

Making Sense of Welfare Mix Networks

Tuula Mittilä

Turku School of Economics and Business Administration, Pori Unit
P.O. Box 170, FI-28101 Pori
Finland
tuula.mittila@pori.tukkk.fi

Teppo Leppälähti

Department of Management Studies, University of Tampere

Abstract

We can identify different layers of networks in our society. Firms do business in b-to-b networks, public organizations collaborate in public networks and private people help each other in their social networks. Firms also provide services to consumers as well as public sector organizations serve citizens. All these networks have been studied in abundance and certain disciplines have been specialized in particular networks or parts of them. We, however, know seemingly little about networks constructed by actors from different layers. This focus area is in margin of many of the approaches considering networks.

In our research we aim at making sense of welfare mix networks. This context is expected to give an opportunity to bring up new insights relating to the political, social and other types of embeddedness of business activities. The purpose of this paper is to scrutinize the contexts in which welfare services are produced. The study encompasses both a literature review and empirical findings of a case study of a network producing housing services for elder people in a Finnish municipality. The network can be seen as an example of a welfare mix producer, which operates in the intermediate area between private, public and third sector.

In the network literature the focus has mainly been on organizations and industry networks. In our study the focus is extended to individual service consumers as well as to local authorities and governmental actors as parts of the network because social welfare services and their production are embedded in a public - private context which has special features compared to the traditional service production networks. By adopting the viewpoint of embeddedness we were able to generate a theoretical framework of the contexts of a welfare service as well as a visual illustration of a welfare mix network.

Keywords: Network, service, welfare mix

Introduction

Growing number of literature observes private organizations doing business services in b-to-b networks, public service organizations collaborating in public networks, and private people interacting and helping each other in their social networks (cf. Berry et al. 2004, p. 539, 544). Certain disciplines have been specialized in particular types of networks, or layers of networks of our society and most of them have been studied in abundance. Although these layers of networks have differences of principle they have various linkages too. Firms provide services to consumers and public sector organizations serve citizens. Additionally, private persons work in the organizations and affect in public networks as voters and as elected officials. Despite commonness of these networks crossing the layers, we know seemingly little about service networks constructed by actors from different layers.

In business-to-business settings, attention to the embedded business network context is needed to better understand dyadic relationships between firms. (cf. Anderson, Håkansson and Johanson 1994, p. 13). IMP network literature has focused on inter-firm linkages and political factors have not been considered formerly (Welch and Wilkinson 2002, p. 2). The broader contextual setting has got more emphasis later and also the political embeddedness has been considered and forms of it have been specified in recent years (ibid, 3 - 4). IMP literature has also observed business-to-business service settings. Besides, services can be seen as the outcome of the business exchange activity (Håkansson and Prenkert 2004, p. 91). Few examples of studies examining interactions and relationship of a service firm and a public authority can be found also (e.g. Easton and Poad 2003).

Anyway, an evolving industry, social welfare services, would deserve more attention. Social welfare services are growing rapidly in the U.S.A. (cf. Van Slyke 2003, p. 296) and UK (Field and Peck 2004, p. 254) as well as in other western countries. In the field of social welfare services all modern societies face increase in amount and diversity of demands, but supply capacities have reached their limits (Bahle 2003, pp. 5-6). Social services are increasingly produced according to welfare mix concept, which has special network features. It is important to study roles of actors, contexts and embeddedness in the current situation where private service firms produce the actual complex governmental service for citizens. The setting reveals the central roles of governmental and local policies in this particular situation while it, on the other hand, suggests potential similarities with other public purchaser – private supplier relationships (cf. Halinen and Törnroos 1998, p. 196).

Purpose and methodology of the paper

Suppliers in welfare service network are governmental organizations, municipalities, firms, associations and voluntary sector organizations. (Andersson 2000, p. 11) Also private people participate in the networks as service producers and users. These networks operate in an area between private, public and third sector, which is called intermediate area, or intermediate level (Matthies 1996, p. 12). In this area these sectors intertwine and their actors are mixed together. Objectives, principles of activities, funding sources and motivations of different sectors are combined (ibid.) and mixed. Also part of actors can be seen as mixed (Welch and Wilkinson 2002, p. 21).

In our research we aim at making sense of welfare mix networks. This context is expected to give an opportunity to bring up new insights relating to the political, social and other types of embeddedness of business activities. The purpose of this paper is to scrutinize the contexts in which welfare services are produced. The study encompasses both a literature review and empirical findings of a case study of a network producing housing services for elder people in a Finnish municipality with 25,000 inhabitants. The municipality has privatized the main part of its housing services for aged people and there exists various types of service providers. The network can be seen as an example of a welfare mix producer, which operates in the intermediate area.

The main data source of the case study is personal interviews. Additional data are written sources and observations. The evidence is primarily qualitative and the purpose is to get a holistic view about the welfare service network. A single case is used to generate theory with an idea to study a narrow part of the field thoroughly to understand complexities. The interview data has been tape recorded and literalized. Then it has been analyzed by following the theoretical proposition, which has based on analytical scheme of analysis of development effects of business relationships (Håkansson and Snehota 1995, p. 45) supplemented by the consideration of the way the environment affects actors

(Holmen and Pedersen 2003, p. 411). Attention has been focused on data that may link to factors that affect the possibilities of development of relationships (cf. Håkansson and Snehota 1995, p. 45).

Twelve interviews have been conducted between spring 2003, the pre-study phase, and June 2005. Six interviews with seven interviewees were conducted with service providers. Four representatives of the assisting organization (cf. later) have been interviewed as well as one private person, who uses the case service. Also the superior of the 'services for aged people' sector was interviewed. The sector, in turn, is one of the four sectors of the basic security centre of the municipality. The centre coordinates health care and social services. The interviewees were entrepreneurs or directors of service providers. They were presumed to have the overall view of their network. On the public sector, lower-level officials responsible for the particular services were interviewed because their work is likely to be less "contaminated by political rhetoric" (Considine & Lewis 2003, p. 134, 139).

Welfare services and their context – Mix of policy and business

Welfare¹ services are processes, which consist of activities or a series of activities (cf. Grönroos 2000, p. 47). New Public Management (NPM) is a management doctrine, which has been emphasized in the development of public administration and the production of welfare services on the pan-European level since 1980's (Lemponen, Kahila 2002, p. 29). NPM has highlighted both the development of the own work of public actors and their co-operation, but also market driven and other alternative ways of production. Outsourcing and bidding increase alternatives of the service user and they have become the most important activities of public administration. (ibid. p. 29)

Despite the fact, that growing demands and limited supply capacities squeeze social-service systems in the bulk of modern societies, the reaction of the state can be towards a lower or a higher degree of institutionalization of social services. Institutionalization is in the other words "the way in which social services are socially regulated and controlled" (Bahle 2003, p. 7). On the one hand social reforms in many Western European countries seem to move in similar directions and phenomena like privatization, decentralization and welfare pluralism can be seen as indicators of lower degree of institutionalization. On the other hand growing demands combined with limited resources suggest a strong role for the state in controlling and developing social services. For a detailed view the concept of welfare mix allows for an analysis of the roles of actors in social-service systems. (Bahle 2003, p. 6)

Mix of policy and business exists on various levels and in various forms in social welfare services. For this reason, the context of services is first discussed generally. Then, the overall context is divided into individual, organizational, industry, and welfare state levels. Discussion continues from different angles, which reveal various types of embeddedness. The temporal aspect, i.e. change, is considered too. Firms producing social services are evidently politically embedded when their business is to put policy into practice. Moreover, public sector organizations actively implement and draw up politics too. We suggest that they also are more or less economically embedded; they have economic limitations when they plan and realize their politics. Organizations of voluntary sector are perhaps also politically and economically embedded. All the organizations are connected with various network structures. (Halinen and Törnroos 1998, p. 189) As a result, not only political embeddedness but also social and other types of it need to be analyzed in the welfare mix network setting.

Context of a service

Writers of the current relationship and interaction literature have considered context{XE "contextuality"} (e.g. Achrol, Reve and Stern 1983; Alajoutsijärvi and Eriksson 1998; Anderson, Håkansson and Johanson 1994; Halinen and Törnroos 1998; Holmen and Pedersen 2003). There is no agreed-upon definition of context{XE "context"} in the literature. We define context as factors that are not totally in the decision power of relationship parties and that affect or condition the birth, development, and death of a relation. (Mittilä 2000, p. 88)

There exist faceless forces and identifiable factors in the environment of a service relationship. Achrol{XE "Achrol"}, Reve and Stern (1983) have identified the primary and the secondary task environments and the macro environment of marketing channel dyads. The two former consist of types of customers and suppliers and other identifiable actors, and the latter is composed of general social, economic, political, and technological forces that impinge on the activities in the primary and

secondary task environments. Anderson, Håkansson and Johanson (1994) have separated the concepts of environment and network context. According to them, in a relationship each firm is gaining control of at least one part of its environment while giving away some of its internal control. Network horizon denotes how extended view an actor does have of the network. The actor considers relevant network context, which is a part of the network within the horizon. (ibid. p. 4) The part of the overall network, which the actor is not aware of, is the actor's environment. (Holmen and Pedersen 2003, p. 411)

In the interaction perspective, Alajoutsijärvi (1998) and Eriksson (1998) use the concept of inner context to describe the activities in the relationship. In this paper, however, interaction and intercommunication between the relationship parties are understood as the content of a relationship, while the inner context encompasses the organizational issues of relationship partners and the outer context encompasses industry context and macro environment. Anderson, Håkansson and Johanson (1994) and Alajoutsijärvi and Tikkanen (1998) have identified the network as outer context. In spite of this, they may belong to both inner and outer contexts in the conceptualization of this study. Under the concept of embeddedness, Halinen and Törnroos (1998, 193) have identified a micro net which refers to a distinct business activity carried out as teamwork among several actors, and a macro net which includes the political, regional or infrastructural network that plays an important role in the micro net and its activities. In the conceptualization of this study, micro net is understood as the content and the inner context of network relationships while macro net refers to the outer context.

Neither business (cf. Håkansson and Snehota 1989) nor man is an island (Donne 1624). Accordingly, no user of a public social service is an island as is not the member of the service personnel an island either. **Individual context** refers to a private person acting in some role in a network. Relatives, friends, and the family of the actual service user may play central role in the network and, in turn, their contexts have meaning as well. These persons can be co-producers, or co-users of the service. The customer, as well as the supplier, can be understood as many-headed (cf. Gummesson 2002, p. 73) in the case of social welfare services for the elderly. The service production according to welfare mix involves many suppliers of various sectors and roles (cf. Bahle 2003, p. 7). Several persons are involved in decisions relating to the service as well as in the actual production of it. In fact, it may often be difficult to define, who is the customer in these service situations. Some persons may be seen as co-producers or as customer's customers, or agents (cf. Gummesson 2002, p. 79). One person often has various roles (cf. Gummesson 2004, p. 24). All this makes the individual level fuzzy.

Research in an area between public, private and voluntary sectors combining actors of each sector calls for understanding of basic differences of these organizations. In the point of view of **organizational context** of cross-sector interactions and relationships a few things are possible to mention. The public sector is more highly regulated and it faces more political constraints than the private sector (Lian and Laing 2005, p. 2). Objective of the private firm is profit making when the public sector organization aims at execute social-economic policies. Various arrangements are more flexible in private sector; short-term sacrifice is allowed to achieve long-term benefits and accountability uses to be low. Organizations of the public sector evaluate the performance by each contract and give no promise for future contracts. Inspections and audits are made periodically by various administrative agencies. (Wang and Bunn 2004)

Industrial context of social welfare services has changed when former service suppliers like social care organized by the employer have given place to public and voluntary organizations and service firms. The variety of orientations of the different actors is evident. There are for-profit and non-profit, or non-commercial actors producing the services in cooperation and sometimes they may also compete with each other. Additionally, the exchange relationships of the actors are both economic and non-economic (cf. Easton and Araujo 1992, 66). The stress seems to be in non-economic ones due to the nature of this branch. Special character of the industry is also the combination of task-oriented relationships and infrastructural relationships (cf. Hallén 1997, p. 215), which seem to be mixed. Also "...pricing and payment are not part of the same systems as production and delivery" here in the non-commercial sector. (Gummesson 2002, p. 117)

According to Elisabeth Langby (Harisalo and Miettinen 2004, p 48) **welfare state context** has its roots as far as in antique Greece and Athens was early welfare state in reign of Perikles. In point of fact, enhancing common good (*bonum commune*) has always been seen as a task of the state in Europe (Harva 1964, p. 9) and it is defined as one task of the state in the introduction of the constitution of the United States (*ibid.*). Western countries have developed social policy of their own during the twentieth century. (Harisalo, Miettinen 2004, p. 43) Today the states have pressures to find new solutions to be able to meet the increased demand, but they have to somehow be able to control the new situation to ensure allocation of scarce resources in a way, which meets the objectives of the welfare state. The state and its welfare policy in general and the social policy in this case particularly can be seen to play a central role for the network of public, private and voluntary organizations, and also individuals producing social services for the elderly.

Welfare state is defined commonly in textbooks as a state, which “involves state responsibility for securing some basic modicum of welfare for its citizens” (Esping-Andersen 1990, pp. 18-19). Esping-Andersen (1990, pp. 26-27) has used the volume of public expenses as a criterion and divided the states into three groups: liberal, social democratic and conservative welfare states. Markets play central role in social- and health care services in liberal, Anglo-Saxon model (e.g. Great Britain). Social democratic, Nordic model has public social security and social services, which belong to the whole population (e.g. Sweden and Finland). Conservative, corporative continental European model ties social security to the employment and the family plays a central role in the social care (e.g. France). (Esping-Andersen 1990, 26-27; Harisalo, Miettinen 2004, pp. 47-48)

Further embeddedness of services

Services as well as their producers and users are embedded in various ways in their context. The contextual levels of the actual service can be seen as levels of analysis, which need to be considered to be able to draw a holistic picture of the service context. However, the embeddedness of the service, and the contextual levels as well, will be discussed next in economical, political, sociocultural, spatial, and technological point of view. These types of embeddedness (cf. Halinen and Törnroos 1998, p. 194) can also be named as context areas here. The contextual levels of the actual service represent a type of vertical embeddedness (*ibid.* 196). The vertical levels of embeddedness are, in turn, embedded in the context areas. Moreover, all of the contextual levels as well as the context areas and the focal services are embedded in time (Mittilä 2000, p. 92). Drawing from abductive reasoning, a model of contextuality of a welfare service is introduced in Figure 1.

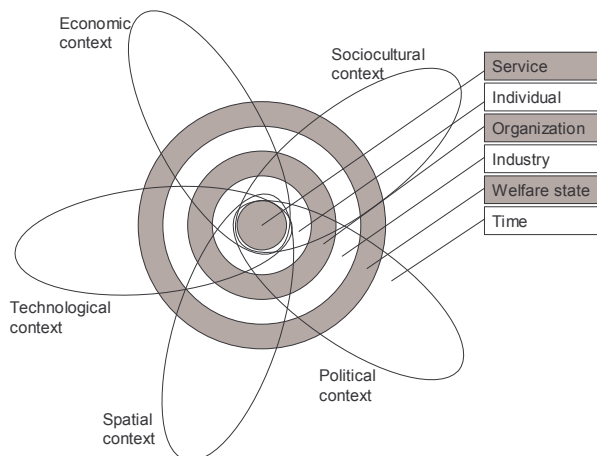


Figure 1: Contextuality of a Welfare Service

Political embeddedness as a type of embeddedness refers how business actors are embedded in broader network structures (Halinen and Törnroos 1998, p. 194). Political embeddedness plays central role in the welfare mix micronet when there are actors using, or being able to use, power, which has political basis. Organizations of public and private sector develop, influence and implement policy, including lobbying, issue networks and policy communities. (Welch and Wilkinson 2002, p. 20) These organizations interact in inter-business networks too. There the public organization acts as a buyer or a supplier and an example could be state-run business. This study focuses on inter-business networks, in which local authorities are buyers. However, relationships of the local authority and

service providers consist not just of buying and selling, but there are also policy communities, which “feature stable relationships based on frequent resource exchanges among a closed membership whose interdependence ensures a high degree of influence over policymaking.” (ibid. p. 8)

Because individuals do business, business networks are **socioculturally embedded** in social structures of various types. Gummesson{XE "Gummesson"} (2002, p. 148) identified nine types of relationship, including family, religion and friends, which constitute an individual's social network. Consequently, we are influenced and socialised by multiple reference groups and different cultures. Cultures can be seen as the sum of total of learned beliefs, values, and customs that serve to direct the behaviour of members of a particular society. Beliefs and values refer to accumulated feelings and priorities that individuals have about 'things' and possessions. Values can also be seen as beliefs. (Shiffman and Kanuk 2000, p. 322-323) Concerning public welfare services there is the complexity in the production due to the multiple ethnic and social diversities that have to be taken into account.

Economical embeddedness may play a substantial role in relationships, especially in the ones with a public sector customer. Trade in the relationship could be totally dependent on those contextual factors. This means that the parties cannot commit themselves to long-term economic exchanges but must operate on transactional terms. (Mittilä 2000, pp. 97-98) Public sector organizations have economic limitations of special type. One specialty is the separateness of the pricing and payment, which are not part of the same systems as service production and delivery. The payer and the user are often different persons. (Gummesson 2002, p. 117) The payment is collected in taxation and in social insurance fees. As a consequence, the funds the public organization gets may follow the overall economic situation and changes of political forces, not only the amount of citizens served.

Spatial embeddedness denotes the spatial levels of industrial activity within a specific business setting. It can also be looked at from a psychological and/or sociological perspective that deals with the way human actors understand space and the spatial hierarchy around them. Space is mentioned as the main elements of the contextual setting with sub-dimensions like geographical, social, and political (Alajoutsijärvi{XE "Alajoutsijärvi"} and Eriksson{XE "Eriksson"} 1998). A spatio-mental perspective refers to the way individuals understand space and the spatial hierarchy around them (Halinen and Törnroos 1998, p. 195).

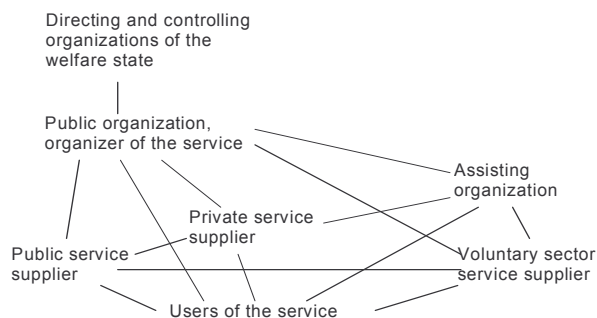
Business exchange and service production are **technologically embedded** in different levels (Halinen and Törnroos 1998, p. 196). Actors are dependent not only on specific service processes and production technologies, but on the general technology level of a country as well. The actors are embedded in the infrastructure like the transportation and information systems, housing conditions and equipments in homes of the elder people. (cf. ibid.) Product, process, and marketing types of technology are interrelated and all of them are needed to provide an offering, which is suitable for a particular application at any point in a network. (Thomas and Ford 1995, pp. 280-281)

Temporal embeddedness refers to the multidimensional nature of time (Halinen and Törnroos 1998, p.195). Alajoutsijärvi{XE "Alajoutsijärvi"} and Eriksson{XE "Eriksson"} (1998) also mention time (past, present and future) and space as the main elements of the contextual setting. Appropriate timing for action in managerial situations and contexts, in the other words Kairology, has been the concern of Hedaa and Törnroos (2001) in business networks. Medlin (2004, p. 190) has discussed temporal embeddedness of a business relationship. In addition, business networks are not only embedded in the physical aspects of time, but also in various social time constructs. Time is connected with social organizations and with individual people. Individuals view time differently and people's sense of time may be different in the different social organization. So, time is culturally bound. (Halinen and Törnroos 1998, p. 195)

Results of the study

Directing and controlling organizations of the welfare state refer to ministries of the Finnish government. A public organization, organizer of the service is typically the authority of a municipality, the basic security centre in this case. A public service supplier is a service organization run by the municipality. A private service supplier refers to a privately owned and run firm like the two private firms running their homes in the case. A voluntary sector service supplier is an association, foundation, or another organization of that type, which offers services in the case branch. An assisting

organization is an organization like a polytechnic, Employment and Economic Development Centre, or Finland's Slot Machine Associationⁱⁱ. These organizations help the service providers functionally, like the two former, or economically like the latter. Users of the service not only consume the service, but they also participate in the production. An aged person is one example of the members of this group. His or her relatives may have a role as a co-producer or a co-user of the service. The actors and their



connections are depicted in figure 2 illustrating a welfare mix network, which is a result of the study.
Figure 2: Welfare mix network

When observing **embeddedness of the service at the individual level** it is generally believed that individual actors are socioculturally embedded in their private social networks consisting of family members and people with whom they have alike close relationships. When aged people need help they turn towards these close relatives and friend, not only to authorities. When housing services are located close enough of aged person's home neighborhood they can continue living in the familiar surroundings near relatives and old friends. The aged person has also potential to influence the policy through members of local council and municipal officials either officially or by social relationships.

Embeddedness of the service at the organizational level ensues the fact that the case municipality has outsourced the main part of aged people's housing services. There seem to exist stable long-term cooperation and mutual understanding on activities between the service organizer and the service providers. Interactions between the municipality and the service providers relating to the care of clients take place continually. The municipality buys the main part of the services of the service providers who are dependent on the municipality. Likewise it is dependent on the service providers. It must organize the services in any situation and without disturbances. It often has few alternatives and sometimes it has difficulties to find any service provider. In spite of this, the contracts between the municipality and the providers are relatively general and their written texts are just a few pages long. The parties have been able to solve problems and agree upon the issues not covered by the contract.

The case municipality seems to prefer to purchase the service inside own municipality. Though, old persons who need special services are cared elsewhere too. Sometimes the placement is complex. The authorities have to try a few places before a tolerable, unit is found. Maybe the level of monetary compensation the unit gets has not been on an adequate level when compared with the workload these patients cause. The customer, or the patient, with the best condition may be selected first although his or her need of the care may be smaller. However, it may be difficult to reward units whose patients are in a bad condition, when taking the point of view of control and direction.

Embeddedness of the service at the industry level can be seen to link with the current situation, where increase in demand and scarce resources have forced municipalities to find new flexible and less hierarchical ways to organize the services. The case service network can be seen as a well-developed example tying the parties into their current way of operating. Thus the case sector of the municipality is also an outcome of its relationships, which have run smoothly without major conflicts. An exceptional episode has come up relating to the relationship of the municipality and the service providers. One of them had expanded and opened a new special unit. The municipality had promised to buy a certain amount of the capacity of the unit at the planning stage. After all, the municipality had bought essentially less than the promise has been. This caused problems to the service provider, which had to put special effort to find new buyers. The episode decreased trust in the relationship.

Embeddedness of the service at the welfare state level is linked with the principles of NPM, which Finland seems to have adopted. Decentralization and decreasing of regulation are NPM themes strengthening the municipal autonomy, which is one of the legitimated values of the Finnish public administration. The other main means of the Finnish reforms are the lightening of the bureaucracy, the empowerment of market mechanisms and the shift from input budgeting to a stronger focus on results (Haveri 2002, p. 4). As a consequence, the role of welfare mix has been strengthened including the service production of firms, private people and nonprofit organizations (Matthies 1996, pp. 11, 24) when municipalities have limited their supply. Social- and health care services produced by private firms and associations have become more frequent particularly after the mid 1990's. So, service units of private social service providers have increased from some 750 units in 1990 to nearly 2900 in 2001. Local authorities are their most important customer group. (Kauppinen and Niskanen 2003, pp. 9-10)

Temporal embeddedness of the service has changed when the legal provider, i.e. the municipality, has outsourced the case welfare service and private housing services have gradually emerged during the last two decades. There were two foundations and their homes at the end of the eighties. A private co-operative society started to offer housing services in the municipality's former home for the aged in the nineties. A private health resort run by a limited company started a home in 2001. These four service providers are running their homes beside the care services of the municipality today.

In the near past there has been a change in the cooperation of the municipality and the service providers. The organization for the placement of clients is a group, which plan, evaluate and place the clients. The service providers participated in the group and its monthly meetings until spring 2004. Then the municipality changed the composition of the group and employees of municipality are remaining only in the group today. The municipality made the change because it sees that as a payer and the one in response it shall do the decisions after all. The municipality uses its power to control the network but it may loose innovativeness simultaneously and the network may become a hierarchy. Another major change is that the case municipality is planning to bid the contracts in the future. The problem is that bidding does not work well because of limitations of the marketsⁱⁱⁱ. Therefore, the potential benefits of bidding are easy to question, but the state level legislation forces to bid, anyway, although it may limit competitive behavior simultaneously. (Easton and Poad, 2003, p. 11)

Conclusions

Political discussion about social welfare services is lively on the welfare state level, where the principles are planned. It is also active on the municipal level, where the principles of welfare policy implementation are decided. Political issues play central role even on the grassroots level, where public authorities solve the problems of increasing demand and scarce resources with service suppliers. Finally, individual persons produce the social welfare services by acting according to the political principles or against them. Official organizations or individuals who serve and care each other unofficially produce the services. The individuals also affect, at least potentially, the political principles through the political process. Consequently, social welfare services are complex phenomena.

Our aim in this paper was to make sense of welfare mix networks. Our point of departure was the service produced together with the production network. In the network literature focus has mainly been on organizations and industry networks. In our study the focus is extended to individual service consumers as well as to local authorities and governmental actors as parts of the network because social welfare services and their production are embedded in a public - private context which has special features compared to the traditional service production networks. By adopting the viewpoint of embeddedness we were able to generate a theoretical framework of the contexts of a welfare service as well as a visual illustration of a welfare mix network.

The production of welfare services is going through a profound change in the western countries. Concerning other social welfare services, the results of our study may help researchers and practitioners to identify same type of features in other industries run by public and private actors in collaboration. We may conclude that governmental and local policies play a substantial role in the studied service industry. Private service suppliers are a part of the governmental system when they produce services organized by a public authority and used by citizens. This political economic position of the service suppliers in the network calls for further research, as do the positions and interactions of different actors of the welfare mix network.

References

- Achrol, Ravi S., Torger Reve and Louis W. Stern (1983), The Environment of Marketing Channel Dyads: A Framework for Comparative Analysis, *Journal of Marketing*, 47 (Fall), 55-67.
- Alajoutsijärvi, Kimmo and Päivi Eriksson (1998), In Search of Buyer-Seller Interaction: Context and Narratives as Keys for a More Complete Understanding. *Journal of International Selling and Sales Management*, Vol. 4, No.2, 89-107.
- and Henrikki Tikkanen (1998), Competence Development Within Industrial Networks. Analyzing a Case, *Journal of International Marketing and Marketing Research*, Vol. 23 No. 3, 139-156.
- Andersson, Sirpa (2000), *Vaihtoehtoja maaseudun hoivapalveluihin – tapaustutkimus monituottajamalleista – Alternatives in rural care services. A case study on multiprovider models*, Fin Soc 4/2000, National Research and Development Centre for Welfare and Health (STAKES), Helsinki.
- Anderson, James C - Håkansson, Håkan - Johanson, Jan (1994), Dyadic Business Relationships Within a Business Network Context, *Journal of Marketing*. Vol. 58, October, 1-15.
- Bahle, Thomas (2003), "The changing institutionalization of social services in England and Wales, France and Germany: is the welfare state on the retreat" *Journal of Europ. Soc. Policy*, Vol.13(1),5-20.
- Berry, Frances S., Ralph S. Brower, Sang Ok Choi, Wendy Xinfang Goa, HeeSoun Jang, Myungjung Kwon and Jessica Word (2004), Three Traditions of Network Research: What the Public Management Research Agenda Can Learn from Other Research Communities, *Public Administration Review*, September/October, Vol. 64, No. 5, 539-552.
- Considine, Mark and Jenny M. Lewis (2003), Bureaucracy, Network, or Enterprise? Comparing Models of Governance in Australia, Britain, the Netherlands, and New Zealand, *Public Administration Review*, Vol. 63, No. 2, 131-140.
- Donne, John (1624), Meditation XVII, from Devotions Upon Emergent Occasions, (accessed April 18, 2005) available at <http://isu.indstate.edu/iinprof/ENG451/ISLAND/text.html>,
- Easton, Geoffrey and L. Araujo (1992), "Non-economic exchange in industrial networks" in *Industrial Networks, A New View of Reality*, Björn Axelsson and Geoffrey Easton, eds. Routledge, London 62-84
- Easton, Geoff and Malcolm Poad (2003), The Marketisation of Health Services; A case study of the UK General Practitioner Fundholding "Experiment". The paper was published on the 19:th IMP-conference in Lugano, Switzerland, September 4-6, 2003.
- Esping-Andersen, Gøsta (1990), *The Three Worlds of Welfare Capitalism*, Polity Press in association with Blackwell Publishers, Oxford.
- Field, Janet E. and E. Peck (2004), Concordat or Contract. Factors facilitating or impeding the development of public/private partnerships in healthcare in England, *Public Management Review*, Vol. 6, Issue 2, pp. 253-272.
- Gummesson, Evert (2002), *Total Relationship Marketing: Marketing management, Relationship Strategy and CRM Approaches for the Network Economy*, 2. Ed. Butterworth Heinemann, Oxford.
- (2004), *Many-to-Many Marketing: Från one-to-one till many-to-many I nätverksekonomin marknadsföring*, Liber Ekonomi, Malmö.
- Grönroos, Christian (2000), *Service Management and Marketing: A Customer Relationship Management Approach*, 2 Ed. John Wiley & Sons, Ltd, Chichester.

Halinen, Aino and Jan-Åke Törnroos (1998), The Role of Embeddedness in the Evolution of Business Networks, *Scandinavian Journal of Management*, Vol. 14, No. 3, 187-205.

Hallén, Lars (1997), "Infrastructural Networks in International Business" in *Understanding Business Markets: Interaction, Relationships and Networks*, David Ford ed. 2 ed. The Dryden Press, Harcourt Brace & Company Limited, London.

Harisalo, Risto and Ensio Miettinen (2004), *Hyvinvointivaltio: Houkutteleva lupaus vai karvas pettymys – Welfare state: Attracting promise or a bitter disappointment.*, Tampere University Press, Vammala.

Harva, Urpo (1964), *Ihminen hyvinvointivaltiossa – Man in the welfare state*, Kirjayhtymä, Rauma.

Haveri, Arto (2002), Uusi julkisjohtaminen kunnallishallinnon reformeissa – The New Public Management and Local Government Reforms in Finland, *Hallinnon tutkimus*, Vol. 21, (1), 4-19.

Hedaa, Laurids and Jan-Åke Törnroos (2001), Kaiology in Business Networks, Competitive paper, 17th IMP Conference, Oslo.

Holmen, Elsebeth and Ann-Charlott Pedersen (2003), Strategizing through analyzing and influencing the network horizon, *Industrial Marketing Management*, Vol. 32, pp. 409-418.

Håkansson, Håkan and Frans Prenekert (2004), "Exploring the exchange concept in marketing" in *Rethinking Marketing: Developing a new understanding of markets*, Håkan Håkansson, Debbie Harrison and Alexandra Waluszewski eds., John Wiley & Sons, Ltd, Chichester, 75-97.

---- and Ivan Snehota (1989), No Business is an Island: The Network Concept of Business Strategy, *Scandinavian Journal of Management*, Vol. 5, No. 3. 187-200.

---- and ---- (1995), "Analysing business relationships" in *Developing Relationships in Business Networks*, Håkan Håkansson and Ivan Snehota eds., Routledge, London, 24-49.

Kauppinen, Sari and Tapani Niskanen (2003), *Yksityinen palvelutuotanto sosiaali- ja terveydenhuollossa – Private service production in social- and healthcare*, Sosiaali- ja terveysalan tutkimus- ja kehittämiskeskus, STAKES, Raportteja 274, Saarijärvi.

Lemponen, Virpi and Petri Kahila (2002), *Hyvinvointi, kunta ja arvot: Näkemyksiä neljästä maaseutukunnasta – Welfare, municipality and values: Views from four rural municipalities*, Helsingin yliopiston maaseudun tutkimus- ja koulutuskeskus, Sarja B:26, Seinäjoki.

Lian, Paul C.S. and Angus W Laing (2005), Public sector purchasing of health services: a comparison with private sector purchasing, *Journal of Purchasing & Supply Management*, In press.

Matthies, Aila-Leena (1996), "Hyvinvoinnin sekatalous ja suomalaiset välittävät organisaatiot – Welfare mix and the Finnish intermediate organisations" in *Välittävät verkostot – Intermediate networks*, Aila-Leena Matthies, Ulla Kotakari and Marianne Nylund eds. Vastapaino, Jyväskylä, 11-29.

Mittilä, Tuula (2000), "Relation Trine. An Analysis of Industrial Supplier-Customer Relations," doctoral dissertation, Acta Universitatis Tamperensis 768 , University of Tampere, Tampere.

Schiffman, I.G. and Kanuk, L.L. (2000), *Consumer Behavior*, 7th ed. Prentice Hall, Inc. New Jersey.

Thomas, Richard and David Ford (1995), "Technology and Networks", in *Business Marketing: An Interaction and Network Perspective*, Kristian Möller and David Wilson eds., Kluwer, Boston et al.

Van Slyke, David M. (2003), The Mythology of Privatization in Contracting for Social Services, *Public Administration Review*, May/June, Vol. 63, No. 3, 296-315.

Wang, Sijun and Michele D Bunn (2004), Government/Business Relationships: Insights into Contract Implementation, *Journal of Public Procurement*, Vol. 4, Issue 1, 84-115.

Welch, Catherine and Ian Wilkinson (2002), "The political embeddedness of international business networks," Competitive paper presented at 18:th Annual IMP Conference, Dijon.

ⁱ The state or condition of doing or being well; good fortune, happiness, or well-being (of a person, community, or thing); thriving or successful progress in life, prosperity. ([//dictionary.oed.com/](http://dictionary.oed.com/))

ⁱⁱ Finland's Slot Machine Association has an exclusive right in Finland to operate slot machines, and casino table games (<http://www.ray.fi/inenglish/raytietoa/index.php>).

ⁱⁱⁱ In the functional markets there should be many providers and buyers, equal product, all the needed information available etc. (e.g. Van Slyke 2003, p. 297; Harisalo and Miettinen 2004, pp. 91-96)