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# Governing hybrid organisations: Lessons from the provision of local sports facility services in 2020s Finland

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## Abstract

The Finnish welfare society is based on strong public and civic sectors with an emerging private sector. In the context of sports, the public sector's statutory task has been to provide opportunities and facilities for citizens, whereas the civic sector has been responsible for organising activities. However, since the 1990s, economic recessions, new public management doctrines, and other societal changes have mixed this institutionalised setting and increased hybridity in the provision of public services. This study examines how hybridity is manifested and governed in the provision of local sports facility services in contemporary Finland through a literature review and a multiple case study focusing on three sports facility construction projects. The projects had partners from all societal sectors and, organisationally, assumed different forms: privately owned, sports clubs co-owned, and municipally owned enterprises. The case data consist of thematic interviews and project documentation and are analysed with theory-driven content analysis. The study deepens understanding of the mixed

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ownership structures, various funding arrangements, control mechanisms, and management of goal incongruency found in hybrid facility-provider organisations. Additionally, it describes changing roles and challenges that municipalities face in hybrid settings and develops recommendations for future research on hybridity and sports policy.

#### KEYWORDS

hybrid governance, municipalities, public service provision, sports facilities

#### Points for practitioners

- Note that the capacity to steer the operations of hybrids in municipal services provision can be obtained in various ways which do not entail formal ownership.
- Deepen your understanding of the goals and commitment incentives of the different stakeholders planned to be involved in the hybrid project.
- Consider jointly written formal contracts as tools for managing goal ambiguity and incongruence and for creating trust in the hybrid arrangement.
- Examine comprehensively the resourcing of the facility-provider organisation in the operational phase of the facility when evaluating the funding arrangements and public value creation of hybrid facility projects.
- Prepare to become a practitioner and the object subjected to more diverse forms of control when committing to hybrid arrangements with various stakeholders.

## 1 | INTRODUCTION

This article examines the provision of local sports facilities and physical activity (PA) environments in 21st-century Finland. The ongoing welfare state crisis that started in the 1990s and the related societal changes have blurred sector boundaries and responsibilities in municipal service provision, but the provision of such facilities continues to be understood as the statutory responsibility of the public sector.

Finland has become known for its Nordic welfare state model (Kettunen, 2001), strong public sector, extensive public responsibility for citizens' well-being, equality, and universal social security for all individuals. The extent of public responsibility for citizens' well-being can be seen in how sports and PA services are understood as basic municipal services alongside other larger service areas such as social, health, and education (VVM, 2020). In the area of sports and PA, the main responsibility of the public sector has been to provide opportunities and facilities for citizens, whereas the civic sector has been responsible for organising the actual activities. This division of responsibilities in Finnish sports was established after the 1950s and ratified in the Sports Act of 1979. However, since the 1990s, economic recessions, the start of the welfare state crisis, the emergence of new public management doctrines, and the marketisation of society have mixed this institutionalised setting and increased *hybridity* in public service provision.

The term *hybridity* refers to arrangements, organisations, and systems which mix the ownership, institutional logics, funding, and control mechanisms of different societal sectors (Vakkuri & Johanson, 2021). Hybridity is a recognised phenomenon in many areas of Finnish public service provision (Rantamäki, 2016; Vakkuri et al., 2019), but it has been less researched in the context of sports policy. At present, the public sector is involving actors from other societal sectors, such as sports clubs and private enterprises, more widely in public service provision (Huhtanen & Itkonen, 2022).

Based on the recommendations of previous hybridity research (see Battilana et al., 2017; Vakkuri et al., 2021) and the needs of the Finnish providers of sports facilities, this article addresses the following two research questions: (1) How is hybridity manifested? and (2) How is hybridity governed in the construction and operation of local sports facilities in 2020s Finland? From a municipal administration perspective, hybrid solutions in service provision are currently seen as a necessity (Karimäki, 2020), but in public discussion concerns have been raised about their utility in fulfilling the public sector's primary mission to promote citizens' welfare. In addition to re-conceptualising and improving understanding of the governance of sports facility service provision, this article aims to provide insights for future research on hybridity.

Cross-sectoral collaboration in sports facility construction and the related concerns have received extensive media coverage in Finland in recent years, yet the focus has been mostly on massive multipurpose arenas for elite sports (e.g. Nironen, 2018; Sormunen, 2018). Therefore, the first research question aims to provide a more comprehensive view of the forms of hybridity in local sports and PA facility service provision for further research purposes (see Battilana et al., 2017; Vakkuri et al., 2021) while also contributing to this public discussion.

The second research question aims to provide insight into how different types of hybrids in local sports facility service provision can be governed. The purpose is to better understand and more comprehensively describe hybrid organisations operating in these services (see Billis, 2020; Vakkuri et al., 2021). For these reasons, a multiple case study design is utilised, focusing on three sports facility construction projects in Finnish municipalities.

Although the article's in-depth examination of hybridity concentrates on the limited context of Finnish sports facility services, it offers points to consider for governing public service provision in other countries and service areas. Previous international comparisons indicate that solutions for public service provision in the Nordic welfare societies attract wide interest (e.g. see Anheier & Krelv, 2014; Giulianotti et al., 2019; Stephens, 1996), especially for other countries with a strong public sector. From a service area perspective, hybrid arrangements such as the ones used in the organisation of sports facilities have been considered and implemented in other service areas as well (e.g. see Billis & Rochester, 2020, pp. 30–184; Vakkuri et al., 2019).

## 1.1 | Organisation of the Finnish welfare society

In Finland, a strong public sector has meant that the central government steers governance, sets norms, and allocates funding for maintaining and promoting citizens' welfare. The responsibility for service provision at the local level, however, has been decentralised to municipalities. Municipalities are autonomous administrative units, which, after the administrative reforms of the 1990s, have had broad discretion in how services are provided (Finlex, 1995; STM, 2006, pp. 4–6). Certain services, such as children's day care, are more regulated, but the extent or content of the services is not usually specified in legislation. Instead, municipalities have a statutory requirement 'to advance the well-being of their residents and the vitality of their respective areas' and 'arrange services for their residents in a way that is financially, socially and environmentally sustainable' (Finlex, 2015). Municipalities also have the right to determine and collect taxes, which create a funding basis for their statutory tasks.

Previous research on the Finnish welfare state has been criticised for overly simplifying how citizens' welfare has been produced in past decades (Kettunen, 2001, 2018, p. 91). The services provided by the Finnish welfare state and municipalities did not reach their prime until the 1980s, after Finland had moved into an era of public administration-led sector policy, manifested in the social policy reform of the 1960s and sector-specific legislation (e.g. Finlex, 1979). Legislative reforms led to the *municipalisation* of many local services, which had previously been arranged in cross-sectoral collaboration or independently by private and civic sector actors (Ilmanen, 1996; Kettunen, 2018, pp. 148–149).

The global recession of the early 1990s, however, affected many Western countries and in Finland brought about the worst economic depression in the country's history. It led to a turning point in this development process. The gross national product decreased, governmental and municipal spending and services were cut, and structural reforms were enacted in the public administration. New public management doctrines gained a foothold, bringing neoliberal economic thinking to public sector decision-making (see Giulianotti et al., 2019; Ilmanen, 2015). The concept of a 'public service' was redefined and broadened from services provided by public sector organisations to all services, regardless of their sectoral base, which received public funding or whose provision was a public administrative goal (Harris, 2010; e.g. Finlex, 2015).

The reshaping of the Finnish welfare state has continued in the 21st century. The services provided by public administration have been downsized, and service provision arrangements have been liberalised. Private sector services have grown, especially in areas amenable to market-based business (Ilmanen, 2015), while cross-sectoral collaboration in the provision of citizens' welfare services has increased (Itkonen & Salmikangas, 2015). The traditional Public Administration has shifted through the period of New Public Management to the era of New Public Governance. Partnerships with private and civic sector actors, the involvement of citizens, and the management of networks are now considered necessities for maintaining the welfare society (Hakari, 2013; Karimäki, 2020; Pollitt & Bouckaert, 2017, pp. 9–23).

## 1.2 | Hybridity in public service provision

New public management doctrines, the policy pressures for cross-sectoral collaboration, redefinition of public service, and the raised expectations of citizens of the welfare society have created fertile ground for hybridity to re-emerge, including in the public service provision of Finland (Harris, 2010; Rantamäki, 2016; Vakkuri et al., 2019). In this article, hybridity is defined, in line

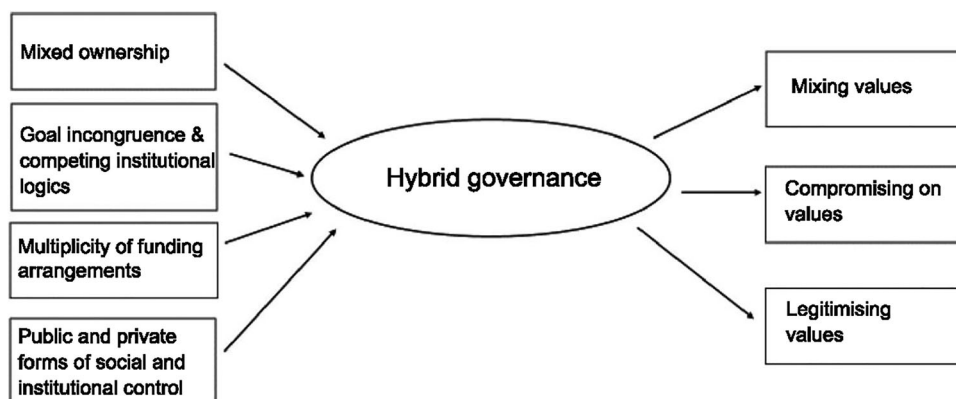


FIGURE 1 Hybrid governance and value creation mechanisms (Vakkuri & Johanson, 2021, p. 15).

with Vakkuri and Johanson (2021, p. 3), as ‘the interface of public, private and civil society through distinct modes of ownership, parallel but competing institutional logics, a diverse funding base and various forms of social and institutional control’. The term *re-emergence* is used, because the expanding research on hybridity has highlighted the phenomenon’s historical roots (Billis, 2020; Johanson & Vakkuri, 2018, pp. 17–20).

Vakkuri and Johanson’s analysis shows that hybridity manifests in the hybrid arrangements, organisations, and systems between different societal sectors. They identify a range of characteristics by which it can be recognised and understood (see the left side of Figure 1). *Mixed ownership* refers to hybrids with multiple owners from different societal sectors and various organisational forms that combine the best practices from all sectors. *Goal incongruence and competing institutional logics*, in turn, allude to hybrid settings where the goals and operational logics of the partners require harmonisation. The *multiplicity of funding arrangements* is manifested in the utilisation of resources and various financial instruments of the partnering sector organisations. *Public and private forms of social and institutional control* refer to the mixed mechanisms of supervision and steering used in the governance of these endeavours. The governance of hybrids requires the handling of all these characteristics alongside the capacity to mix, compromise, and legitimise values created in the hybrid settings (see Johanson & Vakkuri, 2018, pp. 2–4; Vakkuri et al., 2021).

The main fear regarding hybridity in local service provision has been that the increasing commercialisation will corrupt the public and civic activities, values, and *public service ethos*, thereby failing to achieve societies’ objectives (Child, 2020; Evers, 2020; Karré, 2021). Moreover, concerns have been raised about hybrid organisations’ internal functioning and trustworthiness in their pursuit of social missions. However, previous research (Johanson & Vakkuri, 2018; Vakkuri et al., 2021) has pointed out that despite the apparent complexity and perceived vagueness, hybrids are not unequivocally more functional or dysfunctional solutions than traditional intra-sectoral ones. In these studies, hybrid organisations and arrangements, such as municipality-owned companies (MOCs), social enterprises (SEs), and various partnerships with non-profit organisations (NPOs), have just become alternatives for solving the more complex problems emerging in societies.

A common understanding regarding hybrids has been that, in the 21st-century welfare societies, cross-sectoral solutions are needed to maintain the welfare of citizens. However, it has also been argued that organisations, regardless of their sectoral roots, are expected to share similar characteristics and values, such as responsibility, professionalism, and responsiveness to society’s expectations (Bromley, 2020). In other words, organisations from different societal sectors have

started to resemble each other, a change which stresses the need to re-examine our prevailing conceptions of the core elements of different sectors and the organisations in them (Billis, 2020). Instead of classifying hybrid organisations, further research has been called for on the forms and the extent of hybridity in their activities (Battilana et al., 2017).

### 1.3 | Hybrid arrangements in the provision of local sports facilities

Hybrids have long existed in societies (Johanson & Vakkuri, 2018, pp. 17–20), and the provision of local sports facilities is no exception. In Finland, before the municipal sports administration expanded after the 1940s, it was the NPOs, sports clubs, and private sector actors who took responsibility for the development of sports and other leisure activities on a local level (Ilmanen, 1996; Kokkonen, 2010, pp. 22–34). In the wealthy industrial municipalities of rural Finland, the construction and maintenance of sports facilities even became part of the systematised social activities of industrial companies (Ilmanen, 2015). This construction and maintenance work was typically done in collaboration with the municipal administration and civic sector actors. However, as the welfare state emerged, with its emphasis on policy led by public administration, it resulted in the partial dismantling of this tradition. In the 1990s, as the welfare state crisis deepened, the need for such collaboration returned to the discussion in political and administrative circles (Huhtanen & Itkonen, 2018).

To date, there has been little research on cross-sectoral collaboration in Finnish sports and PA facility service provision, so no comprehensive view on its current extent is available. A few recent statistical investigations and surveys (Hyytinen & Kivistö-Rahnasto, 2015; Norra et al., 2017; OKM, 2023, pp. 53–61; SmartSport, 2020) have shown that hybrids are present and have assumed multiple forms in this public service area as well. To ensure the conditions for citizens' sports and PA, the municipalities collaborate with both private and civic sector actors. Current trends include outsourcing facility maintenance and partnership projects in facilities development (Hyytinen & Kivistö-Rahnasto, 2015; Norra et al., 2017; SmartSport, 2020, p. 15). An increasing number of sports facilities are also established and maintained without public sector involvement.

Previous research has pointed out that the forms of contracts for facility maintenance between the municipal administration and civic sector actors may vary by municipality and service. In addition to the generalised purchase and provision of service contracts, civic sector actors may still be responsible for the maintenance of local sports facilities and environments based on verbal agreements and municipal grants (Huhtanen & Itkonen, 2022).

The number of facilities owned or administered by sports clubs has risen in Finland in recent years due to the mismatch between sports organisations' increased expectations and municipalities' incapability to invest adequately in facilities, especially for competitive sports (Koski & Mäenpää, 2018, pp. 82–85, 104; SmartSport, 2020, p. 15). The club-owned facilities are typically differentiated from the club organisations and registered as limited liability companies which do not follow the operational logic of the private sector. Sustainable revenue and the promotion of a club's distinctive mission are prioritised over making a profit. Such is also the case with many municipal sports facilities, which have been incorporated or even privatised after the administrative reforms of the 1990s (Hyytinen & Kivistö-Rahnasto, 2015, pp. 11–12).

Since the 1990s and the liberation of how public services are provided, many other types of hybrids have also re-emerged in the provision of local sports facilities. This development has driven the Finnish Ministry of Education and Culture (OKM) to revise how governmental construction grants for sports facilities are regulated. A ministry-funded report in 2019 noted that the

regulations did not constitute a direct obstacle for financing hybrid projects, but the established application and processing practices favoured municipal and simpler implementation models (OKM, 2019). The report recommended that the project evaluation principles for two models, leasing funding and public-private partnership (PPP), be revised based on the similarities with municipalities' own projects.

From a policy perspective, the governmental steering of the development of sports facilities and PA environments also seems to create more room for hybridity to grow (see OKM, 2023, pp. 9–10, 55–61). Since the 2010s, the policy in Finland has been to allocate public funding to PA environments that serve larger user groups and to the renovation of ageing sports facilities (Smartsport, 2020, p. 15). New facilities, especially for competitive sports and their events, are preferably and mainly built with various hybrid arrangements of public, private, and civic sector actors (Norra et al., 2017, pp. 6–7).

Nevertheless, the majority (72%) of the over 43,000 sports facilities, outdoor trails, and recreation areas in Finland are still owned by municipalities or MOCs with majority municipal ownership. Municipalities have also remained the main funder of sports facilities, although private investments have increased and new funding instruments have also appeared (see Ala-Vähälä et al., 2021, pp. 13–16; OKM, 2023, pp. 53–61; Vehkakoski & Salmikangas, 2021).

## 2 | RESEARCH DESIGN, METHODS, AND DATA

To support future researchers and sports facility service planners in creating a more comprehensive view of the phenomenon, this research used a literature review to provide a picture of how hybridity is manifested in the provision of local sports and PA facility service in 2020s Finland (RQ1). This theoretical picture integrates the findings of previous research on hybridity and reports on the provision of Finnish sports facilities. It is presented at the beginning of the findings section, as it also frames RQ2 with regard to the larger research context (see Patton, 2015, p. 252).

To produce a deeper understanding on how the re-emerged hybridity in the provision of local sports facility services is governed in the construction and operation of local sports facilities in 2020s Finland (RQ2), this research utilised a multiple case study design and purposeful sampling (Patton, 2015, pp. 264–265, 288–289), with a focus on three sports facility construction projects in Finnish municipalities. Purposeful sampling was necessary because the amount of hybrid arrangements and organisations in Finnish sports facility service provision is not known and requires further research.

The cases were selected for their information-richness, that is their capability to illuminate the characteristics of hybridity (Johanson & Vakkuri, 2018, pp. 2–4) and their variations in the under-researched context of sports facility service provision (see Patton, 2015, pp. 263–265, 308). The three cases were selected from sports facility projects which were completed in the late 2010s, based in different municipalities, and aimed at serving multiple user groups with varied objectives for the facilities (e.g. actors of different sports). Additionally, the case study projects should involve actors from all three sectors and the established facilities differ in their organisational forms. The previous investigation of hybrids in Finnish sports facility construction focused more on public and private sector collaboration and less on civic sector perspectives (OKM, 2019). In the pre-selection of the case study projects, the national database of sports facilities (lipas.fi) was utilised.

The selected cases were an ice hall (case A), a multisport arena with artificial turf and track and field area (case B), and a multisport arena with space for indoor and track and field sports, services, and events (case C). From an organisational form perspective, at the time of this study,



**TABLE 1** A summary of the interviewees and represented organisations.

Case	Interviewee	Organisation
A	A1	Municipal sports services
	A2	Owner enterprise A
	A3	Sports club 1
	A4	Sports club 2
B	B1	Municipal sports services
	B2	Owner sports club 3 and established enterprise B
	B3	Owner sports club 3 and established enterprise B
	B4	Owner sports club 4
C	C1	Municipal technical services
	C2	Partner company and established enterprise C
	C3	Established enterprise
	C4	Partner association
	C5	Sports club 5
	C6	Sports club 6

case A was a privately owned enterprise and case B an enterprise co-owned by sports clubs that had been publicly described as a social enterprise. Case C was a multi-owner enterprise with minority municipal ownership (MOC). All cases are located in urban municipalities with previous experience of hybrid solutions for sports facilities before the establishment of the facilities studied here.

The main research data consist of 14 thematic expert interviews. Thematic interviews were used because many project details, such as their historical origins, planning phases, and contractual arrangements, were difficult to examine relying only on public sources. The interviews were targeted at actors from different sector organisations which had participated in the implementation of the three case study projects. To ensure multiple perspectives on each case study, actors from public, private, and civic sector organisations were interviewed (Table 1). This effort also led to the first research finding: many of the actors that were interviewed had a position in more than one organisation participating in the project or had represented several participating organisations during the project's lifecycle and worked in different roles in them (see also Cornforth & Spear, 2010; Howard & Taylor, 2010). In all cases, the multirole actors have been able to promote the projects while working in the different participant organisations.

Open source material and project documentation received from the interviewees (e.g. contract documents and media articles) were also used as research data to create better background for the interviews, enable a more thorough analysis, and reinforce the data triangulation (see Patton, 2015, p. 316). However, all the contracts were not public, and in some cases, the interviewees were unsure if the documents could be made public. For this reason, the specific terms of each contract could not be fully compared.

In the data collection, the authors were assisted by master's degree students in the social sciences of sport from the University of Jyväskylä. The research assistants were familiarised with the research topic and the principles of conducting research interviews before data collection. Finnish legislation on research ethics (TENK, 2019) was followed in the research, and based on it no formal ethical approval was required. Informed consent was obtained from the interviewees. The interviewers also ensured that the interviewees were aware that their participation was

voluntary and of their right to withdraw from the research at any point. The interview data and cases were anonymised as agreed with the interviewees. The data collected also included parts, such as interview comments on the functionality of the hybrid arrangements, where anonymisation was necessary to ensure no harm is caused to the interviewees or the partnerships (see Patton, 2015, pp. 495–498).

The thematic interviews were conducted during two periods: winter 2019–2020 and autumn 2020. Eight of the interviews were conducted face-to-face and seven online due to the restrictions of the COVID-19 pandemic. In total, 817 min of interview data were collected.

The semi-structured interviews were followed a thematic interview guide based on the themes of previous hybridity research (Billis, 2010; Johanson & Vakkuri, 2018). After questions on the interviewee's background and the history of the sports facility project in question, the interviews progressed to themes such as the ownership, governance, goals, and resources of the project. The interviewer had discretion in the order of the discussed themes, but each theme was examined with a few sequenced key questions included in the interview guide. The questions were principally open-ended and progressed from factual and descriptive requests to asking for opinion and interpretation (see Hyvärinen, 2017; Patton, 2015, pp. 432–444; Tuomi & Sarajärvi, 2018). As recommended in the methodological literature (Hyvärinen, 2017; Patton, 2015, pp. 244–254), the interview guide and questions were piloted in six similar expert interviews in autumn 2018 and modified afterward. For representatives from different sector organisations, the same interview guide was used but key questions were altered slightly according to the sector.

Theory-driven content analysis was used to examine the data (Tuomi & Sarajärvi, 2018, pp. 104–114, 127–132; see also Patton, 2015, pp. 520–551). After data collection, the researchers read, split, and regrouped the data based on the characteristics of hybridity presented by Vakkuri and Johanson (Vakkuri & Johanson, 2021, p. 15; Vakkuri et al., 2021). The regrouped data were then examined for the manifestations, variations, and governing methods of these characteristics in the context of sports facility service provision. Atlas.ti was used to manage the data. The interview quotations used in this article have been compressed and clarified to improve their readability.

### 3 | FINDINGS

The integrative review of previous hybridity research and reports on Finnish sports facilities shows that, in the 21st century, municipalities have collaborated with private and civic sector actors in service provision to help ensure local conditions for citizens' sports and PA. These collaborations have manifested as various forms of hybrid arrangements, and maintaining them requires the harmonisation of the collaborators' sometimes conflicting interests. The majority of reports on Finnish sports facilities have been written from the public administration perspective (e.g. Hyytinen & Kivistö-Rahnasto, 2015; Norra et al., 2017; OKM, 2019), but it is worth highlighting that sports facilities are increasingly being built and maintained without public sector involvement. The review shows that the forms of hybridity have varied in the provision of local sports and PA facilities in the 2020s in Finland (RQ1) (Figure 2).

The second objective of this research was to examine how hybridity is governed in the provision local sports facilities service in 2020s Finland (RQ2). The findings of the case studies are presented in the following sections according to the four previously presented characteristics of hybridity (Vakkuri & Johanson, 2021, p. 15; Vakkuri et al., 2021). The manifestations, variations, and governing methods of these characteristics are presented after a short introduction of each theoretical concept. The findings are also summarised at the end of the section.

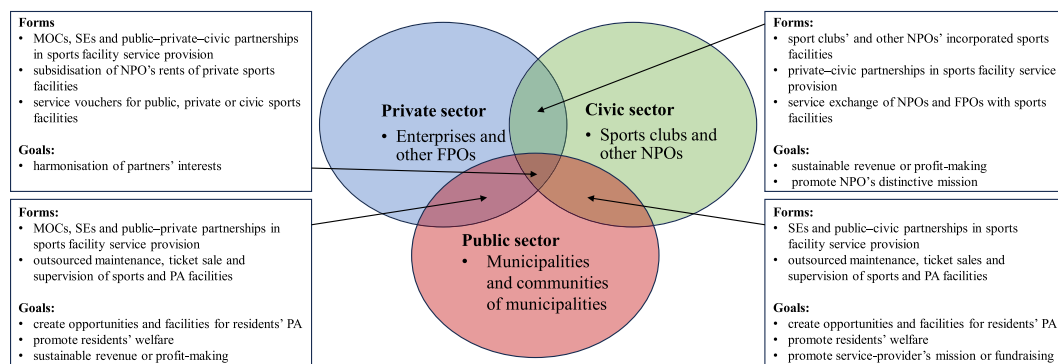


FIGURE 2 Hybrid arrangements in the provision of local sports and physical activity (PA) facilities. [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]

Case A mainly resembled a public-private partnership (rental model) with limited but still catalysing civic sector involvement. Case B was a public-civic partnership, and case C was a public-private-civic partnership on the boundaries of the societal sectors. However, as closer examination of the cases later points out, in each case the partner relations have changed over the course of the project.

### 3.1 | Repositioning of organisations in mixed ownership settings

The ownership of an organisation can be approached based on formal and economic decision-making rights or by considering the influence on and accountability for an organisation's decisions. For NPOs (sports clubs, SEs, case B), the economic aspects are less relevant, as the revenue is not allocated to the owners but statutorily to the promotion of the organisation's social mission (Billis, 2010). Similarly, many MOCs in public service provision primarily pursue broadening residents' welfare in an economically sustainable way, instead of making a profit. In contrast, for public administration, the formal and economic ownership perspectives have been of interest (OKM, 2019), but the means of informal influence also deserve attention, since in hybridised public service provision the municipal authorities are ultimately accountable that the arrangements work for the residents. These different perspectives allow various ownership roles to be identified (Billis, 2010; Cornforth & Spear, 2010; Mair et al., 2015).

The municipality is a formal owner of just one case study facility and currently not even its majority owner (Table 1; case C). However, formal or majority ownership of the facilities is not necessary for the municipalities to influence the decision-making of the facility providers, as this capability could be obtained through their other untraditional roles in the hybrid settings. In cases A and B, the municipality's status as a key stakeholder and the *anchor customer*, whose long-term commitment is crucial for the daily economic sustainability of the facility and even for the whole project's implementation, ensures them leverage in the decision-making (A1; A2; B1). In case B, the municipality has further leverage because it has rented the artificial turf upon which the arena has been built (B1; B4). In case C, board arrangements and contractual agreements on raising the share ownership to a majority stake over the long term provide the municipality more authority in the organisation's decision-making (C1; C3; C4).

In hybrid arrangements within sports facility service provision, organisational forms and various ownership structures are characteristically chosen based on funding. In cases A and B,

municipalities lacked the capability or willingness to invest by themselves in venues which primarily serve organised competitive sports and restricted user groups (sports club members) and are expensive to maintain (A1; B1). The municipalities, however, still saw the benefit of the facilities in supporting local civic activity (A1; B1) and in case B eventually also a possibility to alleviate the acutely rising need for more indoor facilities for the neighbourhood schools (B1; B3). In all cases, the main funding for the projects was gathered from non-municipal sources, which helped argue for and legitimatise the municipalities' commitment in local political-administrative decision-making processes (A1; B1; C1). In case B, the municipal officials also steered the formal owners in the registration of the facility's organisational form (SE; B1; B3).

Hybrid forms of organisation have been recognised as creating opportunities as well as risks for stakeholders which should be considered and balanced (Karré, 2021). The rental model adopted in cases A and B usually transfers the long-term risks related to facility ownership from the municipality to the external facility provider (OKM, 2019, p. 8). Such risks include a decrease in user demand and need for the facility as well as possible renovation costs. However, this transfer is not clear in case B, as the municipality has become partly dependent on the facility to provide an indoor space for schools' physical education classes. Furthermore, in cases A and B, the municipality continues to be seen as responsible for arranging working conditions for organised sports, which are concurrently trying to maintain their standards and even paid employees (A1; A2; B1). This arrangement creates high social and possibly political pressure for the municipality to step in and act as a life ring if the facility-provider organisation has difficulties. For example, the municipal official involved in case B explained the situation as follows:

'And then when the same people, and especially our chief financial officer, ask how much investment support can and dare we give? And how much rent can we pay? And if we pay too much, what effects does it have? I'd say there are two aspects. First, we must pay enough to keep the hall company afloat. Because if it doesn't stay afloat, it will fall onto our shoulders and then it will cost more. Secondly, when we know that it's a social enterprise, the money doesn't go into the grinders' back pockets. Rather all the euros that go there will lower the user fees of our families, children, and youth' (B1)

In case C's PPP model, a significant amount of the responsibility for the technical implementation has been transferred from the municipality to the facility. Yet, because of the long-term agreement on moving to majority ownership of the municipality, the opportunities and risks of the main owner will also transfer to municipal authorities.

### 3.2 | Management of goal (in)congruence

Hybrids in public service provision often aim at combining multiple goals. From the risk perspective, this may lead to excessive ambiguity and incongruence of goals, mission drift, accountability challenges, and clashing of competing institutional logics (Howard & Taylor, 2010; Karré, 2021). These challenges can also have a detrimental impact on the legitimacy and vitality of the hybrid setting.

In the projects of the case studies, ambiguity and incongruence in the goals were also observed, but these had not yet led to insurmountable challenges between the current partners. In case B, the municipality's primary and statutory objective to promote their residents' PA led to restricting

facility ownership to local sports clubs, although the possibility to offer it to non-local partners has also been discussed. The owner-clubs are open to this possibility, as they consider the matter more from the perspectives of promoting their sport also on the supralocal level and widening the steady income streams of their enterprise (B1; B3). In all case projects, compromises were made among the partners regarding the location, multi-functionality, or rental fee policy of the facility (A1; A3; B1; B2; C2; C4; C5). In the following quotation, one of the participants of case C describes the challenges:

'Also in this hall a compromise was attempted to be made between competitive and elite sports, the physical activity of every man and woman and citizen, and the promotion of the well-being of children, youth and everybody else. It could be said that it was general well-being versus competitive sports. That is a difficult equation to cram them all into the same hall. Strategic decisions must be made. Then there is another point here, that since this is a limited company, it should manage on its own. That is, the limited company should produce the capital that pays the costs. There are so many challenges with this hall, what there should be in terms of competitive sports, and in what way should it promote the well-being of citizens'. (C4)

When examining the management of goal incongruence in hybrid projects, it is, however, appropriate to look beyond project partner relations. From the public administration perspective, key questions to examine include who is *not* involved in the project and for which reasons. In all three case studies, a few local sports clubs and their representatives were key stakeholders in initiating the partnership projects, but in cases A and C, the clubs' role eventually diminished to that of a customer before the facility was completed. In these cases, the clubs had no financial prerequisites to contribute to the actual construction, but the lack of inclusion in the project implementation led to clubs being alienated and a reduced interest in committing to using the facilities (A3; A4; C4; C5; C6).

Some discomfort or even clashes of logics emerged related to the everyday activities and needs of the clubs. The clashes concerned the differences in rental fee and booking policies between the formerly used public and new business-based sports facilities (A4). The clubs also started missing certain perks which they were used to in their old facilities or noticed were missing from the new facility: sufficient maintenance and storage space (A4) and the possibility to organise concession stands at their events (A3). In case C, the business-based fee policy and the compromises made to improve the multi-functionality of the venue failed to fulfil all the sport-specific expectations of organised sports. Instead, the clubs ended up concentrating most of their activities to their former facilities (C2; C5; C6). For new facility providers, such friction was detrimental, as they had higher expectations for the clubs' commitment to the facilities.

The municipal officials commonly understood that the management of goal incongruency required understanding the goals, operational logics, and characteristics of other stakeholder organisations (A1; B1; C1; see also Howard & Taylor, 2010). This capability was seen to be especially important by those officials who had drifted from their traditional leading positions to become moderators and *guardians of citizens' interests* in their hybrid setting. One municipal official even saw it as crucial for the stakeholder collaboration:

'I say that the sports administration official or the municipality's mediator, who operates in the middle, must be able to perform that activity in many ways and in many directions. So that it doesn't end up that those who want or drive the project forward

don't get the round peg through the square hole. This is, in my view, the biggest thing'.  
(B1)

### 3.3 | Interlacing of diverse funding arrangements

Hybrids attempt to utilise the best assets from all sectors. From a funding perspective, it has meant the utilisation of resources, principles, and different financing instruments of partnering sector organisations (Howard & Taylor, 2010; Vakkuri et al., 2021). The financing instruments and key investors supporting the hybrid project might steer the selection of the organisational form for the establishment (Karré, 2021; cases B and C). Conversely, the chosen organisational form can attract or repel investors, who consider the potential value their investment could create in the hybrid setting (Vakkuri et al., 2021).

All the cases were financed mainly with non-municipal funding. However, the municipalities had a key role in securing the project funding and an even more vital one in resourcing the facility-provider organisation once the facilities were operational. In cases A and B, the municipality's guaranty for the facility's long-term rent income (*anchor customership*) provided assurance for the other financiers on the value of their investment and the economic sustainability of the establishment (A1; A2; B1; B3). In case C, the municipality's partial investment and the mutual agreement on expanding its share ownership over the long term generated similar trust (C2; C3). In all cases, the interviewees agreed that the projects would not have been implemented without the municipalities (A1; A2; B1; B3; C1; C2; C4). The entrepreneur in case A expressed this, while explaining the benefits of the collaboration:

'Simply put, you could say that the city didn't have to invest a single euro in this project, and they got two new ice rinks here. So, a win-win situation for everyone. But the city's involvement was important in the sense that without the city's [rental] paper, we probably wouldn't have received funding for this project'. (A2)

By shifting the view from direct financial support to other means of resourcing, the municipalities' contribution to the hybrid projects emerges even more comprehensively. In cases A and B, the municipal actors provided expert support in the planning and construction phases of the projects and essentially aided in identifying and arguing for the entire infrastructural need (A1; B1). In the operational phase, the municipalities have not only provided stable rent income for the facility-provider organisations but provided support in other ways as well. In case A, the municipality has eventually aligned itself as a mediator between the facility provider and the local clubs, where it subsidises the rents of clubs and strives to ensure the stable rent income for the facility owners (*arbiter of bookings*). In turn, the municipality also aims to guard the interests of the clubs as well as of the citizens while supervising the quality of the service provision (A1; A2; A4). In case B, the municipality and the established enterprise co-owned by the clubs have combined resources to hire a joint caretaker for their sports facilities, although some maintenance work has also trickled down to volunteer workers from the owner-clubs (B1; B2).

The multiplicity of financing and other resourcing arrangements combined with the diverse goals of the partner organisations made it difficult for the municipal officials to evaluate if the hybrid arrangement created the expected return on investment for the municipalities. Overall, the view was cautiously positive, although the direct and indirect economic effects of the partnerships were seen as challenging to assess (A1; B1; C1). In case C, one goal for the multipurpose facility

was to create space and a *platform* for regional education services and sports and health business to grow. From this perspective, the interviewed municipal official saw the partnership project as successful, although the daily utilisation rate of the actual sports facilities had not yet risen to the expected level:

‘Well, the way I see it now is that without this [hall] everyone would be a little poorer. If I think about partner A, they have a lot of project activity and that way they get financial resources so that they can acquire researchers, teachers, students, and everything else. It probably wouldn’t have happened without this hall’. (C1)

### 3.4 | Utilisation of various control mechanisms

In hybridising public service provision, the mechanisms of financial and social control are also becoming increasingly mixed. This can be perceived in how public sector agents regulate the service provision, but private and civic sector actors also supervise the public administration (Vakkuri et al., 2021). From public decision-makers’ perspective, the capacity to control, formally or informally, has been seen as important to ensure the generation of public value (Argento & Peda, 2015). The formal control can be input dominated, outcome dominated, mixed, or neglected, depending on the level of trust and interdependence between the hybrid arrangement stakeholders (Krause & Swiatczak, 2020). Trust-based mechanisms have been recognised as substituting, complementing, or even eroding the formal ones in public service provision (Argento & Peda, 2015; Krause & Swiatczak, 2020).

In all three cases of this study, formal written contracts between the stakeholders seemed to be the key control mechanism that defined the functionality of the hybrid arrangement. In cases B and C, the contracts between the municipality and private sector partners were described as elaborate, including, for example, terms for ownership change plans, contracting parties’ responsibilities, and maintenance arrangements of the facility. This created noticeable trust in the partnership among the interviewed partner organisation representatives (B2; C1; C2; Agreement on the use and maintenance of facility B 2019). Contrarily in case A, the lack of written agreements with the clubs using the facilities produced uncertainty and mistrust in the arrangements among the club actors (A3; A4). In case C, a similar lack of agreements combined with the experience of being disregarded in the construction project’s implementation eventually led to the clubs’ limited use of the new facility (C5; C6). This also led to criticism of the process, as described by one club representative:

‘We as a club have not been involved, except of course in the planning phase. Certainly, the start was very good, but then from our club’s perspective, nothing else went well. Because in the first meetings they acted like they were listening to us, what our needs were, but only a fraction of them were implemented in practice. And from our point of view as well as club X’s point of view, the multipurpose hall is a failure’. (C5)

In cases B and C, the governance models of the established facility-provider organisations grant the municipality control over the facility. In case C, this control is formal, as the municipality is a part-owner and has a contractual number of representatives on the board of the MOC (C1; C2; C4). In case B, the municipality is not a formal owner of the established multisport hall, but has rented the land and the sports field, which provide the basis for the new facility, to the facility provider. Moreover, the municipality is one of the main users of the facility, which creates significant cus-

tomor control over the facility-provider organisation. A representative of the municipality has participated as an expert member without voting rights in the organisation's board meetings since its inception. The jointly agreed personnel recruitments, booking systems, and cash flow forecast systems complement the whole and deepen the interdependence of the partnership parties (B1; B2; B3).

The supervision of the municipal administration by private sector actors was also visible in the case projects. In case A, the municipality chose to raise the rental prices of its own corresponding venues to match the ones in the planned privately owned facility to maintain the main investors' trust and commitment to the project. In case C, the facility-provider MOC was steered to set the rental prices at the same level as in another neighbouring private sports facility (C6). For the facility users, these were obstacles in the development of their training conditions (A1; A2; A3; A4; C5; C6):

'They have expected us to use it like that, constantly every day. But for now, it's not even the kind of place that is worth using every day. And then we don't have financial possibilities either, because the prices are very high'. (C5)

All the case projects of this research were also subjects of media interest. As the media has a range of objectives for describing current events, they did not always interpret the goals and results of the hybrid projects in the same way as local political-administrative decision-making processes did, which created unclarity among stakeholders and citizens (A1; A3; B1; C5; C6).

The presented case study findings are summarised in Table 2. All the characteristics of hybridity noted by Vakkuri and Johanson (2021) could be recognised from the case projects. The parallel examination of the cases demonstrates the variations of each characteristic in the sports facility projects being studied. It also brings out the new untraditional roles that municipalities face in hybrid settings.

## 4 | DISCUSSION AND CONCLUSION

In the 2020s, hybrids have become more common and assumed various forms in the provision of municipal services in Finland. From the perspectives of public policy and steering, they would also seem to have the space to multiply. The four-dimensional analysis of three local sports facility projects has enhanced the overall understanding of the different governing methods utilised in hybrid settings. It also illustrates the opportunities and challenges in partnership arrangements which involve actors from all three societal sectors. Though the case studies were limited to Finnish sports, similar hybrid solutions can be identified and considered in other contexts as well. This includes different public service areas as well as social and national contexts where stronger cross-sectoral collaboration in the promotion of citizens' PA and welfare is pursued.

From the ownership perspective, this study elaborated how formal ownership is not mandatory for the municipalities to ensure the capacity to steer the operations of hybrids providing facilities for sports or other local services (see also Argento & Peda, 2015). This capacity can also be obtained via other unconventional roles municipal actors receive in hybrid settings in the 2020s. Furthermore, the sectoral positioning or the official form of the organisation does not dictate the goals or operational logics of the hybrid organisations (see also Bromley, 2020), as exemplified by the SEs, MOCs, and corporatised sports clubs operating on the boundaries of different societal sectors. This understanding is beneficial for public officials, who have the authority and responsibility to decide on public funding for hybrid organisations participating in the citizens' welfare provision.



TABLE 2 Manifestations of hybridity in case study sports facilities.

	Sports facility A	Sports facility B	Sports facility C
<b>Mixed ownership</b>	<ul style="list-style-type: none"> <li>• Municipality: <i>anchor customer (principal tenant), arbiter of bookings, guardian of residents' and clubs' interests</i></li> <li>• Sports clubs: <i>from partners to customers (subtenants)</i></li> <li>• Entrepreneurs: <i>formal owners</i></li> </ul>	<ul style="list-style-type: none"> <li>• Municipality: <i>landlord of the sports field, guarantor, anchor customer, guardian of residents' interests, life ring</i></li> <li>• Owner sports clubs: <i>tenants of the sports field, customer-owners of the established arena (enterprise)</i></li> <li>• Other sports clubs: <i>customers</i></li> </ul>	<ul style="list-style-type: none"> <li>• Municipality: <i>from part-owner to majority owner, customer, guardian of residents' interests</i></li> <li>• Sports clubs: <i>from partners to customers</i></li> <li>• Partner association: <i>customer-owner</i></li> <li>• Partner company: <i>main funder, from majority owner to part-owner</i></li> </ul>
<b>Goal (in)congruency</b>	<ul style="list-style-type: none"> <li>• Municipality: development of facilities for residents' and sports clubs' activities, physical activity (PA) of residents</li> <li>• Sports clubs: development of facilities, which support clubs' distinctive mission</li> <li>• Entrepreneurs: profitability, making profit for owners</li> </ul>	<ul style="list-style-type: none"> <li>• Municipality: development of facilities for residents' PA (especially school students and club members), PA of residents</li> <li>• Owner sports clubs: development of facilities, which support clubs' distinctive mission, gaining perks for club members</li> <li>• Established enterprise: sustainable revenue, revenues to the development of the facility</li> </ul>	<ul style="list-style-type: none"> <li>• Municipality: development of facilities for residents' and sports clubs' activities, PA of residents, vitality of municipality</li> <li>• Sports clubs: development of facilities, which support clubs' distinctive mission (competitive sports)</li> <li>• Partner association: development of facilities for education and students' PA</li> <li>• Partner company: development of facilities for education, R&amp;D, and students' PA</li> <li>• Established company: sustainable revenue, profitability, platform for service business</li> </ul>
<b>Multiple sources of financing</b>	<ul style="list-style-type: none"> <li>• Municipality's guaranty for the rental income (long-term rent contract)</li> <li>• Sports clubs' verbal multi-year agreements with the municipality to rent the facility according to jointly set objectives</li> <li>• Entrepreneurs' bank loan</li> </ul>	<ul style="list-style-type: none"> <li>• Government grant for the renovation of the sports field (municipality's part)</li> <li>• Municipality's investment grant, guaranty for the bank loan, and anchor customership</li> <li>• National association's construction grant for the arena (owner-clubs' part)</li> <li>• Capital gathered by the owner-clubs (e.g. monthly extra facility fees for members)</li> <li>• Joint resourcing of maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Government grant for the project</li> <li>• Municipality's investment grant and anchor customership, investments to expand share ownership in the long term</li> <li>• Partner association's investment capital and anchor customership (relatively smaller), support in funding negotiations</li> <li>• Partner company's investment capital and anchor customership, reduction of share ownership in the long term</li> </ul>

(Continues)

TABLE 2 (Continued)

**Various mechanisms of social and financial control**

<ul style="list-style-type: none"> <li>• Municipality's customer feedback collection, service quality supervision, and partial control of bookings</li> <li>• Entrepreneurs' supervision of competition neutrality (rental pricing)</li> </ul>	<ul style="list-style-type: none"> <li>• Jointly agreed organisational form (social enterprises)</li> <li>• Municipality's representative as an expert member of the board without voting rights</li> <li>• Jointly agreed reporting protocols to municipal administration</li> <li>• Joint technical solutions: for example cash flow forecast and booking systems</li> <li>• Customer ownerships of the enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• Jointly agreed organisational form (municipality-owned companies [MOC])</li> <li>• Board memberships: municipality, partner company, and partner association</li> <li>• Jointly agreed positioning of partner organisation representatives to key vacancies in the MOC</li> <li>• Other entrepreneurs' supervision of competition neutrality (rental pricing)</li> </ul>
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In the management of goal ambiguity, incongruence, and friction between the hybrid setting stakeholders, previous research has presented several recommendations (see Child, 2020; Howard & Taylor, 2010; Vakkuri & Johanson, 2021). One lesson from the case projects was the need to understand the goals and commitment incentives of different stakeholders who are assumed to use the new facilities. For example, from a public and private sector perspective, understanding and taking into consideration the realities and needs of sports clubs, such as the membership fee-basis of their operations and the goal to ease the organisation of daily activities for both club employees and members, seem vital for functional collaboration in the provision of sports facility services. For municipal officials participating in hybridised service provision, this capability seems more important than before, as they tend to drift from their traditional leading positions into the roles of moderator and guardian of residents' and local associations' interests.

The second lesson to emphasise was the contract-based approach and jointly written contract terms of stakeholders in hybrid settings. Jointly written formal contracts between the stakeholders may reduce goal ambiguity, uncertainty, and mistrust about the hybrid arrangements as they create a basis for collaborative goal setting and distribution of responsibilities. The contracts will also provide security for situations when key actors in stakeholder organisations change, and the agreements are in danger of being forgotten. In cases A and C, the lack of written agreements with the intended facility users combined with their limited inclusion in the projects' implementation phases was arguably the main reason for clubs' reduced interest in the new facilities.

In the analysis of the diverse funding arrangements of hybridised facility projects, more emphasis could be placed on the resourcing of the facility provider in the operational phase of the facility. The costs of the chosen control mechanisms (Krause & Swiatczak, 2020), sources of daily cash flow, and resourcing of maintenance work should be examined, even before the project implementation, for a more comprehensive view of the economic sustainability and public value creation of the hybrid setting.

From the perspective of control mechanisms, municipal officials should prepare for protecting the interests of residents and local associations in hybridised service provision, a role which is in line with their statutory tasks. In addition, municipal officials should prepare for their own actions to be supervised and controlled in more diverse ways when committing to hybrid projects with various stakeholders (see also Vakkuri et al., 2021). For instance, it could be questioned how compatible the new municipally supported facility project is with possible similar and previously established private and civic facilities in the area. As the organisation of citizens' sports facilities is a statutory task, Finnish municipalities are not subject to the competition act when renting out municipally owned or governed sports venues (Finlex, 2002). However, municipal administration should practice discretion in the establishment and rental pricing of facilities, which could be seen as competing with corresponding private or civic undertakings (STM, 2010, p. 12).

Secondly, despite the successful harmonisation of the goals of the hybrid partnership participants, public opinion can be turned instead to the incongruent expectations of the surrounding community. Questions related to the value created as well as destroyed by the hybrid projects may arise (e.g. Nironen, 2018). There is also a question of how equal the opportunities have been for different stakeholders to participate and influence the projects. This question is relevant at least in a Finnish context, where hybrid projects do not necessarily follow the same conventional political-administrative decision-making processes as municipality-led sports facility projects do. From these points of view, the value creation of hybridised facility projects could be a fruitful area for future sports policy and public administration research.

To better understand the impacts of hybridisation on the equality of services for citizens, future research could aim at creating a more comprehensive view on the extent of hybridity in local service provision (see also Battilana et al., 2017), especially through comparison on regional and

municipal levels. Questions to address include whether hybrid solutions have increased, or have the potential to increase, equally in the service provision of smaller municipalities in declining rural areas (cf. Norra et al., 2017).

On the extent of hybridity in the provision of municipal services, future research should also consider analysing it from different organisational levels (see also Vakkuri et al., 2021). This study indicated that, on an individual level in hybrid projects, the principal actors themselves may represent multiple stakeholder organisations with different goals and operational logics, or drift to such a position (see also Cornforth & Spear, 2010; Howard & Taylor, 2010). Furthermore, the focus could be on how partnership projects are handled within the different levels and units of partner organisations, as civic associations as well as municipalities and enterprises are rarely unanimous organisations.

From a methodological perspective, the thematic interviews of this research produced information-rich data on many hybrid project details, such as their historical origins and planning phases, which otherwise might not be documented in any other way. By type, however, they were mainly project insider (key informant) interviews. In future research, more attention could also be given to outsiders who did not even get the opportunity to participate in the projects for different reasons.

## CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

## DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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