. Similar results were discovered in a recent study on civil servant trust (Harisalo & Stenvall 2003), where it was found that the professional competence of the civil servants was the most important factor in creating trust in the officials. It can be understood that the factors represent different reputational facets when the whole reputation is being assessed. The results of the factor analysis seemed to confirm that there was a pattern to what makes up the reputation of public organisations. The next question was how the pattern fitted together. In an attempt to clarify the findings, a Head-model was developed.

7.1.3 The Head-model

"Models are always simplifications but they help us to see the concepts of communication from a perspective that will help us analyze and understand them." (Berko et al. 1995, 49.) The Head-model is a metaphoric model of the formation of the reputation of public organisations. It describes the different

reputational factors that work together. This is explained by placing the factors into the shape of a human head. The reputational factors found in the pilot study are described as senses, functions or instruments. Its surroundings and its interaction with its environment affect the organisation and vice versa: the organisation perceives its surroundings according to its own starting point.

Stakeholder perceptions of a public organisation tend on turn to the following: vision, message, ability to listen, wisdom and artefacts. These are the features assigned to different factors of reputation of a public organisation in the Head-model. Wisdom, or the brain, is the main function of a knowledge-based expert organisation. Expertise is built on information acquired through the senses. The ears represent trust, the organisation's ability to receive external messages and signals and hear what the environment needs. If the organisation is trusted, problems and needs are confided to it. The mouth represents customer service, the interaction between stakeholders and the organisation. The nose and eyes represents activity: weak signals of change in the environment that the organisation is sensitive to and can predict the future and make any necessary changes. The eyes keep watch over the organisation's needs and visions, its aim for its future. These all are necessary and work together.

In the Head-model, a public organisation is distinguished from a profit-making organisation by its spectacles. The spectacles could be seen as describing the main aim of the organisation: they represent authority rules and regulations, the heart being the main functions of the public organisation. As if seeing the environment through glasses of a certain thickness, the public organisation is forced to act within certain laws and regulations. The glasses are necessary for the public organisation to work efficiently and see well. The glasses are held on the ears and nose (trust and activity). In order for the public organisation to function properly it needs trust and it needs to be active. Should either of these be lacking, the glasses of the public organisation are in danger of tilting to one side or falling off altogether. Listening is especially important for the functioning of a democratic society, as the officials are to some degree representatives of the people. Figure 31 presents the different roles and expected behaviour of officials. The Head-model has been developed on the basis of data from the pilot organisation, but it is possible to adjust it cautiously and apply it to other Finnish public organisations as well.

THE EYES:
Active - the factor influenced in action
by authority functions, the glasses
- is unknown - is well-known
- is passive - is active
- has poor work culture - has good work culture
- is not internationally oriented - is internationally oriented
- is introvert - is extrovert

THE BRAIN:
Professional - the most important factor in
forming the reputation of public organisations
- is not esteemed - is esteemed
- is not a trend setter in its field - is a trendsetter in its field
- is involved in meaningless research - is involved in meaningful research
- does not promote safety - promotes safety

THE GLASSES:
Authority- the factor not
found in business organisations'
reputation
- has stiff operations - has fluent operations
- is cautious - is courageous
- is bureaucratic - is flexible

THE EARS:
Trusted - the most dominant
factor in this research
- is dishonest – is honest
- is untrustworthy – is trustworthy
- is unethical – is ethical
- is partial – is impartial
- provokes a negative image – provokes a positive image
- has poor quality in operations – has high quality operations

THE MOUTH:
Customer-server - the factor with most attributes
- is inconsistent - is consistent
- is inaccessible - is accessible
- finds out customer needs – does not find out customer needs
- does not respond to customer needs – responds to customer needs
- gives unclear guidelines – gives clear guidelines
- has unfriendly service – has friendly service
- does not provide assistance if needed – provides assistance if needed
- does not clarify the contact persons – clarifies the contact persons
- communicates its aims unclearly – communicates its aims clearly
- does not keep to schedule – keeps to schedule

FIGURE 31 The Head-model describing the different roles and the behaviours expected from officials (Tarvainen 2002.)

The Head-model helps to highlight the strengths and weaknesses of a public organisation. If the stakeholder questionnaire provides information pointing to excessive bureaucracy (low values on the Authority factor), the problem could be seen in the authority function of the public organisation. The vision of the organisation has weakened; this calls for the cleaning or replacement of the glasses, or making adjustments to the old ones. The authority glasses must be kept clear at all times to ensure clear vision and the ability to steer citizens and stakeholders in the right direction. Should the glasses get misted up or dirty, the official will not be able to make out its surroundings or function properly and effectively. This means that the organisation keeps doing what it has always done before, instead of adapting to changes in its surroundings. As with all organisations, a public organisation needs its eyes checked regularly, as new requirements, laws and needs arise. Growing managerialism and the trends and new theories that are applied to public organisations also call for various kinds of check-ups. On the other hand, the problem may come from much deeper causes, the activities of the organisation itself, and point to the eyes of the Head-model. Hence the Head-model gives a metaphorical starting point for a systematic review and subsequent development of a public organisation's reputation.

The weaknesses of the Head-model are obvious: it is based on the data of only one pilot organisation, it leaves out many factors that may in practise

influence reputation and it is very organisation centred. The Head-model does not aim to explain everything, but it should be seen rather as a visual illustration which serves to help understanding of reputation and its components in a public organisation. The aim of the Head-model is to map out the importance of various reputational factors. Dysfunctions in the organisation can be substituted by other functions, but to operate effectively and to form a solid, good reputation, the public organisation should have all its abilities and senses operating. Moreover, the Head-model makes visible the importance of the ability to listen. Listening organisations are becoming the trend in the Finnish public sector at present. In the present study, the Head-model served as a starting point for the later empirical studies which followed the pilot study.

7.1.3.1 Correlations and comparisons

The interesting question that followed was whether or not the reputation formation among different stakeholder groups varied. To examine this, means were compared by an analysis of variance (One-way ANOVA). It revealed that there were in fact statistically significant differences between the respondents on four factors of reputation. Table 32 presents theses values in greater detail. The only factor without statistically significant differences between the stakeholder groups was the factor Trusted (represented by ears in the Head-model). This is an interesting finding which would seem to suggest that the stakeholders were quite unanimous about the trustworthiness of the pilot organisation. As the factors Trusted and Professional received the highest scores of all, it can be concluded that the stakeholders considered the pilot organisation trustworthy. The greatest differences were found in the factors Active and Professional (p=0,000), although even those differences were not serious. The variance of the factor Active was more than fivefold, and of the factor Professional over eightfold when compared to variance within a group. The factor Customer server and the factor authority had almost fourfold variance. Appendix 3 shows the extended analysis.

TABLE 32   The One-way ANOVA values between the stakeholder groups on different reputational factors, method Sheffe. *= Statistically significant.

Factor	F-ratio	p-value (sig.)
Trusted	1.992	0.080
Customer server	3.918	0.002*
Active	5.181	0.000*
Professional	8.343	0.000*
Official	3.639	0.003*

Differences in the factor Customer server turned out to exist between the employees of the pilot organisation and those lightly regulated by the organisation and its organisations working in collaboration. The employees gave the pilot organisation significantly lower values on customer service than the other stakeholder groups. Several explanations for this are worth

considering: the frequency of contacts, as the respondents giving significantly better values than employees were those dealing with the pilot organisation less frequently, only monthly or annually. On the one hand, the employees answering the questionnaire were mostly regular workers and women, whereas the stakeholders were mostly middle management or experts and men. On the other hand, customer-orientation was only introduced into the pilot organisation quite recently, so the organisation might not yet see itself as a customer server. Position and gender were, however, found not to influence the score.

For the factor Active there were also differences between employees of the pilot organisation and those stakeholders lightly regulated by the organisation. The employees gave significantly higher scores for the activity level of the organisation than its stakeholders did. There may be several possible explanations for this, depending on different expectations and the frequency of contacts. The number of contacts made annually by stakeholders may not be sufficient to estimate the activity level of the pilot organisation as accurately as the amount of contact experienced daily by its employees. The factor Active consisted of many attributes dealing with values or vision which are difficult to communicate, but are present in the long- term operations of the organisation. Still this raises the question of whether there is room for improvement in the activity level of the pilot organisation.

A different stakeholder group stood out over factor Professional: those heavily regulated by the pilot organisation. Those heavily regulated gave significantly lower values and grades to the professionalism of the pilot organisation than other stakeholder groups. The relationship between a pilot organisation and those heavily regulated by it is rather complex: most contacts are related to regulatory or official work and inspections. Those heavily regulated are dependent on a licence from the pilot organisation in order to carry out their operations. When the licence to operate is in danger, the professionalism and expertise of the licence provider is very important. This dependence may be part of the reason why those heavily regulated gave lower scores on the pilot organisation's professionalism. Those heavily regulated did not, however, give lower scores on the factors Trusted, Active or Customer server. This could imply that those heavily regulated were serious about their criticism of its professionalism, but were not critical of the functions of the pilot organisation in general. Moreover, it needs to be noted that their criticism meant only slightly lower values, nothing under the default level, value three.

Values attributed for the factor Authority varied between heavily regulated and lightly regulated stakeholder-groups. Those heavily regulated gave poorer grades to the authority functions of the pilot organisation. The fact that the two groups are both under the pilot organisation's supervision and subject to its licences, makes comparison easier. Supervision in the pilot organisation is organized in separate units, so contacts and methods vary. Those heavily regulated deal constantly with the pilot organisation, while those lightly regulated deal with it only annually. This could mean that frequent

contacts were more dissatisfied with the authority functions of the pilot organisation than the rare contacts. The frequent contacts possibly have more information and interaction to base their opinions on, so this feedback should be taken seriously. On the other hand, this could mean that those under light regulation suffer less from it and hence estimate it more lightly. The high return rate of the questionnaires and the completion of the open questions, however, both seem to point to the conclusion that even those lightly regulated are not unaffected by the pilot organisation.

7.1.4 Discussion of the pilot study

The aim of the pilot study was to test the whole process of empirical study into reputation in one of the 19 organisations under study before proceeding with the main study, and to determine possible differences between the reputation of public and profit-making organisations. The pilot study duplicated on a smaller scale all the stages of the main study, providing experience and information about each part of the research. To elaborate the findings further, a tested and validated reputation barometer for profit-making organisations (The Reputation Quotient) is compared with the factors discovered in this pilot study. This comparison is presented in Table 33.

In Table 33, The Reputation Quotient describes the reputation of a profit-making organisation, and the factors found in the pilot study describe the reputation of a public organisation. When compared, some factors seem to describe similar attributes. Social Responsibility and the factor Trusted (No. 6 in Table 33) seem to have some values in common, as they both measure organisational ethics and the sense of obligation to work properly. Fombrun's Emotional Appeal and the factor Professional (No. 1) describe similar attributes: respect for and appreciation of the organisation. The factor Customer server found in the pilot study corresponds to some degree with Fombrun's products and services (No. 2), as both seem to measure services and their profitability.

TABLE 33   The comparison of profit-making organisation's reputational factors and public organisation's reputational factors.

No	PROFIT-MAKING ORGANISATION The Reputation Quotient (Fombrum & Gardberg 2000)	relation	PUBLIC ORGANISATION Five factors of reputation of a public organisation (Tarvainen 2002)
1	Emotional Appeal: How much the company is liked, admired, and respected.	some similarities	Professional: Perceptions of how esteemed the organisation is, whether it is considered an expert and whether it is well known.
2	Products & Services: Perceptions of the quality, innovation, value, and reliability of the company's products and services.	some similarities	Customer server: How the organisation serves its customers, how approachable it is and how clearly it communicates its objectives.
3	Financial Performance: Perceptions of the company's competitiveness, profitability, growth prospects, and risk.	not congruent	-
4	Vision & Leadership: How much the company demonstrates a clear vision, strong leadership, and an ability to recognize and capitalize on market opportunities.	some similarities	Active: Perceptions of how the organisation develops its operations, how progressive it is and how open it is.
5	Workplace Environment: Perceptions of how well the company is managed, what it is like to work there, and the quality of its employees.	some similarities	Active: Perceptions of how the organisation develops its operations, how progressive it is and how open it is.
6	Social Responsibility: Perceptions of the company as having high standards in its dealings with people, good causes, and the environment.	some similarities	Trusted: Perceptions of how trustworthy the organisation is, perceptions of quality, ethics and impartiality.
7	-	not congruent	Official: How bureaucratic the organisation is and how fluent its operations are.

Fombrun's Financial Performance (No. 3) cannot as such be compared with any factor found in the pilot study. One can argue that this is due to the fact that there were no suitable attributes in the pilot stakeholder questionnaire, but the questionnaire was based on research into the organisations to be studied. When the pilot organisation was studied, no attributes concerning financial gain were encountered. The pilot organisation's operations aim not at financial gain but at serving the public. On the other hand, financial performance could be linked with the Professional factor, as they both chart the success of the organisation: only the basic task is different. The factor Active can be linked with Vision and Leadership (No 4), as it deals with developing the organisation, which is a part of leadership. The factor Active could be seen as similar to Workplace Environment, as they both reflect job satisfaction. Both also show how desirable the work place is for the employee. The comparisons leave out one factor. This is the factor Authority (No 7). It cannot be directly compared to any of

Fombrun's factors, as it seems to be valid only for public organisations. Perhaps some aspects of this factor could be linked with the services of profit-making organisations, but their contents do not entirely meet. This situation may well change with the further development of managerialism in public organisations.

These comparisons could be carried out in various ways, but the factor Authority would still stand out. The profit-making organisation's reputation does not include a factor to describe bureaucracy and stiffness of its operations. It could be that any profit-making organisation that acted with the rigidity or stability of public organisations would not be able to survive for long. For public organisations, this rigidity or stiffness is typical, possibly even necessary in order for them to be considered trustworthy. This raises an interesting question: what is the situation with the semi-commercial public organisations? Are they more flexible? Financial Performance is also difficult to match with any factor in a public organisation's reputation. Whether this will be subject to change with increased managerialism will be of interest for future research. As suggested in the theoretical discussion, the pilot study seemed to suggest that the reputational factors of a public organisation differ from those of profit-making organisations. These differences in the components of reputation appear to agree with the pilot study hypothesis that the reputation of a public organisation consists of different criteria from that of a profit-making organisation. This means that public organisations must be assessed by different criteria from profit-making organisations. Similar results were found by Rundberg (2000) in research into reputation in Finnish higher education. This again seems to confirm the pilot study hypothesis that the reputation of public organisations differs from that of profit-making organisations.

The pilot organisation received the lowest values for its authority functions. One could ask whether this is a good thing, considering that the aim should be more towards official functions that are equal for all, trustworthy and stable rather than fast, fluent and tailored. This could also be associated with the hypothetically neutral levels of reputation and trust: the benefits of healthy, sustainable trust and reputation compared with the drawbacks of strong reputation or blind trust should be considered here. It would be alarming if the public organisation received only praise. That could mean that only some important stakeholders were taking part in the assessments of or that the authority function was not working very efficiently, or was perhaps even corrupt. Whatever the case, the results of the pilot study suggest that the pilot organisation needs to be more flexible. However, the high levels of trust and expertise compared with other aspects of reputation seem to contradict the neutral levels of trust suggested in theory.

It should be noted that when an official that mostly regulates and advises, asks its stakeholders for their opinions, it may sound more like an order than a request. The 61.2 % return rate on the pilot stakeholder questionnaires was surprisingly high, as was the generally favourable nature of the answers. Were the stakeholders afraid to answer critically? Was the pilot questionnaire seen as

an obligatory consequence of involvement with the official or were the stakeholders actually interested in contributing to the development of the pilot organisation? These questions will probably never be answered. Some critical answers were, indeed, received. The relatively high return rate and the high values given for factors Trust and Professional can be taken as a vote of confidence and an indication of rising stakeholder interest in the affairs of the public organisation. This should motivate further research in the future.

7.1.4.1   The reliability and validity of the pilot study

Validity is sufficient when research measures what it intends to measure. The pilot study concentrated on the stakeholder reputation of one pilot organisation and a comparison of profit and public organisations' reputations. The pilot study was both qualitative and quantitative, and the aim was to reach triangulation to ensure an inclusive view of the subject through interviews, background research, testing of the questionnaire and the actual pilot stakeholder questionnaire. The quantitative research approach applied to the testing of the pilot questionnaire and the pilot study questionnaire, and the qualitative approach applied in the director interviews, background research and the testing of the pilot questionnaire. The testing of the pilot questionnaire was also carried out in two ways: quantitatively by filling in the test questionnaires and qualitatively through the 'hit group' which discussed and commented aloud while completing it. The presence of the researcher increased the reliability of the testing phase.

Though the pilot study served as a test drive for the later parts of the present study process, it had a research question of its own*:*

> "Does the reputation of a public organisation differ from the reputation of profit-making organisations?"

The answer was studied through the assessments made by frequent stakeholders of the pilot organisation. Previous research suggests that the customers of public organisations rarely have experience of alternative services and thus find it difficult to rate it (Mäntysaari 1998). To maximise the experience of the stakeholders involved, only those with frequent contact with the pilot organisation were chosen. However, there is no doubt that the fact that the pilot organisation was the only equivalent public organisation in its field, a monopoly with no competition is a clear limitation of the pilot study as well. The customers and frequent stakeholders could only compare the pilot organisation to other public organisations and think about their experiences with them in evaluation the organisation in question.

Reliability can be tested through repetition of the research with another sample. (These other samples in the present study will be reported in Sections 7.3 and 7.4). Cronbach's alpha for the pilot study was measured to be 0.958. This is sufficient, as 0.6 is considered to be the limit. The high values may be partly due to the large number of attributes or variables, 37, in the pilot study

questionnaire. Hence Cronbach's alpha was also measured for each reputational factor. The achieved values are reported in Table 34. Almost all the factors exceeded the limit of 0.6. Only the factor Authority was 0.005 short of the limit value, but as the number of variables is examined (only 3) and the logic of the attributes go together, it can be accepted as a reliable factor. Since only one factor was left very slightly below the limit, the questionnaire can be considered reliable.

TABLE 34   Cronbach's Alpha coefficients for each factor. The limit of 0.6 is passed by all factors.

Reputational factor	Cronbach's alpha
Trusted	0.865
Customer server	0.924
Active	0.902
Professional	0.798
Official	0.695
The whole pilot study	0.958

The following choices increased the reliability of the pilot study: 1) the pilot organisation itself defined the frequent stakeholder groups for the pilot study. These groups were considered important by the pilot organisation, so must also be considered important for the pilot study. 2) The sample of the stakeholder groups was systematically designed to ensure even representation. 3) The return rate of the pilot study was 60 %, which is adequate and is in fact quite high for stakeholder questionnaires in comparison with the rates generally achieved by Statistics Finland. Those stakeholders heavily regulated by the pilot organisation returned the most (over 70 %) and those lightly regulated the least (slightly under 60 %). One reason for the high return rate may be the fact that the pilot organisation is an authority organisation and many stakeholders are subject to it, and they may thus have responded out of a sense of compulsion. On the other hand, the frequent stakeholders measured in the pilot study were all to some degree 'insiders' in relation to the public organisation, and may thus be loyal and committed to the pilot organisation. Moreover, it is clear that the choice of research subjects affects validity. 4) Only frequent stakeholders were chosen to ensure that the research subjects were familiar with the pilot organisation. Some reasons remain unclear, but it is relevant to note that those stakeholder groups with the highest return rate were also the most critical in their answers. This criticism however, was not very harsh, as even those who were more critical gave neutral or favourable answers. Some possible reasons for this could be high commitment and a willingness to contribute to improvements, or alternatively a fear of reprisal.

There were one or two minor problems with the data collected. Firstly, a few items on the pilot study stakeholder questionnaires were left unanswered. The item most frequently left blank (16 times) was the attribute "has a poor work culture – has a good work culture". In comparison with the size of the

data, this is a minor loss. As for the two open questions, the first impression question (number 1) was answered by 62 % and the second one (number 40) by 70%. The number of responses to the open questions was thus smaller than to the statements, but this is very common in polls and surveys. In addition, the pilot study stakeholder groups varied greatly in size. This is due to the nature of the various stakeholder relations: there are simply fewer decision-makers than regulatees. These differences were taken into consideration when the results were analysed. The sizes of the chosen stakeholder groups represented reality. In addition, some members of big stakeholder groups may have only annual contacts, while smaller stakeholder groups may deal with the pilot organisation even weekly. All in all, it can be concluded that the pilot study measured stakeholder assessments on an appropriate scale.

It is often difficult to make generalizations from case studies, so this pilot study had high internal validity but lower external validity. The pilot questionnaire influenced the validity as well. Several measures, such as director interviews, background research and testing the questionnaire on two groups, were taken to ensure the validity of the questionnaire. Previous reputation questionnaires were also consulted for comparison. All in all, the validity of the pilot study can be considered high, as it answered its research question concerning the reputation of public organisations.

7.1.5 Implications of the pilot study

The pilot study was important for the present study as it tested the whole stakeholder assessment process in one of the 19 organisations under study before proceeding to the main study. As such it provided useful insight into what worked and what did not. The following were observed during and after the pilot study:

1. The five director interviews were too specific and time consuming to serve only the function of forming the main study stakeholder questionnaire. The data collected from the interviews was only applicable in part: fewer interviews would have sufficed, as the five interviews produced very similar information. The interviews should have been less serious and less formal and should have concentrated on finding suitable adjectives and attributes for the main study, rather than cover in depth the current state of the organisation. Irrelevant or unusable information consumes time and may even distract attention from the main focus of the study.

2. The data gained from the background research proved helpful, but as with the interviews it was again too broad. The printed materials analysed such as staff magazines proved less fruitful than the brochures setting out the organisation's visions and missions. The in-depth interviews, thorough background research, during the pilot study were nevertheless necessary in order to understand issues related to reputation, organisational functions and stakeholder relations. The background research for the following studies should, however, only cover material necessary for the formation of the questionnaire.

3. Moreover, the background research for the pilot study questionnaire was reported unclearly. There were no listings of what was found in the background research. The use of printed material should in the main study be reported more clearly along with the interview results, and it should also include websites, as not all relevant information is printed any more.

4. There was an excess use of the word "is" on the semantic differential statements of the pilot stakeholder questionnaire ("is not esteemed – is esteemed"). The questionnaire could be streamlined to make it more readable.

5. The reporting of the interview data was problematic. The number of times a certain attribute was mentioned is reported in Table 24. Although this Table clearly showed the dominance of certain attributes, the relationship between the questions and the attributes was unclear. If a similar procedure was used for the 12 interviews planned for the main study, the number of mentions would become unhelpfully high. Moreover, as the 12 would represent different types of public organisations, it would be more interesting to know whether the same attributes or factors were mentioned at all, rather than the number of mentions. Thus it was decided that in the main study the interview data would not concentrate on the number of mentions, but simply on whether the attribute was mentioned or not.

6. The return rate of the pilot stakeholder questionnaire was surprisingly high: 61.2%. Often questionnaires that measure reputation, satisfaction or other customer opinions have a significantly lower return rate. There are several possible reasons for this high return rate. First of all, the stakeholders all received a preparatory letter two weeks before the present questionnaire informing them of the research and its importance. Then the questionnaire itself was kept short and drawn up in such a way that it was easy to fill in. Additionally, the covering letter sent out with the questionnaire was signed by the director general of the pilot organisation, and it emphasized the importance of stakeholder opinions and influence. The pilot study return rate was considered sufficiently high that in the later studies economies could be made and the preparatory letter could be left out, but it was decided that it would still be necessary to send a covering letter with the questionnaire.

7. On the stakeholder questionnaire, the open question "What are your most important needs and expectations for the functions of the pilot organisation?", was considered too broad and not suitably worded to elicit all stakeholders' experiences and expectations and the organisation's public image. Moreover, it was unclear which of the two questions the answers provided actually addressed. Hence, separate questions were needed to get useful answers.

8. The reporting of the missing values in Figures (for example Figures 26 and 27) was considered confusing. The number of respondents was already given in the explanation of what the figure showed. Thus the following stages of the study would only include those who responded; it would not include any missing values but would specify the number of answers actually given.

9. Answers to the open-ended questions were presented rather vaguely, being merely entered under certain categories. Some concrete examples were needed to show what kind of answers qualified for inclusion in each category.

10. The analysis of the answers to the open-ended questions was considered inadequate, as the attributes were divided into three categories: positive, negative and neutral. Some statements, however, consisted of both negative and positive statements, and in the pilot study these were coded as neutral. The neutral coding did not accurately describe this content, and so a fourth category, 'mixed' was added to the analysis of the answers to the open-ended questions for the later studies.

It can be concluded that the pilot study produced vital information about what to expect from the main study and the post study. Although the pilot study was carried out on a smaller scale, the stages were the same. The pilot study seemed to show that most stakeholders viewed the public organisation quite neutrally, and that the reputation of public organisations differs from the reputation of profit-making organisations. The implications and lessons learned from the pilot study were important for the planning of the following stages. Moreover, the results of the pilot study created a hypothesis for the following parts of the research: the reputation of Finnish public organisations is quite neutral, but this may be a positive attribute. With this hypothesis in mind, the focus is next turned to the second part of this research process: informal interviews and background research.

7.2 Part 2: Informal interviews and background research

This Section concentrates on the second part of the empirical study: informal interviews and background research. Here the emphasis was on collecting the information necessary for the formulation of a stakeholder questionnaire suitable for public organisations. This questionnaire would be used in the main study. Questionnaires concerning an organisation and its operations should measure attributes that are in line with the organisation's objectives, thus informal interviews and background research were conducted in order to determine the objectives, values and vision of the organisations under study. The information was collected from the 12 organisations through informal interviews and through background research into selected printed materials produced by the organisations. The pilot study, informal interviews and background research together formed the basis on which the main study stakeholder questionnaire was drafted.

The informal interviews and background research were considered important because when the subject of a study is given the chance to assess itself, the results are better, both wider and more accurate. Examining the printed material also brought into the research aspects which did not arise during the interviews but were still important. After the pilot study, the

interview process was streamlined, making it easier and less formal, and the background analysis of printed materials was reduced to include only those brochures stating the values, visions and missions of the organisation. Table 35 shows the documents studied for the background research.

TABLE 35   The printed materials examined during the background research.

Content analysed	Example of material
Organisational values	Brochures introducing the organisation, internal publications and web-pages
Organisational visions	Brochures introducing the organisation, internal publications and web-pages
Organisational missions	Brochures introducing the organisation, internal publications and web-pages
Stakeholder experiences	Reports of past research on customer and stakeholder feedback, as well as previous research on image and reputation, internal memos of employee satisfaction

The examination of the printed material was thus less inclusive than in the pilot study. A change towards more focused data collection was possible, as the 12 interviews and the background analyses served to compare the 12 organisations under study and to develop the stakeholder questionnaire, but were not a study in themselves. Moreover, attention was focused on finding suitable adjectives and attributes to describe the organisations in the questionnaire, and this did not require such a thorough interview or examination of materials as was carried out in the pilot study.

Those interviewed in the informal interviews were representatives of each organisation under study. The interviews were held and the background research was conducted during the winter and spring of 2002-2003. The 12 interviews were conducted in an informal manner in meeting rooms or the offices of the communications officers or directors. During 5 of the 12 interviews, more than one person was present. The interviews were not recorded, as the main purpose was to compare the 12 different public organisations and establish collect the key attributes of each organisation. The interviewees were either directors or people from the departments of communications or research and development. The discussion covered previous research and stakeholder feedback, the core messages of the organisation, critical incidents, strategies, the strengths and weaknesses of the organisation, values, vision and mission as well as stakeholder relations. The choosing of the stakeholder groups was also discussed as the criteria for their selection were the same as in the pilot study: only frequent contacts. The 12 organisations were asked to decide on the stakeholder groups themselves, but they were all obliged to choose their own employees and organisations working in collaboration with them. Most organisations also chose decision-makers and those under their regulation or supervision. The stakeholder groups chosen are reported later in greater detail in Section 7.3.1.

The interview data were analysed mainly for recurring attributes and the use of adjectives or attributes that would be useful for the questionnaire. The background research included analysis through careful reading and comparison with the informal interview results to determine the key attributes of each organisation. Table 36 shows both the results of the informal interviews and the background research and shows the attributes used for the pilot study stakeholder questionnaire (Appendix 2), which is useful for comparison.

Table 36 shows that certain attributes were mentioned in most of the informal interviews as well as in the background research. Professionalism (1 in table 36) and trustworthiness (2) were most frequently mentioned, followed by co-operation and neutrality. Certain attributes were mentioned in the interviews, but not found in the printed materials. Such were, for example, bureaucracy, customer needs and progressiveness. Only one attribute, motivated staff (28), was mentioned the same number of times in the interviews as in the background research. No attribute was mentioned more often in the background research than in the interviews. This is to be expected, as the printed material brings out only certain qualities, and interviews give more scope for thought. There were no great surprises among the attributes arising out of the informal interviews and study of the printed materials: they were quite similar to those found in the pilot study interviews and already tested in the pilot study.

Some attributes were used in the pilot study, but proved less important for the 12 organisation studied in this second and then the third, main stages of the present study. The pilot study questionnaire (Appendix 2) used, for example, the statements: "is cautious – is courageous", "is inconsistent – is consistent", "is introvert – is extrovert", "has a poor work culture – has a good work culture", "provokes a negative image – provokes a positive image", "does not promote safety – promotes safety" and "is asleep – is alert", which were not used for the main study stakeholder questionnaire. Apart from these and a few additional attributes, the main stakeholder questionnaire was very similar to the pilot study questionnaire. In fact, as shown in Table 36, only ten attributes were added to the questionnaire after the informal interviews and printed material analysis.

TABLE 36   A comparison of the attributes mentioned during the 12 informal interviews and the attributes found through the background research. Any attributes mentioned in less than three interviews were omitted. For comparison, the table also includes the attributes used for the pilot study questionnaire.

No	Attribute or characteristic mentioned	Informal interviews: Number of interviews in which mention was made of this attribute	Background research: Number of organisations whose values, vision and mission included the attribute	The pilot study questionnaire: this or a similar attribute was used in the pilot study questionnaire [for comparison]
1	Professional, expert	12	8	x
2	Trustworthy	10	6	x
3	Co-operative	10	6	x
4	Bureaucratic, stiff, rigid	9	0	x
5	Customer-oriented, willing to serve	8	5	x
6	Impartial, neutral	8	6	x
7	Open	7	5	x
8	Efficient	7	4	x
9	Progressive, leading	6	1	x
10	For the common good	6	5	
11	Active, proactive, initiator	5	0	x
12	Dynamic	5	0	
13	Flexible	5	1	x
14	Internationally esteemed, respected	5	0	x
15	Continuous development of actions	5	3	x
16	Well-known	5	0	x
17	Finds out the customer's needs	5	0	x
18	Humane	4	2	
19	Involved in dialogue, interactive	4	1	
20	High quality research	4	1	x
21	Productive, profitable, impressive	4	3	
22	Responsible, diligent	4	2	
23	Official	4	0	x
24	On the pulse	3	0	x
25	Esteemed	3	2	x
26	Removed from real life	3	0	
27	Modern, forward-looking	3	1	x
28	Motivated personnel	3	3	x
29	Fast, rapid	3	0	
30	Keeps to planned schedules	3	0	x
31	Independent, autonomous	3	0	
32	Honest	3	2	x
33	Extrovert, outward-looking	3	0	x
34	States clearly the right contact persons	3	0	x
35	Overloaded with work	3	1	

7.2.1 Formation of the stakeholder questionnaire

The stakeholder questionnaire was printed on two sides of an A4 sheet of paper and mostly consisted of semantic differential statements in which a positive attribute was at one end and a negative attribute in the other. In the middle section of the questionnaire (questions 13-21) the ends were changed in order to avoid response set. Semantic differential was used for the statements-questions, just as in the pilot study; the attributes were written to provide respondents with a clear pattern of opposite terms. It was announced in advance that the questionnaire should measure subjective opinions, and that there were therefore no right or wrong answers. Measures were taken to ensure that the respondents thought actively about the questions and answered accurately.

Table 37 presents the contents of the main study stakeholder questionnaire which was drawn up on the basis of the pilot study, informal interviews and background research. It shows that questions 2-12 are based on organisational values, vision and mission, whereas questions 13-21 concentrate on feedback from earlier service situations and research. Questions 22-40 concentrate on image, whereas the open questions each had their own focus. As the questionnaire was designed to serve the participating organisations as well as the research project, some questions were included that were not meant for analysis in the present study. These included question number 41, which asked about the cohesiveness of the Ministry's sector, and number 44, which asked about any future expectations the stakeholders had of the organisation. There were also several open-ended questions which gave stakeholders the chance to explain their assessments and experiences. The first open question, number 1, raised the question of overall reputation prior to giving out the semantically different attributes (Grunig & Hon 1999, Bromley 1993). Question 43 concentrated on stakeholders' own personal prior experiences, and question 45 on reputation and image generally in the public sphere, especially in the media (Bentele & Nothhaft 2004). Lastly, background variables asked for age, gender, position, area of location and frequency of contact with the organisation in question. The finished questionnaire is attached as Appendix 4.

TABLE 37   The contents of the main study stakeholder questionnaire. The questionnaire consisted of 41 semantic differential questions and 4 open questions. Questions 41 and 44 are not included in the analysis of the present study, as they were included in the questionnaire at the request of the organisations for their own internal purposes.

Question number	Frame of reference of the question	Examples of questions, typical questionnaire phrasing
1	Initial impressions	Please state in a few words or adjectives what first comes to your mind when you think about the main study organisation.
2-12	Organisational vision and values and strategies	Which describes the main study organisation better? esteemed – is not esteemed cooperative – non cooperative efficient – inefficient
13-21	Practical customer service situations and earlier research and feedback	passive – active inaccessible – accessible does not meet expectations – meets expectations
22-40	Target image, current image, positive and negative aspects of current state	high expertise – low expertise proactive – reactive fast – slow
41	Cohesiveness of sector	is independent – a part of the Ministry's subsidiary
42	Overall assessment	What school grade would you give to the main study organisation's operations? (scale 4-10)
43	Stakeholder experiences with the main study organisation	What kind of experiences do you have of dealing with the main study organisation?
44	Stakeholder expectations in the future for the main study organisation	What expectations do you have for the main study organisation and its functions in the future?
45	Public image of the main study organisation formed in the public sphere	What kind of image has the main study organisation acquired in the public eye? (julkisuudessa syntynyt kuva)
46-50	Background information	Age, gender, position, area and how frequently in contact with the main study organisation

The stakeholder questionnaires were printed on different coloured paper to help separate the various organisations from each other. Various colours from grey to yellow were used randomly for each organisation, but the colours were kept light, so as not to affect readability. The stakeholder questionnaires were also numbered systematically in the top right hand corner. The numbers were coded by the researcher to determine which stakeholder groups the respondent belonged to. Thus the colour of the questionnaire helped determine which organisation was in question, and the number determined which stakeholder group of that organisation the respondent represented. Stakeholders received an envelope including a coloured and numbered stakeholder questionnaire, a covering letter with instructions and some encouraging words, signed by the director general of the organisation in question, and a pre-paid return envelope. The stakeholders were asked to reply within three weeks.

The stakeholder questionnaire is attached as Appendix 4. When the stakeholder questionnaire was finished, interest turned to the main study, in which the questionnaire was sent out to over 2000 frequent stakeholders of different types of public organisations. The main study is discussed next.

7.3   Part 3: The main study

This section describes part 3 of the empirical study. It examines the development process of the main study; choosing the stakeholder groups and collecting the main study data, as well as analysis of results. Following the information acquired through the pilot study (part 1), informal interviews and background research (part 2), the main study proceeded to answer the research questions presented for the present study and to test the hypotheses formed towards the end of the theoretical section. Some hypotheses made based on the theory that guided the main study process, suggesting that satisfied, trusting frequent stakeholders legitimate a public organisation. The answers to the research questions and hypotheses were examined on the basis of the assessments of frequent stakeholders of 12 public organisations. These assessments were measured through a stakeholder questionnaire, a tool designed to be repeated over time. Part 2 of the empirical data (informal interviews and background research) concentrated on establishing the desired attributes and objectives for the questionnaire and describing the process of making the main study stakeholder questionnaire.

7.3.1 The selection of the stakeholders

The organisations involved in the main study identified various different stakeholder groups whom they considered were important and had frequent contact with the organisation. The stakeholders' relationship with the organisations varied because of the different basic functions of the organisations. For the main study, each of the 12 organisations suggested six of their stakeholder groups that they frequently dealt with, that were important, interesting and available for measurement. Many of the organisations had updated mailing lists of such contacts, and these lists were important for the selection process. A systematic sample was taken of the six chosen stakeholder groups, which included both smaller groups (such as decision-makers and organisations working in collaboration), and larger groups (such as the stakeholders under regulation, customers or employees).

    The sample from the smaller stakeholder groups was deliberately chosen, as contacts were few and only frequent contacts would be useful. Deliberation meant that only stakeholders with actual contact with the organisation within the last two years were selected; those who had had no contact in the last two years were omitted. Contact within the last two years was considered important, as the stakeholder questionnaire was developed in such a way that it could be used again to monitor stakeholders over long periods of time. If stakeholder contact with the organisation was occasional or had only occurred once in the past two years, the feedback received would be of limited value, and no monitoring could be carried out after, for example, possible improvements in services. Discussed during the informal interviews (reported in section 7.2),

the choice of stakeholders was a difficult process as some of the organisations had never collected lists of their stakeholders or considered their importance. Moreover, according to recent theory, the importance of each stakeholder group is constantly changing, depending on the issue and the situation. This made the choice even more difficult. Nevertheless, a systematic and carefully chosen sample was taken of those stakeholder groups that were considered important and interesting and had frequent contacts with the organisation.

The choice of stakeholders was also a challenge because the 12 organisations represented different subsidiary organisations operating in one and the same field. Several stakeholder groups overlapped, and they needed to be discussed in advance with the organisations and divided up so that one stakeholder would not receive 12 questionnaires. Moreover, some organisations had previously conducted stakeholder research on other matters and did not want to involve now stakeholders only recently sampled. Each organisation had a contact person assigned to this research project and these contact persons negotiated with each other to avoid any the overlap of stakeholder groups. Several meetings were also organized between the researcher and the contact persons to aid the research process. It was decided that it would be impossible to avoid overlap altogether, and so a few respondents received two questionnaires. Since those receiving two questionnaires were less than ten in number, it was not considered a problem for the present study.

The main study stakeholders represented Finnish organisations, associations and unions; any international contacts were left out which meant that the questionnaire and the covering letter could be written in Finnish. The size of the stakeholder groups varied as well as the order in which they were listed, but most of the 12 organisations selected the following six stakeholder groups:

1. Stakeholders with power over the organisation, decision-makers
   (Examples: Ministries, parliament, board members)
2. Stakeholders under the authority and regulation of the organisation
   (Examples: Industries, business, unions)
3. Customers or other stakeholders
   (Examples: Citizens, entrepreneurs, industries)
4. Stakeholders with ongoing collaboration with the organisation
   (Examples: Educational organisations, NGO's, scientific organisations)
5. Peer organisations
   (Examples: Public organisations, public offices, research organisations)
6. Employees of each organisation

To enable comparison between the organisations involved, each organisation chose about 200 respondents, making a total of 2340 stakeholder respondents for the 12 organisations. Organisations with more than 100 staff sent out 240 questionnaires each, and the smaller organisations sent out 150-170 questionnaires each. It was decided that the smaller organisations should send out fewer questionnaires, since their contacts were also fewer. In the seven larger organisations the questionnaire was sent to 200 stakeholders outside the organisation and to 40 employees within it. In the smaller organisations the

questionnaire was sent to about 150 stakeholders outside the organisation and to 20 employees.

The stakeholder groups varied considerably in size: the largest stakeholder groups included 70 respondents and the smallest 8 respondents. The smaller groups were considered too important to be left out, as the few contacts were important to the organisations. The size of each group was proportional to the actual size of that stakeholder group. For this reason some groups, for example the decision-makers, were significantly smaller than groups consisting, for example, of stakeholders under the regulation of the public organisations. The views and opinions of stakeholders with little or no contact with the organisations in question were left out of this research, as the questions would have required different presentation. To conclude, the stakeholders measured in the present study were familiar with the organisation and had frequent contacts with it.

7.3.2 Results of the main study

The return rates varied from one organisation to another and even within the stakeholder groups of an organisation. In total, 1403 stakeholder questionnaires, 55.2% of the total, were returned. 69 of these had to be excluded from analysis because not all the questions were answered or the identification data were not given. That left 52.5% or 1334 questionnaires for analysis. This is the number of questionnaires that was analysed in the main study.

Question 42 provided an overall estimation of the organisation: "What school grade would you give to the main study organisation's operations (scale 4-10)?" Altogether 96.0 % of the stakeholders answered the school grade question. The mode was 8 and the average for all stakeholders 7.95. The standard deviation varied from one organisation to another, but on average it was around 1 (0.994). The school grades given for the organisations were quite good, and they were fairly homogeneous between the different organisations, but some variance could be found among the various stakeholder groups of each organisation. Table 38 shows return rates and average school grades given by stakeholders.

TABLE 38   The return rates and school grades given to each organisation taking part in the main study.

Organisation under study	Number of questionnaires sent	Number of questionnaires returned	Return rate	School grade given
Research organisation 1	240	129	54%	8
Research organisation 2	240	130	54%	8+
Research organisation 3	240	116	48%	8-
Authority organisation 1	170	104	61%	7½
Authority organisation 2 (the pilot organisation)	240	145	60%	8+
Authority organisation 3	200	81	41 %	8-
Authority organisation 4	170	85	50%	8-
Authority organisation 5	150	81	54%	8-
Authority organisation 6	170	91	54 %	7½
Legislative organisation	240	133	55%	7½
Semi-commercial organisation 1	240	130	54%	8+
Semi-commercial organisation 2	240	109	45 %	8
Total	**2540**	**1334**	**52.5 %**	**8**

A high return rate in stakeholder questionnaires is sometimes linked to stakeholder commitment and involvement with the organisation, while low return rates have been linked to the opposite. In this study the return rate 55,2% was considered sufficiently high statistically when compared to earlier stakeholder questionnaires carried out in public organisations and the returns achieved by Statistics Finland. Stakeholder opinion research often reports problems with inadequate return rates, as stakeholders rarely see the effects of their replies and gain no direct or visible benefit from them. Stakeholders answering a stakeholder questionnaire must place sufficient importance on the organisation that they feel inclined to answer.

The questionnaires were sent out together in May 2003 by all the organisations. The smallest return rate (authority organisation 3, 41 %) was possibly due to a delay in sending out the questionnaires; this organisation sent out the questionnaires at least 2 weeks later than the others, and some of the respondents were therefore possibly already on summer vacation. A possible pattern to the stakeholder return rate behaviour was examined through various analyses. It was discovered that the size of the stakeholder group or the size or type of the organisation did not affect the return rate in any statistically significant way. One possible explanation could have been the nature of the organisations sending out the questionnaires: they were mostly public

organisations with authority. In Finland, when an authority sends out a questionnaire, it could seem to be obligatory. Whatever the reasons, the relatively high return rate was considered good and significant for the reliability of this research.

It was suspected that the main study data did not follow normal distribution, as the mode in the semantic differential attributes was 4. This was confirmed by the Kolmogorov Smirnov –test (asymp. sig. 2-tailed = 0,000). As with the pilot study, the data from the main study was also distorted towards the upper end of the scale of 1-5. Since the stakeholder questionnaire also served as a tool for the organisations to collect data on their stakeholders, some questions were added to the questionnaire but were not analysed or reported in the present study. One of these was semantic differential question number 41: part of the Ministry's entity (1) – independent (5), which also produced the highest number of missing values (30). Those who did answer mostly chose value 3, "cannot say". The other was open-ended question number 44, which was intended for the Ministry's internal use. The question 44, "What expectations do you have about dealing with the main study organisation?" provided rather detailed and very different results. It was thus less useful for this study because it was impossible to report the tone of the answers. Thus the answers to questions 41 and 44 were left out of this analysis.

It has been argued that open-ended questions best measure reputation. This questionnaire included four open-ended questions, three of which are analysed here. They were question 1: "Please state in a few words or adjectives, what first comes to your mind about the main study organisation", question 43: "What experiences do you have of dealing with the main study organisation?" and question 45: "What kind of image has the main study organisation acquired in the public eye?" These questions are discussed in further detail, as they provided some interesting insights into one of the main areas of interest, i.e. determining what kind of reputation and trust is perceived by the stakeholders. The tones of the answers were coded into four categories: positive, negative, neutral and mixed. The positive category meant that the answer consisted of only clearly positive, and the negative consisted of only clearly negative, statements and feedback. The neutral category summed up those answers that consisted of less emotional, neutral feedback, and the mixed category consisted of those answers with both positive and negative feedback, or other contradictions. Some categorizing of the open question data was carried out before the analysis. Certain words such as "expert" or "bureaucratic" occurred so frequently that they were taken here to be neutral statements if they included no other statements or showed no particular emotion or tone. In the 2882 answers to open-ended questions analysed here, there were altogether 487 mentions of the word "expert", 213 mentions of the word "trustworthy", 131 mentions of "bureaucracy" and 84 mentions of "organisation". The word "official" was mentioned 122 times.

Listing these results precisely would take up unnecessary time and space and even then possibly not contribute usefully to this research. They were,

besides, in Finnish and would require translation. Thus the results are presented in categories and according to their distribution, and some systematic samples are presented below. It was generally the case that if a respondent answered one open-ended question, they generally also answered the other open-ended questions. The first open-ended question proved either too difficult or too uninteresting to half of the respondents, since only 51.5% of the 1334 respondents answered this question. Most respondents answered question 43 (83.7 %) and question 45 (80.9 %). The following Figures 39, 40 and 41 present these responses and describe the tones used for the answers.
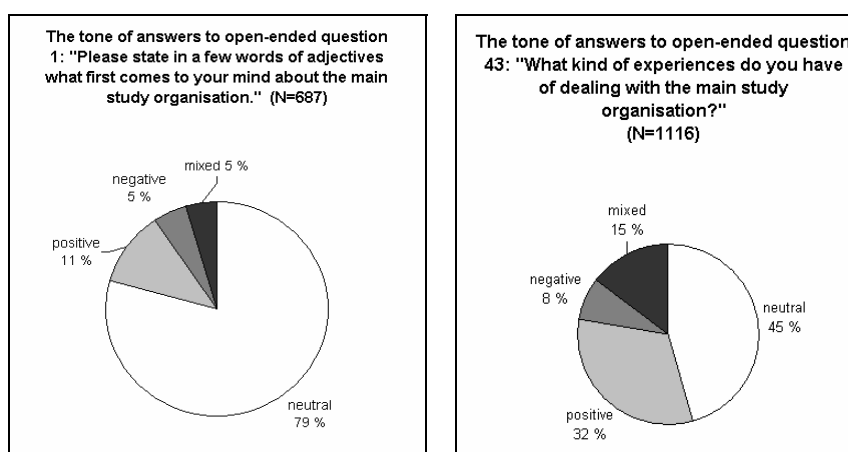
FIGURES 39 & 40   The tones of the responses given to open-ended questions numbers 1 and 43 on the main study stakeholder questionnaire.
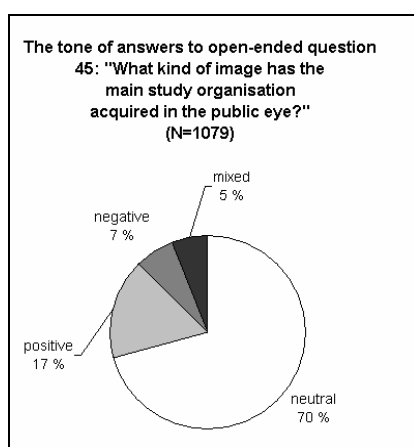
FIGURE 41 The tones of the responses given to open-ended question number 45 on the main study stakeholder questionnaire.

All the open-ended questions were answered rather neutrally. The two questions measuring overall reputation, question 1 (Figure 39) and question 45 (Figure 41) showed quite an equal distribution: Neutral assessments were dominant (70 % or over) followed by positive, negative and mixed. The neutral

answers were mostly fact and knowledge based. Next, each question and its answers will be examined in further detail. Some examples picked by systematic sample have been translated and are here presented as typical answers to illustrate the categorizing.

The dominant (79 %) neutral tone was especially apparent in the answers to question 1 (Figure 39), which is understood to best measure reputation. It could be asked whether the stakeholders' experiences with the organisations were so few and unimportant that the initial impression was unclear or considered unimportant and thus showed as neutral, but this is unlikely given that only frequent stakeholders were included in the research. For question 1, "Please state in a few words or adjectives what first comes to your mind about the main study organisation", the neutral assessments were concerned, for example, with the functions or the location of the public organisation:

> "Quality research",
> "Expert organisation, co-operation",
> "Training, courses, experts" and
> "Distant officials located on x street."

For question 1 the positive assessments (11 %) concentrated on the quality of the organisation and its products as well as stakeholders' prior experiences with the organisation:

> "A good place to work, good service, good organisational climate",
> "An authority that performs its functions well, active in development" and
> "Competent, nationally and internationally esteemed".

The negative assessments (5 %) in response to question 1 concentrated on problems typical of bureaucracy and lack of resources:

> "Poor resources, an isolated bureau",
> "Bureaucracy, sticklers" and
> "Bureaucratic, formulaic, rigid organisation".

The mixed statements (5 %) in question 1 consisted of both positive and negative traits and experiences, as well as possible contradictions:

> "Complicated, fractured, stiff image does not reflect reality: reality more dynamic",
> "Trustworthy but bureaucratic" and
> "Locked and too few resources but co-operative, helpful and willing to give advice".

The answers to question 43, "What kind of experiences do you have of dealing with the main study organisation?" (Figure 40) gave insight into the fact that though most stakeholders' experiences with the organisations were in fact neutral, surprisingly many (32 %) were positive or mixed (15 %). Question 43 (measuring experiences with the organisation) was the open-ended question with the highest number of responses (N=1116, 83.7 %), thus emphasizing this result and its reliability. For question 43, the neutral assessments (45 %) were

concerned for example with the organisation's aims or the type of co-operation with the organisation:

> "Cooperation in projects is fluent, new projects more difficult"
> "Works for a good cause",
> "Meetings on different levels" and
> "Many shared projects".

For question 43 the positive assessments (32 %) concentrated on quality of the co-operation and prior experiences:

> "Has reformed itself well. Good service, broad range and expertise are esteemed",
> "Positive. One receives help and advise" and
> "Good experiences, both with subject matters and project coordination".

Negative assessments (8 %) in question 43 concentrated on negative experiences as well as the typical problems of bureaucracy and lack of resources:

> "The processes are rigid and slow. People in the same department have different aims, and this leaves the customer at a loss",
> "With licences, bureaucratic, slow and inflexible" and
> "Omnipotent and dominant in its ivory tower".

The mixed statements (15 %) in question 43 consisted of both positive and negative experiences, as well as possible suggestions for improvement:

> "Good research, but its application could improve",
> "On the level of people very positive, but on the level of decision-making rather worse" and
> "Rather varied: with some people things move, with others they don't".

For question 45, "What kind of image has the main study organisation acquired in the public eye?" (Figure 41) the tone of the answers was mostly neutral. In fact, the majority of the answers were neutral, 70 %. The many neutral answers emphasized the vagueness of the public image of public organisations:

> "At present somewhat unclear"
> "Is not much in the media, but when it is, it presents dry statements from professional experts ",
> "An authority" and
> "Quite quiet, which suits its field".

For question 45 the positive assessments (17 %) concentrated on the quality of media contents and the general beliefs of the respondents:

> "I believe a good and competent image of a professional public organisation",
> "An objective expert that the public trusts" and
> "Positive for the parts that have been shown in the media."

The negative assessments (7 %) in question 45 concentrated on the lack of visibility as well as the typical problems of bureaucracy and lack of resources:

"Reactionary, slow, bureaucratic…"
"Rather dictatorial, high and mighty" and
"The media criticizes it".

The mixed statements (5 %) in question 45 consisted of both positive and negative experiences, as well as possible suggestions for improvement:

"Quite far from practice, but trustworthy and respected as a public organisation",
"Controversial, depending on the subject" and
"A good reputation but sometimes it overreacts".

To conclude, although stakeholders' own experiences were divided between neutral, positive and mixed, the public eye or media reputation (question 45) and the overall reputation (question 1) of the public organisations as measured in this questionnaire were mostly neutral. An interesting finding is the similarity in the answers to questions 1 and 45; stakeholder reputation seemed to match the public reputation ("julkisuudessa syntynyt kuva"). There were only slightly more positive answers (11 % in question 1, as compared with 17 % in question 45) to the public- or media reputation than to stakeholder reputation, but this is evened out when the stakeholders' own experiences (question 43) are added.

Since reputation among the public or media here was assessed by frequent stakeholders and not by journalists or the public at large, only minor conclusions can be reached from the results. However, through their dual role of stakeholders and citizens frequent stakeholders do also represent the public at large, and thus their opinions are of importance to public organisations. To conclude, the public reputation of the public organisations measured here might be slightly better than their actual stakeholder reputation. Whether this is owing to good media relations, or merely represents the trust that Finns generally feel towards their public organisations is not known. Both may have contributed.

Many interpretations for the observed neutrality can be found, but it still raises the question: should public organisations aim at a neutral reputation rather than a very positive one? Some theoretical support exists for the neutral reputation. Moreover, the fact that the experiences the stakeholders mentioned were quite fact-based and unemotional is relevant here. This approaches the concept of factual or cognitive involvement (Laaksonen 2001), where an attitude is based on personal relevance through information processing. This would further support the idea of the neutral tone of the relationship: it is mostly a professional relationship based on factual exchange and performing roles. This type of distant relationship could raise doubt about the need for a customer-oriented approach and relationship management in public organisations.

After the analysis of the open-ended questions, a broader approach to the stakeholder assessments is provided by the analysis of the semantic differential statements. Overall, the results of the semantic differential attributes were all quite positive, hence when some assessments or results are referred to as 'critical' or 'negative', they merely refer to statements more negative than the

average (4), not necessarily (and almost always not) values below the 0-limit, 3. The semantic differential statements were answered by almost all the 1334 stakeholders. The mode of the main study semantic differential statements was 4 on a scale between 1 and 5, thus suggesting abnormal distribution of the data towards the upper end. Only four of the questions analysed in the main study, had more than ten missing values. Those questions were question number 31: "insignificant research – significant research" with 15 missing values, question number 28: "not internationally esteemed – internationally esteemed" with 12 missing values; question number 39: "unable to listen – able to listen" with 11 missing values; and question number 37: "poor employer – good employer" with 10 missing values. These losses were considered minor in relation to data from over 1300 respondents, and in statistical tests the missing values were replaced by means. Moreover, the first two were questions which were actually of little or no relevance to the functions of some organisations: research and international contacts.

Any general trend in the answers was difficult to establish, as they varied greatly from question to another. Figure 42 shows the average values given to all the semantic differential statements in the main study. Only one value fell below level three, and that was the rating for the statement "bureaucratic – flexible". Six attributes reached value 4, and attributes such as "irresponsible – responsible" and "low expertise – high expertise" had the highest overall scores, with an average of 4.2.

#	Attribute	Value
2	cooperative	3,9
3	customer oriented	3,4
4	neutral	4
5	open	3,4
6	for the common good	3,8
7	efficient	3,5
8	responsible	4,2
9	ethical	4,1
10	under constant development	3,8
11	well-known	3,8
12	esteemed	3,9
13	active	3,4
14	finds out customer needs	3,3
15	clearly states the contact persons	3,3
16	high quality	3,7
17	accessible	3,6
18	useful	4
19	meets expectations	3,6
20	acts according to clear principles	3,6
21	fair	3,8
22	good leadership	3,5
23	high expertise	4,2
24	trustworthy	4,1
25	proactive	3,4
26	dynamic	3,2
27	bureaucratic – flexible	2,9
28	internationally esteemed	3,6
29	distant – humane	3
30	engaged in conversation	3,1
31	significant research	3,6
32	modern	3,2
33	highly motivated employees	3,6
34	fast	3,1
35	keeps to schedule	3,6
36	clearly communicates its aims	3,4
37	a good employer	3,3
38	coherent	3,1
39	able to listen	3,4
40	a trend-setter in its field	3,6

FIGURE 42 The average values given by stakeholders to the 12 organisations. The scale was 1-5, where 1 represented the negative end and 5 the positive end (N=1334).

7.3.2.1 Correlations

Most of the required analyses take into account the size of the sample or data, but the researcher must be careful. When stakeholder assessments around one issue are measured, correlations require caution: this stakeholder questionnaire measuring reputation measures different facets of one concept, reputation. If the questionnaire is well designed, all the attributes should correlate strongly with each other. Such a correlation was found in the main study, as all the attributes correlated strongly (statistically significantly) with each other. In addition, all the attributes of the semantic differential correlated significantly with the school grade given for the overall operations of the organisation. This was especially useful, as the school grade correlation helped in the elimination of doubtful questions.

As the main study stakeholder questionnaire data were not normally distributed, only non-parametric tests and distribution-free tests could be applied. The groups compared in the correlations (gender, age, assignment) were quite large and the pilot study experience showed that the most appropriate method was Spearman's rho. Owing to the known strong correlation between all the statements, it is not necessary to present the correlation coefficients of all attributes in the main study. Two attributes did, however, correlate especially significantly (2-tailed sig. over 0.6) with each other. The first of these particularly strong correlations was between the attributes "untrustworthy – trustworthy" and "low expertise – high expertise". The other was between the attributes "static – dynamic" and "outdated – modern". This would seem to suggest that organisations that are considered trustworthy are also considered expert and that organisations that are static are also outdated. The correlations may also be applied the other way round.

The correlation coefficients do not specify what is the result and what the cause, they simply affirm a significant systematic co-existence. Moreover, as all the attributes in the stakeholder questionnaire correlate with each other, all the attributes can result from each other. This is typical for the measurement of a single concept, such as reputation. The results of the main study analysis indicate that those organisations that received high values on one statement, also received high values on the others. Similarly, those organisations that received lower values on one statement were also likely to receive lower or poor values on all the other statements. When the school grade correlation is added to this, the main study seems to give a good overview of stakeholder assessments. However, the questionnaire is time-bound; the results could vary greatly if the organisation or its environment undergoes changes. Moreover, the questionnaire only measures the attributes that were included. The open-ended questions discussed earlier gave the opportunity for stakeholder opinions that diverged from the semantic differential statements.

The background variables showed some statistically significant differences. A detailed table of the differences can be seen in Appendix 5. The differences were not extreme, but rather were cases of one point differences (on the scale of 1-5, for example the difference between 3 = cannot say and 4 = quite

good leadership). Furthermore, stakeholder group sizes proved to have some effect on the correlations. All the attributes are presented in the order of first the lowest value (1) – and then the best value (5).

Gender was not an important divider of opinions, as it influenced only one statement: "poor leadership – good leadership". The difference was mainly that men considered the public organisations to be better led than women did. The difference was mostly between women being unable to say (3 on the scale) and men choosing quite good leadership (4 on the scale). There was, however, no significant difference in the background variable "position" between men and women answering the main study, hence job position does not explain this difference.

Age seemed to influence four statements: "static – dynamic"; "bureaucratic – flexible"; "not internationally esteemed – internationally esteemed" and "outdated – modern". Those over 50 years old were less critical and gave slightly higher values on these attributes than those under 50 years of age. Those over 50 considered the organisations to be more internationally esteemed, more dynamic and more flexible than the younger stakeholders did. Moreover, those over 50 years old considered public organisations to be more modern than younger stakeholders did. With a difference of only a few percentage points, those under 30 felt the organisations were more dictatorial than those over 30. Those under 30 years old also considered the public organisations in the survey to be more bureaucratic than participants who were over 30 years of age.

The amount of contact with the organisations in question influenced two statements: "unknown – well-known" and "poorly motivated employees – highly motivated employees". Those who had more frequent contact, considered the organisation to be better known and have more motivated employees. This could be interpreted as meaning that those with more frequent contacts knew more about the motivation and rated it more highly than those with less frequent contacts, hence this result is viewed as rather positive.

The position of employees influenced two statements: "does not find out customer needs – finds out customer needs" and "lags behind in its field – a trend-setter in its field". Employees and middle management considered the organisations to be more customer-oriented and more leading than did for example, experts and entrepreneurs. However, the differences were not very great. The area and province affected the statement: "fractured – coherent". Stakeholders further away from Helsinki considered the public organisations (all located in Helsinki) to be more coherent than those located near to them. All these correlations are attached in greater detail as Appendix 5.

7.3.3 Reputational factors

The data collected through the main study stakeholder questionnaire (Appendix 4) were analysed through factor analysis to reveal hidden groupings (factors) that make up reputation. Following the results of the pilot study, five or six reputational factors were expected. The factors help describe the total

variance of the data with fewer variables; fewer variables help one to discern the important ones. The factors show the attributes around which reputation is formed in the respondent's mind. (Heikkilä 1999, Frey et al. 2000, Alkula et al. 1995.)

To begin with, several variations of exploratory factor analysis were conducted. As learned from the pilot study, the attributes seemed to correlate with each other, and hence Principal Axis factoring with Oblimin rotation was first selected. All the attributes loaded on five reputational factors, with the communalities between 0.297 and 0.735. The minimum is often considered to be 0.30, but one statement was left below this limit. (Heikkilä 1999, 239.) Furthermore, some attributes seemed to load almost equally on two factors. Thus it was necessary to use methods to increase discrimination between the attributes. It was decided to run the factor analysis was decided to run a second time with different settings which would better separate the data on different factors. To ensure coherence between the different parts of the present study (the pilot study, the main study and the post study), the factor analysis was run a second time with maximum likelihood to distribute the loadings more evenly (Garson). Varimax rotation was chosen to ensure easy identification of variables with either large or small loadings on a factor. (Alkula et al. 1995 & Garson.)

All the attributes were again covered by 5 factors (see Table 43 for details) where the communalities varied between 0.32 and 0.69. The minimum is often considered to be 0.30 and this round exceeded that level. The factors produced with Maximum likelihood and Varimax were exactly the same as the factors produced with the Principal Axis factoring and Oblimin rotation, with the exception of four attributes that seemed to load on several factors in the first round and now loaded on only one: 1) "outdated – modern"; 2) "static – dynamic"; 3) "poorly motivated employees – motivated employees" and 4) "reactive – proactive". These and other attributes were more evenly and usefully separated onto the five factors with the Maximum likelihood and Varimax rotation. For this reason further analysis was carried out on those settings. Though the factors produced in the two rounds of factor analysis were the same, their order was somewhat different.

It is quite common in factor analysis for the first rotated factor to overpower the other factors. The first factor in the main study explained 40.48% of variance. The rest of the factors landed lower values but they all surpassed the limiting initial eigenvalue of 1. The attributes were divided into factors according to the highest loadings. The other factors explained the following amount of variance as presented in Table 43: factor 2: 5.6 %, factor 3: 4.2 %, factor 4: 3.7 % and factor 5: 2.9 %. No factor was left under the limiting eigenvalue of 1. The first factor was thus the strongest, (but not as strong as in the pilot study) and it could have been understood that these data were actually one-factor –data. However, because of the internal logic and explanation potency, the five factors were all approved. No statement was left outside the factoring, and all attributes loaded distinctly on one factor.

The factors were named according to the loaded attributes and functions they described. The name was intended to provide a general but all-embracing view of the factor. Factor 1 was named Authority, as all its attributes dealt with authority functions and problems typically associated with public organisations. Factor 2 was named Esteem, as the attributes assembled on it described various aspects of esteem and honour. Factor 3 was named Trust as it described various attributes associated with trust and ethics. Factor 4 was named Service because the attributes all dealt with service situations. Factor 5 was named Efficiency, as all its attributes described efficiency and competitiveness. Table 43 lists the factors and each attribute's loadings.

TABLE 43   The reputational factors of the 12 main study organisations and their loadings on different factors. The highest value of each row indicates the factor the attribute belongs to. The attributes have been arranged in factor order for clarity.

Rotated Factor Matrix	Factor 1 Authority	Factor 2 Esteem	Factor 3 Trust	Factor 4 Service	Factor 5 Efficiency
non cooperative – cooperative	**.441**	.220	.362	.228	.214
not customer-oriented – customer-oriented	**.500**	.203	.160	.266	.155
closed – open	**.537**	.347	.207	.211	.120
static – dynamic	**.468**	.447	.144	.195	.307
bureaucratic – flexible	**.657**	.229	.130	.121	.261
distant – humane	**.667**	.243	.0972	.232	.144
dictatorial – engaged in conversation	**.688**	.185	.221	.079	.122
outdated – modern	**.498**	.432	.183	.201	.338
unable to listen – able to listen	**.570**	.127	.357	.193	.274
not under constant development – under constant development	.316	**.504**	.195	.234	.268
unknown – well-known	.211	**.534**	-.012	.260	-062
not esteemed – esteemed	.156	**.621**	.327	.245	.133
reactive – proactive	.339	**.396**	.232	.213	.292
not internationally esteemed – internationally esteemed	.164	**.595**	.231	.047	.086
insignificant research – significant research	.215	**.506**	.308	.083	.129
poorly motivated employees – motivated employees	.300	**.400**	.279	.222	.304
poor employer – good employer	.201	**.486**	.180	.149	.271
lags behind in its field – a trend-setter in its field	.320	**.541**	.311	.177	.290
partial – neutral	.153	.108	**.643**	.139	.088
for its own good – for the common good	.316	.104	**.544**	.117	.099
irresponsible – responsible	.120	.269	**.619**	.221	.167
unethical – ethical	.135	.229	**.668**	.115	.044
					continues

continued					
unfair – fair	.173	.049	**.533**	.503	.169
low expertise – high expertise	.117	.429	**.516**	.237	.187
untrustworthy – trustworthy	.111	.285	**.613**	.277	.236
passive – active	.325	.328	.062	**.348**	.123
does not find out customer needs – finds out customer needs	.379	.149	.113	**.455**	.130
states the contact persons unclearly – states the contact persons clearly	.334	.105	.053	**.412**	.132
poor quality – high quality	.115	.377	.313	**.567**	.160
inaccessible – accessible	.279	.133	.162	**.533**	.240
useless – useful	.085	.262	.349	**.528**	.048
does not meet expectations – meets expectations	.227	.298	.269	**.595**	.222
does not act according to clear principles – acts according to clear principles	.130	.132	.332	**.590**	.240
inefficient – efficient	.283	.351	.211	.259	**.467**
poor leadership – good leadership	.272	.336	.307	.230	**.389**
slow – fast	.443	.205	.086	.229	**.585**
does not keep to schedule – keeps to schedule	.253	.147	.186	.218	**.602**
communicates its aims unclearly – communicates its aims clearly	.294	.299	.261	.279	**.324**
fractured – coherent	.281	.166	.178	.240	**.367**
Initial eigenvalue (altogether 56.84%)	40.48%	5.61%	4.18%	3.69%	2.89%
Total eigenvalue	15.79	2.19	1.63	1.44	1.13

Extraction Method: Maximum Likelihood. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 8 iterations.

For further analysis the attributes were grouped manually into variables according to the factor loadings. In this way a total of five groups were formed, based on the contents of each factor. As the contents of the factors and the new variables thus created were identical, the grouped variables are henceforth referred to as factors. The factors found give insight into which attributes are linked together when an assessment is formed in the mind of the perceiver. Though it is understood that these factors consist only of those attributes mentioned in the questionnaire, the development of the questionnaire was carried out in such a way as to include all necessary and desired attributes. The factors represent different aspects of reputation when the whole reputation is being assessed. This seemed to confirm that there was a pattern to the composition of reputation. Figure 44 shows the average values given to each reputational factor.
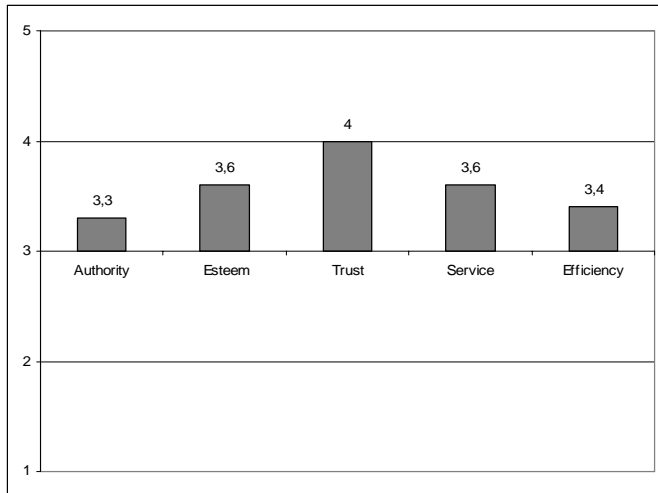
FIGURE 44 The average values given to the reputational factors by the frequent stakeholders of the 12 main study public organisations. The scale was 1-5, where 1 represented the negative end and 5 the positive end. The standard deviation was almost the same on every factor, around 0,9.

The reputation of a public organisation seems to be built on its Authority, Esteem, Trust, Service and Efficiency. However, only one factor exceeded the satisfaction level of four; the factor Trust. Trust seems to be the most highly regarded of all; it seems to be the cornerstone for the reputation of public organisations. The factor Authority is the one that needs most reputational improvement. It remains important to note that all the factors received values above three, thus staying on the positive side of this stakeholder questionnaire. This seems to suggest that the reputation of public organisations is not built on extremes but rather on quite neutral assessments. Since the public organisations measured in this study all differed in terms of their main function, it is interesting to see whether there was a pattern to the reputation of the different types of public organisations measured in this study.

7.3.3.1 Sector reputation

The principal functions of the 12 organisations in the main study were all different. Because of these differences, it was necessary to group the organisations according to their function in order to examine the group reputation. In those cases where the organisations were active in more than one field, the most dominant function was chosen. To examine possible sector-associated reputation, the data were divided into four sub-groups, according to the main functions of the organisations. The organisations were divided into the following four groups:

1. Research organisations (3/12)
2. Authority organisations (6/12)
3. Legislative organisations (1/12)
4. Semi-commercial organisations (2/12)

Some interesting results emerged from the analysis, though not all the results were statistically significant: Organisations with different functions seemed to differ in their reputation. The sectors were used as a background statistic for various analyses. Most of the analyses yielded insignificant findings, so only the significant findings are discussed. There were also some differences between the different sectors in the school grades given. Research organisations and semi-commercial organisations received the highest school grades, whereas authority organisations received somewhat lower and the only legislative organisation the lowest school grades. However, all the school grades given were quite similar: they mostly ranged around 7, 8 and 9 on a scale from 4 to 10, where 4 is the negative end and 10 the positive. Table 45 shows the average school grades and their deviation according to sectors.

TABLE 45   The school grades given, the standard deviation and the modes of the school grades for the different types of public organisations.

Organisation type	N	Mode	Standard Deviation	Mean	School grade
Research organisations	358	8	0.907	8.1	**8**
Official organisations	561	8	1.023	7.8	**8-**
Legislative organisation	127	8	0.883	7.5	**7½**
Semi-commercial organisation	234	8	0.939	8.2	**8+**

There were some statistically significant differences between the different sectors and the school grades they received. Two distinguishable groups were similar to each other but differed from a third group. One group consisted of the authority organisations and the legislative organisation, which were quite similar to each other, but differed from the two other types. The other group was formed by the research organisations and the semi-commercial organisations. On the basis of their results, the open-ended questions and their functions, the organisations in the first group were said to be bureaucratic and the organisations in the second group flexible. As seen from Table 45, the bureaucratic organisations received slightly poorer school grades than the flexible ones. Table 46 shows this division more clearly. The exact values are presented in Appendix 6.

TABLE 46   The statistically significant differences between the different types of organisation.

Name given	Organisation type	Statistically significant differences with
Flexible	Research organisations	Official organisations Legislative organisations
Bureaucratic	Official organisations	Research organisations Semi-commercial organisations
Bureaucratic	Legislative organisation	Research organisations Semi-commercial organisations
Flexible	Semi-commercial organisation	Official organisations Legislative organisations

Interest next turned to the reputational factors and the values the different types of organisations received on them. Figure 47 presents the reputational factors according to the main functions of the organisation. This time the differences between the groups were more visible on some reputational factors than others. Again the division into flexible and bureaucratic was relevant: on almost all factors the bureaucratic organisations received poorer values than the flexible ones. The divide was especially visible on the factors Authority and Esteem, where the flexible organisations received notably higher values than the bureaucratic ones. The divide into flexible and bureaucratic was, however, not as strong with the reputational factors as with the school grades, and for this reason the differences are next discussed with each type of organisation separately.
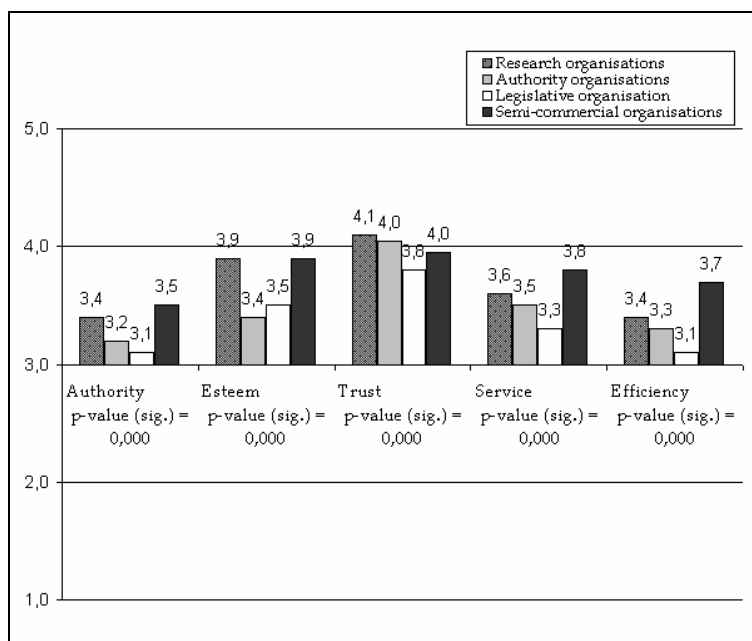
FIGURE 47 The reputational factors and the means of the values attributed to them, listed according to the main functions and fields of the public organisations, together with the p-values in order to show the statistical significance of the variance. All factors show statistically significant variance.

The research organisations received high ratings on the factors Esteem and Trust. Even on the factor Authority the research organisations received the second highest ratings. Research organisations do not have such great responsibility as the authority organisations or the legislative organisations and so this high assessment could be explained by the absence of responsibility. The research organisations received the overall highest ratings given in this study on the factor Trust, 4.1. Moreover, these organisations received the highest ratings on the two factors Esteem and Trust, making these fundamental factors in the reputation of public research organisations. For Service and Efficiency there was room for improvement, but still the research organisations were rated second best, after the semi-commercial organisations. It seems reasonable to

conclude that the research organisations are trusted and esteemed by their frequent stakeholders.

Official organisations serve mainly as regulatory authorities, and this is probably why the factor Authority was a salient attribute in their stakeholders' assessments. The authority organisations' reputational factors were average: only on the factor Esteem were they rated lower than other organisations. For Trust, however, they received the second highest assessments. In terms of Service and Efficiency the authority organisations were somewhat weaker than the research organisations. To conclude, it seems that authority organisations are trusted, but their authority functions are less esteemed and they are considered less efficient than in the case of research organisations.

There was only one legislative organisation in this study, so reference in this discussion will be to only one organisation. The legislative organisation received the lowest values on almost every factor of reputation when compared to the other types of organisations. It is the only organisation (the Ministry) with a politically changing leadership (the Minister) in every election season. All the operations of the legislative organisation are dictated by the law, which leaves little room for improved efficiency. The bureaucratic nature of its affairs is clearly noticeable in all factors. On the factors Authority and Efficiency, the legislative organisation was near the zero-point of the scale: three. On the factor Esteem the legislative organisation just slightly surpassed the authority organisations. As with all other organisations, the most important asset of reputation of the legislative organisation was Trust. To conclude, the legislative organisation is trusted though perhaps not as much as the other types of organisation and it needs to improve its authority functions and efficiency as far as its reputation is concerned.

Semi-commercial organisations received the highest values on most factors. On the factors Authority, Service and Efficiency they were clearly above the other types of organisations studied, but there are one or two points to take into consideration. Semi-commercial organisations have noticeably fewer authority functions than other types of public organisations, and so possibly their functions are more fluent. On the factor Esteem, semi-commercial organisations were in joint first place with the research organisations, but on the factor Trust they fell below the values given to both research organisations and authority organisations. This leads to the conclusion the reputation of semi-commercial organisations is built on esteem, service, trust and efficiency.

There was a clear similarity between the reputation of the semi-commercial public organisations of the present study and profit-making organisations. In fact, the role of the semi-commercial organisations is interesting, as its results can be used to give some insight into the differences between commercial and public organisations. The semi-commercial organisations are national monopolies operating under strict laws, but they have more financial freedom than public organisations generally. This presents them with the challenge of surviving in two sectors: the public one and the private one. It can be understood from earlier reputation research (see for

example Fombrun et al. 2000, Aula & Heinonen 2002, Eisenegger 2004) that the reputation of private organisations is built on service, esteem and efficiency. This seemed to hold true also for the semi-commercial organisations included in this study.

Some types of organisations in the public sector seem to do better than the semi-commercial organisations in trust, but on most factors the semi-commercial organisations are above the others. It is unlikely that this can be taken as a token of the profitability of privatization or semi-commercial organisations, but there do seem to be some advantages to private ownership. Nevertheless, the differences might result not only from the type of ownership or the public-private divide, but also from the more tangible nature of the product of the semi-commercial organisations. On the other hand, this leads to the question of whether private ownership reduces the level of trust in a public organisation. It is one thing to trust a publicly funded, non-profit-making public organisation seeking 'the common good' but quite a different matter to support a public organisation that is privately funded, and profit seeking 'for their own good'. Another question arising from these results is whether the semi-commercial public organisations are actually more like profit-making organisations than public organisations, and could thus better adopt managerial tools such as reputation barometers that were originally developed for profit-making organisations.

Though obvious differences existed between the factor values of the different types of public organisations, not all the differences were statistically significant. To determine the significance of the differences shown in Figure 47, an analysis of variance was applied to the data. The exact comparisons and results of the test are attached as Appendix 7. The most important differences are summarized in Table 48.

TABLE 48   The most significant differences in the reputational factors of the 12 public organisations in the main study according to their different functions (Research organisations, Authority organisations, Legislative organisations and Semi-commercial organisations).

Reputational Factor:	Types of organisations with statistically significant differences in their reputational factors
Authority	Research & Authority Research & Legislative Semi-commercial & Authority Semi-commercial & Legislative
Esteem	Research & Authority Research & Legislative Semi-commercial & Authority Semi-commercial & Legislative
Trust	Research & Legislative
Service	Research & Legislative Research & Semi-commercial Authority & Semi-commercial Legislative & Semi-commercial
Efficiency	Semi-commercial & Research Semi-commercial & Authority Semi-commercial & Legislative Research & Legislative

As can be seen from Table 48, there are many similarities between the flexible organisations (research organisations and semi-commercial organisations). One bureaucratic organisation (the legislative organisation) differs the most from the others. However, the semi-commercial organisations also differ from the others in many ways. On the factor Trust, most organisations received the highest values almost unanimously. In fact, only two groups differed statistically significantly from each other on the Trust factor: research organisations and the legislative organisation. The legislative organisation was less trusted than the other organisations. This could be due to the fact that in this case the leadership changes every four years as a result of elections, which leads to the legislative organisation being periodically unstable. All the other organisations have permanent staff, but the legislative organisation's leadership is often tied to changes in the dominant political party. This would seem to support the findings of a Swedish study on trust in government, in which it was found that those government institutions with elected offices were less trusted than those with permanent offices (see Rothstein 2000). It is important to note, however, that the differences in all cases were less than 0.6. It can be understood that the reputation of different public organisations is basically very similar, despite their statistically significant differences.

     This study seems to indicate some identifiable attributes of stakeholder assessments of public organisations. Stakeholders have different expectations of different public organisations, depending on their purpose and function. The field and the main function of a public organisation seem to have a decisive effect on its reputation. The reputation of the different sectors suggests that

isomorphism is still evident in Finnish public organisations. Consideration also needs to be given to the implications of the more critical ratings given for the main function of an organisation than for its subsidiary functions. An example of this is the bureaucratic organisations, the authority and legislative organisations, which stakeholders assessed strictly on the authority functions factor. On the other hand, the overall highest values were given to the research organisations on the factor Trust. The weakest values were given to the legislative organisation on the factors Authority and Efficiency. It is possible that the reasons for these values may be the organisation's everyday functions and they may in fact be rooted in reality. It is also possible that the different fields the organisations operate in cause these different reputations. It is even possible that they both affect each other. This draws attention to the weakness of research into assessment formation: it only answers the question what, not why. The why requires more in-depth research and a closer look at the open questions included in the main study. Understanding the reasons why would allow public organisations to improve their reputation.

7.3.3.2   Clustering the stakeholders

After factor analysis, the question arose as to whether the reputational factors could lead to some divisions or groupings among the frequent stakeholders. On the basis of the factor analysis, factor values were stored for all stakeholders (regression method). These new variables were examined by cluster analysis. The aim was to find stakeholders who were similar in their assessment of the reputational factors of the public organisations. By pooling observations by Euclidian distance and by Ward's method, a dentogram was created to determine the number of clusters. The data (N = 1334) were too large for a dentogram as such, so several random samples of 10% were applied to draw different dentograms.

The dentograms seemed to point to four distinctive clusters or groups. These groups were quite equally divided among the 1334 stakeholders in the main study. The clusters were named accordingly: group 1 consisted of 186 stakeholders identified as Praisers; group 2 consisted of a total of 362 stakeholders identified as Neutrals; group 3 consisted of 513 stakeholders identified as Contenteds and group 4 consisted of 273 stakeholders identified as Critics. This division is shown in Figure 49.

The division of the main
study stakeholders according
to cluster analysis
(N = 1334)

Praisers
14 %

Critics
20 %

Neutrals
27 %

Contenteds
39 %
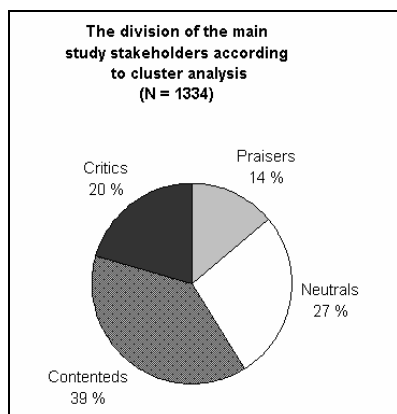
FIGURE 49 The division of the main study stakeholder types according to cluster analysis.

These groups could be placed in order according to their assessments of the organisations. The Praisers gave the highest ratings on all reputational factors, as all their values were over four. The Contenteds gave the second highest ratings, well over the zero-point three, but not as high as the Praisers. The Neutrals also gave values over three, but none over four, while the Critics gave most ratings below the zero-line. All groups gave the highest ratings on the factor Trust, and lowest ratings on the factor Authority, although the ratings on factor Efficiency were also quite low. Figure 50 shows the trends of the four different groups.
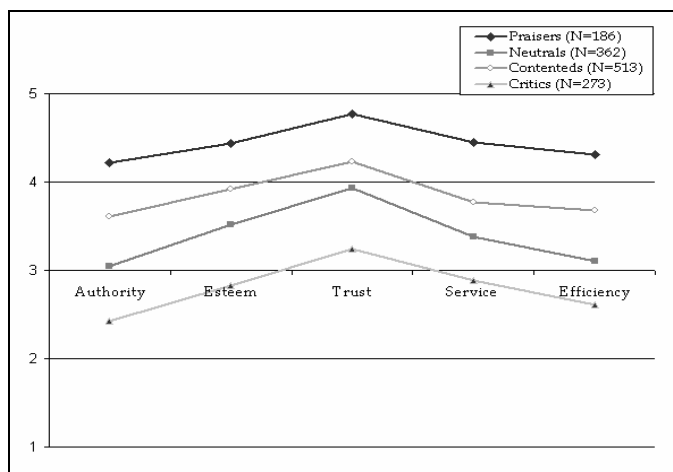
FIGURE 50 The different stakeholder groups and their assessments of each reputational factor.

The different groups seemed to represent rather normal distribution: the largest groups were Neutrals or Contenteds and there were fewer Praisers and Critics. Various background statistics (gender, age, frequency of contact, position or area of living) were tested to determine whether they could explain some of the differences between the groups. Through the analysis of variance the stakeholders were observed to be a very homogeneous group. None of the background statistics showed statistically significant differences (sig. < 0.05) between the groups. Thus there were no differences between the answers of

men and women, or between the different age groups. Neither did the area affect the responses. Only one statistically significant (sig. < 0.10) difference was found on the background variable of job position. This difference was found between the extreme end groups of Praisers and Critics. It seemed that Critics consisted of more experts and top management, whereas Praisers consisted of more employees and top- and middle management. Position was thus the only somewhat statistically significant background variable (sig. = 0.09).

After that the main function of the organisation was tested, to find out whether it could explain the different groupings of the stakeholders. However, main function yielded no statistically significant differences between the groups. On the other hand, the school grades given to the overall functions of the organisations in the main study all showed significant differences between the groups. The Praisers gave an average school grade of 9, whereas the Critics gave an average school grade of 7-. The Neutrals gave an average school grade of 8- and the Contenteds 8+. The differences in the school grades matched the divide between the groups apparent in Figure 50.

As none of the background statistics were able to separate the stakeholder groups, the interest was turned to the open questions. Through an analysis of variance (Oneway ANOVA) if was determined that two of the three open questions had statistically significant changes between the groups. Those were the open questions number 1 measuring overall reputation ("Please state in a few words or adjectives, what first comes to your mind about the main study organisation") and question 43, concerning previous contacts with the organisations under study ("What experiences do you have of dealing with the main study organisation?") Conversely, question 45, which measured the image the organisation in question had acquired with the public ("What kind of image has the main study organisation acquired in the public eye?") did not show any significant differences between the groups.

The differences between the groups with regard to question 1 were what one would expect. The Praisers reported only neutral and positive first impressions. The Contenteds reported mostly neutral and positive, but also some mixed first impressions as well. The Neutrals reported almost 85% neutral impressions, but also some mixed, positive and negative ones. The Critics reported mostly neutral or negative first impressions, though there were a few mixed and positive ones as well. Question 43 revealed a very similar distribution, although the number of mixed assessments was greater in all groups.

The conclusion to be drawn from these analyses is that there are stakeholders who view the public organisation more critically or more positively than others, but the majority of stakeholders are neutral or reasonably content. What is interesting, however, is the factor Trust, for which all stakeholders, regardless of their group or background, gave the highest ratings. As far as overall reputation is concerned, the answers to question 1 showed that the tone of the stakeholders was neutral. This was equally true for all the different types of public organisations. It could therefore be concluded

that the reputation of public organisations is quite neutral, and that its strongest building block is trust. Next the reliability and validity of the main study are discussed.

7.3.4 The reliability and validity of the main study

The reliability of the main study was measured by Cronbach's alpha coefficient method, which uses the overall statistical relationship between the answers on a measuring instrument as the reliability coefficient for the instrument. Cronbach's alpha for the main study was 0.958. This is adequate, as 0.6 is considered to be the limit. The high values may be partly due to the large number of variables in the stakeholder questionnaire, 40 in all. Cronbach's alpha was also measured for each reputational factor. The values obtained are reported in Table 51. All factors exceeded the limit of 0.6. Since all factors were in fact well above this limit, the questionnaire and the factors can be considered reliable.

TABLE 51   Cronbach's Alpha coefficients according to each factor. The limit of 0,6 is passed by all factors.

Reputational factor	Cronbach's alpha
Official	0,904
Esteem	0,873
Trust	0,865
Service	0,854
Efficiency	0,838
The whole main study questionnaire	0,958

Each of the 12 organisations that took part in this study determined the frequent stakeholder groups that would be involved in the questionnaire. These were groups which were then considered by the organisations under study to be significant or interesting. The fact that the organisations themselves mad the choice underlines the reliability and validity of this research. The return rate of questionnaires for the main study was 52.2 %, which is considered sufficiently high for stakeholder questionnaires and is higher than the average return rate achieved by Statistics Finland.

In the questionnaires that were returned some questions were sometimes left unanswered. However, three questions were answered by all respondents: "non co-operative – cooperative", "low expertise – high expertise" and "untrustworthy – trustworthy". The fact that all respondents answered them means that these questions can be considered the most reliable. Among the attributes that were analysed, the highest number of missing values (15) was found on the variable "insignificant research – significant research". Two attributes had 12 missing values: "not internationally esteemed – internationally

esteemed" and "poor employer – good employer". In comparison with the size of the data, these losses are insignificant.

As far as the open-ended questions are concerned, the response pattern was somewhat different. The first impression question (number 1) was answered by half of the respondents (49.9 %), the experience question (number 43) was answered by 79.3 % and the public image question (number 45) was answered by 71.1 % of the respondents. The number of responses to the open-ended questions was thus smaller than to the semantic differential attributes, but this is very common in surveys of this kind. The response rate on the open-ended questions in the main study was very good. The percentages were quite close to those achieved in the pilot study, and the relatively high percentage of responses to the open questions adds to the reliability of the present study.

The stakeholder groups varied greatly in size. This was due to the different nature of the stakeholder relations: there are simply fewer decision-makers than organisations working in collaboration or stakeholders under regulation. On the other hand, the size of the chosen stakeholder groups represented the actual distribution of stakeholders. Besides, some members of bigger stakeholder groups might have only annual contact with the organisation, while members of the smaller stakeholder groups might have weekly contact with the organisation. The sample was systematic for most stakeholders, but for the smaller groups it was somewhat deliberate, as only those who actually had frequent contact were of interest in the study. All in all the main study measured stakeholder assessments on a suitable scale.

The external validity of the main study stakeholder questionnaire was considered quite high, as it included altogether 12 different public organisations, representing different activities, sizes and ages. Also the stakeholders selected were rather more varied groups than was the case in the pilot study. The validity of the main study was further enhanced by the earlier phases of study: various steps were taken to ensure the validity of the questionnaire, including the whole pilot study process, the informal interviews and background research. The validity of the main study may be considered high, as it answered the research questions and the reliability values measured were above the limits.

7.3.4.1   A comparison of the main study and the pilot study

In the pilot study (Section 7.1) the stakeholder questionnaire was designed to measure reputation among frequent stakeholders of one public organisation. Through informal interviews and background research (Section 7.2) the stakeholder questionnaire was developed to measure the assessments of frequent stakeholders of 12 different public organisations (main study, Section 7.3). The pilot questionnaire was formulated on the basis of attributes discovered through five in-depth interviews and background research, while the main study stakeholder questionnaire was formulated on the basis of the pilot study results, the informal interviews and background research into the 12

main study organisations. It is interesting to compare the processes involved in the pilot study and the main study and their respective findings.

The pilot study questionnaire had 37 semantic differential statements, while the main study questionnaire had 39. Both the questionnaires were tailored for the organisation or organisations in question by means of interviews and background research. The attributes or characteristics in the two questionnaires to a large degree overlapped, although some statements in the pilot study were omitted from the main study questionnaire, and some new ones were added. These changes were made when analysis of the interviews with personnel and printed material of the 12 public organisations emphasized different attributes. There were 15 differences in the attributes in the two questionnaires. The attributes included in the pilot study questionnaire but not in the main study are listed in Table 52.

TABLE 52 The different attributes included in the otherwise similar stakeholder questionnaires of the pilot study and the main study.

The attributes included in the pilot study, but not in the main study
has stiff operations (1)– has fluent operations (5)
is dishonest (1) – is honest (5)
is cautious (1) – is courageous (5)
is inconsistent (1) – is consistent (5)
is introvert (1) – is extrovert (5)
has a poor work culture (1) – has a good work culture (5)
gives unclear guidelines (1) – gives clear guidelines (5)
has unfriendly service (1) – has friendly service (5)
does not provide assistance if needed (1) – provides assistance if needed (5)
provokes a negative image (1) – provokes a positive image (5)
does not promote safety (1) – promotes safety (5)
is prejudiced (1) – is open minded (5)
is a passive communicator (1) – is an active communicator (5)
is asleep (1) – is alert (5)

The long versions of the attributes in the pilot study were somewhat streamlined for the main study stakeholder questionnaire. 15 attributes were added to the main study, which were not included in the pilot questionnaire. These are listed in Table 53.

TABLE 53   The different attributes included in the otherwise similar stakeholder questionnaires of the pilot study and the main study.

The attributes included in the main study, but not in the pilot study
non cooperative (1) – cooperative (5)
closed (1) – open (5)
for its own good (1) – for the common good (5)
irresponsible (1) – responsible (5)
useless (1) – useful (5)
does not meet expectations (1) – meets expectations (5)
unfair (1) – fair (5)
poor leadership (1) – good leadership (5)
reactive (1) – proactive (5)
static (1) – dynamic (5)
distant (1) – humane (5)
dictatorial (1) – engaged in conversation (5)
slow (1) – fast (5)
fractured (1) – coherent (5)
unable to listen (1) – able to listen (5)

Often the formation of the questions was different but the actual contents were quite similar, as in the case of the pilot study's "is a declined governmental organisation – is a progressive governmental organisation" and the main study's "outdated – modern". The different phrasing means, however, that these two questions are not directly comparable. However, the reputational factors derived from factor analysis were created through the same methods of analysis and are thus quite comparable. An exploratory factor analysis on both studies produced five reputational factors. Though they consisted of somewhat different attributes and were called different names, a clear analogy could be found between the two sets of reputational factors. Table 54 compares reputational factors in the pilot study and the main study. Table 54 also provides examples of those attributes that remained the same in both the questionnaires.

TABLE 54   Comparison of reputational factors and examples of the similar or identical attributes used in the pilot study (part 1) and the main study (part 3).

Pilot study reputation factors	Main study reputation factors	examples of the similar or identical attributes used in both questionnaires of which the factors are formed
Professional	Esteem	not esteemed – esteemed, insignificant research – significant research, lags behind in its field – a trend-setter in its field
Trusted	Trust	partial – neutral, unethical – ethical
Customer server	Service	does not find out customer needs – finds out customer needs, states the contact persons unclearly – states the contact persons clearly, inaccessible – accessible, does not act according to clear principles – acts according to clear principles
Active	Efficiency	inefficient – efficient, communicates its aims unclearly – communicates its aims clearly
Authority	Authority	bureaucratic – flexible

In the pilot study, the factors Professionalism and Trust received the highest ratings from stakeholders. In the main study, the factor Trust was the most highly valued one. As the pilot study only measured one public authority organisation whereas the main study measured 12 different types of public organisations, the results of the main study could be understood as more significant. However, as the research processes were very similar, and both the issue under study and the stakeholders studied were both the same, the results of the pilot study and main study can be added together to obtain data triangulation. With the later adding of the post study data, data triangulation is complete. The ratings given by stakeholders for the different reputational factors in both the pilot study and the main study are presented in Figure 55 below.
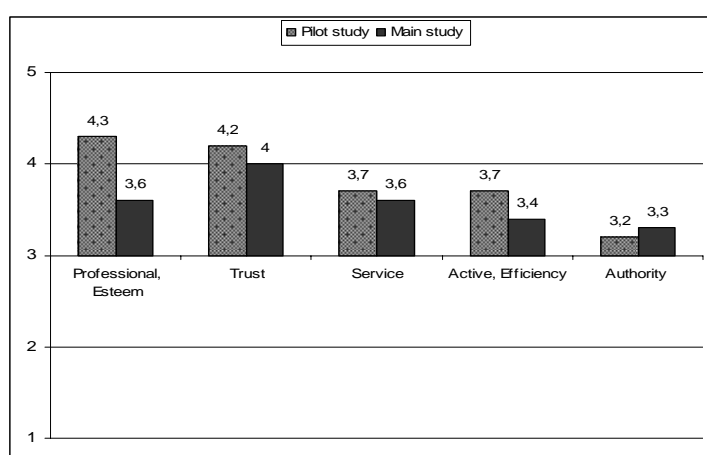
FIGURE 55 The average ratings given by stakeholders on the different reputational factors in the pilot study and in the main study.

Overall the pilot study and the main study yielded very similar results. Since the public organisations under study seem to be well trusted and appreciated by their stakeholders, it can be concluded from data that those factors with highest values are also most important to the formation of reputation, as they are the foundation on which a favourable operating environment may be built. For public organisations those foundations seem to be professionalism and trust. As the main study is considered of more importance due to its larger size and extent, trust is considered most important. This result seems quite similar to the results of a recent study on civil servant trust (Harisalo & Stenvall 2003), where it was found that the professional competence of the civil servants was the most important factor in creating trust in the officials. After these comparisons between the pilot study and the main study, the fourth part of the present study, the post study is next discussed.

7.4   Part 4: Post study

The main study concentrated on 12 different public organisations, all located in the Helsinki region. It showed up some interesting differences between different types of organisation and their stakeholders. Yet as the organisations all varied in size and in stakeholder profile as well as in their main function, the question arose whether these same results could be found among similar types of public organisation. Therefore as a follow up to the main study, a post study was conducted to collect stakeholder opinions relating to other similar public organisations. This would enrich the research with knowledge of the variation within one field and its stakeholders. It was also seen as necessary to collect data from stakeholders of public organisations located in other parts of Finland. Thus the post study was set up so as to collect data from similar public organisations with very similar stakeholder groups in various parts of Finland. Seven public authority organisations were chosen for the post study.

To ensure the coherence of the whole research process (pilot study, main study, post study), the seven organisations chosen for the post study were selected from the same field (one Finnish Ministry) as the 12 organisations covered in the previous empirical stages of the present study. In fact, the seven organisations represented district authorities in the area of one regulatory organisation covered in the main study. Seven organisations were considered sufficient, as general trends could be expected to emerge from the evidence of fewer than 12 organisations. Moreover, each of the organisations in the post study chose the same frequent stakeholder groups:

1. Stakeholders with power over the post study organisation, decision-makers
2. Unions under the authority and heavy regulation of the post study organisation
3. Unions under the authority and light regulation of the post study organisation
4. Stakeholders with ongoing collaboration and exchange with the post study organisation
5. Employees of the organisation
6. Units working in collaboration with the organisation

The stakeholder groups varied in size, the largest group consisting of over 30 respondents while the smaller ones comprised fewer than 10. The statistical requirement of at least 30 analytical units (here, stakeholders) was not met in all cases as in some cases fewer than 30 contacts were actually involved. However, all the groups were of a size in directly proportion to the actual size of the stakeholder group. Some groups that are small in reality were represented by a small group in the post study as well. Each of the seven organisations in the post study sent the stakeholder questionnaire to about 100 stakeholders, as the total number of frequent contacts was not very high. Altogether 746 questionnaires were sent. Once again, the different stakeholder groups were distinguished by different coloured paper used for the questionnaire. No identification codes or numbers were used, as the sample was smaller. Some of the post study questionnaires were translated into Swedish, since the regional

locations of the organisations in the post study meant that some stakeholders were Swedish speaking.

The post study was carried out among the seven authority organisations during the spring of 2004. The data collected allowed for more direct internal comparison than the data of the main study, as the chosen stakeholders and the areas of responsibility of the organisations were similar, but the organisations were located in different parts of Finland. The stakeholder questionnaire was very similar to that in the main study, and identical with respect to the open questions and school grade. The organisations in the post study were somewhat different from those public organisations involved in previous parts of the present study, and thus the stakeholder questionnaire had to be amended accordingly. The first change was to the order of the questions. The overall layout was the same, but there were differences in the semantic differential attributes and background information. The results of the main study yielded reputational factors for public organisations, according to which the stakeholder opinions were grouped. Taking these findings into account the post study questionnaire was arranged according to these reputational factors: Authority, Esteem, Trust, Service and Efficiency.

Some other changes were also made to the post study stakeholder questionnaire. All the organisations involved represented a certain region of Finland, and their stakeholders were mostly from the same region. Thus the background information question about which region of Finland the respondent represented was taken out. Two of the semantic differential attributes were unsuitable for the organisations in the post study: "not internationally esteemed – internationally esteemed" and "insignificant research – significant research". The organisations involved in the post study functioned only in Finland, and had no research functions, and therefore the unnecessary attributes were left out of the post study questionnaire. No other changes were made to the post study stakeholder questionnaire. Table 56 describes the post study questionnaire. The post study stakeholder questionnaire appears in Appendix 8.

TABLE 56. The contents of the post study stakeholder questionnaire, consisting of 37 semantic differential questions and 4 open-ended questions. The questions were arranged according to the reputational factors discovered in the main study.

Question number	Frame of reference of the question	Examples of questions, typical questionnaire phrasing
1	Initial impressions	Please state in a few words or adjectives, what first crosses your mind when you think about the post study organisation.
2-10	Reputational factor Authority	Which describes the post study organisation better? bureaucratic – flexible outdated – modern closed – open
11-17	Reputational factor Esteem	not esteemed – esteemed lags behind in its field – a trendsetter of its field unknown – well known
18-24	Reputational factor Trust	partial – neutral untrustworthy – trustworthy for its own good – for the common good
25-32	Reputational factor Service	passive – active does not find out customer needs – finds out customer needs inaccessible – accessible
33-38	Reputational factor Efficient	inefficient – efficient slow – fast does not keep to schedule – keeps to schedule
39	Overall assessment	What school grade would you give to the post study organisation's operations? (scale 4-10)
40	Stakeholder experiences with the post study organisation	What kind of experiences do you have of dealing with the post study organisation?
41	Stakeholder expectations in the future for the post study organisation	What expectations do you have for the post study organisation and its functions in the future?
42	Public image formed through the media	What kind of image has the post study organisation acquired in the public eye?
43-46	Background information	Age, gender, position, how frequently has contact with the post study organisation

7.4.1 Results of the post study

The post study was conducted among the frequent stakeholders of seven similar public authority organisations. Of the 746 questionnaires 480 were returned. The total return rate for the post study was thus 64.3%. Of the 480 returned questionnaires 13 were disqualified because of carelessness, the omission of attributes or the copying of the questionnaire paper (the copying of the coloured questionnaire onto white paper prevented the identification of stakeholder group). The number of questionnaires analysed was thus 467, which equals 62.6%. The post study process proved less complicated and faster than the earlier stages of the study, as the phases and analyses were already known and tested. Post study organisation number 4 sent the questionnaires

out two weeks later than the other organisations and some of the stakeholders had already started their summer holidays. This may explain the somewhat lower return rate for that organisation, although the difference was not substantial.

The post study return rates varied between the organisations involved and even between their stakeholder groups. One reason for this variation could be the different types of collaboration and contact between each particular organisation and its stakeholder groups. Another explanation could be the extent of the benefit the collaboration and contact brings to the stakeholders. Or again, the explanation could lie in stakeholder experiences and expectations or situational factors. Table 57 shows the return rates and the school grades attributed in the post study.

TABLE 57   The return rates and school grades given for each organisation in the post study.

Organisation	Number of questionnaires sent	Number of questionnaires returned	Return rate	School grade given (4-10)
Post study authority organisation 1	117	71	60.7 %	8
Post study authority organisation 2	83	57	68.7 %	8-
Post study authority organisation 3	102	65	63.7 %	7½
Post study authority organisation 4	89	53	59.6 %	8
Post study authority organisation 5	123	75	61.0 %	7+
Post study authority organisation 6	123	74	60.2 %	8
Post study authority organisation 7	109	72	66.1 %	7½
Total	**746**	**467**	**62.6 %**	**8-**

As with the previous data (pilot study, main study) the post study data was suspected not to follow the normal distribution, as the mode in the semantic differential attributes was 4. This was confirmed by the Kolmogorov Smirnov – test (asymp. sig. 2-tailed = 0,000). As with the other data gathered, the post study data also showed distortion toward the upper end on the scale of 1-5. This again placed certain restrictions on the possible analyses.

Like the main study questionnaire, the post study questionnaire included 4 open questions. Questions 1, 40 and 42 are discussed in further detail, as they provided some interesting results in relation to one of the areas of interest, specifically, what kind of reputation and trust are best suited to public organisations. The answers to question 41 are not analysed in this study for reasons of consistency. A full transcription of the answers to the open-ended questions would take up time and space unnecessarily and even then possibly

not aid the research in the right way. Therefore the results are presented merely in categories and distributions, along with some examples of each category selected by systematic sampling.

As a general rule respondents answering one open-ended question also answered the other open-ended questions. The first question proved somewhat difficult or uninteresting, as of the 467 respondents fewer than half (43.5%) answered the initial impression question 1. Most respondents answered questions 40 (84.2%) and 42 (78.6%). The following Figures 58, 59 and 60 present these responses and the tone in which they were answered.
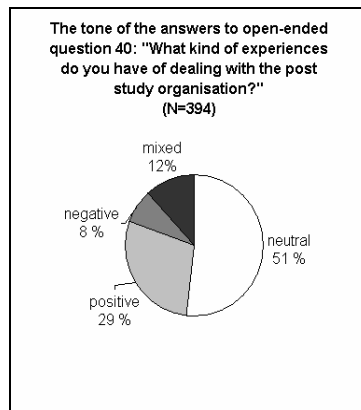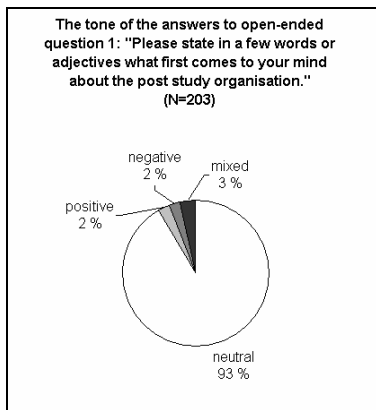
FIGURES 58 & 59   The tones of the responses given to the open-ended questions 1 and 40 on the post study stakeholder questionnaire.
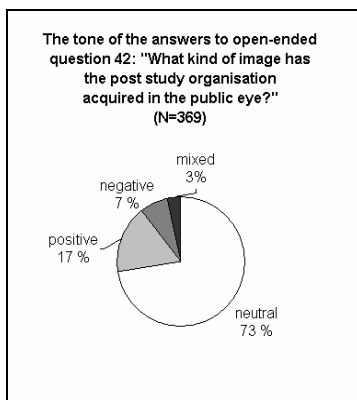
FIGURE 60 The tones of the responses given to the open-ended question number 42 on the post study stakeholder questionnaire.

The response to the open-ended questions of the post study seemed to a large degree to follow the trends of the pilot study and the main study: even the percentage answering was similar. As was the case in the earlier stages of the present study, the answers to the open-ended questions were dominated by neutral, fact-based opinions. This was especially apparent in the answers to question 1. The answers to question 40 gave insight into the fact that though most experiences with public organisations were neutral, surprisingly many (34 %) were actually positive. All the open questions received some negative

answers, yet there were always more positive ones than negative. Question 40 was the open question with the highest number of responses, thus pointing to the confirmation of this result, as 84.2 % of the respondents answered question 40. The image formed in the public eye or through the media (Figure 60) was also mostly neutral, but 17 % positive. This could imply that though stakeholders' own experiences and media reports of the public organisations were neutral or positive, the initial impression and thus the overall reputation was quite neutral.

For question 1. in the post study "Please state in a few words or adjectives what first comes to your mind about the post study organisation", the neutral assessments (93 %) were concerned for example with the main functions and services of the post study public organisations:

"An authority organisation in its district that guides and regulates",
"Collaboration",
"Expertise, law, a source of information" and
"Broad, an authority."

For question 1 the positive assessments (2 %) concentrated on the quality of the organisation and its products as well as previous experience on the part of the stakeholders:

"Very high expertise, in many areas a trend-setter" and
"Efficient and has a good reputation".

The negative assessments (2 %) of question 1 concentrated on the typical problems of bureaucracy and resources:

"Very bureaucratic, lags behind its time" and
"Too little 'action', its management has been lost for a long time already".

The mixed responses (3 %) to question 1 referred to both positive and negative traits and experiences, as well as possible controversies:

"A little distant but trustworthy",
"Active, relatively aggressive but somewhat old-fashioned" and
"Friendly, co-operative, not strict enough".

The answers to question 40 of the post study questionnaire, "What kind of experience do you have of dealing with the case organisation?" (Figure 59) gave insight into the fact that though most stakeholders' experiences with the organisations under study were in fact neutral, surprisingly many (29 %) were positive, though some responses were mixed (12 %). For question 40, the neutral assessments (51 %) were concerned, for example, with the functions or visibility of the public organisation:

"Active co-operation in its field"
"One receives the help and expertise needed",

"Somewhat grey profile" and
"Neither any very bad experiences nor any very positive ones".

For question 40 the positive assessments (29 %) concentrated on the quality of the co-operation and previous experience:

"Good: trustworthy, just, flexible",
"All experiences are good ones. I have always received good service when I've needed it. Thank you!" and
"Positive experiences as an authority".

The negative responses (8 %) to question 40 concentrated on negative experiences as well as problems with the management of the organisations:

"Difficult to reach these ladies and gentlemen. No help received",
"Promises have not been kept" and
"Only bad experiences. The management is substandard".

The mixed responses (15 %) to question 40 referred to both positive and negative experiences, as well as again problems with the management:

"Good workers who would do even more, if the management would allow it",
"Many kinds of experience, good and bad" and
"Dilatory, bureaucratic. On the other hand once things start to roll, it does good things".

For question 42, "What kind of image has the post study organisation acquired in the public eye?" The majority of the answers (73%) were neutral in tone. Many of the neutral answers emphasized the absence from the public eye of the organisations in the post study:

"Could come more into the open"
"Could be more visible ",
"Quite neutral" and
"Only seldom out in the open, but when it is, it gives an objective impression".

For question 42 the positive assessments (17 %) concentrated on the quality of media representation and the general beliefs of the respondents:

"I have not noticed any negative reports in newspapers, so the image must be good and positive",
"A good authority organisation" and
"An active, efficient and just authority".

The negative responses (7 %) to question 42 concentrated on the lack of visibility as well as the typical problems of bureaucracy and resources:

"According to customer feedback it has a negative image: internal affairs are poorly handled, so how can they deal with others?"
"The management is Brezhnev-like" and
"The profile is too low, it needs to come out more".

The mixed responses (3 %) to question 42 referred to both positive and negative experiences, as well as making possible suggestions for improvement:

> "Distant but trustworthy",
> "The public image is better than the reality" and
> "Efficient, yet somewhat cut off and invisible".

To conclude, though stakeholders' own experiences were divided between neutral, positive and mixed, the public reputation (question 42) and the overall reputation (question 1) of the public organisations measured proved to be neutral. The reputation of the organisations with their stakeholders (questions 1, 40) also matched the public reputation (42), even though, as in the main study, the public or media reputation was slightly better than the stakeholder reputation. Though this poses no serious threat to the reputation and credibility of the public organisations measured, it is important to acknowledge this difference. However, since the public reputation here was estimated by the stakeholders and not the journalists or the public at large, only provisional conclusions may be derived from the results. What was particularly interesting was how similar the answers were for all seven organisations in the post study. All received feedback criticizing their lack of visibility, yet on the other hand they were all quite well trusted. Thus the overall reputation of the organisations was found to be quite neutral and fact-based. Many interpretations can be proposed to account for this neutrality, but again arises the question as to what is the ideal reputation for public organisations.

First it needs to be noted once more that on the whole the results of the semantic differential component of the post study were quite positive. Thus when some assessments or results are referred to as 'critical' or 'negative', they merely refer to attributes more negative than the average (four), not necessarily to values below the 0-limit three. The semantic differential attributes (questions 2-38) were answered by almost all 467 stakeholders. The mode value for the post study data was four. Of the questions analysed in this study, only two questions had no response in more than ten instances. Those questions were question number 16: "poor employer – good employer" omitted 13 times and question number 34: "poor leadership – good leadership" omitted 11 times. Question number 17, "lags behind in its field – a trend-setter in its field" was omitted 9 times, but the rest of the questions were either rarely or never omitted. In view of the extent of the data (N= 467) these losses were considered minor. The missing values were replaced by means in the statistical tests.

Figure 61 shows the average values given to all the semantic differential attributes in the post study. No values fell below three, and in six cases a value of four was reached, with the overall highest scores, 4,2, going to the examples "irresponsible – responsible" and "low expertise – high expertise". The lowest scores went to the attributes "outdated – modern", "slow – fast" and "bureaucratic – flexible". These weightings reproduce the results of the earlier stages of the present study, the pilot study and the main study.
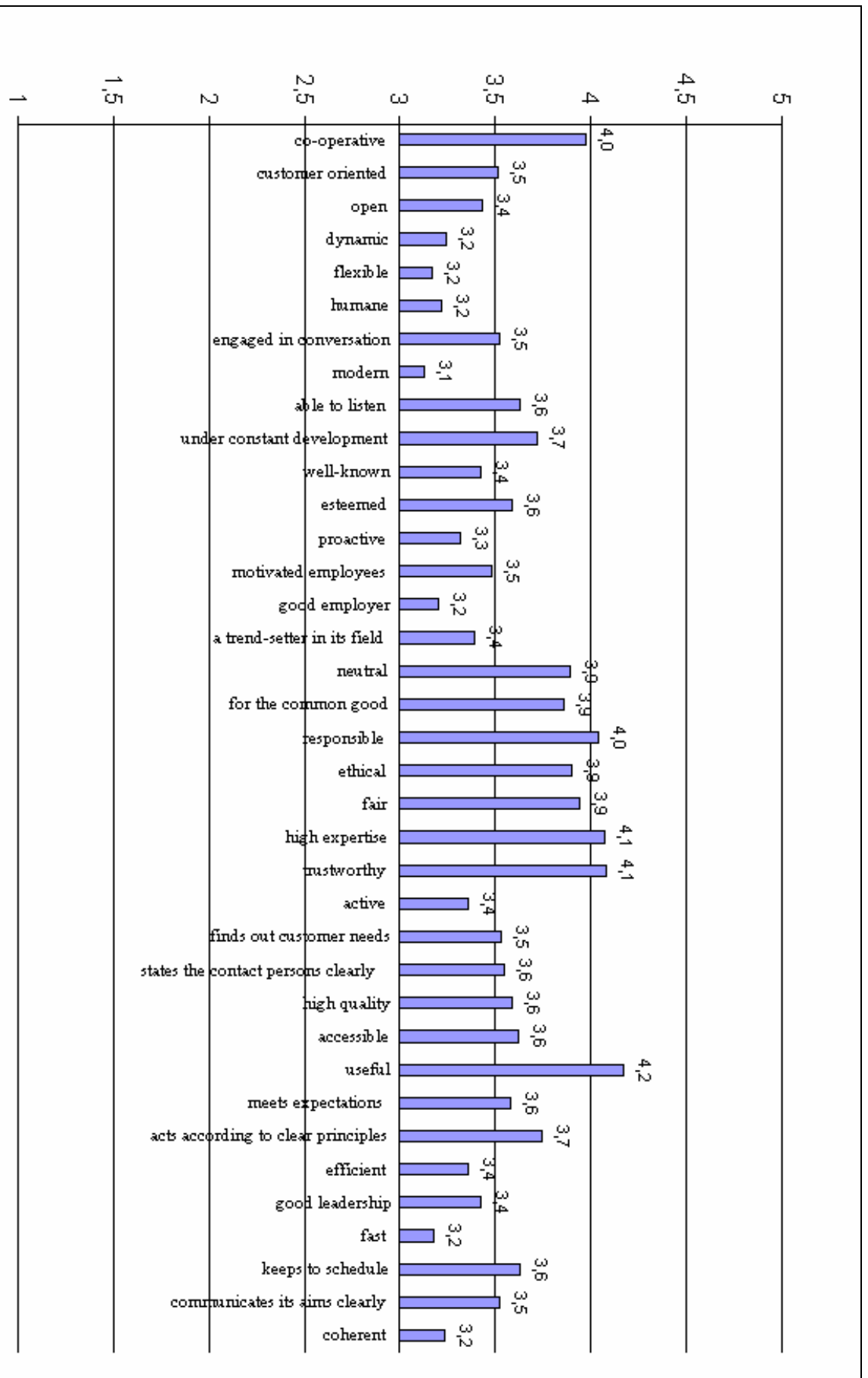
FIGURE 61 The average values attributed by stakeholders to the 7 organisations in the post study on a scale of 1-5, where 1 represents the negative end and 5 the positive end (N=467).

The standard deviation is not separately reported, as it was very similar for all cases, on average about 0.9. There were only two cases of greater deviation, where the standard deviation exceeded the value 1: "partial – neutral" and "useless – useful". On the other hand, the smallest deviation occurred with the items concerning co-operation, quality of the post study organisation as an employer. Thus the post study stakeholders were nearest to unanimity about the co-operative nature, the high quality and the quality of an employer of the organisations in question. There were obvious differences of opinion with respect to the partiality and usefulness of the organisations.

7.4.1.1   Correlations of the post study

As stated before, in measuring stakeholder assessments and organisational reputation, caution must be applied with correlations, since a stakeholder questionnaire measuring reputation measures different facets of one and the same concept. Should the questionnaire be well designed, the attributes will all strongly correlate with each other. This correlation was in fact found in the post study data, as all the attributes strongly correlated with each other (p<0,001). Especially strong was the correlation of the school grade to all the attributes. The data were distorted towards the upper end of the 1-5 continuums as the mode was four. The groups compared in the correlations (gender, age, assignment) were quite large and the experience of the pilot study showed that the most suitable method was Spearman's rho.

The background variables showed some statistically significant differences. A more detailed table of these differences can be seen in Appendix 9. These differences were not drastic, simply instances of a one point difference on the scale. Gender seemed to influence the answers to only one attribute: "inaccessible – accessible". The difference was mainly that men rated the public organisations as more accessible than women did. Age seemed to influence three attributes: "distant – humane", "bureaucratic – flexible" and "poor employer – good employer". Those over 50 years were less critical and gave slightly higher values in these attributes than those under 50 years. Those over 50 considered the organisations to be more flexible, more humane and more eligible as an employer than the younger stakeholders. The younger stakeholders were slightly more critical. Those under 30 also considered the public organisations in question to be more bureaucratic than did those over 30. These results seem to be recurrent, as similar results were obtained during the main study of stakeholders in 12 different public organisations. Why the younger stakeholders were more critical remains uncertain, but could be linked to a shorter experience of public organisations and their past structure.

The amount of contact with the organisations influenced statements "poor employer – good employer", "unfair – fair" and "low expertise – high expertise". Those who had more frequent contact, considered the organisations to be a better employer, more fair and more of an expert in its field. Frequency of contact is a sign of familiarity, and thus these correlations show a positive trend: those stakeholders with more contact are more likely to have a more

realistic view and here they gave higher ratings than those with less contact. Position was influential in four cases: "poor employer – good employer", "inaccessible – accessible", "inefficient – efficient" and "poor leadership – good leadership". The differences were quite small again, yet the entrepreneurs considered organisations participating in the post study to be better employers. The top management overall assessments in these cases were somewhat more positive than the assessments of other stakeholder groups. Top management along with the experts considered the organisations to be more accessible, more efficient and have better leadership than, for example, did the employees.

7.4.2 Reputational factors

As the post study questionnaire was already arranged in order of reputational factors of public organisations (factors discovered in earlier parts of the present study, the pilot study and the main study), the post study data was first analysed with respect to those factors. The data were analysed first through comparison of means. The values achieved by the organisations in the post study on different reputational factors were very much like those obtained in the main study (Section 7.3). Figure 62 shows the average ratings on reputational factors given to the organisations of the post study. In the beginning, no factor analysis was applied to these post study results, but since the factors were formed after the main study factor analysis, for the sake of clarity they are here also referred to as factors.
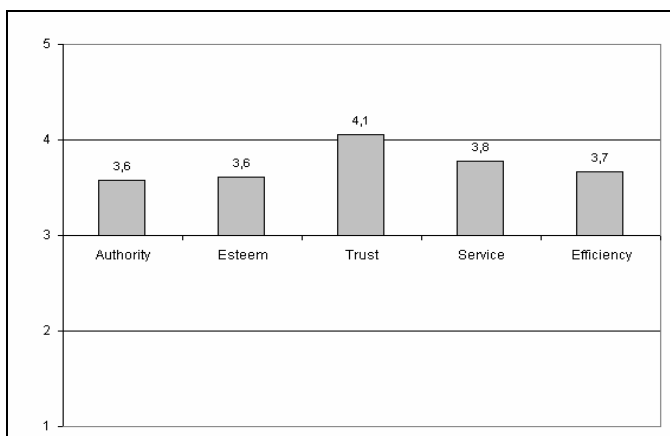
FIGURE 62 The average ratings given on reputational factors by the frequent stakeholders of the 7 public organisations measured in the post study.

The reliability of each grouping or factor was tested and found satisfactory. All the factors were well in excess of the limit value of 0.6, but this could be a consequence of the number of attributes. However, as the contents of the factors were sensible, these results are taken as a sign of high reliability. The exact values achieved in the reliability testing are reported in Table 63.

TABLE 63   Cronbach's Alpha coefficients according to each of the values rated in the post study grouping or factor. The limit of 0.6 is greatly exceeded by all factors.

Reputational factor	Cronbach's Alpha
Authority	0,9136
Esteem	0,8466
Trust	0,9288
Service	0,8761
Efficiency	0,8927
The whole post study	**0,9696**

As the questionnaires and methods, and the stakeholders selected were all rather similar, comparison on a general level was possible. The reputational factors of the post study data were compared with the reputational factors of the pilot study and the main study. Though it is vital to remember that the pilot study and the post study concentrated on authority organisations, and the main study on four different types of public organisation, the results are on many factors surprisingly similar. Moreover, it is important to note that the pilot study represents only one organisation, whereas the main study represents 12 and the post study 7. Still, trust is the factor with the highest scores in all cases, except that of the organisation in the pilot study which scored highest on professionalism. Figure 64 shows these results.
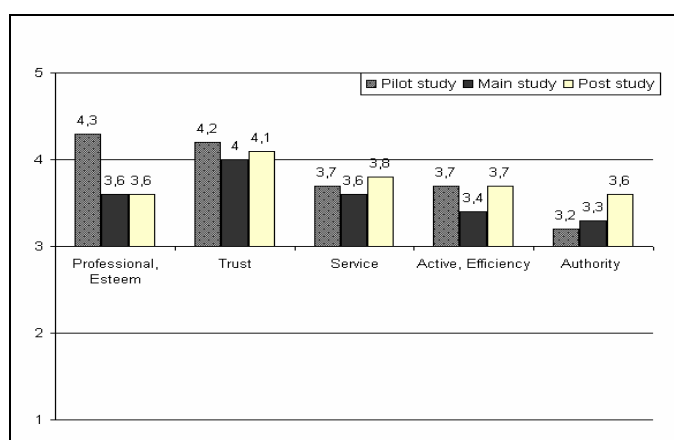
FIGURE 64   Comparison of reputational factors for the different empirical parts of the present study: the pilot study (1 authority organisation), the main study (12 different organisations; research, authority, legislation and semi-commercial) and the post study (7 similar authority organisations).

The even scores on all reputational factors in the different stages of the present study led to the decision to run the factor analysis on the post study data as well. Since the factors help describe the total variance of the data with fewer variables, the researcher was interested in finding whether in the post study data for 7 similar public organisations the reputational factors would differ. The hypothesis was that as the organisations were more similar, the variance could be explained with fewer factors. The factors show what form reputation takes in the respondent's mind. For consistency, maximum likelihood was chosen with

Varimax rotation. In this phase all attributes were covered by just 3 factors (see Table 65 for details). The pilot study and main study had required 5 factors. The communalities of the post study varied between 0.38 and 0.78. The minimum is often considered to be 0.30 and in this case that level was exceeded.

The first factor explained 48.4 % of the variance. The other two factors yielded lower values but they all exceeded the limiting initial eigenvalue of 1. The attributes were assigned to factors according to the highest loadings and the factors were named according to the attributes loaded and the functions they described, with some generalisations. Factor 1 was named Trust, as it covered various attributes associated with trust and ethics. These were to a large degree similar to the attributes loaded in the Trust factors in previous parts of the present study, yet on this occasion certain other attributes describing expectations and usefulness were added. Factor 2 was named Authority, as all its attributes dealt with authority functions and problems typically associated with public organisations. The factor Authority also took in other new attributes in the post study when compared with the similar factors of the pilot study and the main study: the importance of customer-orientation and employee issues. Factor 3 was named Active, as it covered various attributes associated with service situations, efficiency and esteem. The following Table (65) presents the loadings of each of these attributes on these factors.

TABLE 65   The reputational factors identified through factor analysis and their loadings. The figure in bold indicates the highest loading. The attributes have been arranged in factor order for clarity.

Rotated Factor Matrix	Factor 1	Factor 2	Factor 3
	Trust	Official	Active
partial – neutral	**0.766**	0.263	0.139
for its own good – for the common good	**0.749**	0.248	0.227
irresponsible – responsible	**0.765**	0.208	0.298
unethical – ethical	**0.683**	0.286	0.195
unfair – fair	**0.775**	0.317	0.216
low expertise – high expertise	**0.605**	0.194	0.401
untrustworthy – trustworthy	**0.724**	0.222	0.357
poor quality – high quality	**0.523**	0.319	0.494
useless – useful	**0.378**	0.159	0.204
does not meet expectations – meets expectations	**0.521**	0.323	0.493
does not act according to clear principles – acts according to clear principles	**0.596**	0.269	0.464
does not keep to schedule – keeps to schedule	**0.505**	0.269	0.458
non cooperative – cooperative	0.406	**0.468**	0.393
not customer-oriented – customer-oriented	0.297	**0.528**	0.319
closed – open	0.269	**0.614**	0.363
static – dynamic	0.137	**0.614**	0.332
bureaucratic – flexible	0.24	**0.736**	0.189
distant – humane	0.158	**0.654**	0.36
			continues

continued			
dictatorial – engaged in conversation	0.369	**0.585**	0.141
outdated – modern	0.264	**0.631**	0.34
unable to listen – able to listen	0.469	**0.611**	0.227
not under constant development – under constant development	0.337	**0.487**	0.435
poorly motivated employees – motivated employees	0.407	**0.409**	0.347
poor leadership – good leadership	0.352	**0.487**	0.441
unknown – well-known	0.064	0.33	**0.532**
not esteemed – esteemed	0.428	0.321	**0.512**
reactive – proactive	0.262	0.426	**0.431**
poor employer – good employer	0.2	0.144	**0.411**
lags behind in its field – a trend-setter in its field	0.388	0.424	**0.448**
passive – active	0.355	0.442	**0.569**
does not find out customer needs – finds out customer needs	0.392	0.436	**0.464**
states the contact persons unclearly – states the contact persons clearly	0.32	0.337	**0.499**
difficult to reach – easy to reach	0.332	0.285	**0.415**
inefficient – efficient	0.379	0.423	**0.607**
slow – fast	0.332	0.437	**0.536**
communicates its aims unclearly – communicates its aims clearly	0.382	0.286	**0.564**
fractured – coherent	0.375	0.336	**0.422**
Initial eigenvalue (altogether 57.6%)	49.0%	5.34%	3.27%
Total eigenvalue	18.13	1.98	1.21

Extraction Method: Maximum Likelihood. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 8 iterations.

As variables, the loadings were more easily analysed. Thus the contents of each factor were manually grouped into one variable. The factors found give insight into which attributes are linked together when an assessment is formed in the mind of the perceiver. Though it is understood that these factors consist of only those attributes mentioned in the questionnaire, the development of the questionnaire was carried out in such a way as to include all necessary and pursued attributes of the organisations in the post study. The factors represent different facets when the whole reputation is being assessed. Figure 66 reports the average values given to each reputational factor. Though the differences between the factor scores were not great on this occasion, the factor Trust once again received the highest values. Figure 66 shows up the importance of trust in the reputation of public organisations. The factor trust was also the strongest factor in the post study data.
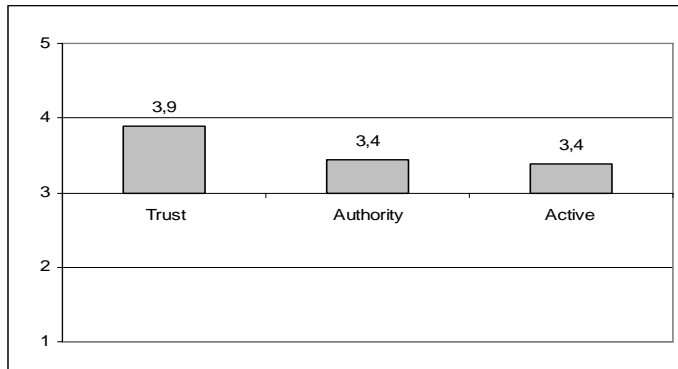
FIGURE 66 The average values given to reputational factors by the frequent stakeholders of the 7 public organisations in the post study. The scale was 1-5, where 1 represented the negative end and 5 the positive end.

The reputation of post study organisations seems to be built on trust, authority and activities, the most highly regarded of which is trust. It could be understood that trust is the cornerstone on which the reputation is built, along with the other factors. The authority functions and activity levels of the post study organisations are the factors most in need of reputational improvement. It remains important to note that all factors received values over three, thus staying on the positive side of this post study stakeholder questionnaire. However, only one factor came close the satisfaction level of four. This seems to show that the reputation of public organisations is not built on extremes but rather on fairly neutral assessments.

While in the previous parts of the present study exploratory factor analysis yielded several factors, the post study data provided only three reputational factors. The organisations in the post study were all very similar in character and the stakeholders making the assessments were also representatives of similar stakeholder groups. Next the validity of the three reputational factors of the post study was tested. The results can be seen in Table 67.

TABLE 67 Cronbach's Alpha coefficients obtained in the post study for the three factors in reputation. The limit of 0.6 is well exceeded by all factors. The reliability of the three reputational factors exceeds the reliability of the five earlier reputational factors.

Reputational factor	Cronbach's alpha
Trusted	0.9365
Official	0.9287
Active	0.922
The whole post study	0.9696

It can be seen from Table 67 that the reliability values of the three reputational factors are higher than those of the five reputational factors first tested. However, the reliability test also yielded satisfactory results for the five factors, and the post study data covered in seven similar public organisations. Thus the five reputational factors discovered in the analysis which covered 12 different

public organisations are somewhat more generalizable than the post study reputational factors. Next the three different studies of the present study are compared in greater detail.

7.4.3 A comparison of the pilot study, main study and post study

The four empirical parts of the present study, the pilot study, the informal interviews and the background research, the main study and the post study represent a continuum in the research process. The pilot study began by trying out the several different projected phases with on one public organisation and this prompted some interesting ideas and useful lessons. The informal interviews and the background research began the process of implementing those lessons and yielded data from different types of public organisations for the main study. The stakeholder questionnaire used in the main study collected responses from over 1300 frequent stakeholders of different types of public organisations and in the basis of those data, five reputational factors relevant to public organisations were discovered. The post study collected data from similar public organisations and similar stakeholders for comparison with those from the main study's different organisations and different stakeholders. Together these parts form an extensive corpus of material on stakeholder assessments of Finnish public organisations.

The questionnaire on stakeholder opinions is a challenging method, as the stakeholders themselves do not necessarily gain anything from it, and thus they may feel unwilling to cooperate. All the return rates in the present study have been high compared to the returns achieved by Statistics Finland. Of the three, the post study return rate (64.3%) was slightly higher than, but very similar to the rates achieved in the pilot study (61.2%) and the main study (55.2%). This seems to confirm that the high return rate was not an accident, but rather a sign of the level of involvement of the stakeholders in the public organisations in question. The fact that all the data (pilot, main and post studies) were collected at different times of the year also seems to support this. The return rates varied between the organisations and even between stakeholder groups.

The pilot study involved the study of one public organisation and the post study covered seven, whereas the main study covered twelve. The pilot and post studies were concerned with only one type of public organisation: the authority organisation and the results should therefore only be applied to other authority organisations. Thus the most generalizable are the results of the main study, as it included four different types of organisation and altogether 12 different public organisations. The methods of analysis were the same at every stage, and they all yielded reputational factors. Though the factors of the three questionnaires were named differently, a clear analogy was evident between the factors. Table 68 compares these.

TABLE 68   Comparison of the reputational factors and examples of similar or the same attributes tested in the pilot study (part 1), the main study (part 3) and the post study (part 4).

Pilot study reputation factors (year 2001)	Main study reputation factors (2003)	Post study reputation factors (2004)	Examples of similar or identical attributes covered in all questionnaires
Professional	Esteem		not esteemed – esteemed, insignificant research – significant research, lags behind in its field – a trend-setter in its field
Trusted	Trust	Trust	partial – neutral, unethical – ethical, untrustworthy – trustworthy
Customer server	Service		does not find out customer needs – finds out customer needs, states unclearly the contact persons – states clearly the contact persons, difficult to reach – easy to reach, does not act according to clear principles – acts according to clear principles
Active	Efficiency	Active	inefficient – efficient, communicates unclearly its aims – communicates clearly its aims
Official	Official	Official	bureaucratic – flexible

In the pilot study, the highest ratings were those for the factors Professionalism and Trust, in the main study for the factor Trust and in the post study likewise. Since all the 19 public organisations under study seem to be well trusted and appreciated by the stakeholders, it can be concluded from data that those factors with the highest values are also those most important in the overall assessments. It would seem that then that the reputation of Finnish public organisations is built on trust and professionalism. This result seems quite similar to the results of a recent study on civil servant trust (Harisalo & Stenvall 2003). The ratings given by the frequent stakeholders for the reputational factors of the pilot study, the main study and the post study are presented in Figure 69.
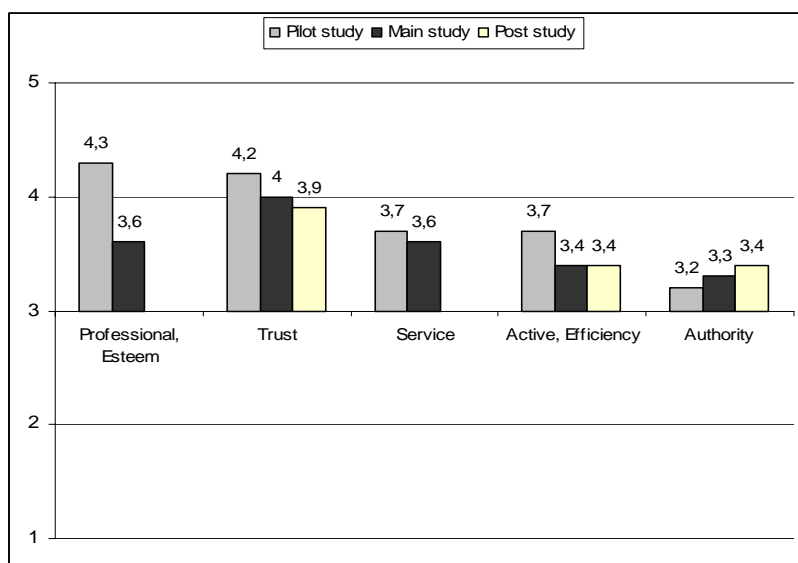
FIGURE 69 Comparison of the reputational factors of the different parts of the present study: the pilot study (1 authority organisation), the main study (12 different organisations; research, authority, legislation and semi-commercial) and the post study (7 similar authority organisations).

The values obtained on all the reputational factors were quite similar despite the differences between the organisations in question. The differences between the various reputational factors were mainly differences of only 0.3 points. This is especially apparent on the factor Authority, where the difference was merely 0.2 (from the pilot study 3.2 to the post study 3.4). The main study results included four different types of public organisations; when the authority organisations of the main study are compared with the pilot and post study, these differences become even more trivial. Thus the data gathered from altogether 19 Finnish public organisations confirms the existence of similar reputational factors for public organisations.

The earlier figures, however, do not show the real divide between the number of public organisations in each study and hence misrepresent, for example, the importance of the pilot study. For the sake of clarity, Figure 70 displays the different values obtained in each study on the correct scale of representation. It can be seen from Figure 70 that the most significant study was the main study, as it covers 12 organisations, whereas the pilot study covers only one. The post study covered seven organisations, but its significance is diminished by the fact that all seven were organisations of a similar type, whereas the main study included four different types of public organisation.
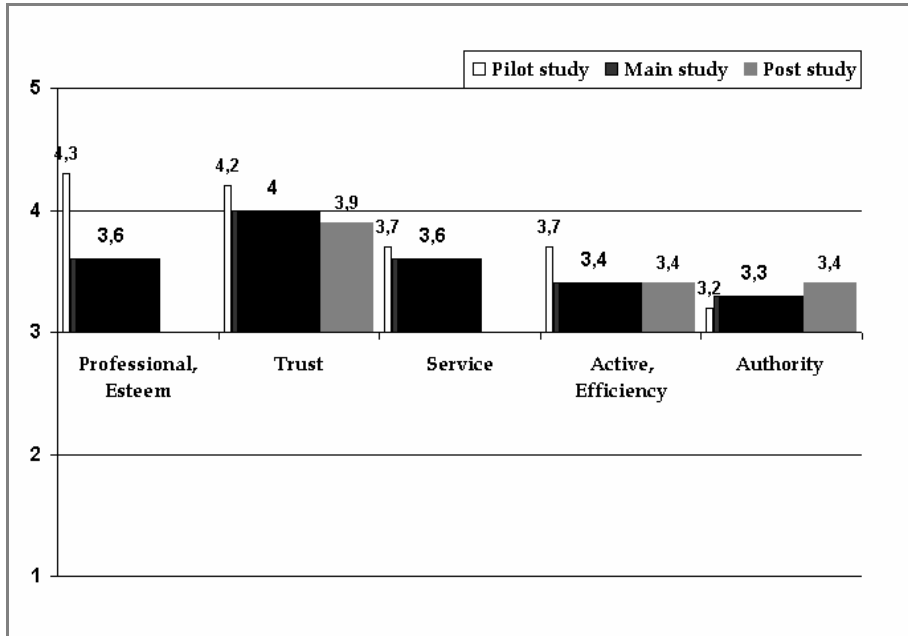
FIGURE 70   A true-scale comparison of the reputational factors of the different parts of the present study: the pilot study (1 public authority organisation), the main study (12 different public organisations; research, authority, legislation and semi-commercial) and the post study (factor analysis of 7 similar public authority organisations).

Each study had its own strengths and weaknesses. The pilot study was perhaps the most thorough in its different phases, including in-depth interviews, two different tests of the pilot stakeholder questionnaire and an overview of the whole research process. Yet the pilot study covered only one organisation, whereas the main study covered twelve. The strength of the main study is its inclusion of different types of public organisation, yet the research process was more straightforward. The post study, on the other hand, served to provide a control for the two previous studies, and covered several similar public organisations around Finland. Its strength is its weakness as well; the post study concentrates on one type of public organisation. Hence, when conclusions are drawn on the basis of the empirical findings, all the different stages of study are taken into account with their strengths and weaknesses, but the emphasis is on the main study. Next some conclusions are drawn from the four parts of the empirical study; pilot study, informal interviews and background research, main study and post study.

7.5   Conclusions based on the empirical findings

This research process aimed at triangulation of data, methods and time. Similar data were collected from various different public organisations at different times. Moreover, methods such as interviews, background research and survey questionnaires were combined to comprehend the entity of the stakeholder

relations of public organisations. The survey data were collected by means of a stakeholder questionnaire that was developed in the course of the studies and tailored as necessary to the different types of public organisations (see Appendixes 2, 4 & 8). The aim was to understand the relationship between public organisations and frequent stakeholders and promote the role of these stakeholders. The pilot study, main study and post study together form an entity that examined different public organisations as well as a variety of frequent stakeholders. For the sake of consistency the research procedures of each study were carried out in the same way, yet taking into account the lessons learned as well as the results gained from earlier stages. This similarity between the various parts of the present study enabled the comparison and refining of data and analysis. Thus the conclusions based on the empirical findings are conclusions based on all the different parts of the present study. The emphasis is on the main study, and its data are the most exhaustively and the most generalizable to other public organisations.

Neutrality was the dominant attribute of stakeholder responses at every stage, the open-ended questions, the school grade and the semantic differential statements. There were only few especially positive or negative answers. The cluster analysis for the main study showed this vividly: the majority, 65.6% (N= 875/1334) of frequent stakeholder studied fell into the middle categories designated neutrals (N=362) and contenters (N=513), meaning stakeholders who gave average and neutral grades to the organisations studied. There were fewer critics, 20.5% (N=273) and the smallest of all was those who offered praise 13.9% (N=186), of the stakeholders studied. Moreover, the differences between the different groups were not wide; the extreme groups, praisers and critics, differed from each other by around 2 points on a scale of 1-5, where 1 was the negative end and 5 the positive). This difference was mostly such that the praisers gave only values over four, whereas the critics gave values under and above the value three.

To sum up the public organisations studied here, the overall school grades awarded to them are compared. The school grade summed up well the performance and experiences the stakeholders had, as the stakeholders were asked to give an overall grade to the functioning of the organisations. Table 71 shows the average school grade frequent stakeholders gave to each organisation. The standard deviation between the 20 cases is only 0.34, yielding an average school grade for all the public organisations studied here of 7.87, 8-.

TABLE 71   The average school grades awarded and the return rates.

Part of the present study	Organisation type	Return rate	School grade average (scale 4-10)
Pilot study	Pilot authority organisation	60%	8.3
Main study	Research organisation 1	54%	8.1
	Research organisation 2	54%	8.3
	Research organisation 3	48%	7.8
	Authority organisation 1	61%	7.4
	Authority organisation 2 (the pilot organisation)	60%	8.3
	Authority organisation 3	41%	8
	Authority organisation 4	50%	7.9
	Authority organisation 5	54%	7.8
	Authority organisation 6	54%	7.5
	Legislative organisation	55%	7.5
	Semi-commercial organisation 1	54%	8
	Semi-commercial organisation 2	45%	8.4
Post study	Authority organisation 1	61%	8.1
	Authority organisation 2	69%	7.8
	Authority organisation 3	64%	7.6
	Authority organisation 4	60%	8
	Authority organisation 5	61%	7.2
	Authority organisation 6	60%	7.9
	Authority organisation 7	66%	7.5
Total average		56.6%	7.87
Standard deviation		7.01	0.34

In the Finnish school system grades 7 and 8 are neither excellent nor merely satisfactory grades, but instead they represent 'hyvä' meaning 'good'. This school grade reflects often the slightly above average (8) or average (7) student, a rather good and neutral result. This would mean that the frequent stakeholders of the public organisations under study assessed the organisations as good or average. The stakeholders were undifferentiated in the matter of the school grades, which was visible in the lack of explanatory power of the background variables. Neither gender, age, position, frequency of contact nor area revealed very many significant differences. Only few variables showed statistically significant differences between groups, and none on more than one background variable at once. Even return rates were similar for all 19 organisations. Moreover, the answers to the stakeholder questionnaires showed little variation over time, as the different parts of the present study were carried

out over the years 2001-2004. These arguments lead to the first conclusion: *The frequent stakeholders of the public organisations studied were quite a homogeneous group.*

Not only were the frequent stakeholders homogeneous, but their assessments were very similar as well. This was best seen in the reputational factors of each part of the present study, which were quite similar though the organisations were different in size, procedures and principal functions. With three of the factors, Trust, Active and Authority, the results were almost exactly the same. The suitability and reliability of the reputational factors was confirmed. In addition, the values attributed by the stakeholders on each of these factors were similar; most stakeholders of the organisations under study gave the highest values to the reputational factor trust, and the poorest values to the factor authority (see Figure 69 in Section 7.4.3). The background variables explained little of the observed weak variation. Only one variable showed consistent influence on almost all data, that of age. The trend was that the older the stakeholders, the less critical they were. This was apparent especially in judgements on bureaucracy; those under 30 were most critical of the bureaucratic nature of the public organisations under study.

Stakeholders of different types of public organisations (research, authority, legislative and semi-commercial) viewed the organisations quite similarly. Two groups were distinguished according to the type of public organisation in question; bureaucratic and flexible organisations. The bureaucratic ones included authority and legislative organisations, whereas the flexibles included research and semi-commercial public organisations. The flexibles received slightly higher values throughout the questionnaire, and especially on the factors Esteem and Authority. These values, however, reflect the proportion of such functions the organisations carry out and research and semi-commercial organisations, the flexible kinds, have notably fewer authority functions. When this is taken into consideration, the results were surprisingly similar. There was a similar pattern to the answers of all the stakeholders; even the different stakeholder groups identified through cluster analysis (neutrals, praisers, contenters and critics) had almost identical patterns to their answers (see Figure 50 in Section 7.3.3.2). This leads to the second conclusion: *The frequent stakeholders' opinions were quite homogeneous despite the different types of public organisations studied.* Hence, the frequent stakeholders represent an entity that could be of interest for further study.

The analysis of the answers to the open-ended questions broke tem down into four groups: neutral statements, positive statements, negative statements and mixed statements. The vast majority of all answers fell into the *'neutral'* – category, and consisted of facts and information, such as statements describing the location, function and services of the organisations. Those statements conveying affective messages and favourable or adverse feelings formed a minority. The general tendency was to describe the public organisations in question without much sentiment, adhering to the facts. Even discussion of personal experiences was mostly kept on the informational level and description was of the experiences rather than personal feelings about or

interpretation of those experiences. This leads to the third conclusion: *The overall tone of most stakeholder opinions was neutral and fact-based rather than personal and emotional.*

Standing out against the other data, one reputational factor seemed to differ from the others remarkably. This was the factor of Trust, which seemed to receive highest values from each stakeholder group and the answers were quite unanimous. The special emphasis on the factor of Trust was especially apparent in the main study, where despite differences in the types of organisation, it was valued highest by all stakeholders. Moreover, this factor Trust showed the smallest variation across all three parts, the pilot study, the main study and the post study. Moreover, even the results of the cluster analysis showed that all four different stakeholder groups (neutrals, contenters, praisers and critics) gave values of over three on the factor of Trust. Trust was the only factor that exceeded the limit value three even amongst the critics. This leads to the fourth conclusion: *Trust is a central concept in the reputation of Finnish public organisations.*

Thus perhaps the main conclusion to be drawn from all these studies is that the opinions of the frequent stakeholders of Finnish public organisations are quite homogeneous, neutral, fact-based and emphasize trust. These results would seem to confirm the hypothesis of neutral level of reputation. However, they do not confirm the hypothesis of neutral levels of trust. Hence, the continuums of trust and reputation are once again presented according to the empirical findings of the present study. Figure 72 presents the continuum of reputation. As proposed in the theoretical part of the present study, the empirical findings provide evidence of the neutral level of good reputation that requires some maintenance.
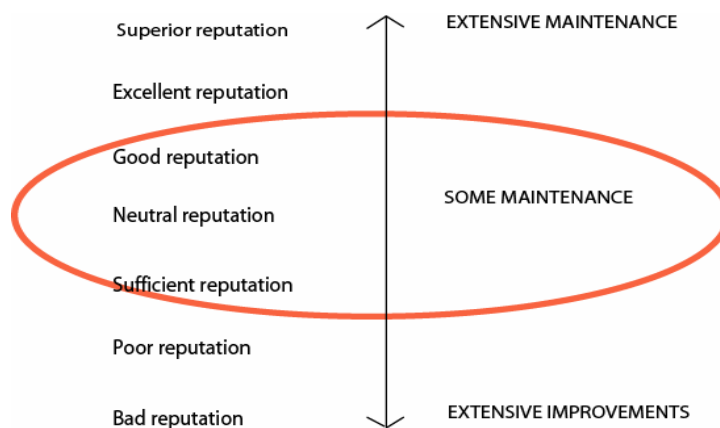
FIGURE 72 The empirically tested continuum of reputation. The circled area shows the ideal area of reputation for public organisations, requiring some maintenance to sustain a realistic, neutral reputation.

However, the proposed continuum of trust was not confirmed empirically. In fact, the level of stakeholder trust in Finnish public organisations appeared to be somewhat higher than the theoretically proposed level of neutral, reasonable

trust. Figure 73 shows both the theoretically supposed ideal (the patterned, lighter circle) as well as the empirically confirmed level of trust (the solid, stronger circle). It is important to realise, however, that this difference was not very great, though it was sufficiently in evidence to affect the continuum of trust. In some cases trust was very high, even enough to be understood as faith, though most of the stakeholders viewed trust as sensible though perhaps somewhat blind.
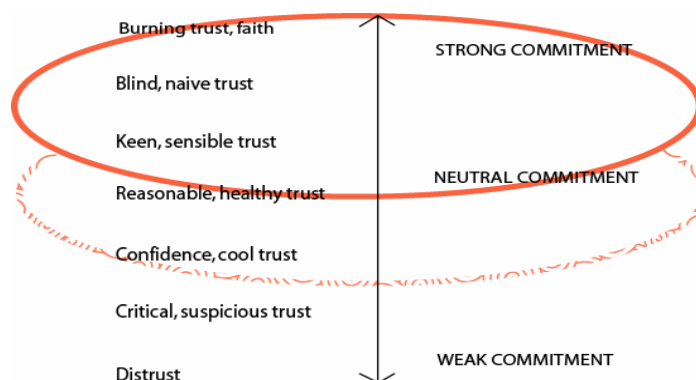
FIGURE 73 The empirically tested continuum of trust. The lower, patterned circled area shows the theoretically ideal area of stakeholder trust for public organisations, whereas the solid, higher circle shows the empirically discovered level of trust.

One can naturally question whether these theoretical continuums were suitable to begin with, and whether high trust would not be the ideal which many public organisations actually aim at. While this may be true, arguments were put forward in the theoretical part of the present study as to why neutral levels of trust would be more beneficial. These arguments lead to the fifth conclusion: The reputation of Finnish public organisations is neutral, whereas the levels of stakeholder trust are higher than neutral.

These five conclusions end the empirical part of the present study. The empirical data presented have offered a thorough conspectus of the assessments made by the frequent stakeholders of Finnish public organisations. The discussion which follows draws together both the theoretical and empirical parts of the present study of the present study and considers their implications.

IV DISCUSSION

8   DISCUSSION AND CRITIQUE

The concept of stakeholder is relatively new to Finnish public organisations. It reflects the new approach that is required of public organisations, the shift from informing towards communication and involvement. This change has brought with it a new interest in the opinions of those whom public organisations serve, the different publics, individuals, citizens, NGO's, decision-makers, customers: in a word, the various stakeholders. Though stakeholder expectations may vary from one group to another, there are certainly those whose opinion matters more than others'. They are the definitive stakeholders who deal with the organisation frequently, who possess power, legitimacy and urgency in their claims. The present study has examined the relations between Finnish public organisations and their frequent stakeholders. Frequent stakeholders were chosen because they were here understood to contribute most to the legitimacy of the public organisations under study, as the organisations studied were mostly neutral and order type public organisations with little citizen contact and somewhat unclear customer relations.

The research questions sought both to contribute to better understanding of the stakeholder relations of public organisations and to broaden the areas studied in organisational communications and PR. The answers to these questions were approached through theoretical argument and empirical data. The theoretical discussion included theories of public organisations and their communication, as well as theories of stakeholders and the intangible concepts of social capital, trust and reputation. The empirical data were collected in four stages: 1) a pilot study where the whole research process was tested on one public organisation, 2) informal interviews and background research, where the voice of different public organisations was taken into consideration and a stakeholder questionnaire was drawn up, 3) the main study of the stakeholders of 12 different public organisations and 4) a post study of the stakeholders of 7 similar public organisations. Altogether over 2000 questionnaires were returned, representing the assessments made by frequent stakeholders of a total of 19 Finnish public organisations. One aim of the present study was to create an instrument which could be repeatedly used to monitor stakeholder

assessments and which was tailored for the needs of Finnish public organisations. The present study reached triangulation of data, methods and time.

Since the present study was rooted in the field of organisational communications and public relations, it approached the stakeholder relations of public organisations from the point of view of the organisation, measuring how the stakeholders assess it. A relationship however, is a two-sided affair, and thus the organisational view was incorporated into the study through the informal interviews and background research, defining the questions asked. Measuring organisational attitude and organisational assessments of the frequent stakeholders would be another research topic. Conclusions as to the factors existing in the relationship between the public organisation and its frequent stakeholders have to be drawn carefully.

The hypotheses based on theory for the present study were first, the assumption that the situation where frequent stakeholders are satisfied reveals a well-functioning public organisation. Moreover, the existence of satisfied frequent stakeholders would mean that the target reputation and the actual stakeholder reputation match; what the organisation says and does is consistent with what the stakeholders perceive it to do and say. Should the target reputation match the actual stakeholder reputation, the conclusion follows that the organisation is legitimate. It should be noted that stakeholder opinions alone are not a sufficient basis for organisational legitimacy. However, in the case of public organisations, where the organisations exist to serve the people and are funded mostly by taxes, the opinions of the stakeholders matter perhaps more than in business organisations and the opinions of frequent stakeholders provide a basis for operations (see Vuokko 2004, Prime Minister's Office 2002). The present study was guided by three distinct research questions that are next presented and discussed in the following Sections of 8.1, 8.2 and 8.3.

8.1 The relationship between stakeholders and public organisations

The first research question was: "What factors exist in the relationship between the public organisation and its frequent stakeholders?" This Section is dedicated to discussing the answer to that research question.

The theoretical part of the present study provided the insight that the relationship between a public organisation and its stakeholders should be based on low-risk attainable trust, with an emphasis on equality, so as to sustain democracy in daily practise (see Sztompka 1997, Prêtre 2000). Furthermore, the level of organisational reputation sought in the eyes of the stakeholders should not be that of excellence. It is preferable to maintain achieved good levels in order to avoid unrealistic expectations based on exaggerated reputation and the possible consequent sudden loss of reputation that would endanger official

communication at critical times (see Bromley 1993). It was argued in the theoretical discussion that a well-maintained good reputation that is justified and based on neutral levels of trust is better suited to the public organisations in the long run than an excellent reputation based on high-maintenance levels of trust. Taking into consideration the resources officials have available for the cultivation of reputation and trust, neutral levels are also recommendable. Moreover, the guidelines under which Finnish public organisations operate forbid any reputation-building or advertising to promote an image (see Prime Minister's Office 2002) and lay down that the reputation of public organisations should depend upon its work and good behaviour. These in turn seem to create a neutral, reputation for trustworthiness.

The factors existing in the relationship with the stakeholders were sought through exploratory factor analysis in the pilot, main and post studies. The results of those three distinct studies were very similar, but perhaps most significant were the results of the main study, as it included several different types of public organisations. The stakeholder assessments were reduced by factor analysis into five factors that stakeholders consider when assessing public organisations. These factors, which for the main study were Authority, Esteem, Trust, Service and Efficiency, were applied to describe the overall reputation of public organisations. These can be understood to be the factors existing in the relationship between the public organisation and its frequent stakeholders, the factors that the stakeholders use to assess the public organisation. It can be concluded that the dominant tone in the relationship between a public organisation and its frequent stakeholders is neutrality and objectivity, as the relationship is based on impersonal, factual exchange rather than anything emotional or personal. This neutrality was apparent in the overall impression given by the answers of the frequent stakeholders taken as a whole. Thus the empirical findings warrant the description of the reputation of public organisations as neutral. However, the findings did reveal that the levels of trust in Finnish public organisations were somewhat higher than might be expected in theory. This points to the conclusion that if the organisation wishes to communicate with its stakeholders and exercise persuasion upon them, the central route is to be recommended in preference to the peripheral route (see Petty & Cacioppo 1986, Hung, Dennis & Robert 2004).

The frequent stakeholders of the public organisations studied here formed a relatively homogeneous group. Such homogeneity amongst the different frequent stakeholder groups is advantageous to public organisations, as they are not faced with the need to target various different and even opposing publics. The stakeholders' opinions were also quite homogeneous, with a common emphasis on the importance of trust. The overall tone of the stakeholder relations, moreover, appeared to be quite neutral and fact-based. There is a question whether this homogeneity evident in the frequent stakeholders and their opinions is a result of the equal treatment stipulated in various authoritative manuals (see Prime Minister's Office 2002) provided by public organisations or a phenomenon 'an sich'? Whichever is the case, the

similarity is there and it should be taken into consideration when planning the communications of public organisations.

The empirical findings of this study provide evidence of several assumptions that the frequent stakeholders make about Finnish public organisations. These assumptions could be understood as reputational expectations. They are brought together in Figure 74. Frequent stakeholders, it emerges, expect a high degree of professionalism and trustworthiness when they deal with public organisations. Moreover, even though the services that the public organisations provide are recognized to be quite slow, they are nevertheless equally available to all. The efficiency of public organisations is not very high, yet they are good at maintaining neutrality. Public organisations remain bureaucratic, yet this bureaucracy contributes to the fairness. These assumptions shape expectations and the understanding of public organisations. Moreover, they shape and limit development, for if organisations wish to develop from bureaucracy towards flexibility, they must overcome these entrenched assumptions. In consequence it is easier to develop in those areas where expectations are already high, such as professionalism, for instance. This is not to say that fixed assumptions cannot undergo change, but rather that change may take time and effort.

FIGURE 74 The assumptions that frequent stakeholders make about Finnish public organisations.

The assumptions presented in Figure 74 varied somewhat between the different types of public organisation. For all the different types of public organisation covered in the present study (research, authority, legislative and semi-commercial) there was a similar tendency for the factor Trust to receive the highest values whatever the type of organisation. Moreover, there was least variance between the organisations on the factor Trust. The flexible organisations (research and semi-commercial organisations) received slightly higher values than the bureaucratic organisations (official and legislative organisations) on all the factors. These results relate to the phenomenon of

isomorphism; very similar processes and traits are found in all the 19 very different public organisations. The strengths and weaknesses are the same: public organisations are considered highly professional and trustworthy, yet somewhat inefficient, slow and bureaucratic.

The empirical findings of the present study seemed to provide support for the neutral reputation desirable in theory. There were not many accusations of building false images or broken promises or disappointed expectations, but instead the assessments reported factual information and experiences. The findings showed the frequent stakeholders to be a rather homogeneous group more or less unanimous in their opinions, which had an overall neutral tone. This seemed to provide support for the hypotheses put forward earlier, to the effect that relationship between public organisations and their frequent stakeholders is based on fact-emphasizing, neutral interaction, rather than affectionate or personal factors. However, the trust levels proved higher than theoretically to be expected. This leads to the conclusion that the relationship between the public organisations studied and their frequent stakeholders is actually not too personal, but rather grounded in a neutral, attainable reputation with high trust.

This raises the question, if the relationship between frequent stakeholders and public organisations will never exceed the limits of neutrality, and develop from a relationship of calculation into a personal relationship, why present relationship management as a theoretical approach advantageous to public organisations? Not only might it be unnecessary but it is also something difficult to establish and maintain in the public sector. Managerialistic thinking incorporating the principles of neoliberalism has, however, already been applied in Finnish public organisations, even if it could turn out to be a passing fashion when viewed in the long term. The answer to the question may depend on the next research question, which is discussed in what follows.

8.2 The legitimacy of public organisations

The second research question was "Do stakeholder assessments legitimate Finnish public organisations?" This Section is devoted to a discussion of how the theoretical analysis and the empirical findings of the present study bear upon the question.

The hypotheses derived from theoretical analysis of the question (see Section 4.5) suggested that a public organisation would be legitimate if its target reputation coincided with its actual reputation amongst the stakeholders, since the frequent stakeholders would be satisfied and hence the organisation could be understood to function well. These hypotheses were especially conceived for the case of public organisations, as public organisations exist to serve those around them. In fact, the choice of frequent stakeholders' assessments as a tool for the present study was especially important with regard to the question of

legitimacy. It has been established that the public organisations exist to serve those around them, and the public organisations chosen for the present study were all neutral and order-type organisations, with little public contact and low service fees. Hence public opinion or citizen assessments or satisfaction would not contribute to their legitimacy. Instead the organisations studied here have other significant stakeholder groups, such as decision-makers, organisations working in collaboration, those they regulate, and their own employees, to name some of them. These stakeholders have frequent contact with the organisations and it is they whom these neutral and order –type public organisations exist to serve. Hence it is their opinions that matter most, and this is why the opinions of the frequent stakeholders legitimate or fail to legitimate the organisations under study. (The next Section examines the third research question, the role of the frequent stakeholders, in further detail.)

Though it is vital to note that the legitimacy of Finnish public organisations is by no means a simple and straightforward matter of stakeholder satisfaction, it has been concluded that reputation is a very important element in legitimacy (Misztal 1996, Staw & Epstein 2000). Moreover, as society is said to be turning into 'reputation society' (Pizzorno 2004), reputation becomes capital since decisions are based on intangible factors. The results of the various empirical parts of the study showed that the target reputation of the public organisations under study was in fact quite similar to their stakeholder reputation. The theoretical target reputation was also very close to the actual stakeholder reputation. Moreover, the frequent stakeholders showed a fairly high level of satisfaction with the public organisations in question. According to this logic, the stakeholder assessments brought together in the present study would seem to legitimate the public organisations studied here.

Legitimacy is an institutional function, and another finding of the present study related to legitimacy concerns the reputations of different sectors. In fact, the emergence of these different reputations could be taken as a sign that isomorphism is still important among public organisations in Finland. Sector reputations could be seen as isomorphic models for the legitimacy of different types of public organisation (Meyer & Rowan 1977, Scott 1995, Staw & Epstein 2000). The assumptions and expectations presented (Figure 74 in Section 8.1) support this. They reflect what is expected and hence also what is possibly required of a public organisation. They represent what public organisations are and should be to be legitimate.

The media or public reputation of the organisations under study was reported to be somewhat higher than their stakeholder reputation. Though the differences were not grant, this still raises the question whether the public organisations under study here have misdirected the efforts of PR functions? Media has long been the main communication channel of public organisations, and obviously media relations have well been attended to. However, the media might turn out to not be the most important stakeholder as far as the legitimacy of these neutral and order-type public organisations is concerned. Hence this

result presents a challenge to Finnish public organisations: to involve and communicate with other frequent stakeholders than the media. Moreover, the frequent stakeholders have something the media do not that makes their opinions more credible and valuable: personal experience.

The managerialistic thinking brought along by neoliberalism has been taken to represent a new way of gaining legitimacy for the traditionally inefficient and expensive Finnish public organisations. The argument has been that as management techniques improve the quality and productivity as well as the cost-effectiveness of public services and goods, public organisations become more legitimate (Shaw & Epstein 2000). This study questions this argument, as it seems that managerialistic thinking is actually made up of certain general trends in approach that are to some extent applied, yet never totally absorbed into the everyday running of public organisations. Moreover, little evidence exists of the increased effectiveness of public organisations as a result of managerialism. Thus it is here suggested that the reputational gains for public organisations in being associated with managerialistic thinking and a stakeholder approach are sufficient for legitimacy. In fact, managerialistic thinking may soon become an isomorphic process in itself: public organisations have already had a fixed image in Finland as bureaucratic but trustworthy (see 8.1), and soon they may acquire a fixed image as bureaucratic but trustworthy and constantly trying to improve by managerialism. The gains in terms of reputation and legitimacy from simply being associated with managerialistic developments may indeed exceed any actual direct benefit. (see Weber 1994, Staw & Epstein 2000.)

8.3   Faith-holders as social capital

The third research question was concerned with the role of those around the organisation; "Should those in frequent contact with a public organisation be considered stakeholders, customers, citizens or something else?"

This Section aims to pave the way for a stakeholder theory of public organisations. The different frequent stakeholders seemed to be a very homogeneous group characterized by neutral assessments of but interestingly high trust in the public organisations under consideration. The results seem to create an opening for a new type of stakeholder and a paradigm change in the communications of Finnish public organisations. The attributes of this new type of stakeholder include high trust in the public organisation and its functions, yet a neutral overall reputation. In theory excellent reputations and high trust require much effort from the organisation for their maintenance, promise too much and lead to the threat that they might be lost. A neutral, good reputation and reasonable, neutral trust can be understood to be preferable for public organisations. This should in no way be understood to be a recommendation of passivity or indifference, as neutral reputations require maintenance as well,

but their maintenance is achievable through ordinary activity and with the resources available to Finnish public organisations. The results of the present study are thus somewhat at odds with the theoretical recommendations; the empirical evidence shows stakeholders awarding a neutral reputation yet high trust.

Theory provided many bases for the identification of the important stakeholders in organisations, those who are most central and crucial. Resource dependence and network position were concepts applied in defining the 'governing stakeholders' (Pajunen 2004), legitimacy, power and urgency for 'definitive stakeholders' (Mitchell et al. 1997), cooperation and threat for 'mixed blessing stakeholders' (Savage et al. 2000), necessity and compatibility for 'necessary compatible' stakeholders (Friedman & Miles 2002) and the type of relationship for 'primary stakeholders' (Carroll 1993). Finally the present study introduced the importance of frequency and sought the assessments of 'frequent stakeholders' for its empirical data. The frequent stakeholders, it was argued, matter the most, and their assessments are important to the organisation as they contribute most to the formation of reputation, which in turn contributes to legitimacy.

In the light of the different roles those around a public organisation may have, it can be understood that none of the terms stakeholder, customer or citizen exactly describes the role of the frequent stakeholders in their relationship with a public organisation. Stakeholder refers to those affecting or affected by the organisation, but that definition is too broad. The concepts of definitive stakeholder or frequent stakeholder narrow this down, yet do not take into consideration the special role of trust in the relationship. The term customer on the other hand refers to someone receiving services or goods in return for their money. While this has always been the case to some degree, since public organisations are tax-funded, the term customer is becoming more and more apt with the increased service fees charged for public services. There are, however, certain problems with the term customer, as it might suggest tailored services and preference of one customer over another, which conflicts with the equal treatment required of public organisations. Moreover, theoretically the customer relationship is expected to develop over time into a relationship based on trust and mutual affection, and yet the empirical findings of the present study show that though trust is high, there is not much affection to be found in the relationship between the frequent stakeholders and public organisations. On the other hand, the term citizen includes the notion of equality, but lacks the acknowledgement of the new active role of choosing between and paying for services. Hence, in answer to the third research question, the frequent stakeholders should be considered something else.

Based on the theory and the empirical findings of the present study, a new term is proposed for the frequent stakeholders of public organisations. The new term refers to a concept that overcomes all the deficiencies of those previously suggested and takes into account the special emphasis on trust, reputational neutrality, and the several overlapping roles of stakeholder, customer and

citizen. The concept incorporates the understanding that public organisations should perhaps not aim to create blind trust and an excellent reputation among their stakeholders, but rather a sustainable neutral reputation, since the levels of trust already achieved are high. There is a need for operational distance between the officials and the stakeholders so as to prevent collapse of the trust and the reputation already established, should something unexpected occur. Moreover, although relationship management has not yet been much cultivated among the frequent stakeholders, it would seem to be unnecessary, since the frequent stakeholders already trust the Finnish public organisations even though their contacts have not been 'managed'.

The frequent stakeholders of public organisations can be termed *faith-holders.* Faith is here understood as a very strong type of trust, even reliance. Though the levels of stakeholder trust here measured were not the highest possible, (around 4 on a scale of 1-5) the concept of faith can be applied as it is nonetheless the strongest of the factors in the relationship between the public organisations and their frequent stakeholders. The term faith-holder describes the role and character of the stakeholders' relationship with the public organisation. The term is applied from the point of view of the organisation, since the frequent stakeholders form the basis of trust that the organisation enjoys within its environment and among all stakeholders. Public organisations enjoy levels of trust high enough to be recognized as strong form of trust, faith. The faith-holders of public organisations may possess all the power, legitimacy, urgency and frequency which make them the definitive stakeholders (Mitchell et al. 1997), yet they have something more: a strong foundation of trust. The term faith-holder could be applied to all the important stakeholders whose trust in the organisation provides the foundation for the well-being of the organisation. Figure 75 presents other concepts related to the concept of faith-holder.
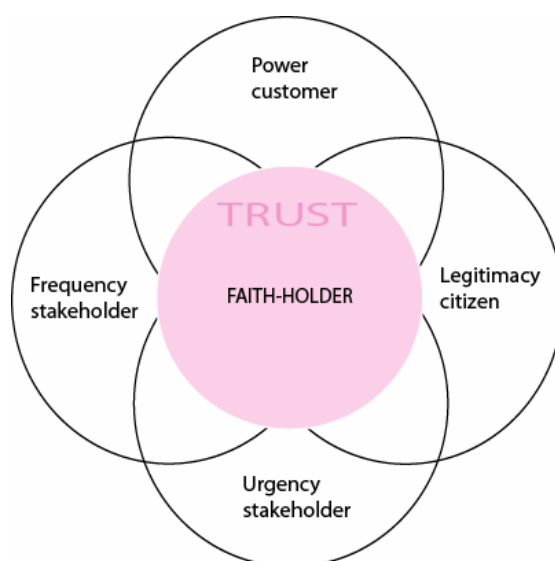
FIGURE 75 A collage of the different roles and concepts covered by the concept of faith-holder.

There are some generalisations in Figure 75 that require arguing for. It associates the term 'citizen' with legitimacy. If public organisations exist to serve citizens, they are also legitimated by the citizens' acceptance and satisfaction. On the other hand, the term 'customer' is associated with power. The customer is king even in the realm of public organisations' products and services, and hence being a customer connotes power. Urgency and frequency are associated with the term 'stakeholder', since stakeholders' claims and needs require action from the organisation. These divisions do not exclude other divisions or choices, they merely emphasize some aspects over others. The division could be carried out in various ways, yet here the different facets are generalised to best describe the concept of faith-holder. Faith-holder as a concept is understood to include all these roles of customer, citizen and stakeholder; yet it is more than their sum, as in addition there is the core aspect of high trust.

Faith-holders are hence stakeholders with high levels of trust in public organisations as well as frequent contact. This frequency of contact is understood as especially relevant to the formation of reputation. Personal contact with an organisation is understood to be the most credible basis for assessment and the evaluation of reputation (Bromley 1993, Aula & Heinonen 2002). Moreover, personal experience has greater credibility than media reports or rumours. Should the assessments of those in frequent contact be positive, this is advantageous for the organisation: the faith-holders could even be taken as social capital for the organisation.

Faith-holders join together the stability of a neutral, maintainable reputation and the benefits of high trust. The idea behind the faith-holder concept is that any stakeholder may become a faith-holder and hence provide social capital for the public organisation should they meet the conditions of frequent contact and high trust. Turning stakeholders into faith-holders would then be a process of increasing trust among those with frequent contact. This is vital to remember, as even in the present study those frequent contacts answering the questionnaire represented many roles. Most of them were here taken as stakeholders, but the citizen and customer roles cannot be entirely ignored. The multiplicity of overlapping roles, however, does not provide problems for the concept of faith-holder, as it has merely two requirements: frequent interaction and a relatively high level of trust. The faith-holders are understood to contribute most to the legitimacy of public organisations in the 21st century.

The role attributed to those around a public organisation and the term given to it reflects the type of public administration as well. Whereas the shift from the welfare state to neoliberalism or competition society (Heiskala 2005) is visible in the change in terms from 'citizens' to 'customers' and 'stakeholders', there is a new kind of demand made upon public administration concerning the faith-holders. For citizens, administration is required to emphasize equity. For customers, the focus is on service. With stakeholder thinking, the neoliberalist ideas of responsibilization and influence have been introduced with an

emphasis on giving everyone a voice. However, all these are relevant for faith-holders, since administration has to be egalitarian, it has to serve and to give voice. Moreover, all these functions have to be carried out in a transparent way. Hence it is here suggested that public administration 'vis-à-vis' the faith-holders should be described as 'porous' (Keskinen 1998, 36). 'Porous' is used here to refer to transparency and access, yet maintenance of the required privacy and distance. The word also suits the neutral reputation identified in the research findings.

Table 76 sums up the central definitions and the research findings concerning the concepts discussed in this present study: citizen, customer, stakeholder and faith-holder. There is a degree of generalisation and simplification in table 76 in order to highlight the results. The aim of the table is to present clearly the process of development from citizen to faith-holder, and not report the detailed development of each concept as such. The concepts in table 76 can be understood as belonging on a continuum. The development started with the concept of citizen emerging along with the formation of the modern state and more precisely the welfare state in Finland. The concept of customer was introduced in the course of the 1980's and the concept of stakeholder even later, perhaps in the 1990's. The concept of faith-holder is argued to be the key concept for 21st century public organisations.

TABLE 76   The four different roles of the frequent stakeholders of public organisations.

Role towards public organisation	Citizens	Customers	Stakeholders	Faith-holders
Definition	Those subject to the rights and responsibilities of the state	Those exchanging money for goods or services	Those both influencing and influenced by public organisations	Those trusting and frequently interacting with public organisations
Relationship based on	Laws and democratic order	Market economy and exchange	Interdependence, influence	Trust and trustworthiness
What is exchanged with the public organisation	Governance and safety for obedience and taxes	Goods and services for money	Co-operation for involvement	Good reputation for trust and confidence
Type of public administration	Equality-centred	Service-centred	Voice-giving	Porous
Type of capital	Tangible, financial capital	Tangible, financial capital	Intangible, social capital, intellectual capital	Intangible, social capital, reputational capital
Type of communication	One way informing, factual	Two-way asymmetrical, factual & emotional	Two-way symmetrical, factual & emotional	Two-way symmetrical, factual

The relationship between a public organisation and its faith-holders is controlled from various sides. On one hand there is the control of the rule of law and democratic order to keep both public organisations and faith-holders doing what is right. On the other hand, there are reputational sanctions that limit and guide action. Moreover, public organisations are under certain 'noblesse oblique' towards their faith-holders whether they wish it or not. This relationship, however, has another side to it, as the faith-holders are also of great benefit to the public organisation. Having highly trusting, frequent faith-holders is an advantage to the organisation, since the reputation of the organisation will spread through the faith-holders, cooperation will run smoothly and there is high confidence and mutual respect in common projects and agreements. This approaches the definition of social capital: resources embedded in trusting social relations, and in fact, it is here argued that the faith-holders are social capital for Finnish public organisations. Moreover, the faith-holders, with the high trust, frequent contact and neutral fact-based reputation they sustain, create reputational capital for Finnish public organisations as their experience gives them credibility, and they discuss this experience within their social networks. Furthermore, the good relationship with faith-holders should also ease organisation as it affects other stakeholders.

From the empirical findings of the present study, it is concluded that the communication between a public organisation and its faith-holders is mainly knowledge-based, applying central routes. The faith-holders could be described as factually or cognitively involved with public organisations (Laaksonen 2001). Communication with faith-holders is two-way symmetrical just as with stakeholders, yet more fact-based. Compared with communication with citizens, customers and stakeholders, communication with faith-holders requires less effort from public organisations; the language is shared so there is mutual understanding and there is a foundation of trust to begin with. Moreover, there is no need to aim for emotional communication, which has never been easy for the public organisations. Instead, the faith-holders have a realistic impression of public organisations and their functions, and thus their expectations are reasonable and just.

Whereas the differences between citizen, customer and stakeholder are clear, one can ask whether the faith-holders are not simply stakeholders who trust more. Though partly true, it is argued here that the faith-holders are not stakeholders as such, but represent a different role altogether. In the first place, the role of faith-holder in relation to public organisations is more defined than the role of stakeholders. Secondly, the faith-holders have more reputational value to the organisation than other stakeholders, as they trust the public organisation and have repeated personal experience to share with others. Thirdly, they have a foundation of trust very beneficial for future collaboration and communication. These are aspects that not all stakeholders share. Moreover, the concept of faith-holder solves the problem of the different fractured publics by showing that those publics that matter most to public organisations are in fact not fractured, but rather homogeneous and

unanimous. This could remove the pressure of trying to "serve everyone equally", as most of the publics are already quite 'equal'. It can be understood that faith-holders form a basis of social capital for public organisations that can also influence their relations with other stakeholders, customers and citizens for the better.

There are certain connections between governmental communication guides and the concept of faith-holder. Firstly, they both suppose that image marketing and advertising are unsuitable, even unnecessary (Prime Minister's Office 2002). Secondly, they both emphasise the importance of deeds as the foundation of reputation: governmental publications note that the deeds should speak for themselves, and the concept of faith-holder emphasises the importance of personal experience and contact. However, their differences soon become obvious: the guides demand more activity and more deliberate effort whereas the concept of faith-holder suggests relying and building on what already exists. Moreover, whereas the different guides present various managerial models and ideas as something to be embraced, the concept of faith-holder suggests these models may be unnecessary, even harmful.

It must be remembered that public organisations represent not only themselves but the social system under which they operate. If faith-holders as supposed here, are social capital for the public organisations, then this social capital of public organisations should have wider implications as well: it could even be understood as national social capital. As public organisations are highly trusted, this trust could radiate to society at large as generalised trust (Rothstein & Stolle 2002). However, the cause-effect relation is not empirically yet proven, and it could be that generalised trust itself is the cause of the faith-holder relationship and the high trust in public institutions as well.

The concept of faith-holder suggests a new stakeholder theory for public organisations. The concept of faith-holder implies a paradigm shift in the public relations of public organisations from improving to supporting, from effort to appreciation. It brings into question the importance of applying new management fads and ideologies, it casts doubt on the usefulness of increased reporting and efficiency measuring. It even puts in question the importance of 'reputation management'. It suggests instead that public organisations already have a very solid basis for their legitimacy, the faith of their faith-holders. It suggests that bureaucracy, much cursed as it is, could be a foundation for high trust, and hence an important feature of public organisations. It suggests that instead of empowering the citizens, as neoliberalism and the various managerialistic ideologies suggest, it is the officials that still have the main responsibility, but that this responsibility is supported by the faith the faith-holders have towards it. Moreover, the faith-holders with their frequent contacts and high trust are a bank of resources still much unappreciated and underused. Realising this resource should diminish the amount of time, resources and effort spent on improvements and managerial fads and bring a blessed assurance that public organisations are legitimate when they do what they are created to do. Further, this could lead to increased efficiency, since the

officials could concentrate on serving the public instead of paying too much attention to monitoring and developing their services.

The present findings suggest that it is time for the managerial vogue affecting public organisations to be abandoned in favour of what really matters: serving the public in a trustworthy, open manner. This recommendation is based on the implications of the stakeholder theory of public organisations adapted to accommodate the concept of faith-holder. This means a new approach, for instead of suggesting improvements and requirements, this theory suggests relying on existing resources. Hence it has some common interfaces with appreciative inquiry (see Cooperrider & Whitney 1999) and other new 'support'-related approaches that value what is already there instead of aiming to constantly identify and solve problems via new methods. It takes a more positive view than the managerial trends of public organisations have taken so far, and hence promises to be of longer duration than they are. The stakeholder theory of public organisations is evidently well-suited to the support economy (Zuboff 2004) suggested to be characteristic of the 21st century, where the faith of the faith-holders could prove ever more important for the support and legitimacy of public organisations.

8.4   A critique of the present study

The present study could be exposed to criticism on various grounds. With respect to the title and the research questions, it might be doubted whether the research questions were answered. It might be questioned whether the theory was appropriate to the empirical part of the study or whether the research questions were operationalized correctly. Though the present study may be critically examined and assessed, the scientific exactness of the natural sciences may never be achieved, for the humanities are concerned with describing a changing system. "…In social sciences, there are no comparable laws that can be truly validated. Therefore, what we perceive as a social or economic reality in the form of a coherent set of assumptions, also known as the dominant paradigm or a good theory, often shapes the very social reality we study." (Dervitsiotis 2003, 521, Drucker 1999). Comprehensive results can rarely be achieved in the case of human assessments, as they are subject to change. With these limitations in mind, the choices of the present study are next critically analysed.

First, the theoretical background is open to question in various ways. Why should the assessments made be categorized under reputation and trust, when at the same time they might be thought of as just impressions, opinions, images or mere opinions? How can it be proven that it is precisely trust the stakeholders feel towards the public organisations, and not other similar sentiments such as loyalty, obligation or confidence? Some of these questions will never be answered, and as at the end of all learning processes, some of the

initial choices at the start of the process would later have been made very differently. The theoretical review was provided to describe the concepts thoroughly, and the choices were argued for. Trust and reputation were found to be the most telling concepts when stakeholder assessments were measured. Moreover, reputation and trust are impressions, opinions and assessments; they are only a name given to assessments of the past (reputation) and of the future (trust). There is no proof that the concepts chosen here are the only right ones; several others might have been chosen. The suitability of concepts was suggested by the research questions and the topic. Moreover, reputation was here taken as the more operationalisable concept, whereas trust was found to be a very important factor affecting reputation.

Another important question here is whether the assessments of the frequent stakeholders measured here were in fact social norms and values or products of actual perception of how public organisations work? The former is possible, yet quite unlikely, since the reputation questionnaire was formulated especially to measure previous contact and experience. Still it is evident that social norms and values affect stakeholders' thinking and the way they assess public organisations. Those norms and values are historically and culturally bound, yet individual. The fact that the stakeholders represent different parts of the country should reveal some differences in cultural norms and values. No such differences were established, and thus it could be that the national culture is stronger than subcultures, when public organisations are assessed. Moreover, the present study concentrated only on Finnish public organisations, and caution is required if the results are to be adapted elsewhere.

Concerning the theoretical choices and the analysis of the results, it can further be questioned whether it is in fact trust the faith-holders feel or merely the confidence felt in public institutions as such? To some degree this confidence will probably be present in the relations of all Finnish public organisations, as on the national level confidence is very strong. Had this research measured the opinions of the public at large, average citizens, for instance, the results could possibly have been linked mainly with confidence. The assessments of frequent stakeholders, however, are mostly derived from personal experience, and those were what was under study here. What is owed to personal experience and contact with an organisation is better described as trust, though there is no denying that confidence is an important, perhaps even interrelated factor as well.

A second question concerns how, if concepts such as stakeholder and reputation have been designed for the corporate world, they can be applied to public organisations as well. Defining concepts for each study is a momentous task. While the origin of these concepts is indeed in the corporate world, they may be usefully applied to public organisations as well, as no other concepts describe the relations of an organisation and its environment so felicitously. The present study paves the way for a better understanding of those concepts as they apply to public organisations. Moreover, it has been argued that the differences between public and private organisations are diminishing, leading

to shared problems and concepts. Caution should, however, always be applied in the way these concepts are used and described, and clear definitions should guide their adoption.

Stakeholder thinking also remains somewhat organisation-centred as it is often applied in organisational research. The question arises whether this research has concentrated too much on the relationship between public organisations and their stakeholders, as mostly attention has been paid to the stakeholders from the point of view of the organisation. The relationship is, however, what the parties involved understand it to be, thus examining one party's assessments of the other does also shed light on the relationship. Moreover, it was made clear already at the beginning of the present study, that the point of view is organisation-centred. The present study has hence mostly concentrated on the relationship that public organisations should aim to establish with their frequent stakeholders. It does not, however, provide insight into what both parties experience and wish from the relationship as that is not the focus of the study. That would, nevertheless, make an interesting area for future research.

A third area in which this study may be exposed to criticism is the coverage of different types of public organisation. Authority organisations received slightly more emphasis than other types of public organisation. The organisations involved in both the pilot study and the post study were all authority organisations, while the main study included only three research organisations, two semi-commercial organisations and one legislative organisation. Nevertheless, this distribution does reflect the reality: there are substantially more authority organisations than, for example, legislative, semi-commercial or even research organisations. Thus the coverage achieved does not create problems, and it was taken into consideration in all the analyses. To conclude, the organisations under study were chosen to ensure the best possible contribution to the understanding of the stakeholder relations of Finnish public organisations. All the same there are some obvious weaknesses. Firstly, all the organisations under study represent the field of just one Ministry. Thus the results are to a large degree context bound to that chosen Ministry. Another weakness can be found in the fact that different public organisations consider different stakeholders frequent and important: with different functions, the stakeholders differ. Moreover, the role and importance of stakeholders changes. Thus comparison is limited. However, the public organisations chosen represent a manageable object of study. A study of all Finnish public organisations would not have been possible. The various stakeholders add variety and richness to the data, as long as the constraints imposed by the choices made are remembered and taken into consideration in the later parts of the study.

Fourthly, there is a question whether in the stakeholder questionnaires (Appendixes 2, 4 & 8) the neutral grades given to semantic differential statements (three on a scale of 1-5) were actually tokens of insignificance or indifference rather than neutral estimates. A possible explanation might also be

the respondents' unfamiliarity with the organisation being assessed. All these factors may explain the results, yet the answers to the open-ended questions can be turned to for assistance. They seem to confirm that the stakeholders did in fact take an interest and did have experience of the organisations. Thus it is concluded that a neutral appraisal was in fact a reflection of experience, rather than indifference or disinterest. Another sign of interest and involvement is the high return rates achieved in various parts of the present study. The post study return rate (64.3%) was slightly higher than, but very similar to the rates achieved in the pilot study (61.2%) and the main study (55.2%). This seems to confirm that the high return rate was not an accident, but rather a sign of the involvement of the faith-holders. The fact that the stakeholder questionnaires (pilot, main and post study) were collected among different stakeholder groups at different times also seems to support this, as they all yielded similar results and showed similar trends.

Fifthly, the reliability and validity of the present study can be analysed in greater detail. Though triangulation of data, methods and time was achieved, some measurements require argument. In quantitative research the equivalence reliability is determined by a correlation coefficient, which was measured for all the different phases of the empirical study. Moreover, this research provided for stable development, as the measuring instrument was developed over time by taking measurements repeatedly and comparing them. The theoretical choices were argued for and the operationalisation of concepts was kept transparent. Hence, the internal validity, consistency and precision of the study could be seen as rather high. Moreover, the figures obtained from statistical tests confirmed the reliability of the questionnaires. External validity was perhaps highest in the main study, as it provided results applicable to various types of public organisation, yet not so high in the pilot and post studies. The similar questionnaires for all organisations under study further provided for internal validity.

Sixthly, there is the question of choices made. What other methods could have been used and what other concepts adopted for the present study, and would the same results have been obtained? First, it should be noted that the results always vary somewhat with the tools. Perhaps the biggest choice that had to be made was between a qualitative and a quantitative approach. The stakeholder assessments might have been even more precisely explained through more qualitative methods, but that would not have enabled the inclusion of such extensive data. Another concern is the choice to include only frequent contacts. As public organisations are to serve everyone around them, should not the opinions of everyone be taken into account? There are numerous other stakeholders that do not have frequent contact with public organisations but are still significant. The present study covered only frequent stakeholders identified by their recurrent contact and relationship with the organisation. This choice was made because the types of the organisations under study were mainly neutral and order-type public organisations. Such public organisations typically have low contact with the citizens or the public, as they mainly serve

their own specific stakeholders and not the public at large. Hence the most important group for the legitimacy of the organisations under study here was singled out as their frequent stakeholders. Moreover, frequent contact enables the measuring of development and the monitoring of progress. The results obtained in the present study support the results of other different studies, thus confirming the validity of the findings. It remains true, however, that the general limits of quantitative data are limitations present in this study too.

Finally there is the problem that occurs with all research: the question of whether the research results are actually the product of the thinking of the researcher or really represent the facts of the matter. During the process of theoretical study, the researcher may prefer certain theories over others and these preferences may even determine the choices made. In human sciences such preferences may never be totally excluded. However, should the procedures be transparent and clearly presented, others can judge for themselves whether the choices made were just and suitable. In the present study the aim was to remain objective, to refrain from arguing either for the maintaining of a large welfare state or from arguing for the neoliberal ideas that aim to bring it down, and equally to refrain from arguing either for an increase or a reduction in managerialism in public organisations. The role of research is to observe and examine, rather than judge. However, this research proved that the ideologies of managerialism have not resulted in the desired outcomes but merely consumed resources, and hence suggested that a more positive approach to official communication could be found in a new stakeholder theory of public organisations. The theories presented here represent a broad view of public organisations and stakeholders that can serve as a basis for opinion formation and further research.

To conclude, one could ask whether the concept of faith-holder is a product of the Finnish consensus-oriented society, and hence not applicable elsewhere? Is it possible that other countries do not have such a resource of trust and faith to draw from and that the stakeholder theory of public organisations only works for Finland? It is true that Finland presents a rather harmonious environment for research on stakeholders. However, the concept of faith-holder is not tied to a culture or a country, and perhaps not even a certain type of society. What it takes for there to be faith-holders is merely frequent interaction and high trust. These together aid the formation of a favourable reputation and hence are social capital for public organisations. Should the conditions of frequency and trust be met elsewhere, it is possible to have faith-holders in various different contexts. In fact, this would make an interesting topic for further research.

8.4.1 Challenges for future research

Research is a learning process, and if it were known at the outset what is known by the end, many choices could be made very differently. The present study was a study of 19 Finnish public organisations and their stakeholder relations. Further study is needed to reach exhaustive conclusions about stakeholder

reputation and trust in public organisations in general. Not only would the inclusion of other types of Finnish public organisation be of value, but also international comparisons could broaden the understanding of public organisations. Finland is a rather distinctive country, with an interesting history and extensive welfare state. In fact, it would be of great interest to compare similar types of public organisation in various countries and cultures, and see whether their functions, stakeholder relations and even reputations are congruent and what could be learned from them.

The challenges for this and other research on the subject are many. In the first place, little research exists on how to maintain or restore a neutral reputation and the high trust of the faith-holders once achieved. Moreover, there is currently a lack of suitable data on public organisations. Organisational questionnaires on the issue are mainly created for non-academic purposes and only for internal circulation. Academic research on trust, satisfaction and government mainly aims to perfect or validate some measuring instrument. The present study has taken the first step in harnessing organisational questionnaires to academic purposes, yet much remains to be covered.

Furthermore, intangible concepts are new to the public organisations. For instance, the concept of social capital has only recently been introduced to public organisations. While its definitions are still discussed, its relation to organisations rather than people is even more abstract. On one hand, it is the people even in organisations who form the ties and the bridges; on the other hand, the social capital of organisations is a sum of all the ties existent within organisations, not just certain people. Moreover, how the social capital of organisations can be drawn upon, what kind of processes are required, and how the value of social capital can be measured are further areas of interest. The theories of social capital require adaptation to contribute to the understanding of public organisations. Governments and public organisations at present face many changes and challenges in their functions and funding. This is probably why research and development on the intangibles of public organisations has not been considered very important. This attitude is slowly changing, however, as the citizens and stakeholders increasingly demand better services, and as public organisations look for new ways to gain and retain legitimacy. Research should to some degree follow the trends of society, so as to produce information on the direction of development. The new challenges of the 21st century seem to be challenges in the area of the management of knowledge and competence. Perhaps an interesting new research agenda would then consist of the knowledge management of public organisations. Moreover, what the role of faith-holders is in the management of knowledge, and whether they also provide public organisations with competence in addition to trust, would be interesting questions for future research.

In the face of downsizing and cutbacks, the challenge of legitimacy will probably increase even more in the future of public organisations. The present study is a sign of the increasing interest in the intangibles. Another sign is that in 2003 the Association of Finnish Local and Regional Authorities (Kuntaliitto)

had in 2003 a reputation barometer developed for the use of local and regional authorities. Even the publications of the Finnish Prime Minister's Office's (Prime Minister's Office 2002) emphasize quality and development, and the public organisations participating in the present study all aim to continue monitoring their stakeholders as a means of developing and monitoring their overall efficiency. This is a positive development, but there are still gaps in the stakeholder research of public organisations. The present study has studied only one branch of public organisations, and on the community level, for example, the organisation-stakeholder relationship may differ. As interest in public organisations increases, third sector reputations also come up for discussion. Research is needed not only on the intangibles of public organisations but also those of other nonprofit-making organisations. There is also a need for more qualitative approach, since finding what lies behind the reputations of public organisations in certain sectors is definitely a large field of interest for future research.

8.5   Concluding observations

Several suggestions have been made about where society is going at the turn of the millennium. The general understanding is that we are moving into, or perhaps already out of, a time of postmodernism, where everything old is questioned and fragmentation is typical in all areas of life (Hatch 1997, 43). The society of today could be described as 'risk society' (Beck 2001), where uncertainty and risk abide and trust is required for action, or 'knowledge society', where what and whom you know have become the most valuable assets. Pizzorno (2004) has it that we have moved into a 'reputation society', where the main asset of trade and survival is the reputation of an individual in social networks. Even the concept of 'welfare state' is being replaced by 'welfare society', (Sabel 1994, Kettunen 2001). These expressions partly describe the same phenomena: increased uncertainty, the increased importance of social networks, an increase in the importance of intangibles as well as communication and its control and monitoring. These phenomena reflect the settings in which public organisations today function. These are the settings which have prompted public organisations to improve their public relations, monitor reputation and feedback, and in the spirit of neoliberalism incorporate managerialistic traits in their organisation.

In the theoretical part of the present study it was suggested that it was undesirable for public organisations to have a golden reputation among their stakeholders and that they should aim at an achievable and sustainable level of trust. An excellent reputation, 'the Midas touch', could be disastrous. All the profit the Phrygian King Midas gained by turning everything into gold came to nought when his life ended because his food turned to gold also. The same applies to public organisations: their reputation should be good, but not

so high as to hinder operations and diminish critical distance. Nor are levels of trust in need of much improvement; they already are high enough in Finnish public organisations. Public organisations need some critical distance to remain effective and to give their stakeholders enough room to rate them carefully. Moreover, contrary to what might be suspected, distance does not seem to diminish trust or legitimacy, but could be seen as an isomorphic way of preserving them. Sztompka (2000, 11) suggested that we have moved from "societies based on faith to those based on human agency". While this may be true for society at large, in regard to public organisations and their faith-holders, the collaboration seems still to a large extent to remain based on faith.

The positive contribution made by the present study is twofold: Firstly, it has provided an overall view of the relationship between the frequent stakeholders and public organisations, and a tool for measuring stakeholder assessments specially tailored to the needs of the public organisations. This tool may serve in coming years in one form or another, to enable the collection of data significant for the development of public organisations. Moreover, the present study has defined the role of the stakeholders and distinguished the importance of the faith-holders for public organisations. Secondly, this research has considered yet questioned the usefulness of the results gained through the managerialism and neoliberal thinking apparent in Finnish public organisations in the 21st century. Instead, it suggests a paradigm shift from improving to supporting. Public organisations could draw on what they already have: the faith-holders who already sufficiently trust public organisations and have frequent personal experience to talk about. What is required of the public relations of Finnish public organisations is not new techniques of reputation improvement or increases in customer and service satisfaction but merely doing the job they have been given. The trust is already there. Similar conclusions have been reached elsewhere (see Patulny 2003).

All an organisation may do to influence its social capital, is to perform well and communicate about it. Both are necessary, as communication without a creditable reality is fruitful only for a while, and good deeds go unnoticed and fail to affect reputation if they are not observed (Vuokko 2004). The old wisdom of PR holds true for stakeholder assessment management: "Tue Gutes und Rede Darüber". (Do good and talk about it.) The demand for efficiency and better services may pass, but the stakeholder trust that public organisations rely on and are built on will persist possibly for quite some time. Achieved increases in the effectiveness of public organisations functions and the services they provide are always viewed through the sector reputation and the expectations this creates, that public organisations are trustworthy and professional but bureaucratic and slow. It is unlikely that this long-persisting reputation will change in response to improvements made, nor does it necessarily have to, as the high trust that exists may be partly due to knowing that through professionalism and bureaucracy equity is maintained. The old saying is valuable; "Know yourself so that you may know others." For Finnish public organisations this means appreciating the faith-holders and counting on their

support. Though this research is based on Finland, it could provide a good example for other countries of how to turn stakeholders into faith-holders.

Some people claim that what really matters in research is not whether one is right or wrong, but the stimulus new thoughts provide. Even being later proven wrong is insignificant, as research that causes interest and discussion has achieved its purpose: it has advanced the field. This study is brought to a conclusion in the hope of having stimulated the discussion of public organisations and their relations to those around them.

> "What reward is most proper for promoting the practise of truth, justice, and humanity? The confidence, the esteem, and love of those we live with. Humanity does not desire to be great, but to be beloved. It is not in being rich that truth and justice would rejoice, but in being trusted and believed…" (Adam Smith 1759, Part III, Chapter V.)

YHTEENVETO

Luottojoukot - Suomalaisten julkisten organisaatioiden sosiaalista pääomaa

1   Johdanto

Organisaatioiden toimintaympäristö ja maine ovat olleet viime aikoina erityisen kiinnostuksen kohteita epävarmassa maailmassa. Useat tutkijat esittävät, että olemme siirtymässä entistä ihmisvälitteisempään yhteiskuntaan, jossa vuorovaikutuksella ja mielikuvilla on tärkeä rooli (Sztompka 2000, 11). Alati muuttuva toimintaympäristö vaatii organisaatiolta jatkuvaa monitorointia ja yhteistyötä ympäristön kanssa (Ilmonen & Jokinen 2002). Viimeaikojen tutkimuksissa on väitetty julkisten organisaatioiden laadun olevan keskeinen tekijä maan hyvinvoinnille ja taloudelliselle kasvulle (Rodrik 2000, de Soto 1989, Olson 1996, North 1993, & La Porta 1999, Rothstein 2003). Maan taloudellinen kasvu ja hyvinvointi puolestaan edellyttävät julkisia instituutioita, jotka mahdollistavat (Rodrik 2000, 4) "luottamuksen ja sosiaalisen yhteistyön" sekä riskienhallinnan yhteiskunnassa.

Yhteisöviestinnän kannalta on oleellista tietää organisaation sidosryhmät, jotka vaikuttavat ja vaikuttuvat organisaation toiminnasta (Freeman 1984) ja miten ne suhtautuvat organisaatioon (Hatch 1997, Harrison & Shiron 1999, Juholin 2001). Julkiset organisaatiot ovat olemassa palvellakseen sidosryhmiään, joten niiden legitimiteetti perustuu sidosryhmien hyväksynnälle. Kun viranomaisten kommunikaatiokyky sekä sidosryhmien luottamus julkisiin organisaatioihin nähdään demokratian peruselementteinä ja sosiaalisena pääomana, hyvinvointia voidaan kehittää tutkimalla viranomaisviestintää. (Fukuyama 1995, Sztompka 1997, Lehtonen 2001.)

Julkisissa organisaatioissa sidosryhmä on melko uusi ja kiistelty käsite. Keskeistä sidosryhmätutkimuksessa on määrittää organisaation ja sidosryhmien välistä vuorovaikutusta sekä siihen vaikuttavia tekijöitä (Bromley 1993, Fombrun 1996). Sidosryhmien uskotaan jatkuvasti arvioivan organisaatiota, ja nämä monien sidosryhmien arviot yhdessä muodostavat näkymättömän kokonaisuuden, organisaation aineettoman toimintaympäristön. Arviot muodostuvat yksilöllisesti ja organisaation tahdosta riippumatta. Arviot ja mielikuvat vaikuttavat sidosryhmien käyttäytymiseen ja suhtautumiseen organisaatiota kohtaan. (Davies, Chun, da Silva & Roper 2004.) Vaikka organisaatio ei voi määritellä sidosryhmiensä keskuudessa muodostuvia mielikuvia, se voi julkisuustyön kautta pyrkiä ohjaamaan sidosryhmien mielipiteitä myönteiseen suuntaan (Grunig 1992, Lehtonen 1998, Bentele & Nothhaft 2004, Bromley 1993, Fombrun & van Riel 2003, Pharoah 2003). Säilyttääkseen legitimiteettinsä organisaation on suostuteltava toimintaympäristönsä ja sidosryhmänsä myönteisiksi toiminnalleen. Tämän suostuttelun tulee perustua todellisille teoille: viran-

omaisten tyhjät lupaukset herättävät epäluottamusta ja närkästystä. Suostuttelu tapahtuu viestinnän kautta, jonka tavoitteena on kaksisuuntainen vuorovaikutus organisaation ja sidosryhmien välillä. Vuorovaikutus ja luottamus nousevat entistä suurempaan arvoon nykyisessä medioituneessa yhteiskunnassa, jossa sidosryhmillä on entistä nopeampi pääsy erilaisiin reaaliaikaisiin viestintävälineisiin, ja mielipiteet liikkuvat nopeasti julkisuudessa (Bentele 2005).

Suomen hyvinvointivaltio on pitkään ollut hyvin kattava. Se on vaatinut ylläpitoonsa suuren julkisen sektorin ja raskaan byrokratian. Lisäksi yhteiskunnan monimutkaistumisen myötä julkiset organisaatiotkin ovat entisestään erikoistuneet ja kasvaneet viime vuosikymmenien aikana (Jørgensen, Hansen, Antonsen & Melander 1998, Harisalo & Stenvall 2003). Rahoituksen vähetessä julkisia organisaatioita kohtaa legitimaation kriisi. Tähän ratkaisuna on ehdotettu neoliberalistisen ajattelun ja managerialismin myötä monia bisnes-pohjaisia johtamis- ja organisointimalleja, joiden tarkoituksena on vähentää byrokratiaa ja lisätä joustavuutta ja tehokkuutta (Vuokko 2004). On jopa ehdotettu, ettei Suomi olisi enää hyvinvointivaltio, vaan hyvinvointiyhteiskunta, jossa valtion osuus julkisten organisaatioiden rahoituksesta koko ajan vähenee (Sabel 1994, Kettunen 2001).

Suomea on kuvailtu liberaaliksi demokratiaksi, jolla on vahvat universaalin hyvinvointivaltion jäänteet. Muutokset ovat tuoneet esiin sellaisia termejä kuin asiakas ja sidosryhmä. Termeistä on se hyöty, että ne antavat kasvot ja äänen yksilöille kansalaisten joukossa, mutta niiden on pelätty heikentävän tasa-arvoa. Asiakas- ja sidosryhmäajattelu painottavat palautetta ja asiakastyytyväisyyttä, koska yksittäisillä kansalaisilla ajatellaan olevan sidos tai panos valtionhallinnon toimintaan. Muutoksen myötä myös valtionhallinnon viestintäajattelu on muuttunut yksisuuntaisesta tiedottamisesta kaksisuuntaiseen vuorovaikutukseen ja viestintään. (Grunig & Jaatinen 1999, Lumijärvi & Jylhäsaari 2000.) Suomen julkisten organisaatioiden legitimaatiokriisi syvenee entisestään, koska aineettomien palveluiden hyödyllisyyttä on vaikea todistaa (Cinca, Molinero & Quieroz 2003, 256). Sidosryhmien tyytyväisyyden on arvioitu vaikuttavan julkisten organisaatioiden legitimiteettiin (Cheung 1996). Siitä syystä julkisten organisaatioiden sidosryhmät ja niiden kokemukset ovat tärkeä tutkimuksen kohde.

Tämä tutkimus keskittyi julkisten organisaatioiden sidosryhmäsuhteisiin sekä siihen hyötyyn, jota näistä suhteista voi organisaatiolle olla. Tutkimusta ohjasivat seuraavat tutkimuskysymykset:

Mistä tekijöistä koostuu julkisen organisaation ja sen toistuvien sidosryhmien suhde?

Legitimoivatko toistuvien sidosryhmien mielipiteet suomalaiset julkiset organisaatiot?

Pitäisikö julkisten organisaatioiden kanssa usein asioivia sidosryhmiä pitää sidosryhminä, asiakkaina, kansalaisina vai jonain muuna?

2   Teoreettinen viitekehys

Organisaation, toimintaympäristön ja sidosryhmien ymmärtämiseen käytetään monia vaikuttamiseen ja yhteistyöhön liittyviä aineettomia käsitteitä. Tällaisia ovat esimerkiksi luottamus, maine ja sosiaalinen pääoma (Bromley 1993, Kramer & Tyler 1996, Bentele 2005, Rothstein 2003, Fukuyama 1995, Putnam 1995, Vos 1996, Fombrun & van Riel 2003). Lähtökohtana pidetään, että hyvä maine ja sidosryhmien organisaatiota kohtaan tuntema luottamus muodostavat aineetonta pääomaa, joka tukee organisaation toimintaa ja vaikuttaa myönteisesti organisaation ympäristöön (Granowetter 1985, Hill 1990.) Tätä positiivista vaikutusta on joskus verrattu legendaariseen Phrygian kuningas Midakseen, joka sai kaiken koskemansa muuttumaan kullaksi (Grunig 1992, 20). Positiivisen toimintaympäristön luominen on ajankohtaista suomalaisille julkisille organisaatioille, koska sekä EU:n että Suomen valtionhallinnon viestintäohjeet julkaistiin vuonna 2002. Näiden perusteella sidosryhmien kanssa pyritään vuorovaikutukseen entistä avoimemmin, eikä julkisten organisaatioiden viestintä enää ole valinnaista tai epävirallista (Valtioneuvosto 2002).

Sidosryhmäajattelu (stakeholder thinking) syntyi alunperin vastakohtana klassisen taloustieteen osakasajattelulle (shareholder). Sen vahvuus oli kaikkien eri tavoin organisaation toimintaan vaikuttavien tahojen tunnustaminen. Sidosryhmiksi katsotaan usein kuuluvan sellaiset tahot, joiden tukea ilman organisaatio ei voisi olla olemassa (Stanfordin tutkimusryhmä, Freeman 1984, 31), ja täten sidosryhmäajattelu on hyvin organisaatiokeskeistä. Lisäksi sidosryhmiksi luetaan usein kaikki sellaiset tahot, jotka joko ovat organisaation toiminnan vaikutuspiirissä tai pyrkivät vaikuttamaan organisaation toimintaan (Calton & Kurland 1996). Sidosryhmäteoriat perustuvat oletukselle, että kaikkien sidosryhmien kanssa tulisi muodostaa suhde, jonka laatu vaikuttaa organisaation toimintaan (Jones & Wicks 1999, 207). Julkiset organisaatiot hyödyntävät sidosryhmäajattelua, kun ne pitävät kansalaisia asiakkaina ja erilaisten sidosryhmien edustajina.

Tämän tutkimuksen juuret ovat yhteisöviestinnän ja julkisuustyön (PR) kentässä. Teoreettinen viitekehys rakennettiin sidosryhmäteorioiden (Freeman 1984, Näsi 1995, Mitchell, Agle & Wood 1997), systeemiteorian (Hatch 1997, Luhman 1984) ja institutionaalisen teorian (Meyer & Rowan 1977, Scott 1995) avulla. Yhteisöviestintä (organisational communication) ja julkisuustyö (PR) voidaan ymmärtää erittäin samanlaisina käsitteinä, joiden erot löytyvät lähinnä määritelmistä. Yhteisöviestinnällä ymmärretään ihmisten välinen viestintä tietyn organisaation kontekstissa, kun taas julkisuustyö nähdään pitkän tähtäimen strategisena johdon osa-alueena, jonka tehtävänä on luoda suhteita ja säilyttää organisaation ympäristön hyväksyntä. Tätä sidosryhmien organisaatiota kohtaan tuntemaa suopeutta kuvaavat parhaiten juuri maineen ja luottamuksen käsitteet.

Maineella tarkoitetaan intertemporaalista identieettiä (Pizzorno 2004), menneiden tekojen summaa ja niiden perusteella muodostunutta yleistä mieli-

pidettä. Maine on yleinen ymmärrys siitä, kuinka luotettava toinen osapuoli on (Misztal 1996). Maine muodostuu ajan kanssa ja kokemuksien kautta (Bromley 1993, Fombrun 1996). Maineessa voidaan erottaa tavoitemaine ja sidosryhmä-maine: tavoitemaine on sitä, mitä organisaatio haluaa olla, kun taas sidosryh-mämaine on sitä, miten sidosryhmät organisaation näkevät. Luottamuksella puolestaan tarkoitetaan arviota toisten odotustenmukaisesta toiminnasta (Sztompka 2000) eli hyvän toivomista ja odottamista, riskin ottamista ja syvää tunnetta siitä, että vuorovaikutus jatkuu (Seligman 1997, Hosmer 1995). Luot-tamus on keskeisen tärkeää sen tulevaisuussuuntautuneisuuden vuoksi erityi-sesti julkisille organisaatioille, jotka ovat olemassa palvellakseen muita. Maine puolestaan on luottamuksen tavoin merkityksellinen, osin myös käytännölli-sempi, koska se perustuu menneille tapahtumille ja on siten helpommin opera-tionalisoitavissa. Maine vaikuttaa luottamuksen muodostumiseen ja luottamus puolestaan maineeseen. Kuvio 1 esittää tämän vuorovaikutussuhteen aikajanal-la. Luottamuksesta tulee mainetta, kun nykyisyys vaihtuu menneisyydeksi. Hyvän maineen tulos on luotettava toiminta. Siten päätös luottaa on taloudelli-sesti rationaalinen päätös tehdä mitä luvattiin, jotta maine ja oma etu eivät kär-sisi (Hosmer 1995, 386). Maine siis myös luo luottamusta. Sekä maine että luot-tamus syntyvät ja niitä ylläpidetään verkostoissa sekä erilaisten kokemus- ja vuorovaikutustilanteiden kautta. Sidosryhmien luottamus ja organisaation hy-vä maine sidosryhmien keskuudessa ovat tärkeä resurssi organisaatiolle ja sen legitimaatiolle; voidaan jopa nähdä, että ne ovat organisaatiolle sosiaalista pää-omaa.
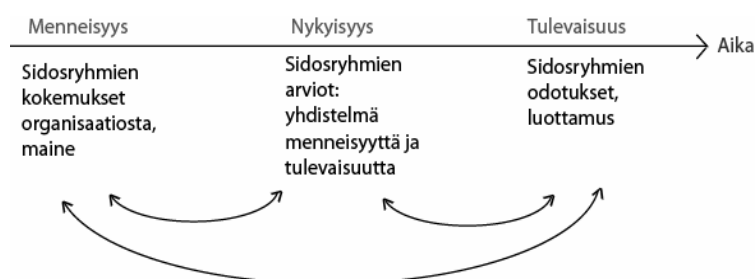
KUVIO 1   Maineen ja luottamuksen käsitteen ajan jatkumolla.

Sosiaalinen pääoma voidaan määritellä sosiaalisissa suhteissa hyödynnettäväk-si resurssiksi (Lin 2001, Kumlin & Rothstein 2004). Hyödynnettävyydellä tarkoi-tetaan sitä, että muiden pääomalajien mukaisesti se muuttuu pääomaksi vasta sitten, kun siitä on hyötyä. Sosiaalinen pääoma voi olla esimerkiksi luottamusta tai "hyvää tahtoa" toimijoiden välillä. Maine ja luottamus sinänsä eivät ole or-ganisaatiolle sosiaalista pääomaa, jos niitä ei voi hyödyntää sosiaalisissa verkos-toissa. Siten sosiaalista pääomaa voidaan pitää sosiaalisten kontaktien määrän ja niissä vallitsevan luottamuksen tulona (Rothstein 2003). Sosiaalinen pääoma nähdään eräänlaisena lopputulona hyvästä maineesta ja luottamuksesta.

Mainetta ja luottamusta voidaan ajatella jatkumoina. Luottamusjatkumon toisessa päässä on epäluottamus ja toisessa syvä luottamus – jopa sokea usko.

Maineulottuvuuden toisessa päässä puolestaan nähdään huono maine ja toisessa erittäin hyvä maine. Näillä ulottuvuuksilla julkisten organisaatioiden optimisijoitus ei ole kummassakaan päässä, koska liian suuri luottamus tai liian hyvä maine asettaisivat epärealistisia odotuksia ja putoamisen riski olisi suuri. Lisäksi erinomainen maine ja korkea luottamus saattavat kieliä räätälöidystä, yksilöllisestä palvelusta, joka ei julkisissa organisaatioissa tasapuolisuuden vuoksi ole mahdollista. Julkisten organisaatioiden toiminnan kannalta suositeltavaa olisi luoda neutraaliin maineeseen ja luottamukseen perustuva suhde sidosryhmiin. Teoriakirjallisuuden perusteella tätä tutkimusta ohjasivat kolme hypoteesia, joita empirialla pyrittiin testaamaan:

1   Hyvin toimiva julkinen organisaatio = toistuvien sidosryhmien tyytyväisyys ja luottamus
2   Toistuvien sidosryhmien tyytyväisyys ja luottamus = tavoitemaine ja sidosryhmämaine kohtaavat
3   Tavoitemaine ja sidosryhmämaine kohtaavat = organisaatio on legitiimi.

3   Empiria

Tutkimuksen aineisto kerättiin vuosien 2001 ja 2004 välisenä aikana. Aineisto koostui yhteensä 19 erilaisen julkisen organisaation sidosryhmien mielipiteistä. Tutkimuskohteeksi valittiin lähinnä pysyviä, ei-poliittisia valtionhallinnon organisaatioita, jotka edustivat yhden ministeriön toimintakenttää. Toiminnoiltaan tutkimuksen kohdeorganisaatiot edustivat tutkimusta, lainsäädäntöä, valvontaa sekä puolikaupallisia toimintoja. Näiden organisaatioiden sidosryhmistä tutkimukseen valittiin lähinnä toistuvat kontaktit, joilla oli myös omakohtaisia tuoreita kokemuksia kyseisistä kohdeorganisaatioista. Valitut sidosryhmät edustivat lähinnä päättäjiä, yhteistyökumppaneita, valvottavia, asiakkaita, kollegaorganisaatioita sekä organisaatioiden omia työntekijöitä. Kustakin ryhmästä otettiin kontaktien tuoreuden varmistamiseksi tutkimukseen sopiva harkittu otos.

Tutkimuksen empiria koostui neljästä osasta ja päätutkimusote oli kvantitatiivinen. Tutkimuksen osat olivat pilottitutkimus, haastattelut ja pöytälaatikkotutkimus, päätutkimus ja jälkitutkimus. Tutkimus tähtäsi sekä aineiston, metodien että ajan triangulaatioon. Pilottitutkimus testasi koko tutkimusprosessin yhdessä organisaatiossa. Haastattelut, pöytälaatikkotutkimus ja päätutkimus toteutettiin kahdessatoista tehtävältään ja kooltaan erilaisessa organisaatiossa. Jälkitutkimus tehtiin seitsemässä hyvin samanlaisessa organisaatiossa. Eri tutkimuksen vaiheissa kerättiin yhteensä yli 2100 toistuvasti julkisten organisaatioiden kanssa asioivan henkilön mielipidettä. Lisäksi tutkimuksessa luotiin mainemittari, joka soveltui erityisesti julkisten organisaatioiden sidosryhmien mielipiteiden kartoittamiseen. Johdon ja avainhenkilöiden haastatteluilla sekä pöytälaatikkotutkimuksella pyrittiin kartoittamaan organisaation tavoitemaine ja luomaan mainemittari, jonka avulla toistuvien sidosryhmien mielipiteitä kartoitettiin. Mainemittari koostui muutamasta avokysymyksestä, kouluarvosanan

antamisesta, taustamuuttujista sekä semanttista differentiaalia hyödyntävistä väittämistä, jotka kuvailivat tavoitemaineen eri puolia. Testattu mainemittari lähetettiin valituille sidosryhmille täytettäväksi saatekirjeen kanssa.

Kyselylomakkeiden palautusprosentit vaihtelivat tutkimuksittain ja organisaatioittain noin 50–60 % välillä. Avokysymykset analysoitiin vastauksien sävyn kannalta, kun taas semanttista differentiaalia hyödyntävät väittämät analysoitiin erilaisin tilastollisin menetelmin. Avokysymyksien vastukset jakautuivat sävyltään etupäässä neutraaleihin vastauksiin; tosin myös ristiriitaisia, positiivisia ja negatiivisiakin vastauksia annettiin. Tilastollisessa analyysissä faktorianalyysi tuotti viisi maineen ulottuvuutta, joita sidosryhmät käyttävät miettiessään julkisten organisaatioiden mainetta. Nämä maineen ulottuvuudet nimettiin niiden sisällön mukaan seuraavasti: Viranomainen, Luotettu, Palveleva, Arvostettu ja Tehokas. Korkeimmat arvot lähes kaikki mitatut 19 organisaatiota saivat maineen ulottuvuudella Luotettu, kun taas eniten parannettavaa kaikilla osoittautui ulottuvuuksilla Viranomainen ja Tehokas. Faktorianalyysin jälkeen klusterianalyysi erotteli neljä erilaista vastaajaryhmää: ylistäjät, tyytyväiset, neutraalit ja kriitikot. Vastaajat jakautuivat etupäässä tyytyväisiin ja neutraaleihin, joskin ylistäjiä sekä kriitikoita oli melko paljon. Aineistosta tutkittiin myös toimialakohtaisia maineita. Vastausten perusteella kaikilla erityyppisillä julkisilla organisaatioilla on sidosryhmien silmissä korkea luottamus sekä odotus kankeudesta ja byrokraattisuudesta. Toisaalta sidosryhmillä oli puolikaupallisia julkisia organisaatioita kohtaan muita vähemmän tällaisia odotuksia. Taustamuuttujilla ei ollut kovin merkittäviä vaikutuksia ryhmiin tai vastuksiin.

Tulosten mukaan tutkitut toistuvat sidosryhmät osoittautuivat erittäin homogeeniseksi ryhmäksi riippumatta erilaisista organisaatioista. Pääasiassa vastauksien sävy oli etäinen, asiallinen ja neutraali, eikä suuria tunteenpurkauksia juuri osoitettu. Luottamus osoittautui kuitenkin tärkeäksi arvoksi sidosryhmille. Empiria vahvisti teoriakirjallisuuden perusteella asetetut hypoteesit. Sidosryhmät vaikuttivat melko tyytyväisiltä mitattujen julkisten organisaatioiden toimintaan. Lisäksi tavoitemaine ja sidosryhmämaine olivat hyvin lähellä toisiaan. Näin ollen voidaan todeta, että sidosryhmien kokemukset näyttivät legitimoivan tutkitut julkiset organisaatiot.

Analyyseissa paljastui, että sidosryhmien suhtautuminen julkisiin organisaatioihin oli hieman erilaista kuin teoriakirjallisuuden pohjalta saatettiin odottaa. Teoriakirjallisuuden perusteella julkisten organisaatioiden tulisi maineen ja luottamuksen suhteen pyrkiä neutraalille tasolle suhteessa sidosryhmiin. Maineen osalta painotus vahvistui, mutta luottamuksen suhteen se ei vahvistunut. Vastauksista voitiin päätellä, että vaikka maine olikin melko neutraali, sisältyi siihen arvioitua korkeampi luottamus. Sidosryhmien suhde julkisiin organisaatioihin oli luottamuksen osalta selvästi neutraalia korkeampi, eli ehdotettu "ideaalitila". Tulosten mukaan julkisten organisaatioiden ja niiden toistuvien sidosryhmien suhde perustuu neutraalille maineelle, mutta korkealle luottamukselle. Tämä luottamus oli paikoin jopa niin korkea, että sitä saatettiin verrata uskoon, toisin sanoen sidosryhmien lujaan luottamukseen.

4   Johtopäätökset

Sidosryhmä käsitteenä on melko uusi suomalaisille julkisille organisaatioille, mutta se kuvaa hyvin niitä odotuksia, joita julkisiin organisaatioihin kohdistetaan nyky-yhteiskunnassa. Tutkimuskysymyksien kautta tämän tutkimuksen tarkoituksena oli valottaa julkisten organisaatioiden ja niiden toistuvien sidosryhmien välisiä suhteita. Teorian ja empirian mukaan julkisten organisaatioiden sekä niiden toistuvien sidosryhmien välinen suhde koostuu neutraalista maineesta ja korkeasta luottamuksesta. Lisäksi analyyseissä löydettiin viisi maineen ulottuvuutta, joiden katsotaan kuvaavaan maineen arvioinnin alueita sidosryhmien ajatuksissa. Nämä osa-alueet olivat Viranomainen, Luotettu, Palveleva, Arvostettu ja Tehokas. Näistä sidosryhmien vastauksien perusteilla näistä vahvimpia olivat Luotettu ja Arvostettu, kun taas heikoimpia puolestaan Viranomaistoiminnot ja Tehokkuus. Julkisten organisaatioiden ja toistuvien sidosryhmien suhde näyttäisi olevan eettisesti kohdallaan, kun taas käytännöissä ilmeni parantamisen varaa.

Tulosten mukaan toistuvien sidosryhmien mielipiteet legitimoivat tutkimuksessa kartoitetut julkiset organisaatiot. Vaikka onkin tärkeä muistaa, ettei julkishallinnon legitimiteetti ole yksin sidosryhmien mielipiteistä kiinni, on sen olemassaolon tarkoitus kuitenkin sidottu toistuviin sidosryhmiin ja heidän tyytyväisyyteensä. Sidosryhmien osoittama luottamus ja tyytyväisyys vaikuttavat melko pysyviltä, jolloin voidaan kyseenalaistaa julkisten organisaatioiden hallinnossa vallitseva erilaisten lyhytaikaisten johtamistrendien vaihtelun mielekkyys ja tarpeellisuus. Toisaalta trendien seuraaminen itsessään voi tuoda mukanaan isomorfistisia maine-etuja, kun organisaatiot yhdistetään jatkuvaan kehitykseen. Maine-edut saattavat jopa olla merkityksellisempiä kuin trendien mukanaan tuomat organisatoriset muutokset (Weber 1994, Staw & Epstein 2000).

Tutkimuksessa esitettiin myös kysymys toistuvien kontaktien roolista: tulisiko julkisien organisaatioiden sidosryhmiin suhtautua asiakkaina, sidosryhminä vai kansalaisina. Vaikka sidosryhmien ajatteleminen asiakkaina ja kansalaisina tuovatkin esiin tärkeitä odotuksia, ei mikään ehdotetuista termeistä kuvaa täysin osuvasti toistuvia sidosryhmiä, joille on ominaista poikkeavan korkea luottamus. Näitä toistuvia sidosryhmiä, jotka luottavat paljon julkisiin organisaatioihin, voidaan kutsua Luottojoukoiksi (Faith-holders). Luottojoukoilla on sekä useita kontakteja julkisten organisaatioiden kanssa että hyvin korkea luottamus organisaatioita kohtaan, mikä helpottaa vuorovaikutusta ja yhteistyötä. Voidaan siis nähdä, että Luottojoukot ovat julkisten organisaatioiden sosiaalista pääomaa.

Luottojoukkojen löytyminen on ilosanoma julkisille organisaatioille. Suomalaisilla julkisilla organisaatioilla vaikuttaisi olevan ympärillään suuri joukko myönteisesti suhtautuvia, luottavia ja yhteistyöhaluisia sidosryhmiä. Luottojoukot tuovat mukanaan paradigman muutoksen kehittämisestä tukemiseen. Ne kyseenalaistavat myös jatkuvasti julkisten organisaatioiden uusien

johtamistrendien mielekkyyden ja jatkuvan kehittämisen tarpeellisuuden. Kun sidosryhmät ovat myönteisiä, ei tarvita jatkuvasti uusia johtamistrendejä tai organisointimalleja. Luottojoukoille riittää, että julkiset organisaatiot toimivat omalla alallaan yhtä luotettavasti kuin tähänkin asti. Julkisten organisaatioiden tulee kuitenkin huolehtia, että Luottojoukkojen keskuudessa maine säilyy neutraalina, sillä Midaksen kosketuksen tulee säilyä tarpeeksi etäisenä. Kaikki kultaa tuottavan kuninkaan saamat voitot olivat turhia, koska hän itse menehtyi ruoankin muuttuessa kullaksi. Samanlainen neutraali toimintaetäisyys on tarpeen myös Luottojoukkojen ja suomalaisten julkisten organisaatioiden välillä.

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APPENDIXES

Appendix 1   The pilot study thematic director interview frame

What in your opinion are the most important functions of the pilot organisation?

What in your opinion are the best sides of the activity of the pilot organisation?

Which operations require improvement?

What values guide the functions of the pilot organisation? How are they brought into practice?

What would the pilot organisation gain from the measurement of stakeholder opinions?

Does the pilot organisation listen and map stakeholder needs?

What kind of image has the pilot organisation acquired in the public eye?

Does the pilot organisation adapt to stakeholder needs?

Which aspects are most important for the public organisation?

What kind of adjectives would you use to describe the functions of the pilot organisation?

What kind of image is the pilot organisation aiming to create with the public?

What kind of experiences do stakeholders have with the pilot organisation?

What kind of communication do you consider good?

What factors affect customer and stakeholder satisfaction in regard to the pilot organisation and its functions?

How tailored are the customer and stakeholder services?

What are the most important things the stakeholders should know about the pilot organisation?

Which stakeholder group, in your opinion, is the most positive in their opinions of and contact with the pilot organisation? Why?

Which stakeholder group, in your opinion is the most negative in their contacts and opinions toward the pilot organisation? Why?

How is customer / stakeholder satisfaction / dissatisfaction manifested?

Please state in a few words or adjectives what first comes to your mind about the pilot organisation?

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Appendix 2   The pilot study questionnaire

1. Please state with a few words or adjectives what first comes to your mind about *the pilot organisation*.

_____

Next, I would like to ask you to rate the pilot organisation through various statements. Please consider each statement as to how well it describes it. Then circle the number that best represents your opinion.

2.	is not esteemed	1	2	3	4	5		is esteemed
3.	is not an expert in its field	1	2	3	4	5		is an expert in its field
4.	has stiff operations	1	2	3	4	5		has fluent operations
5.	is dishonest	1	2	3	4	5		is honest
6.	is cautious	1	2	3	4	5		is courageous
7.	is unknown	1	2	3	4	5		is well-known
8.	lags behind in its field	1	2	3	4	5		is a trendsetter in its field
9.	is untrustworthy	1	2	3	4	5		is trustworthy
10.	is passive	1	2	3	4	5		is active
11.	has a poor work culture	1	2	3	4	5		has a good work culture
12.	is not internationally oriented	1	2	3	4	5		is internationally oriented
13.	is flexible	1	2	3	4	5		is bureaucratic
14.	is consistent	1	2	3	4	5		is inconsistent
15.	is extrovert	1	2	3	4	5		is introvert
16.	is easy to reach	1	2	3	4	5		is difficult to reach
17.	finds out customer needs	1	2	3	4	5		does not find out customer needs
18.	responds to customer needs	1	2	3	4	5		does not respond to customer needs
19.	gives clear guidelines	1	2	3	4	5		gives unclear guidelines
20.	has friendly service	1	2	3	4	5		has unfriendly service
21.	provides assistance, if needed	1	2	3	4	5		does not provide assistance if needed
22.	clarifies the contact persons	1	2	3	4	5		does not clarify the contact persons
23.	communicates its aims clearly	1	2	3	4	5		communicates its aims unclearly
24.	keeps to schedule	1	2	3	4	5		does not keep to schedule
25.	provokes a negative image	1	2	3	4	5		provokes a positive image
26.	has poor quality in operations	1	2	3	4	5		has high quality in operations
27.	is unethical	1	2	3	4	5		is ethical
28.	is partial	1	2	3	4	5		is impartial
29.	is not an eligible employer	1	2	3	4	5		is an eligible employer
30.	is involved in meaningless research	1	2	3	4	5		is involved in meaningful research
31.	does not promote safety	1	2	3	4	5		promotes safety
32.	is prejudice	1	2	3	4	5		is open-minded
33.	is a declined governmental organisation	1	2	3	4	5		is a progressive governmental organisation
34.	is asleep	1	2	3	4	5		is alert
35.	is a passive communicator	1	2	3	4	5		is an active communicator
36.	is not under constant development	1	2	3	4	5		is under constant development
37.	is not approachable	1	2	3	4	5		is approachable
38.	is inefficient	1	2	3	4	5		is efficient

Please turn!

39. What school grade would you give to the pilot organisation's operations? (scale 4-10) ___

40. What are your most important needs/expectations with regard to the pilot organisation?

_____

_____

_____

Please circle the personal information required for the compilation of statistics (circle the corresponding number).

41. gender	male	1
	female	2

42. age	under 30 years	1
	31-50 years	2
	over 50 years	3

43. I have contact with the pilot organisation	weekly	1
	monthly	2
	annually	3
	less than annually	4

44. position	employee	1
	middle management	2
	top management	3
	expert	4
	entrepreneur	5

45. area, province	South Finland	1
	East Finland	2
	West Finland	3
	Oulu	4
	Lapland	5

Thank you for your valuable assistance!
(please return by 5.12.2001)

The return address: Department of Communication, University of Jyväskylä
Vilma Tarvainen, Researcher, PO Box 35 (ToB), 40014 Jyväskylä

Appendix 3   The pilot study correlations

		Sum of Squares	df	Mean Square	F	Sig.
gender	Between Groups	20,794	126	,165	1,144	,199
	Within Groups	27,991	194	,144		
	Total	48,785	320			
age	Between Groups	48,415	126	,384	1,499	,006
	Within Groups	49,741	194	,256		
	Total	98,156	320			
frequency of contact	Between Groups	125,037	126	,992	1,404	,017
	Within Groups	137,082	194	,707		
	Total	262,118	320			
position	Between Groups	199,298	125	1,594	1,185	,145
	Within Groups	258,350	192	1,346		
	Total	457,648	317			
area, province	Between Groups	178,943	126	1,420	1,047	,383
	Within Groups	263,057	194	1,356		
	Total	442,000	320			

Appendix 4   The main study questionnaire

1. Please state in a few words or adjectives what first comes to your mind about *the main study organisation*.

_____

Next I would like to ask you to rate the main study organisation through various statements. Please consider each statement as to how well it describes it. Then circle the number that best represents your **opinion**.

2. non co-operative	1	2	3	4	5	co-operative
3. not customer oriented	1	2	3	4	5	customer oriented
4. partial	1	2	3	4	5	neutral
5. closed	1	2	3	4	5	open
6. for its own good	1	2	3	4	5	for the common good
7. inefficient	1	2	3	4	5	efficient
8. irresponsible	1	2	3	4	5	responsible
9. unethical	1	2	3	4	5	ethical
10. not under constant development	1	2	3	4	5	under constant development
11. unknown	1	2	3	4	5	well-known
12. not esteemed	1	2	3	4	5	esteemed
13. active	1	2	3	4	5	passive
14. finds out customer needs	1	2	3	4	5	does not find out customer needs
15. states clearly the contact persons	1	2	3	4	5	states unclearly the contact persons
16. high quality	1	2	3	4	5	poor quality
17. accessible	1	2	3	4	5	inaccessible
18. useful	1	2	3	4	5	useless
19. meets expectations	1	2	3	4	5	does not meet expectations
20. acts according to clear principles	1	2	3	4	5	does not act according to clear principles
21. fair	1	2	3	4	5	unfair
22. poor leadership	1	2	3	4	5	good leadership
23. low expertise	1	2	3	4	5	high expertise
24. untrustworthy	1	2	3	4	5	trustworthy
25. reactive	1	2	3	4	5	proactive
26. static	1	2	3	4	5	dynamic
27. bureaucratic	1	2	3	4	5	flexible
28. not internationally esteemed	1	2	3	4	5	internationally esteemed
29. distant	1	2	3	4	5	humane
30. dictatorial	1	2	3	4	5	engaged in conversation
31. insignificant research	1	2	3	4	5	significant research
32. outdated	1	2	3	4	5	modern
33. poorly motivated employees	1	2	3	4	5	highly motivated employees
34. slow	1	2	3	4	5	fast
35. does not keep to schedule	1	2	3	4	5	keeps to schedule
36. communicates its aims unclearly	1	2	3	4	5	communicates its aims clearly
37. poor employer	1	2	3	4	5	good employer
38. fractured	1	2	3	4	5	coherent
39. unable to listen	1	2	3	4	5	able to listen
40. lags behind in its field	1	2	3	4	5	a trend-setter in its field
41. part of the ministry's entity	1	2	3	4	5	independent

42. What school grade would you give to the main study organisation's operations? (scale 4-10)? ____

Next you are given a chance to freely write about the case organisation:

43. What experiences do you have of dealing with *the case organisation*?

_____
_____
_____

44. What expectations do you have about future dealing with *the case organisation*?

_____
_____
_____

45. What kind of image has *the case organisation* acquired in the public eye?

_____
_____
_____

Please circle the personal information required for the compilation of statistics (circle the corresponding number).

| 46. gender | male | 1 |
| | female | 2 |

47. age	30 years or under	1
	31–50 years	2
	over 50 years	3

48. I have contact with *the case organisation*	weekly	1
	monthly	2
	annually	3
	less than annually	4

49. position	employee	1
	middle management	2
	top management	3
	expert	4
	entrepreneur	5

50. area, province	South Finland	1
	East Finland	2
	West Finland	3
	Oulu	4
	Lapland	5

Thank you for your valuable assistance!

(please return by 21.3.2003)
The return address:
Vilma Luoma-aho, Researcher
Department of Communication
PO Box 35 (ToB), 40014 University of Jyväskylä

Appendix 5   The main study correlations

Correlations Spearman's rho	School grade Corr. Coef.	Sig. (2-tailed)	gender Corr. Coef.	Sig. (2-tailed)	age Corr. Coef.	Sig. (2-tailed)	frequency of contact Corr. Coef.	Sig. (2-tailed)	position Corr. Coef.	Sig. (2-tailed)	area / province Corr. Coef.	Sig. (2-tailed)
non co-operative – co-operative	0,582	0,000	0,009	0,755	0,023	0,409	-0,044	0,110	-0,022	0,413	0,008	0,760
not customer-oriented – customer-oriented	0,503	0,000	0,048	0,083	-0,042	0,125	-0,067	0,014	-0,107	0,000	-0,044	0,109
partial – neutral	0,419	0,000	-0,024	0,376	-0,030	0,279	0,050	0,070	-0,033	0,234	0,054	0,050
closed – open	0,510	0,000	-0,016	0,565	0,045	0,099	-0,031	0,260	-0,039	0,156	0,008	0,765
for its own good – for the common good	0,429	0,000	0,004	0,884	-0,024	0,381	0,025	0,372	-0,041	0,137	0,033	0,223
inefficient – efficient	0,571	0,000	0,023	0,400	0,052	0,059	-0,028	0,311	-0,087	0,001	0,015	0,575
irresponsible – responsible	0,505	0,000	-0,022	0,428	-0,038	0,167	-0,062	0,024	-0,080	0,004	-0,021	0,447
unethical – ethical	0,439	0,000	0,007	0,792	0,027	0,329	0,021	0,454	-0,042	0,130	-0,017	0,527
not under constant development – under constant development	0,530	0,000	0,019	0,498	0,037	0,184	-0,039	0,154	-0,061	0,027	0,013	0,626
unknown – well known	0,362	0,000	-0,011	0,689	0,047	0,089	-0,113	0,000	-0,035	0,208	0,031	0,261
not esteemed – esteemed	0,569	0,000	0,009	0,740	0,026	0,349	-0,018	0,522	-0,046	0,091	0,063	0,022
passive – active	0,413	0,000	0,014	0,621	0,031	0,252	-0,042	0,129	-0,046	0,097	0,012	0,656
does not find out customer needs – finds out customer needs	0,419	0,000	0,024	0,379	-0,032	0,246	-0,093	0,001	-0,042	0,131	0,016	0,557

states the contact persons unclearly – states the contact persons clearly	0,344	0,000	0,065	0,019	-0,036	0,191	-0,056	0,040	-0,047	0,086	0,045	0,100
poor quality – high quality	0,570	0,000	0,001	0,959	-0,024	0,391	-0,070	0,011	-0,061	0,027	0,008	0,761
inaccessible – accessible	0,442	0,000	-0,022	0,429	-0,059	0,032	-0,025	0,360	-0,052	0,058	0,046	0,093
useless – useful	0,449	0,000	0,055	0,045	-0,022	0,424	-0,016	0,569	-0,025	0,367	0,030	0,277
does not meet expectations – meets expectations	0,588	0,000	-0,022	0,422	-0,012	0,654	-0,059	0,032	-0,057	0,038	0,007	0,802
does not act according to clear principles – acts according to clear principles	0,493	0,000	0,017	0,543	-0,035	0,197	-0,027	0,329	-0,064	0,020	0,068	0,013
unfair – fair	0,481	0,000	-0,048	0,081	-0,033	0,236	-0,007	0,790	-0,032	0,244	0,060	0,030
poor leadership – good leadership	0,577	0,000	-0,104	0,000	0,079	0,004	0,036	0,188	-0,030	0,280	0,023	0,406
low expertise – high expertise	0,520	0,000	0,012	0,657	0,010	0,723	-0,061	0,025	-0,041	0,139	0,008	0,765
untrustworthy – trustworthy	0,532	0,000	-0,016	0,558	-0,037	0,177	-0,030	0,273	-0,071	0,010	0,056	0,043
reactive – proactive	0,542	0,000	0,018	0,503	0,049	0,072	-0,014	0,610	-0,063	0,021	0,023	0,410
static – dynamic	0,574	0,000	-0,004	0,890	0,123	0,000	0,016	0,562	-0,028	0,303	0,041	0,135
bureaucratic – flexible	0,543	0,000	-0,010	0,716	0,137	0,000	0,055	0,044	0,000	0,991	-0,013	0,638
not internationally esteemed – internationally esteemed	0,464	0,000	0,021	0,451	0,099	0,000	-0,092	0,001	-0,029	0,297	-0,003	0,923
distant – humane	0,511	0,000	-0,029	0,295	0,053	0,053	-0,078	0,004	-0,066	0,017	-0,021	0,442
dictatorial – engaged in conversation	0,481	0,000	-0,073	0,008	0,110	0,000	0,004	0,880	-0,022	0,422	-0,060	0,029

insignificant research – significant research	0,437	0,000	0,072	0,009	0,023	0,407	0,032	0,252	-0,039	0,156	0,017	0,542
outdated – modern	0,614	0,000	-0,051	0,062	0,098	0,000	-0,026	0,352	-0,020	0,461	-0,007	0,810
poorly motivated employees – highly motivated employees	0,533	0,000	0,000	0,994	0,080	0,004	-0,112	0,000	-0,033	0,224	-0,035	0,206
slow – fast	0,553	0,000	0,022	0,415	0,043	0,120	-0,026	0,350	-0,055	0,046	0,014	0,602
does not keep to schedule – keeps to schedule	0,480	0,000	0,031	0,267	0,001	0,974	-0,008	0,775	-0,054	0,050	0,037	0,181
communicates its aims unclearly – communicates its aims clearly	0,507	0,000	0,031	0,261	0,019	0,483	-0,002	0,949	-0,011	0,685	0,012	0,653
poor employer – good employer	0,457	0,000	0,041	0,133	0,082	0,003	-0,068	0,013	-0,038	0,173	0,050	0,069
fractured – coherent	0,447	0,000	-0,006	0,823	0,013	0,634	0,094	0,001	-0,060	0,030	0,101	0,000
unable to listen – able to listen	0,532	0,000	-0,047	0,087	0,012	0,661	0,008	0,760	-0,009	0,750	-0,008	0,759
lags behind in its field – a trend-setter in its field	0,611	0,000	-0,022	0,432	0,061	0,027	-0,046	0,092	-0,096	0,000	0,037	0,177

			poor leadership – good leadership					Total
			poor leadership	quite poor leadership	cannot say	quite good leadership	good leadership	
gender	male	Count	19	52	248	367	87	773
		%within gender	2,5%	6,7%	32,1%	47,5%	11,3%	100,0%
	female	Count	14	52	231	193	60	550
		%within gender	2,5%	9,5%	42,0%	35,1%	10,9%	100,0%
Total		Count	33	104	479	560	147	1323
		%within gender	2,5%	7,9%	36,2%	42,3%	11,1%	100,0%

			static - dynamic					Total
			static	quite static	cannot say	quite dynamic	dynamic	
age	30 years or under	Count	1	9	18	12	3	43
		% within age	2,3%	20,9%	41,9%	27,9%	7,0%	100,0%
	31-50 years	Count	25	96	260	155	30	566
		% within age	4,4%	17,0%	45,9%	27,4%	5,3%	100,0%
	over 50 years	Count	18	87	292	279	42	717
		% within age	2,5%	12,1%	40,7%	38,9%	5,9%	100,0%
Total		Count	44	192	570	446	75	1327
		% within age	3,3%	14,5%	43,0%	33,6%	5,7%	100,0%

			bureaucratic - flexible					Total
			bureaucratic	quite bureaucratic	cannot say	quite flexible	flexible	
age	30 years or under	Count	4	20	10	6	3	43
		% within age	9,3%	46,5%	23,3%	14,0%	7,0%	100,0%
	31-50 years	Count	64	154	199	130	20	567
		% within age	11,3%	27,2%	35,1%	22,9%	3,5%	100,0%
	over 50 years	Count	37	162	273	218	28	717
		% within age	5,2%	22,6%	38,1%	30,4%	3,9%	100,0%
Total		Count	105	336	482	354	51	1328
		% within age	7,9%	25,3%	36,3%	26,7%	3,8%	100,0%

			not internationally esteemed – internationally esteemed					Total
			not internationally esteemed	quite not internationally esteemed	cannot say	quite internationally esteemed	internationally esteemed	
age	30 years or under	Count	2	5	19	13	4	43
		% within age	4,7%	11,6%	44,2%	30,2%	9,3%	100,0%
	31-50 years	Count	7	37	246	179	95	564
		% within age	1,2%	6,6%	43,6%	31,7%	16,8%	100,0%
	over 50 years	Count	9	46	246	256	154	710
		% within age	1,3%	6,5%	34,6%	36,1%	21,7%	100,0%
Total		Count	18	88	511	449	252	1318
		% within age	1,4%	6,7%	38,8%	34,1%	19,1%	100,0%

			dictatorial – engaged in conversation					Total
			dictatorial	quite dictatorial	cannot say	quite engaged in conversation	engaged in conversation	
age	30 years or under	Count	2	14	13	13	1	43
		% within age	4,7%	32,6%	30,2%	30,2%	2,3%	100,0%
	31-50 years	Count	37	122	210	165	33	567
		% within age	6,5%	21,5%	37,0%	29,1%	5,8%	100,0%
	over 50 years	Count	26	117	265	263	47	717
		% within age	3,6%	16,3%	37,0%	36,7%	6,6%	100,0%
Total		Count	65	253	488	442	80	1328
		% within age	4,9%	19,1%	36,7%	33,3%	6,0%	100,0%

			outdated – modern					Total
			outdated	quite outdated	cannot say	quite modern	modern	
age	30 years or under	Count	2	7	18	15	1	43
		% within age	4,7%	16,3%	41,9%	34,9%	2,3%	100,0%
	31-50 years	Count	28	107	201	196	33	565
		% within age	5,0%	18,9%	35,6%	34,7%	5,8%	100,0%
	over 50 years	Count	17	106	248	295	53	718
		% within age	2,4%	14,8%	34,5%	41,0%	7,4%	100,0%
Total		Count	47	220	467	506	87	1327
		% within age	3,5%	16,6%	35,2%	38,1%	6,6%	100,0%

			unknown – well-known					Total
I have contact with the case organisation			unknown	quite unknown	cannot say	quite well-known	well-known	
	weekly	Count	8	42	95	141	162	448
		% within I have contact with the case organisation	1,8%	9,4%	21,2%	31,5%	36,2%	100,0%
	monthly	Count	5	35	83	161	182	466
		% within I have contact with the case organisation	1,1%	7,5%	17,8%	34,5%	39,1%	100,0%
	annually	Count	6	42	83	109	87	327
		% within I have contact with the case organisation	1,8%	12,8%	25,4%	33,3%	26,6%	100,0%
	less than annually	Count	5	17	23	22	16	83
		% within I have contact with the case organisation	6,0%	20,5%	27,7%	26,5%	19,3%	100,0%
Total		Count	24	136	284	433	447	1324
		% within I have contact with the case organisation	1,8%	10,3%	21,5%	32,7%	33,8%	100,0%

			poorly motivated employees – highly motivated employees					Total
I have contact with the case organisation			poorly motivated employees	quite poorly motivated employees	cannot say	quite highly motivated employees	highly motivated employees	
	weekly	Count	9	31	112	229	68	449
		% within I have contact	2,0%	6,9%	24,9%	51,0%	15,1%	100,0%
	monthly	Count	2	26	146	224	63	461
		% within I have contact	,4%	5,6%	31,7%	48,6%	13,7%	100,0%
	annually	Count	5	19	125	147	30	326
		% within I have contact	1,5%	5,8%	38,3%	45,1%	9,2%	100,0%
	less than annually	Count		4	44	29	6	83
		% within I have contact		4,8%	53,0%	34,9%	7,2%	100,0%
Total		Count	16	80	427	629	167	1319
		% within I have contact	1,2%	6,1%	32,4%	47,7%	12,7%	100,0%

			does not find out customer needs – finds out customer needs					Total
position			not customer-oriented	quite not customer-oriented	cannot say	quite customer-oriented	customer-oriented	
	employee	Count	3	27	72	106	38	246
		% within assignment	1,2%	11,0%	29,3%	43,1%	15,4%	100,0%
	middle management	Count	2	29	65	92	21	209
		% within assignment	1,0%	13,9%	31,1%	44,0%	10,0%	100,0%
	top management	Count	9	70	161	162	33	435
		% within assignment	2,1%	16,1%	37,0%	37,2%	7,6%	100,0%
	expert	Count	8	66	145	139	37	395
		% within assignment	2,0%	16,7%	36,7%	35,2%	9,4%	100,0%
	entrepreneur	Count	1	6	14	13	3	37
		% within assignment	2,7%	16,2%	37,8%	35,1%	8,1%	100,0%
Total		Count	23	198	457	512	132	1322
		% within assignment	1,7%	15,0%	34,6%	38,7%	10,0%	100,0%

			lags behind in its field – a trend-setter in its field					
			lags behind in its field	quite lags behind in its field	cannot say	quite a trend-setter in its field	a trend-setter in its field	Total
position	employee	Count	4	7	75	104	55	245
		% within assignment	1,60 %	2,90 %	30,60 %	42,40 %	22,40 %	100,00 %
	middle management	Count	5	11	57	99	38	210
		% within assignment	2,40 %	5,20 %	27,10 %	47,10 %	18,10 %	100,00 %
	top management	Count	4	30	136	192	70	432
		% within assignment	0,90 %	6,90 %	31,50 %	44,40 %	16,20 %	100,00 %
	expert	expert	8	24	133	185	46	396
		% within assignment	2,00 %	6,10 %	33,60 %	46,70 %	11,60 %	100,00 %
	entrepreneur	Count		5	13	14	4	36
		% within assignment		13,90 %	36,10 %	38,90 %	11,10 %	100,00 %
Total		Count	21	77	414	594	213	1319
		% within assignment	1,60 %	5,80 %	31,40 %	45,00 %	16,10 %	100,00 %

area, province		fractured - coherent					Total
		fractured	quite fractured	cannot say	quite coherent	coherent	
South Finland	Count	50	194	402	278	36	960
	% within area, province	5,2%	20,2%	41,9%	29,0%	3,8%	100,0%
East Finland	Count	3	8	46	25	3	85
	% within area, province	3,5%	9,4%	54,1%	29,4%	3,5%	100,0%
West Finland	Count	6	37	83	68	14	208
	% within area, province	2,9%	17,8%	39,9%	32,7%	6,7%	100,0%
Oulu area	Count		8	16	21	2	47
	% within area, province		17,0%	34,0%	44,7%	4,3%	100,0%
Lapland	Count	1	1	5	8	4	19
	% within area, province	5,3%	5,3%	26,3%	42,1%	21,1%	100,0%
Total	Count	60	248	552	400	59	1319
	% within area, province	4,5%	18,8%	41,8%	30,3%	4,5%	100,0%

Appendix 6   Oneway ANOVA analysis of different organisation types and the school grades given in the main study.

	The type / sector of organisation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
Multiple Comparisons Sheffe was chosen to report the comparisons of the school grade given to the different types of organisations.						
					Lower Bound	Upper Bound
research	authority	,28268(*)	,06517	,000	,1003	,4651
	legislative	,58040(*)	,09950	,000	,3019	,8589
	semi-commercial	-,12174	,08099	,521	-,3484	,1050
authority	research	-,28268(*)	,06517	,000	-,4651	-,1003
	legislative	,29772(*)	,09467	,020	,0327	,5627
	semi-commercial	-,40442(*)	,07497	,000	-,6143	-,1946
legislative	research	-,58040(*)	,09950	,000	-,8589	-,3019
	authority	-,29772(*)	,09467	,020	-,5627	-,0327
	semi-commercial	-,70214(*)	,10618	,000	-,9994	-,4049
semi-commercial	research	,12174	,08099	,521	-,1050	,3484
	authority	,40442(*)	,07497	,000	,1946	,6143
	legislative	,70214(*)	,10618	,000	,4049	,9994

* The mean difference is significant at the .05 level.

Appendix 7 **Oneway ANOVA analysis of different organisation types and the reputational factors of the main study.**

Multiple Comparisons							
Scheffe as equal variance was achieved on factors 1,3,4 &5. For factor 2, Esteem equal variance did not occur so Tamhane's T2 was chosen yet yielded same results and so Sheffe was sufficient to report the comparisons.							
1= Research organisations 2 = Authority organisations 3 = Legislative organisations 4 = Semi-commercial organisations			Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
Dependent Variable	(I) Function	(J) function				Lower Bound	Upper Bound
Factor: Authority	1.00	2.00	,2658(*)	0,04408	0,000	0,1425	0,3892
		3.00	,3384(*)	0,06729	0,000	0,1501	0,5268
		4.00	-0,0837	0,05519	0,513	-0,2381	0,0708
	2.00	1.00	-,2658(*)	0,04408	0,000	-0,3892	-0,1425
		3.00	0,0726	0,06403	0,733	-0,1066	0,2518
		4.00	-,3495(*)	0,05116	0,000	-0,4927	-0,2063
	3.00	1.00	-,3384(*)	0,06729	0,000	-0,5268	-0,1501
		2.00	-0,0726	0,06403	0,733	-0,2518	0,1066
		4.00	-,4221(*)	0,07213	0,000	-0,624	-0,2202
	4.00	1.00	0,0837	0,05519	0,513	-0,0708	0,2381
		2.00	,3495(*)	0,05116	0,000	0,2063	0,4927
		3.00	,4221(*)	0,07213	0,000	0,2202	0,624
Factor: Esteem	1.00	2.00	,4847(*)	0,03882	0,000	0,3761	0,5934
		3.00	,4706(*)	0,05926	0,000	0,3047	0,6365
		4.00	0,0473	0,0486	0,814	-0,0888	0,1833
	2.00	1.00	-,4847(*)	0,03882	0,000	-0,5934	-0,3761
		3.00	-0,0142	0,05639	0,996	-0,172	0,1437
		4.00	-,4375(*)	0,04506	0,000	-0,5636	-0,3114
	3.00	1.00	-,4706(*)	0,05926	0,000	-0,6365	-0,3047
		2.00	0,0142	0,05639	0,996	-0,1437	0,172
		4.00	-,4233(*)	0,06352	0,000	-0,6011	-0,2455
	4.00	1.00	-0,0473	0,0486	0,814	-0,1833	0,0888
		2.00	,4375(*)	0,04506	0,000	0,3114	0,5636
		3.00	,4233(*)	0,06352	0,000	0,2455	0,6011
Factor: Trust	1.00	2.00	0,0826	0,04188	0,274	-0,0346	0,1998
		3.00	,3059(*)	0,06394	0,000	0,127	0,4849
		4.00	0,1401	0,05244	0,068	-0,0067	0,2869
	2.00	1.00	-0,0826	0,04188	0,274	-0,1998	0,0346
		3.00	,2233(*)	0,06084	0,004	0,053	0,3936
		4.00	0,0575	0,04861	0,706	-0,0786	0,1936
	3.00	1.00	-,3059(*)	0,06394	0,000	-0,4849	-0,127
		2.00	-,2233(*)	0,06084	0,004	-0,3936	-0,053
		4.00	-0,1658	0,06854	0,119	-0,3577	0,026
	4.00	1.00	-0,1401	0,05244	0,068	-0,2869	0,0067
		2.00	-0,0575	0,04861	0,706	-0,1936	0,0786
		3.00	0,1658	0,06854	0,119	-0,026	0,3577
							Continues

Continued							
Factor: Service	1.00	2.00	0,1045	0,04161	0,098	-0,0119	0,221
		3.00	,2688(*)	0,06353	0,000	0,091	0,4466
		4.00	-,2283(*)	0,0521	0,000	-0,3741	-0,0824
	2.00	1.00	-0,1045	0,04161	0,098	-0,221	0,0119
		3.00	0,1642	0,06045	0,061	-0,005	0,3335
		4.00	-,3328(*)	0,0483	0,000	-0,468	-0,1976
	3.00	1.00	-,2688(*)	0,06353	0,000	-0,4466	-0,091
		2.00	-0,1642	0,06045	0,061	-0,3335	0,005
		4.00	-,4971(*)	0,0681	0,000	-0,6877	-0,3064
	4.00	1.00	,2283(*)	0,0521	0,000	0,0824	0,3741
		2.00	,3328(*)	0,0483	0,000	0,1976	0,468
		3.00	,4971(*)	0,0681	0,000	0,3064	0,6877
Factor: Competence	1.00	2.00	0,0681	0,04218	0,456	-0,0499	0,1862
		3.00	,3191(*)	0,0644	0,000	0,1388	0,4993
		4.00	-,3274(*)	0,05282	0,000	-0,4752	-0,1795
	2.00	1.00	-0,0681	0,04218	0,456	-0,1862	0,0499
		3.00	,2509(*)	0,06128	0,001	0,0794	0,4225
		4.00	-,3955(*)	0,04896	0,000	-0,5325	-0,2584
	3.00	1.00	-,3191(*)	0,0644	0,000	-0,4993	-0,1388
		2.00	-,2509(*)	0,06128	0,001	-0,4225	-0,0794
		4.00	-,6464(*)	0,06903	0,000	-0,8397	-0,4532
	4.00	1.00	,3274(*)	0,05282	0,000	0,1795	0,4752
		2.00	,3955(*)	0,04896	0,000	0,2584	0,5325
		3.00	,6464(*)	0,06903	0,000	0,4532	0,8397
* The mean difference is significant at the .05 level.							

Appendix 8   The post study questionnaire

1. Please state in a few words or adjectives what first comes to your mind about *the post study organisation*.

_____

Next I would like to ask you to rate the post study organisation through various statements. Please consider each statement as to how well it describes the post study organisation. Circle then the number that best describes your opinion.

2. non co-operative	1	2	3	4	5	co-operative
3. not customer oriented	1	2	3	4	5	customer oriented
4. closed	1	2	3	4	5	open
5. static	1	2	3	4	5	dynamic
6. bureaucratic	1	2	3	4	5	flexible
7. distant	1	2	3	4	5	humane
8. dictating	1	2	3	4	5	engaged in conversation
9. outdated	1	2	3	4	5	modern
10. unable to listen	1	2	3	4	5	able to listen
11. not under constant development	1	2	3	4	5	under constant development
12. unknown	1	2	3	4	5	well-known
13. not esteemed	1	2	3	4	5	esteemed
14. reactive	1	2	3	4	5	proactive
15. poorly motivated employees	1	2	3	4	5	highly motivated employees
16. poor employer	1	2	3	4	5	good employer
17. lags behind in its field	1	2	3	4	5	a trend-setter in its field
18. partial	1	2	3	4	5	neutral
19. for its own good	1	2	3	4	5	for the common good
20. irresponsible	1	2	3	4	5	responsible
21. unethical	1	2	3	4	5	ethical
22. unfair	1	2	3	4	5	fair
23. low expertise	1	2	3	4	5	high expertise
24. untrustworthy	1	2	3	4	5	trustworthy
25. passive	1	2	3	4	5	active
26. does not find out customer needs	1	2	3	4	5	finds out customer needs
27. states unclearly the contact persons	1	2	3	4	5	states clearly the contact persons
28. poor quality	1	2	3	4	5	high quality
29. inaccessible	1	2	3	4	5	accessible
30. useless	1	2	3	4	5	useful
31. does not meet expectations	1	2	3	4	5	meets expectations
32. does not act according to clear principles	1	2	3	4	5	acts according to clear principles
33. inefficient	1	2	3	4	5	efficient
34. poor leadership	1	2	3	4	5	good leadership
35. slow	1	2	3	4	5	fast
36. does not keep the agreed schedule	1	2	3	4	5	keeps the agreed schedule
37. communicates its aims unclearly	1	2	3	4	5	communicates its aims clearly
38. fractured	1	2	3	4	5	coherent

39. What school grade would you give to the post study organisation's operations? (scale 4-10)? ____

Next you are given a chance to freely write about the post study organisation:

40. What experiences do you have of dealing with *the post study organisation?*

_____

_____

_____

41. What expectations do you have of future dealing with *the post study organisation?*

_____

_____

_____

42. What kind of image has the *post study organisation* acquired in the public eye?

_____

_____

_____

Please circle the personal information required for the compilation of statistics (circle the corresponding number).

46. gender	male	1
	female	2
47. age	30 years or under	1
	31-50 years	2
	over 50 years	3

48. I have contact with *the post study organisation*	weekly	1
	monthly	2
	annually	3
	less than annually	4

49. position	employee	1
	middle management	2
	top management	3
	expert	4
	entrepreneur	5

Thank you for your valuable assistance!

(please return by 18.6.2004)
The return address: Vilma Luoma-aho,
Researcher, Department of Communication,
PO Box 35 (ToB), 40014 University of Jyväskylä

Appendix 9   The post study correlations

Nonparametric Correlations		school grade	gender	age	frequency of contact	position
non co-operative – co-operative	Correlation Coefficient	,636(**)	-0,044	0,005	-0,056	0,073
	Sig. (2-tailed)	0	0,309	0,909	0,194	0,085
not customer-oriented – customer-oriented	Correlation Coefficient	,555(**)	0,059	0	0,049	0,043
	Sig. (2-tailed)	0	0,167	0,996	0,257	0,319
closed – open	Correlation Coefficient	,575(**)	-0,006	0,06	-0,045	0,023
	Sig. (2-tailed)	0	0,891	0,158	0,289	0,587
static – dynamic	Correlation Coefficient	,572(**)	-0,045	,100(*)	-0,006	0,029
	Sig. (2-tailed)	0	0,294	0,02	0,892	0,496
bureaucratic – flexible	Correlation Coefficient	,529(**)	-0,056	,134(**)	0,02	0,063
	Sig. (2-tailed)	0	0,191	0,002	0,644	0,143
distant – humane	Correlation Coefficient	,517(**)	0,003	,113(**)	-0,034	,099(*)
	Sig. (2-tailed)	0	0,944	0,008	0,425	0,021
dictatorial – engaged in conversation	Correlation Coefficient	,452(**)	-0,006	0,063	0,008	0,064
	Sig. (2-tailed)	0	0,888	0,14	0,854	0,137
outdated – modern	Correlation Coefficient	,614(**)	-0,026	,109(*)	-0,002	0,044
	Sig. (2-tailed)	0	0,546	0,011	0,962	0,301
unable to listen – able to listen	Correlation Coefficient	,565(**)	-0,057	,087(*)	-0,059	0,042
	Sig. (2-tailed)	0	0,183	0,043	0,168	0,329
not under constant development – under constant development	Correlation Coefficient	,541(**)	0,031	0,03	-0,027	0,058
	Sig. (2-tailed)	0	0,471	0,485	0,528	0,178
unknown – well-known	Correlation Coefficient	,421(**)	-0,027	0,057	0,004	0,013
	Sig. (2-tailed)	0	0,522	0,186	0,932	0,766
not esteemed – esteemed	Correlation Coefficient	,591(**)	-0,004	0,031	-0,056	0,041
	Sig. (2-tailed)	0	0,93	0,467	0,195	0,332

	tailed)					
reactive – proactive	Correlation Coefficient	,521(**)	-0,025	0,071	-,090(*)	0,034
	Sig. (2-tailed)	0	0,558	0,099	0,036	0,429
not internationally esteemed – internationally esteemed	Correlation Coefficient	,533(**)	-0,023	0,03	0,066	0,028
	Sig. (2-tailed)	0	0,584	0,482	0,123	0,52
poor employer – good employer	Correlation Coefficient	,341(**)	-0,058	,180(**)	-,113(**)	-,123(**)
	Sig. (2-tailed)	0	0,179	0	0,009	0,004
lags behind in its field – a trend-setter in its field	Correlation Coefficient	,575(**)	-0,047	0,069	-,096(*)	0,03
	Sig. (2-tailed)	0	0,276	0,109	0,026	0,482
partial – neutral	Correlation Coefficient	,431(**)	-0,017	-0,02	-,102(*)	0,004
	Sig. (2-tailed)	0	0,696	0,633	0,017	0,934
for its own good – for the common good	Correlation Coefficient	,476(**)	-0,074	-0,009	-0,081	0,032
	Sig. (2-tailed)	0	0,082	0,83	0,058	0,457
irresponsible – responsible	Correlation Coefficient	,559(**)	0,002	-0,043	-,092(*)	0,026
	Sig. (2-tailed)	0	0,966	0,312	0,032	0,547
unethical – ethical	Correlation Coefficient	,440(**)	-0,012	-0,014	-0,018	0,056
	Sig. (2-tailed)	0	0,787	0,742	0,675	0,191
unfair – fair	Correlation Coefficient	,517(**)	-0,064	0,015	-,153(**)	0,043
	Sig. (2-tailed)	0	0,136	0,733	0	0,32
low expertise – high expertise	Correlation Coefficient	,524(**)	-0,036	-0,03	-,121(**)	0,024
	Sig. (2-tailed)	0	0,405	0,485	0,005	0,575
untrustworthy – trustworthy	Correlation Coefficient	,556(**)	-0,01	-0,031	-0,07	0,033
	Sig. (2-tailed)	0	0,813	0,47	0,1	0,439
passive – active	Correlation Coefficient	,617(**)	0,047	0,029	-0,079	0,068
	Sig. (2-tailed)	0	0,274	0,499	0,064	0,112
does not find out customer needs – finds out	Correlation Coefficient	,548(**)	0,006	0,059	-0,028	0,021

customer needs	Sig. (2-tailed)	0	0,886	0,17	0,514	0,62
states the contact persons unclearly – states the contact persons clearly	Correlation Coefficient	,549(**)	0,049	-0,028	-,101(*)	0,017
	Sig. (2-tailed)	0	0,249	0,516	0,019	0,695
poor quality – high quality	Correlation Coefficient	,623(**)	-0,013	0,022	-0,048	0,056
	Sig. (2-tailed)	0	0,769	0,6	0,261	0,193
inaccessible – accessible	Correlation Coefficient	,459(**)	-,112(**)	0,037	-0,066	,114(**)
	Sig. (2-tailed)	0	0,009	0,388	0,121	0,007
useless – useful	Correlation Coefficient	,463(**)	-0,028	-0,021	-0,071	0,025
	Sig. (2-tailed)	0	0,519	0,623	0,098	0,554
does not meet expectations – meets expectations	Correlation Coefficient	,637(**)	-0,027	0,014	-0,013	0,054
	Sig. (2-tailed)	0	0,535	0,742	0,754	0,206
does not act according to clear principles – acts according to clear principles	Correlation Coefficient	,567(**)	-0,006	0,038	-0,034	0,064
	Sig. (2-tailed)	0	0,882	0,38	0,424	0,137
inefficient – efficient	Correlation Coefficient	,645(**)	-0,004	0,028	-0,004	,117(**)
	Sig. (2-tailed)	0	0,924	0,512	0,919	0,006
poor leadership – good leadership	Correlation Coefficient	,577(**)	-,098(*)	0,064	0,053	,121(**)
	Sig. (2-tailed)	0	0,023	0,137	0,216	0,005
slow – fast	Correlation Coefficient	,628(**)	-,089(*)	0,042	-0,023	,094(*)
	Sig. (2-tailed)	0	0,038	0,323	0,596	0,028
does not keep to schedule – keeps to schedule	Correlation Coefficient	,524(**)	-0,05	0,008	-0,063	0,056
	Sig. (2-tailed)	0	0,24	0,86	0,142	0,191
communicates its aims unclearly – communicates its aims clearly	Correlation Coefficient	,503(**)	0,014	0,012	0,011	0,02
	Sig. (2-tailed)	0	0,741	0,78	0,802	0,641
fractured – coherent	Correlation Coefficient	,518(**)	-0,079	0,013	0,012	0,018
	Sig. (2-tailed)	0	0,065	0,762	0,776	0,683

	inaccessible – accessible					
	inaccessible	quite inaccessible	cannot say	quite accessible	accessible	Total
	1,4 %	6,7 %	26,4 %	52,5 %	13,1 %	100,0 %
male	5	24	95	189	47	360
female	2	23	62	81	20	188
	1,1 %	12,2 %	33,0 %	43,1 %	10,6 %	100,0 %

		bureaucratic – flexible					
		bureaucratic	quite bureaucratic	cannot say	quite flexible	flexible	Total
		33,3 %	33,3 %	0,0 %	0,0 %	33,3 %	100 %
age	30 years or under	1	1			1	3
		7,1 %	19,8 %	43,4 %	25,0 %	4,7 %	100 %
	31-50 years	15	42	92	53	10	212
		3,6 %	14,5 %	41,9 %	31,6 %	8,4 %	100 %
	over 50 years	12	48	139	105	28	332

		distant – humane					
		distant	quite distant	cannot say	quite humane	humane	Total
		33,3 %	0,0 %	66,7 %	0,0 %	0,0 %	100 %
age	30 years or under	1		2			3
		2,8 %	23,9 %	38,5 %	29,6 %	5,2 %	100 %
	31-50 years	6	51	82	63	11	213
		2,7 %	13,3 %	43,3 %	32,4 %	8,2 %	100 %
	over 50 years	9	44	143	107	27	330
Total		16	95	227	170	38	546

		poor employer – good employer					
		poor employer	quite poor employer	cannot say	quite good employer	good employer	Total
		0,0 %	0,0 %	66,7 %	33,3 %	0,0 %	100 %
age	30 years or under			2	1		3
		1,9 %	17,6 %	61,0 %	14,8 %	4,8 %	100 %
	31-50 years	4	37	128	31	10	210
		0,6 %	10,0 %	53,9 %	29,6 %	5,9 %	100 %
	over 50 years	2	32	173	95	19	321
Total		6	69	303	127	29	534

		poor employer – good employer					Total
		poor employer	quite poor employer	cannot say	quite good employer	good employer	Total
		1,9 %	9,5 %	41,0 %	38,1 %	9,5 %	100 %
frequency of contact	weekly	2	10	43	40	10	105
		1,0 %	14,1 %	59,7 %	20,9 %	4,2 %	100 %
	monthly	2	27	114	40	8	191
		1,0 %	12,9 %	62,7 %	19,4 %	4,0 %	100 %
	annually	2	26	126	39	8	201
		0,0 %	16,7 %	50,0 %	25,0 %	8,3 %	100 %
	less than annually		6	18	9	3	36
Total		6	69	301	128	29	533

		unfair – fair					Total
		unfair	quite unfair	cannot say	quite fair	fair	Total
		2,9 %	4,8 %	14,3 %	36,2 %	41,9 %	100 %
frequency of contact	weekly	3	5	15	38	44	105
		1,0 %	4,0 %	17,5 %	48,5 %	29,0 %	100 %
	monthly	2	8	35	97	58	200
		1,5 %	4,9 %	23,2 %	48,3 %	22,2 %	100 %
	annually	3	10	47	98	45	203
		2,7 %	5,4 %	24,3 %	54,1 %	13,5 %	100 %
	less than annually	1	2	9	20	5	37
Total		9	25	106	253	152	545

		low expertise – high expertise					Total
		low expertise	quite low expertise	cannot say	quite high expertise	high expertise	Total
		1,0 %	1,0 %	15,4 %	38,5 %	44,2 %	100 %
frequency of contact	weekly	1	1	16	40	46	104
		0,5 %	4,0 %	11,9 %	53,7 %	29,9 %	100 %
	monthly	1	8	24	108	60	201
		0,5 %	2,5 %	20,1 %	53,4 %	23,5 %	100 %
	annually	1	5	41	109	48	204
		0,0 %	2,7 %	10,8 %	59,5 %	27,0 %	100 %
	less than annually		1	4	22	10	37
Total		3	15	85	279	164	546

		poor employer – good employer					Total
		poor employer	quite poor employer	cannot say	quite good employer	good employer	
		0,0 %	8,5 %	53,2 %	32,6 %	5,7 %	100 %
position	employee		12	75	46	8	141
		1,0 %	12,0 %	66,0 %	20,0 %	1,0 %	100 %
	middle management	1	12	66	20	1	100
		0,0 %	9,5 %	52,7 %	29,7 %	8,1 %	100 %
	top management		7	39	22	6	74
		2,3 %	17,1 %	55,8 %	18,9 %	6,0 %	100 %
	expert	5	37	121	41	13	217
		0,0 %	25,0 %	50,0 %	0,0 %	25,0 %	100 %
	entrepreneur		1	2		1	4
Total		6	69	303	129	29	536

		inaccessible – accessible					Total
		inaccessible	quite inaccessible	cannot say	quite accessible	accessible	
		2,1 %	11,9 %	30,1 %	44,1 %	11,9 %	100 %
position	employee	3	17	43	63	17	143
		1,9 %	10,7 %	29,1 %	52,4 %	5,8 %	100 %
	middle management	2	11	30	54	6	103
		0,0 %	4,0 %	41,3 %	42,7 %	12,0 %	100 %
	top management		3	31	32	9	75
		0,9 %	6,7 %	23,2 %	54,0 %	15,2 %	100 %
	expert	2	15	52	121	34	224
		25,0 %	25,0 %	25,0 %	0,0 %	25,0 %	100 %
	entrepreneur	1	1	1		1	4
Total		8	47	157	270	67	549

		inefficient – efficient					Total
		inefficient	quite inefficient	cannot say	quite efficient	efficient	
		5,6 %	13,4 %	44,4 %	30,3 %	6,3 %	100 %
position	employee	8	19	63	43	9	142
		0,0 %	9,7 %	51,5 %	34,0 %	4,9 %	100 %
	middle management		10	53	35	5	103
		0,0 %	6,8 %	44,6 %	44,6 %	4,1 %	100 %
	top management		5	33	33	3	74
		1,8 %	9,3 %	40,0 %	39,1 %	9,8 %	100 %
	expert	4	21	90	88	22	225
		0,0 %	25,0 %	50,0 %	0,0 %	25,0 %	100 %
	entrepreneur		1	2		1	4
Total		12	56	241	199	40	548

		poor leadership – good leadership					Total
		poor leadership	quite poor leadership	cannot say	quite good leadership	good leadership	
		7,8 %	12,8 %	44,0 %	28,4 %	7,1 %	100 %
position	employee	11	18	62	40	10	141
		1,0 %	9,0 %	41,0 %	38,0 %	11,0 %	100 %
	middle management	1	9	41	38	11	100
		1,4 %	1,4 %	35,1 %	52,7 %	9,5 %	100 %
	top management	1	1	26	39	7	74
		4,1 %	7,7 %	38,9 %	33,5 %	15,8 %	100 %
	expert	9	17	86	74	35	221
		0,0 %	25,0 %	50,0 %	25,0 %	0,0 %	100 %
	entrepreneur		1	2	1		4
Total		22	46	217	192	63	540