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Citizen participation as a systematic development tool in renewing social and healthcare services

- a Case Study in the Public Service Context

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Citizen participation as a systematic development tool in renewing social and healthcare services

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Abstract

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The purpose of this thesis is to develop a framework for using citizen participation as a systematic development tool in renewing public services.

The structure of the thesis consists of an introduction, theoretical framework, presentation of the three case organizations and their cases, research methodology, collection and analysis of the empirical data, empirical results, and conclusions. The theoretical framework includes concepts that are related to service development such as open innovation, participation, service design, and change management.

The empirical part of the thesis consists of three case descriptions in the city of Oulu and city of Kajaani, and in the Kainuu region from the period 2013-2014. The research is carried out as participatory action research and is conducted through a service design process. The main empirical data collection methods are service design methods such as design probes, interviewing, design workshops, customer journey maps, profiles, empathy maps, business model canvases, participatory budgeting, and prototypes. The empirical data are analyzed through content analysis and pattern-matching logic.

The thesis contributes to the service design and innovation literature by proposing a framework for using citizen participation as a systematic development tool in renewing public services. The framework integrates into a single model the special characteristics of service design and innovation processes, open innovation, participation, decision-making, and change management.

Key words: service innovation, open innovation, service design, citizen participation, co-creation, public sector

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Lopputyön tavoitteena on luoda kuntalaisia osallistava jäsennelty malli julkisten palvelujen uudistamiseen.

Lopputyön rakenne muodostuu johdannosta, teoreettisesta osasta, kolmen kohdeorganisaation ja niiden kohdetapausten esittelystä, empiirisen aineiston keruusta, analyysistä, tuloksista ja johtopäätöksistä. Teoreettinen viitekehys sisältää käsittää palvelujen kehittämiseen liittyviä käsitteitä kuten avoin innovaatiotoiminta, osallisuus, palvelumuotoilu ja muutosjohtaminen.

Työn empiirinen osa koostuu kolmesta tapaustutkimuksesta Oulussa, Kajaanissa ja Kainuun alueella vuosina 2013-2014. Tutkimus toteutetaan osallistuvana toimintatutkimuksena hyödyntäen palvelumuotoilun prosessia. Empiirinen aineisto on koottu pääosin palvelumuotoilun menetelmin kuten fokusryhmät, muotoiluluotain, haastattelut, työpajat, palvelupolku, persoonat, empatiakartta, business model canvas, osallistuva budjetointi ja prototyypit. Empiirinen aineisto analysoidaan sisältöanalyysina kolmen teorian avulla.

Lopputyö täydentää palvelumuotoilu- ja innovaatiokirjallisuutta uudella kuntalaisia julkisten palvelujen uudistamiseen osallistavalla mallilla. Malli yhdistää toisiinsa palvelumuotoilun ja innovaatiotoiminnan prosessien, avoimen innovaatiotoiminnan, osallisuuden, päätöksenteon sekä muutosjohtamisen erityispiirteet.

Key words: palveluinnovaatiot, avoin innovaatio, palvelumuotoilu, osallisuus, yhteiskehittäminen, julkinen sektori

Introduction

1.1 Innovations in the public sector

Social and healthcare services are the largest local government function and a central part of the Finnish system of welfare services. Local authorities are responsible for performing the social and healthcare services by law. They may provide the services either alone or with other organizations or private sector providers. In recent years, the sustainability gap in Finnish general government finances as well as changes in the population structure are creating pressure for reform in service structures and organizational practices (Kuntaliitto 2014).

Innovations are usually examined from the perspective of the private sector and regional development, excluding service restructuring in the public sector. Also, innovation researchers tend to come from the fields of economics, engineering, and geography (Fagerberg 2005, 2–4); only three percent of the researchers have a background in political science or management (Fagerberg & Verspagen 2009, 229). Traditionally, innovation activities have been viewed in economic terms as the allocation of resources to innovation, while scholars have consigned the innovation process itself to a "black box," as Fagerberg (2005, 2–4) notes. Yet, innovation activities often aim at social goals that cover a wider area than simply economic development, the objective being to improve the quality of life and well-being of citizens (Sotarauta 2009, 18).

Innovation can be classified into different types. Schumpeter (Fagerberg 2005, 6) distinguished as early as the 1930s five different types of innovation focusing on the role of innovation in economic and social change. These types were innovations as new products, new methods of production, new sources of supply, the exploitation of new markets, and new ways to organize business.

Schumpeter (Fagerberg 2005, 7–8) also classified innovations according to how radical they are compared to the current state. Continuous marginal improvements of the product or technology are incremental innovations, whereas totally new products (such as the automobile or the airplane) or technological revolutions are radical discontinuous innovations.

The public sector is continuously restructuring administration and services even though these development measures or reforms have not been traditionally labeled, or studied, as innovations (Hennala, Linna & Pekkarinen 2008; Windrum 2008, 3). These reforms have instead been called New Public Management, Administrative Reforms, or Citizen-Centered Governance.

Some international scholars argue that the joint consequences of these changes are creating a global public governance revolution because they distribute innovative ideas, best practices, and innovative culture to the public sector (Kettl 2005 according to Borins 2008, 3). The impact of New Public Management is especially referred to as an inspiration to changes that have transformed public sector innovations (Hall & Holt 2008, 21; Windrum 2008, 15). According to Mulgan (2007, 6), public sector innovations can include new services (service innovations), new ways of organizing services (such as Public-Private Partnerships), or new ways of distributing or communicating about services (such as ministerial blogs and e-voting). Further, Mulgan (2007, 6) defines radical innovations in the public sector as a systemic change, such as the creation of a national health service or a move to a low-carbon economy. Windrum (2008, 8–10) follows the same taxonomy, adding conceptual innovation (such as a minimalist state) and policy innovation (the transition to market economies by Eastern European countries). Osborne and Brown (2005, 4) do not recognize incremental innovations at all; they see them as gradual changes to existing services. Innovations introduce new elements into public services in the form of new knowledge, a new organization, or new management skills. Innovations always represent a discontinuity with the past.

Innovation in the public sector is a relatively new area of research and has been pursued internationally since the turn of the millennium (Moore & Hartley 2008, 4; Nelson 2008, xi; Windrum 2008, 3; Jäppinen 2011a, 16-17). The latest Finnish innovation research in the local government sector has been focused in the public sector in general (Hennala, Linna & Pekkarinen 2008; Hyvönen & Valovirta 2009; Jäppinen 2009; Lovio & Kivisaari 2010) or on innovations from the perspective of governance (Anttiroiko 2009), services and governance (Hämäläinen 2005; Kivisaari & Saranummi 2006; Taipale & Hämäläinen 2007; Saari 2006; Hautamäki 2008), innovation processes (Miettinen and Koivisto 2009), management (Apilo, Taskinen & Salkari 2007; Oikarinen, Hennala & Linna 2008; Jäppinen 2009; Sotarauta 2009), and public procurement (Kostiainen 2007; Rilla &Saari 2007). This thesis describes service innovations and citizen participation as a tool to renew services in the public sector. Case examples of the research are from the social and healthcare sector.

1.2 The objective of the thesis

The purpose of this thesis is to develop a framework for using citizen participation as a systematic development tool in renewing public services.

The research question is:

- How can social and healthcare services be renewed with citizen participation?

The sub-research questions are:

- How can service design tools and processes be used in public service development?
- How can service design processes be connected to the decision-making process?
- What are the benefits of citizen participation for change management?

1.3 Motivation for the thesis

The personal motivation behind this thesis comes from the author's work in the Association of Finnish Local and Regional Authorities as an innovation adviser and her earlier studies and articles about citizens' participation in the public sector (Jäppinen 2011b, 2014). The Association of Finnish Local and Regional Authorities supports municipalities in their efforts to improve the productivity and effectiveness of the service system, make the system more user-friendly and develop operations that promote general health and well-being (Kuntaliitto 2014).

This thesis continues from the conclusion of the author's doctoral thesis (Jäppinen 2011a) that there are two channels through which citizens can participate in public service reform: the traditional way of participating in decision-making on services through representative or direct democracy and a new, more innovative way where citizens participate in the planning and development of service provision through user-driven innovation activities. This ideal model of combining these two processes is presented in sub-section 2.2.3.

1.4 Structure of the thesis

The structure of this thesis is as follows. The introduction describes the context—innovation in the public sector in general. The theoretical part first identifies the special characteristics of open innovation and participation both in the private and public sectors. Then, it identifies the phases of service design and innovation processes, and because change and innovation are overlapping phenomena, it identifies the elements of change management.

The empirical part consists of three case studies testing and developing participatory service design and innovation processes based on the above literature analysis. The research is carried out as participatory action research and is conducted through a service design process. The main empirical data collection methods are service design tools such as design probes, interviewing, design workshops, customer journey maps, profiles, empathy maps, business model canvases, participatory budgeting, and prototypes. The empirical data are analyzed through content analysis and pattern-matching logic.

The last part, based on these theoretical and empirical findings, proposes a framework for using citizen participation as a systematic development tool in renewing public services. The framework integrates into a single model the special characteristics of service design and innovation processes, open innovation, participation, decision-making, and change management.

1.5 Research philosophy, theory, methods, and tools

Researchers' orientation to their research subject is shaped by their ontological and epistemological position. Ontology reflects the researcher's view about the nature of the world, and these views are socially constructed and particular for a given culture and time. Researchers' epistemological position reflects their view of what they can know about the world and how they know it—for example, what is studied, how it is studied, and the status the researcher gives to their findings. Literally an epistemology is a theory of knowledge (March & Furlong 2002, 17-19, 21). In this research, the author's background comes from administrative and local governance studies. Local governance studies have three special characteristics—multidisciplinary, practical, and applied research—and they focus on municipal management, for example, how decisions of public services are made and implemented.

The research approach also reflects different philosophical backgrounds and methods. The methods are conventionally divided into quantitative and qualitative methods; Mayoux (2006, 115-117) divides the methods into three categories: quantitative, qualitative, and participatory methods. These approaches have different disciplinary origins and have developed different tools. Quantitative methods derive from experimental and statistical methods in natural science. Qualitative methods have their origins in the humanities: sociology, anthropology, geography, and history. Participatory methods have their origins in development activism: non-governmental organizations and social movements.

Desai and Potter (2006, 6-8) describe the different philosophical backgrounds of political, economic, social, cultural, ethical, and moral goals that different development agendas from different time periods reflect as well as the main methods of collecting data in those periods.

According to them, the earliest approach, before 1950s, was empiristic, and researchers were looking back and collecting historical facts from the field through surveys or from national censuses. After this historical approach and empirism in the 1950s and 1960s came the classical-traditional approach with logical positivism. In that period, researches were trying to observe modernity scientifically, test hypotheses, and collect empirical data using questionnaires and interviews. In the 1960s and 1980s came two more approaches. In the radical political and economy-dependency approaches such as structuralism, researches wanted to collect data from international agencies and literature reviews. In the 1980s came alternative approaches such as humanism, which stressed the importance of individual thinking and empowering of the voices of different groups. Data collecting methods in this period included interviews, focus groups, ethnographic approaches, participant observation, case studies, and diaries. Today's era in development research is associated with post-structuralism and post-modernism according to Desai and Potter (2006, 8), and researches need to be aware of this wide variety of different philosophical approaches and associated epistemologies while conducting their research.

Philosophy	Broad paradigm of development	Methods of collecting data
Empiricism	Historical approaches (pre-1950s onwards)	Field surveys Inventories Census data Data from government ministries
Logical positivism	Classical-traditional approaches (mainly 1950s/1960s)	Questionnaires Interviews GIS Remote sensing Archives
Structuralism	Radical political economy-dependency approaches (1960s onwards)	Literature reviews Indigenous literature Data from international agencies Film, images, and photography
Humanism	Alternative and another development (1980s onwards)	Ethnographic approaches Participatory observation Participatory research methods Focus groups Diaries and case studies

Table 1. The broad association between the philosophies of science, paradigms of development, and various methods of collecting data (Desai & Potter 2006, 7).

The approach in this research is humanism, which stresses the importance of individual thinking and empowering the voices of different groups. Research methods and data collection methods in this research consist, for example, of interviews, focus groups, diaries, and case studies.

1.5.1 Participatory action research

The research is carried out as participatory action research. Action research has its origins in the work of Kurt Lewin in the 1940s (Costello 2003, 7). Action research has the four following characteristics (Denscombe 1998, 57-58; Costello 2003, 6):

- It is practical.

- It focuses on change.

- The involvement happens in a cyclical process.

- It is concerned with participation.

Carr and Kemmis (1986, 184-186) describe action research as a self-reflective spiral of cycles of planning, acting, observing, reflecting and then, again, planning. In the first phase, planning, researchers and participants together are creating the research problem and a common understanding of the current state of the research area. The second phase, acting, consists of piloting with different development methods. The third phase, observing, consists of data collection, for example by interviewing and observing and analyzing and reporting the data to the participants. The fourth phase, reflecting, consists of evaluating the results and reflecting on them against the theory. Then, the spiral starts again with the planning the process.

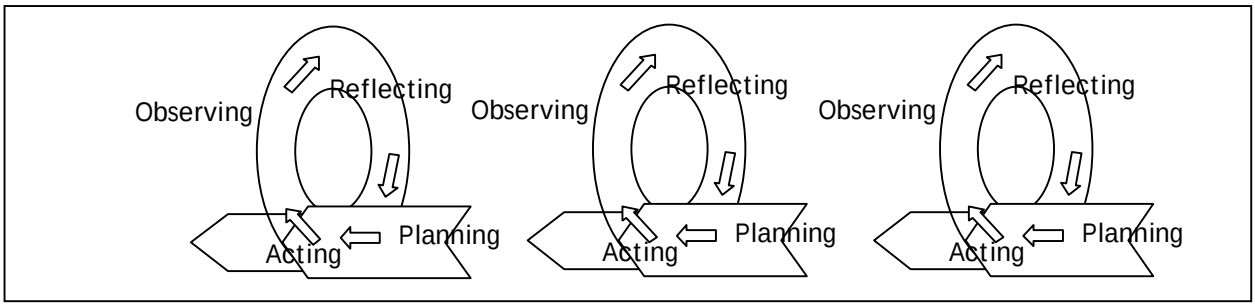

Figure 1: Action research as a self-reflective spiral of cycles of planning, acting, observing, reflecting and then again planning. (Adopted from Carr & Kemmis 1986, 186)

This spiral model demonstrates the dialectical quality of action research. The spiral model also refers to its double dialectical quality because this dialect is both individual (a researcher) and social (a collaborating group) action. The action research process is also a project

aiming at a transformation of individual and collective practices and therefore becomes a program of reform. This transformation happens by learning because action research aims at the systematic development of knowledge in a community. Carr and Kemmis (1986, 192) describe action research also as "a deliberate process for emancipating practitioners from often unseen constraints of assumptions, habit, precedent, coercion and ideology."

Kemmis and McTaggart (1988, 1; Kemmis 2008, 121) defines action research as: "a form of collective self-reflective enquiry undertaken by participants in social situations in order to improve the rationality and justice of their own social or educational practices, as well as their understanding of these practices, and the situations in which these practices are carried out."

According to Kemmis (2008, 122), this definition emphasizes that the research should be undertaken by participants collectively in researching their own situations, self-reflecting, and then committing to social change. Recent thinking about action research emphasizes the social aspect. Kemmis refers to Habermas's (1987a, 1987b, 1996) analysis of social life in late modernity where organizations and institutions are interacting with one another. Discourse theory recognizes the various kinds of open spheres and communicative spaces of public discussion aimed at a greater understanding and transformation of social life, especially in crises. According to Kemmis (2008, 123), action research itself needs to change from transforming self-regulating individuals and organizations, to interaction between individuals and organizations to "a process of facilitating public discourse in public spheres."

McIntyre (2008, 1) defines action research as participatory action research when the four following conditions are met:

- A collective commitment to investigate an issue or a problem
- A desire to engage in self- and collective reflection to gain clarity about the issue under investigation
- A joint decision to engage in individual and/or a collective action that leads to a solution that benefits the people involved
- The building of alliances between researches and participants in the planning, implementation, and dissemination of the research process.

1.5.2 Action research in healthcare

Action research is increasingly used in various community and institutional healthcare settings (Hughes 2008, 390). One of the reasons for its popularity is the need of multiple perspectives, repeated observations, and systematic feedback in situations that may change in unpredicted ways. According to Hughes (2008, 390), action research's iterative cycles of action and reflec-

tion provide a robust model to increase our understanding of complex situations. Action research processes can also be used to monitor and improve the quality of health services (Jackson 2004 in Hughes 2008, 390) because action research cycles have much in common with cycles of continuous quality improvement in Australia, Canada, the UK, the USA, and several other countries. According to Waterman, Tillen, Dickson, and de Koning (2001; Hughes 2008, 390) action research describes, interprets, and explains social situations while executing a change intervention aimed at improvement and involvement. Their systematic review of 59 action research studies shows that action research is useful for developing innovation, improving healthcare, developing knowledge, and involving users and staff. Waterman et al. (2001; Hughes 2008, 391) have also listed the key benefits and barriers to action research:

Key benefits:

- Commitment
- Talking/supportive culture
- Management support

Key barriers:

- Lack of time, energy, and resources
- Lack of multidisciplinary work
- Reluctance to change
- Unstable workforce
- Lack of talking/supportive culture

Waterman et al. (2001; Hughes 2008, 391) recommend action research to:

- Innovate, for example to develop new services
- Improve healthcare, for example monitor interventions
- Develop understanding in practitioners and other service providers, for example promoting informed decision-making such as evidence-based practice
- Involving users and healthcare staff, for example investigating and improving situations with poor uptake preventive services

Hughes (2008, 391) recommends well-designed and well-implemented action research for truly complex situations or when it is not possible to control the many variables in healthcare situations.

1.5.3 Critical comments about participatory action research

Twenty years later (2008) Kemmis has, after his article about "Participatory Action Research" together with McTaggart (1988), written about "Critical Theory and Participatory Action Research." In this article, he writes a new definition of participatory action research as critical participatory action research and points out at the same time how participatory action research should be developed. Kemmis presents the following critical comments (2008, 135-136):

- Participatory action research should be collectively undertaken by participants in a social practice to achieve historical self-consciousness through collective deliberation and collective self-understanding
- As a process where they reflect critically and self-critically on their existing practices and historically formed understandings
- By opening communicative space for reflection and mutual understanding, and to reach shared insights and decisions what to do
- By intervening their collective history through investigating their shared reality in order to transform it
- With the practical aim of acting right with emancipatory aims.

This research is carried out as participatory action research taking into consideration these critical comments of Stephen Kemmis, one of its original developers.

2 Theoretical background

This thesis has its theoretical background in three perspectives: open innovation, service design, and change management. This chapter also presents the other key concepts related to service development, such as service innovation, participation, and co-creation.

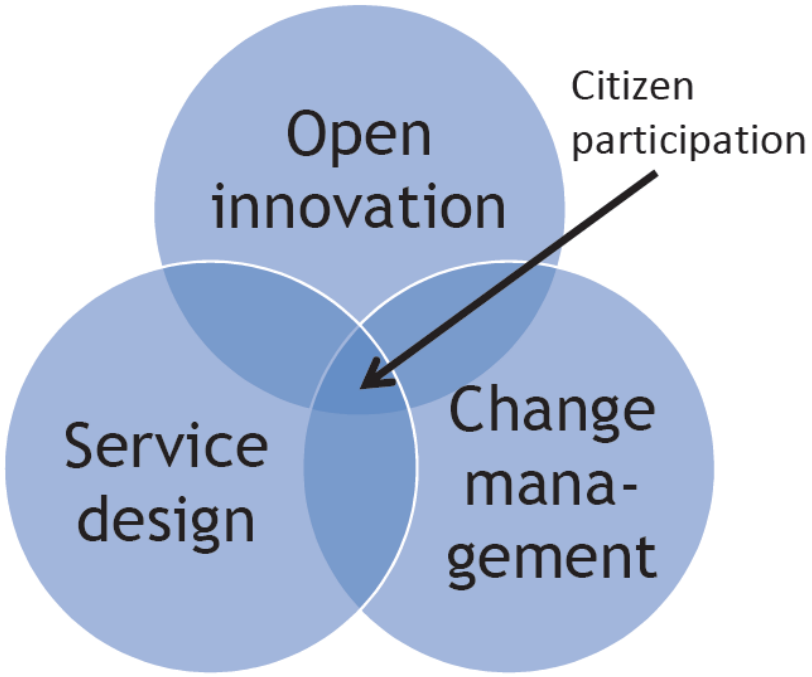

Figure 2: Theoretical background of the thesis.

2.1 Open innovation and participation

The recent debate on innovation has brought to the fore the openness of innovations and the increased role of service users and networking. These concepts are brought together in the term “open innovation” promoted by Chesbrough (2003), which refers to network-based innovation, and the term “user-driven innovation” introduced by von Hippel (1988). Von Hippel has written about users’ significant role as a source of innovation in manufacturing firms since the 1970s. He first used the concept of a lead user in 1986 and wrote a book about user-driven innovation in firms in 1988. In 2005, he described the role of a service user as a service developer as part of the democratization of innovation (von Hippel 2005, 22, 1).

Chesbrough's newest (2011, 17-18) framework of open services innovation consists of four concepts that spur innovation and growth. These concepts are: Think of your business as a service business; Innovators must co-create with customers; Open innovation accelerates and deepens services innovation; and Business models are transformed by services innovation. Next, all of these four concepts are briefly presented.

Chesbrough (2011, 31–36) opens his concept from a product-focused company's point of view as a new way to achieve and sustain differentiation and competitive advantage. Change can't be achieved anymore with the traditional product-based model, where most decisions concerning product development are made by the cost center and the product-based view. In Chesbrough's open service innovation logic, services are profit-making activities and are used to differentiate the company. In this model, customer buys value and utility instead of a product. There is also a need for a new type of value chain, an open service value chain, with a series of ongoing interactions with the customer in order to give different alternatives to different customers. In the center of this service-driven model are open innovation and services, and people in the customer interface are as important as the product people for the future leadership of the company.

In order to customize their services companies need new organizational structures instead of the traditional operational units organized along the product, brand, and geographical lines. One new way that Chesbrough (2011, 19-20) mentions is that a company splits itself into customer-facing front-end units that are linked to standardized back-end processes. In this model, the front-end units deliver customized solutions for individual clients, and back-end units focus on minimizing the costs.

Chesbrough (2011, 53–54) points out that the change in the role of the customers is the second aspect advancing innovation and competitive advances in services. Instead of giving the customers a passive role at the end of the value chain, they should be involved in the innovation and even in the co-creation and co-production of new services. In the product-based world of standardization, customers get cost-effective common solutions. In the service-based economy, they should get customized solutions matching their needs.

Obtaining customers' tacit knowledge to improve services is the reason why companies should co-create with their customers. The sharing of tacit knowledge requires repeated interaction as well as early and deep involvement between customers and suppliers throughout the innovation process. According to Chesbrough (2011, 22–23), this is another part of a company's strategic management model that needs to change in ways that enable customers to join in the innovation process.

Chesbrough (2011, 23) advises companies to extend their innovation activities outside of their own organization to open markets. He also points out how open innovation reduces the cost of innovation, helps to share the risks, and accelerates the time required to deliver the innovation to the market. The basic definition of the open innovation business model is that companies use both internal and external sources of knowledge to create, produce, and deliver new services to market.

In order to get all the advantages of the open innovation model, the business model of the company also needs to be redesigned. Service innovation changes the business model in many ways: it changes the distribution channels, the interaction with customers, value chains, gross margins, and cash requirements. There are different kinds of tools that help in changing the business model. Chesbrough (2011, 96-101) mentions, for example, Osterwalder's and IBM's mapping tools in helping to describe a company's current business model and the possible alternatives, Thomke's experimentation model and the cost of conducting the test concept, and simply following what start-ups do in terms of future insights.

Chesbrough (2011, 101-102) points out that implementing the new service business model and using the right tools to do it are not enough; the change process must also be led. The one who leads the process should have the responsibility and the authority to it. Finding the necessary leadership to innovate and change business models is crucial.

All these concepts together point to the way companies can prosper in the service-economy of the 21st century and create new value for their customers and growth and profitability for themselves (Chesbrough 2011, 111).

In the public sector, terms such as participation, citizens, and local residents are used instead of open innovation terms such as user-driveness, service users, and the more commercial term a "customer." This research uses all of these terms depending of the theory and the context.

2.1.1 Traditional way to participate in decision-making in public services

There are two channels through which citizens can participate in public service reform: the traditional way of participating in decision-making regarding services through representative or direct democracy, and a new, more innovative way where citizens participate in the planning and development of service provision through user-driven innovation activities (Jäppinen 2011b; Jäppinen 2014). These following two sub-sections present both participation ways.

The Finnish Constitution (731/1999) and the Local Government Act (365/1995) lay down provisions on public participation and influence. In Finland, the objectives of the government programs from 1995-2003 enhanced public participation and influence, welfare and openness, and publicity of governance. The Ministry of the Interior set up the citizen participation program in order to increase direct participation as a way to complement representative democracy. The report on the increase in direct participation, drafted in 2002, groups the forms of participation into four categories, which are participation through information, participation through planning, participation through decision-making, and participation through direct activities (Direct participation 2002, 3–4).

Figure 3: Four phases of the decision-making process in the public sector.

In the first phase, initial, participation through information refers to citizens' right to receive and produce information. The forms of this type participation are, for example, communication to, and consultation of, citizens by the municipality, responding to queries, and service commitments. In the second phase, preparatory, participation through planning refers to the interaction between the municipal organization and local people in issues related to planning. It takes place on a deeper level than participation through information; examples include community planning and city forums. The third phase, participation through decision-making means that citizens participate in decision-making on service provision or on issues concerning their own neighborhoods. The forms of participation through decision-making include, for example, neighborhood committees that are chosen by the citizens and have been

delegated decision-making power from the city council. In the last phase, implementation, participation through direct activities refers to citizens' own activities in their living environment, or environmental regeneration and maintenance and service provision carried out as voluntary work (Direct participation 2002, 4–5).

Participation in decision-making has evolved considerably over the past decades. A total of 86 percent of all Finns had used at least one of these forms of participation (Sjöblom 2006, 246–249). According to the report, direct participation is user-democracy when the local council has delegated decision-making power to services users, for example, to the members of neighborhood committees. Only 10 percent of the existing 63 intra-municipal organs in Finland have any effective competence or decision-making power. The other organs can be characterized as forums for dialogue between the municipality and its citizens without any connection to service planning, development, or decision-making (Pihlaja & Sandvik 2012).

2.1.2 A new way to participate in public service co-design and co-production

The first decade of the 2000s saw the introduction of the concept of user-drivenness in international and Finnish innovation policy. According to Prahalad and Ramaswamy (2004, 6–7), the change of customer and client roles from a passive buyer to that of an active player took place at the turn of the millennium. In Prahalad and Ramaswamy's view, customers were passive consumers and buyers as late as the 1990s. In the 2000s, consumers became active players and part of business networks; at the same time they became co-developers, collaborators, and even competitors. At the European level, Denmark, Finland, Germany, and Sweden are the innovative leaders (Scoreboard 2011), whereas the United Kingdom and Denmark are leaders in user-driven co-creation. Finland did not participate in this research (Governance International 2008).

The Finnish government programs of the early 2000s and the national innovation strategy adopted in 2008 have also aimed to safeguard the opportunities for citizens in the public sector to develop services as service users. The newest national strategies, the Design Finland program and the Customer Strategy for Public Government from spring 2013 and the proposal for Local Government Act (HE 268/2014 vp) from autumn 2014 highlight that service users should also be regarded as co-creators. At the same time, new innovative user-driven methods of citizen participation have become available, for example, methods of service design. Service design (Moritz 2005, 5) as a science and a method integrates management, marketing, research, and design. It also acts as an interface and connects organizations and customers in a new way. Many Finnish cities—Helsinki, Espoo, Tampere, and Oulu among them—have customer-driven and user-driven orientation as a part of their strategy. However, both interna-

tional and Finnish studies show that it is not yet common practice for local authorities to plan and provide services in co-operation with citizens.

British scholars consider service co-production together with citizens as a radical and necessary method in public service renewal. British references describe the co-design and co-production of public services as an active process between the people who use the services and those who provide them. In this process, service users are on the same level as the service providers. The aim of co-design is to draw on the knowledge and resources of both parties in order to develop solutions to problems and improve the interaction between citizens and those who provide services (SCDC 2011; Needham & Carr 2009; Burns 2012, 13–14).

Co-design recognizes that people have assets such as knowledge, skills, characteristics, experience, friends, family, colleagues, and communities, and they use these assets to support their health and well-being (Feeley & Mair 2012, 4). Co-design changes the dynamics between individuals and communities, creating more collaborative relationships. Frontline staff is more able, confident, and ready (than management) to accept user experience (Needham & Carr, 2009; Burns 2012, 13).

The Scottish Government and Convention of Scottish Local Authorities (CoSLA) see co-design and co-production as instrumental if we are to successfully shift the balance of health and social care and other public services that are focused on prevention and independence (Feeley & Mair 2012, 4).

The service co-design process can be implemented by the methods of user-driven innovation and service design. In these different phases of the innovation process, different participatory design methods are used. These processes and methods are presented in the following subsection 2.2.

2.2 Service design

Over the last 25 years, services have grown to form the leading economic power in the world (Ostrom et al. 2010, 1). During the same time, services have evolved from a complement to a product to a separate research area and service science. This change from goods-based development to service- and customer-oriented multidisciplinary development uses different kinds of service design processes as tools in service innovation, new service development (Carlborg, Kingström & Kowalkowski 2013) and future forecasting (Ojasalo, Koskelo & Nousiainen 2014) as well as in strategic management and decision-making (Jäppinen 2011a).

This sub-section gives a second theoretical description of the different service design processes and methods that can be used in these processes. This part is totally based on the service design literature. The practical section of this thesis describes how these methods can be used in service development and be applied to public sector service development.

As Koivisto (2009, 136) states:

> The design of services is challenging, since services are intangible and they happen over time… Different frameworks are used in service design to structure services and service experiences. Frameworks are needed when creating, specifying and structuring service offerings, since they make the process more concrete and controllable. Some of the specification models originate from services marketing and some are new models that have been developed in the area of service design. All presented models open up features and elements that one has to consider when developing and managing services.

This section starts in chronological order with service design and innovation processes.

2.2.1 Service design and innovation processes

Tschimmel (2012) names five best-known design and innovation processes in her article "Design Thinking as an effective Toolkit for Innovation." These five innovation models are: IDEO's 3 I Model and HCD Model, the Model of the Hasso-Plattner Institute, the Double Diamond Model of the British Council, and the Service Design Thinking Model. All these models were created between 2001 and 2010 and consist from different phases.

IDEO's 3 I Model is created for social innovation and consists of the phases of inspiration, ideation, and implementation. The HCD Model is created for NGOs and social enterprises and consists of phases of hearing, creating, and delivering. The Model of the Hasso-Plattner Institute was developed for the educational context and consists of six phases: understand, ob-

serve, point of view, ideation, prototype, test, and implementation. The Double Diamond Model of the British Council has four phases: discover, define, develop, and deliver.

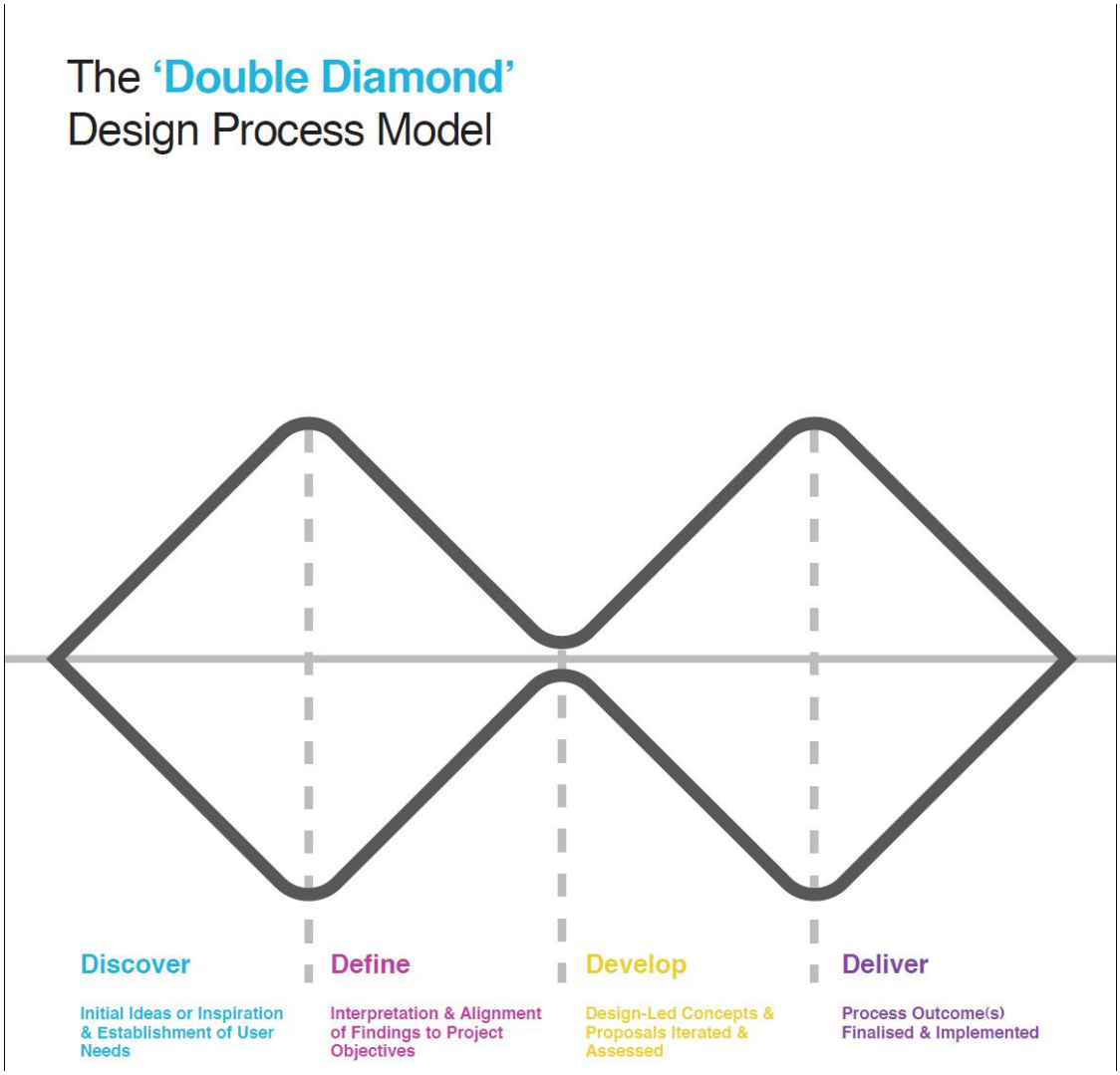

Figure 3: The Double Diamond design process model. (Source: Design Council 2005)

The last model, the Service Design Thinking Model, is adapted to the service area context and has four phases: exploration, creation, reflection, and implementation. Tschimmel (2012) prefers this last model by Stickdorn and Schneider as the most appropriate for innovation managers working in the service area.

Miettinen (2011, 32-34), in her book "Palvelumuotoilu" ["Service Design"], describes three more service design processes from Engine (2009), Mager (2009), and Moritz (2005). Engine's process consists of four phases: discover, define, develop, and deliver. Mager's process also has four phases, which are discovery, creation, reality check, and implementation (Mager 2009; Miettinen 2009, 13).

Figure 4: The four phases of the service design process (Mager 2009; Miettinen 2009, 13).

Moritz (2005, 123) groups these phases into six categories: understanding, thinking, generating, filtering, explaining, and realizing. This more detailed classification by Moritz emphasizes the basic idea of service design as to gain an understanding of what clients and users of the service need before generating ideas and testing these ideas in the early stage of planning (Koivisto 2007, 7).

2.2.2 New service development process

Osterwalder and Pigneur (2010, 244-248) use the service design process to create new service developments. They have created a generic business model design process that is adaptable to every organization's needs. The needs of the organization differ case by case: there may be a need for a start-up model, new product or service, or new growth potential. Their business model design process consists of five phases: mobilize, understand, design, implement, and manage.

In these different phases, different objectives, focuses, and methods are used. In the mobilize phase, the objective and focus is on preparing the project. In the understanding phase, the objective and focus is on researching and analyzing the elements needed. In the design phase, the objective and focus is on generating, testing, and selecting viable business model options. In the implement phase, the objective and focus is on implementing the business prototype in the field; and, lastly, in the managing phase, the objective and focus is on adapting the business model to market reactions. The main methods used in this new service development process, according to Osterwalder and Pigneur (2010, 248), are a business model canvas, storytelling, scenarios, and prototyping.

Phase	Mobilize	Understand	Design	Implement	Manage
Objective	Prepare for a successful business model design project	Research and analyze elements needed for the business model design effort	Generate and test viable business model options, and select the best	Implement the business model prototype in the field	Adapt and modify the business model in response to market reaction
Focus	Setting the stage	Immersion	Inquiry	Execution	Evolution
Methods	Business model canvas Storytelling	Business model canvas Scenarios	Business model canvas Prototyping	Business model canvas Storytelling	Business model canvas Scenarios

Table 2. New service development process. (Source: Adapted Osterwalder and Pigneur 2010, 248).

2.2.3 Strategic management and the decision-making process

Innovation in the public sector is a relatively new area of research and has been pursued internationally since the turn of the millennium (Moore & Hartley 2008, 4; Nelson 2008, xi; Windrum 2008, 3). The author's doctoral thesis (Jäppinen 2011a) dealt with user-driven innovation in the public sector as an interaction between local authorities and citizens in decision-making regarding services and service restructuring. At the end of the research, the methods of participation are linked to the different stages of administrative and political decision-making processes and the methods of user-driven approach to the different stages of innovation processes, and these processes are united as a single common process.

In this ideal model, citizens can interactively participate in decision-making and the development of services via the different stages of joint planning. In these different phases different participation methods are also used. In the four-phased decision-making process (Kettunen 2004, 20), typical methods in the initial phase are surveys. In the preparatory phase, the participatory method can be a city forum. In the decision-making phase it can be neighborhood committees, and in the last phase, implementation, voluntary work. In the similar four-phased service design process (Kline & Rosenberg 1986, 289–293; Moritz 2005; Koivisto 2007, 72–75), citizens can participate in the first ideation phase by personas. In the

second phase, design, the method can be storyboards. In the third phase, test, rapid prototypes, and in the last phase, implement, the method can be service blueprints.

Different phases of decision-making	Initial phase	Preparatory phase	Decision-making phase	Implementation phase
Forms of participation	Survey	City forum	Neighborhood committees	Volunteer work
Service design process	Ideation	Design	Test	Implement
Methods	Personas	Storyboard	Rapid prototypes	Service blueprint

Table 3. Strategic management and decision-making process. (Source: Adapted from Jäppinen 2011a, 103-106; 2011b, 164-168).

This ideal model of linking the strategic management and decision-making process to the service design and innovation process also acted as a starting point for this research.

2.2.4 Service innovation process grounded on foresight and service design

Ojasalo, Koskelo, and Nousiainen (2014) have studied over 20 different processes for service innovation, new service development, and service design and on the base of this study created a synthesis of the different processes introducing a four-phase process for service innovation grounded on foresight and service design.

These four phases in future-oriented service innovation process are: map and understand, forecast and ideate, model and evaluate, and conceptualize and influence. In the first phase, map and understand, methods like ethnography, probes, or content analysis can be used. In the second phase, forecast and ideate, methods like ideation workshops, trend cards, storytelling, or personas can be used. In the third phase, model and evaluate, methods like scenarios, customer journey maps and prototypes can be used, and in the last phase, conceptualize and influence, methods can be business model canvases or role scripts.

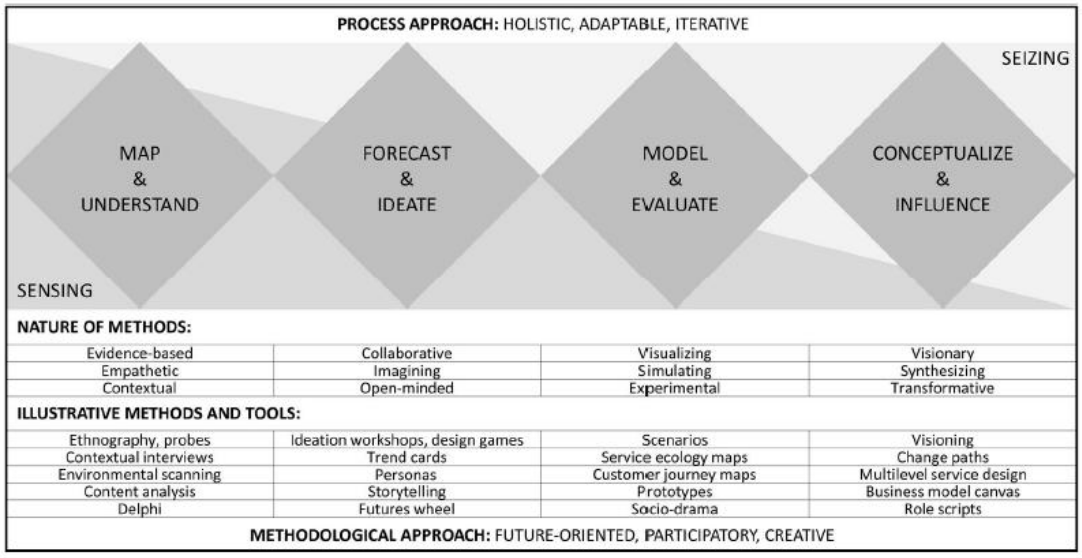

Figure 5: The service innovation process grounded on foresight and service design. (Source: Ojasalo, Koskelo and Nousiainen 2014)

2.2.5 Different phases and different design methods

Stickdorn and Schneider (2013, 126) point out that even the literature and practice present different frameworks with three or seven phases; however, in the end, these processes don't differ so much. The first step is to design the design process. According to Stickdorn and Schneider (2013, 126-127) the basic design process has four phases. In these different phases of the design process, different design methods are used. The design process is also never linear; it is therefore necessary to make leaps between designing in detail and designing holistically. Osterwalder and Pigneur (2010, 250) have added the fifth phase, mobilize, in the beginning of the process simply for planning the design process itself. In this phase, the project objectives and preliminary ideas should be framed, the project including the first other phases should be planned, and the design team assembled.

Katja Tschimmel (2012) introduces the 10 best-known design methods in her article. She also explains why these tools are needed. Design tools accelerate the design-thinking process, free it up, and make it more effective. Design tools come from several knowledge fields, such as arts, engineering, anthropology, and psychology.

According to Tschimmel (2012) despite the various innovation process models, same tools can be used in each model. She names and places these 10 best-known methods from different phases into the service design process. In the beginning of the process, several observation techniques are used as well as mind maps, personas, and empathy maps, to systematically organize collected complex information and describe it to end-users as well as the problems they face. For the idea generation phase, brain writing, sketching, and visual confrontations can be used. At the development phase, tools such as storyboards and rapid prototyping are suitable. In the last phase, when you are communicating your new ideas to stakeholders, storytelling and tests are suitable tools (Tschimmel 2012). But as Stickdorn and Schneider (2013, 148) put it, "These tools can be used in almost any combination." Some of these tools and other tools from the service design literature are used in the empirical part of the thesis.

2.3 Change management

Organizational change is a challenging task. The research findings of Beer and Nohria (2000 in Holbeche 2006, 6) show that around 70 percent of change programs fail. Innovation and change are over-lapping phenomena (Osborne & Brown 2005, 5). Osborne and Brown (2005, 90–91) divide the change processes in public services and public service organizations into two different groups: wide-ranging, transformational changes on the one hand and small-scale incremental changes on the other. Wide-ranging, transformational change can be described as

radical alteration with accepted patterns of organizational behavior and operation. Successful organizational transformation can only be achieved with strong leadership, led by an inspiriting vision for the organization, and bringing together a diverse range of stakeholders to implement the vision. Achieving the vision also requires identifying organizational barriers inside the organization (Osborne & Brown 2005, 90-91). Radical change aims for a strong and fundamental shift in the organizational activities, whereas incremental change is a slow-shifting reform. Change processes can exhibit features from both these models at the same time (Stenvall, Majoinen, Syväjärvi, Vakkala & Selin 2007, 25).

The literature outlines two main methods of implementing organizational change: a top-down and a bottom-up approach. A top-down approach to change is initiated and implemented by the management. A bottom-up approach to change requires broad dialogic change communication and employee participation. It is considered to be a more time-intensive process than the top-down approach but is successful in producing more profound change in organizational behavior and operation (Stenvall et al. 2007, 27–28).

Kotter (1995 in Bruch, Gerber & Maier 2005, 99) distinguishes between leading change and managing change. Leading change means setting a clear goal and making decisions on how to achieve it, while managing change deals with how to realize the process. A prerequisite for successful strategic change is that decisions about its implementation, as well as the schedule for its implementation, are made at the strategic level. Researchers (Bruch et al. 2005, 99) agree that change should not be initiated unless its objective has been clearly defined. This can be achieved by addressing questions such as: Why is change needed? What is the target of change? What changes is the organization capable of making? What is appropriate from the perspective of the organizational culture and current context?

2.3.1 Change process

Any change process can start by analyzing the environment (Osborne & Brown 2005, 12). A PEST Analysis is one specific technique for a structured way to analyze factors in the environment. In this context, change in the environment is analyzed from a political (P=political), economical (E=economical), social (S=social), and technological (T=technological) perspective. Osborne and Brown (2005, 13, 20) describe PEST Analysis as a tool for scanning the future development of public sector organizations as well as an essential element in helping public sector managers confront and engage with these future challenges. Finnish researchers (Meristö et al. 2007, 11–13) describe PEST Analysis as a high quality future-oriented SWOT Analysis, which helps the organization connect the long-term future challenges, in the form of different scenarios, to the strategy process and take notice of new possibilities and innovations. These new innovations must be fitted within current and future strategies. The final

alternative courses of action are then reviewed against the organization's vision, which involves making an estimate of the resources required for new service concepts together with a risk analysis for the resources.

The choices that an organization makes (Meristö and Kettunen 2007, 18) also depend on whether the chosen strategy is proactive or reactive. An organization that wishes to actively shape the future takes advantage of the possibilities offered by the scenarios, despite growing risks. A defensive organization tries to prepare for, and minimize, any future risks presented in the scenarios. The final selection of new courses of action is made within these boundaries. Strategy-based development cannot solely rely on an "inside-out" organizational approach; the chosen approach must be "outside-in." This approach can be expanded, for example, with networks, or by using analogy models (Meristö et al. 2007, 21). Implementation should not be initiated until the basic purpose of change is understood (Bruch et al. 2005, 106).

A change process can be pursued in different ways. The content of a change process can be determined (Stenvall et al. 2007, 33) via a managerial process, auditing, the building of feedback systems, or a conscious learning process. A managerial process is implemented through a strategy process or a development project. An auditing process provides information about the opinions of political decision-makers and citizens on renewal. A learning process generates new information and best practices to support change. In the context of a wide-ranging, transformational change, researchers (Pfeffer & Sutton 2006, 178) emphasize episodes, which make it possible to address existing problems together and strengthen belief in the appropriateness of change. Continuous auditing is considered as a means to enable a seamless implementation of a chronologically long change process.

According to Bruch et al. (2005, 100–101), promotion of a change process requires that:

- The basic purpose and the goal of the change should respond to the needs of the current context of the organization
- The change process has a clear focus
- The senior management is committed to the change
- Change and the organizational culture are compatible.

2.3.2 Change agents

The literature on organizational change also lists different kinds of change agents (Holbeche 2006, 21–25). Key agents of change include the senior management, line managers, personnel managers, and specialists such as development, financial, IT, and business managers, together with stakeholder representatives and external consultants. What is common to these groups is a position at the very top of the organization because only they have the power and resources needed to embed cultural change across the organization.

Senior managers have a crucial role in this. The strategies they create and their own perceptions reflect the scope of change, including where the process of decision-making should take place and to what extent stakeholders and the whole staff should be committed to change. The role of the senior management is usually that of a sponsor: they oversee but do not, themselves, manage change. It is the responsibility of the senior management to damp down resistance and to encourage those who implement change (Holbeche 2006, 21).

The role of top political decision-makers differs from that of the senior management. Politicians may be motivated by a desire to improve social welfare or the quality of life of citizens. Politicians can also have personal reasons to encourage change and innovation, for example, a wish to improve their own personal status or reputation or even to write their name in history. Political decision-makers need different skills to support change; they must have rhetoric and persuasive powers as well as the ability to mobilize social and financial support (Windrum 2008, 12–13).

Line managers, too, have a crucial role in change, because they are acting as conduits to official information, they create the climate appropriate to the desired cultural change, and they can decide whether change is implemented from top-down or from bottom-up by involving the staff in a participatory way. They play a key role in realizing employee potential through either implementation or in acting as gatekeepers to counter resistance to change (Holbeche 2006, 21–22).

HR management has the opportunity to affect the implementation of change by working with leadership teams, developing people strategies, and providing management training and through reward systems and recruitment practices. Other specialists can act as change facilitators in their own roles. Holbeche (2006, 25) notes that having a good project manager and staff is not enough to implement change because change is largely about managing people and requires a holistic understanding of the strategic, symbolic, rational, emotional, and intuitive aspects of change.

3 Participatory service design process in public social and healthcare services

In a service-based economy, services should be customized solutions matching customers' needs. That is why services should also be co-created with customers and suppliers throughout the innovation process. A user-driven innovation process can be implemented through a service co-creation process. Sub-sections in this empirical part are named after responsible service design phases. These phases are discovery, creation, reality check, and implementation (Mager 2009; Miettinen 2009, 13).

Goodwin (2009, 54) divides the design process at the discovery phase into two parts because designers have two kinds of customers. The first part of the discovery phase focuses on understanding the business or the organization creating the product or service. Information about the service context can be gathered through stakeholder and context analysis. This also means finding out about the context and understanding what possibilities this context offers, or what constraints it places, in terms of new service and business opportunities (Moritz 2005, 125). The design process continues with stakeholder and expert interviews, which inform the design team more about the business and the domain of the problem. The second part of the design process focuses on understanding who the potential customers and users are, how they think and act, and what they need.

The research method in this empirical part is participatory action research with self-reflective cycles of planning, acting, observing, reflecting, and then again planning. In the first planning phase, researchers and participants together create the research problem and a common understanding of the current state of the research area. This planning phase from all three cases is presented in the first sub-section 3.1, "Three case studies and their strategic background." The second phase, acting, consists of piloting with different development methods. The third phase, observing, consists of data collection, for example, by interviewing and observing and analyzing and reporting the data to the participants. The fourth phase, reflecting, consists of evaluating the results and reflecting on them against the theory, and this is presented at the end of every sub-section at the local (micro) level in this chapter and the national (macro) and concept (meta) levels in Chapter 4.

3.1 Three case studies and their strategic background

Service designers help organizations and their stakeholders to achieve certain organizational goals. This means that every project should begin with an understanding of what the service is meant to accomplish. The purpose of this thesis is to develop a framework for using citizen participation as a systematic development tool in renewing public services.

Finland has had an almost continuous process of public sector reform over the last 15 years. One of the biggest reforms was the PARAS reform, which encouraged municipalities to either merge or increase horizontal co-operation. The empirical part of this thesis consists of three case studies from the period 2013-2014 in the city of Oulu and city of Kajaani and the Kainuu region.

The first merger of large urban municipalities in Finland took place in the Oulu region, as five municipalities in the region were set to merge as of the beginning of 2013. The Kainuu regional experiment was realized between 2005-2013 based on the Act on the Regional Self-Government Experiment by the Finnish Parliament. The experiment integrated special and basic health and social care services based on a customer-driven lifecycle model. This model was considered to be a good alternative to scale at the national level. Citizen engagement policy still remains weak in Finland despite good will and efforts in some parts of the public sector (OECD Public Governance Reviews 2010).

These case studies are also separate pilots funded by the Ministry of Social Affairs and Health the Ministry of Finance, and The Association of Finnish Local and Regional Authorities.

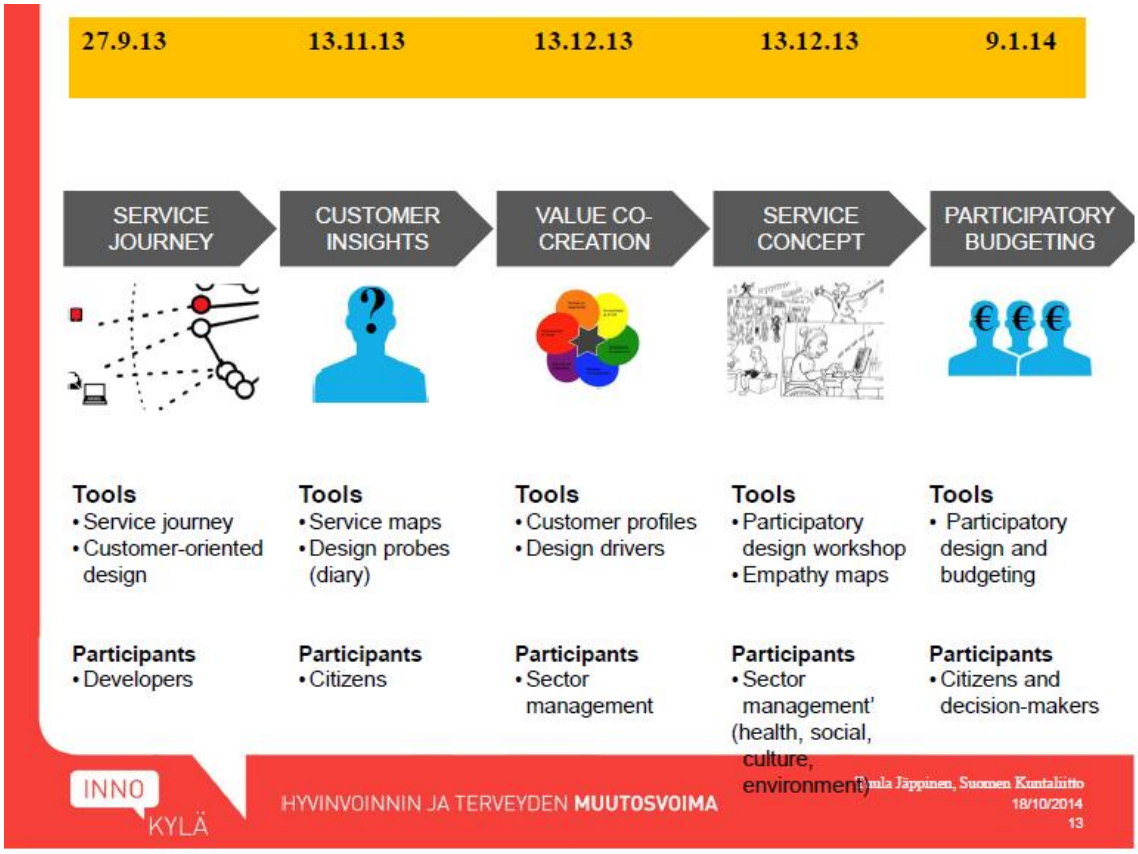

Figure 6: The service design process, tools, and participants in all three cases. The example is from the first case study in the city of Oulu in autumn 2013.

The first case study started in September 2013 in the city of Oulu with a desktop study collecting secondary information about the strategic aims and development goals of the case organization (stakeholders) and the end-customers (potential users and customers). The service design processes are the same in all three cases, and most of the service design methods and tools used are the same in each case. The service design process is described mostly by the first case, realized in the city of Oulu. Differences such as different research focuses, target groups, added tools, and different experiences using them are described phase by phase after the first description from the city of Oulu. These three case studies are needed to test the service design process as a framework for using citizen participation as a systematic development tool in renewing public services in different sizes of cities and municipalities in rural areas and in different kinds of customer target groups.

3.1.1 Social and healthcare service development in the city of Oulu

The first case study was implemented in the city of Oulu, which is the fifth largest city in Finland with 185,433 (in 2012) inhabitants. The city is responsible for service development and production in its area.

3.1.1.1 The long-term objectives for the city of Oulu

The vision of Oulu's strategy 2020 states that the city of Oulu is courageously renewing the northern capital of Scandinavia. Brave renewing means that the city of Oulu has an open-minded attitude in taking actions and is continuously ready to renew itself. Being a capital means that the city of Oulu is an active initiator of developments in its area, it is a growing and renewing city, and a city with a strong network. The practical focus of this first empirical case is to pilot citizen participation in renewing social and healthcare services in the city of Oulu. The strategic background for the service development comes from one of the two main dimensions in the future scenarios of Oulu, which is the well-being and participation of municipal residents.

Figure 7: The vision of Oulu's strategy 2020.

Open service innovation and citizen participation as a strategic approach is included in the three following prioritized strategic guidelines, programs, and plans of action:

- Vitality, renewing, and competitive trade and commerce: Position as an international know-how and innovation center grows stronger/ Business Oulu plan of action
- Well-being of municipal residents: Effective and efficient services are based on the needs of citizens / Program for Organizing Services in 2020
- Personnel, know-how, and leadership: The know-how of the personnel is improved and focused on the basis of citizens' needs/ Personnel program.

"The Program for Organizing Services in 2020" contains concrete goals such as the service network being based on the needs of the residents, new service concepts are renewing the service network, the usage of the facilities becomes more effective, local services are provided for the whole Oulu area, and the living environment supports health and well-being. Moreover, one of the indicators in the strategic guideline "Well-being of municipal citizens" is that the role of the residents increases in designing, developing, and producing services.

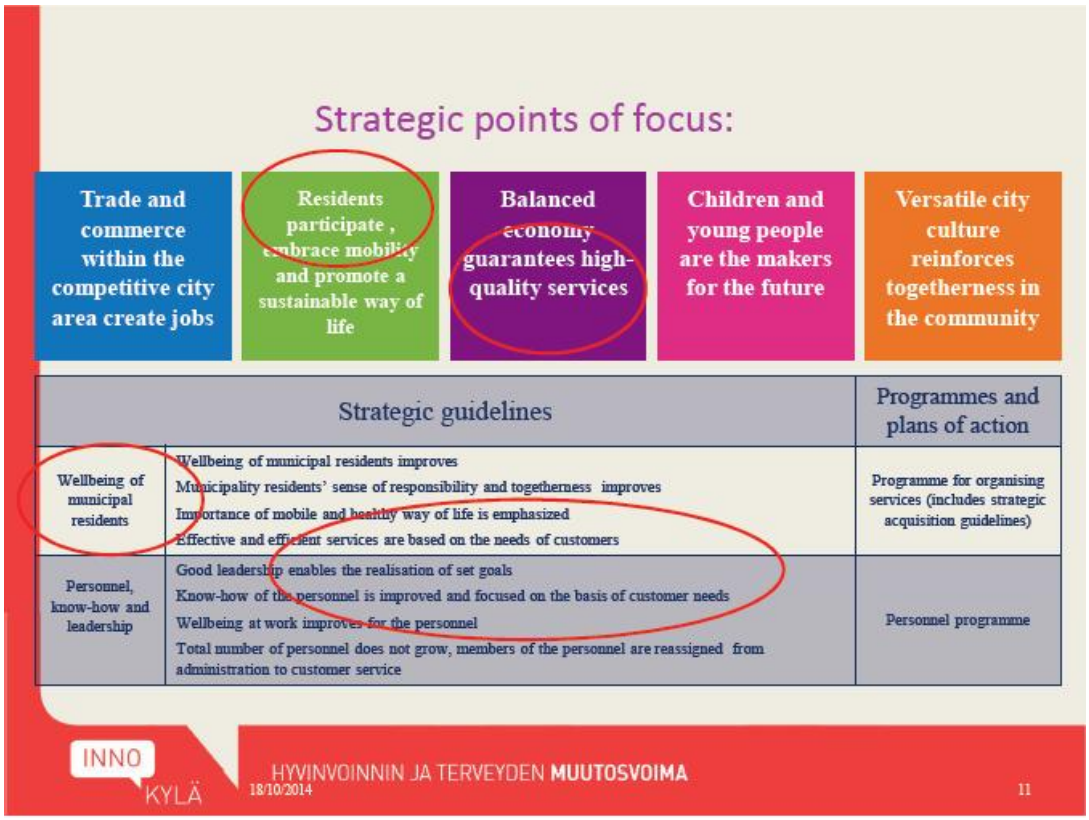

Figure 8: Strategic guidelines in Oulu's strategy 2020.

One concrete goal in the city's action plan is to create a model for seven cross-sectorial well-being centers in the Oulu area together with the personnel, municipal residents, and the third sector. After discussing with several representatives of the strategic management in the city of Oulu, this future model of well-being centers and its customer-driven development plan in renewing the social and healthcare services was chosen as a target for the case study. This future model in the area of Kiiminki, Yli-Ii, and Yli-Kiiminki is, at the same time, a pilot for the seven similar well-being centers in the city of Oulu.

3.1.1.2 The future model of the customer-driven well-being center

In the "Program for Organizing Services in 2020" are three alternatives for the future models of the well-being centers, which are said to take advantage of new service models. At the outset should be a customer-driven service model, where virtual and movable services are a significant part of the action together with traditional physical services. Local services are not only produced in the physical facilities; they are also brought to municipal citizens, for example, with the help of movable services and civil servants. The main focus is to move from facility-focused services to outpatient and preventive services. Improving of multi-provider system enables the service structure reform to go further. Customer-oriented services are improved by including various professional services sharing the same facilities. In addition, the logistic improvements of public transport should be tied to the future service network. The availability, accessibility, and quality improvements form the starting point for developing new social and healthcare services (Palvelumalli 2020a, 3, 36).

3.1.2 Social and healthcare service development in the city of Kajaani and the Kainuu region

The second case study was implemented in the spring of 2014 in the city of Kajaani, which is the center of the Kainuu region. The third case study was implemented in the autumn of 2014 in the whole Kainuu region, consisting six municipalities: the cities of Kuhmo and Sotkamo and municipalities of Hyrynsalmi, Paltamo, Ristijärvi, and Suomussalmi. The Social and Healthcare Division of the Kainuu region, which is situated in the city of Kajaani, is responsible for the service development and production for the whole region and its 80,685 inhabitants (in 2013).

3.1.2.1 The long-term objectives for the Kainuu region

The regional plan "Renewing Kainuu 2025" lays out the long-term objectives for the region. The implementers of the plan include the municipalities, enterprises, communities, and individuals of the region, whose work and ideas contribute to the realization of the plan. The cur-

rent regional program covers the time period from 2009 to 2014. The main objective of the current program is the improvement of the well-being of the people in the Kainuu Region. Well-being consists of social and economic welfare and a healthy state of the environment (Kainuu region 2014).

Kainuu wants to promote well-being by strengthening the sense of communality by improving people's sense of self-esteem, by raising the level of educational services provided, and by seeing that employment opportunities improve. In order to improve people's state of well-being, Kainuu aims to deal with structural unemployment and ensure the availability of well-being services to all people. Kainuu will eliminate structural unemployment and prevent marginalization, for example, by creating education and training and by preventing the burden of unemployment on young people by applying the so-called "societal guarantee." A central aspect of this plan is supporting self-reliance and independence in coping with life situations. The trend will move from remedial actions to preventive actions. The availability of services will be compliant with needs and general acceptance. There is close cooperation between the region's many actors (Kainuu region 2014).

The Regional Council of Kainuu developed a regional scenario process in spring of 2013. Scenarios were worked out in a group of 26 people consisting of different specialists from the Regional Council of Kainuu; the Social and Healthcare Division of the Kainuu region; municipalities; educational institutions; the Kainuu Center for Economic Development, Transport, and the Environment and the third sector (Kettunen and Meristö 2013, 51). These actors are also the most important implementers of the future strategy of the Kainuu region.

3.1.2.2 The future role of the municipality in the multi-provider model

The Kainuu Regional Program 2009-2014 broadly defines the development steps needed in order to reach the target set for the improvement of well-being in the region. The operational policy for well-being concentrates on increasing welfare with the development of new models for service and operations. Focal themes named in the program are the promotion of healthy lifestyles, reducing the differences in health between various population groups, and developing the service system. Active co-operation and networking, for example, with the third sector is one of the resources mentioned to facilitate the planned development (Kainuu region 2014). The focus in the second and third case study was chosen to define the role of the municipality in the multi-provider model of local services.

3.2 Discovery phase

The discovery phase consists of two parts: 1) Understanding the context and the organization (stakeholders) creating the services and 2) understanding the end-users (potential users and customers). The first case study started in September 2013 with a desktop study collecting secondary information about the strategic aims and development goals of the case organization. This part of the discovery phase is presented in the previous sub-section 3.1 in connection with case descriptions. This sub-section focuses on understanding the stakeholders and end-users.

3.2.1 Stakeholders as the first target group

In the discovery phase, understanding the business and collecting the primary data starts with stakeholder interviews in the client organization. Stakeholders in the business context are the people who fund, build, test, market, sell, and support the product and influence the products' direction (Goodwin 2009, 65). Stakeholders are, for example, executives, sales managers, subject matter experts, managers, and directors of services (Goodwin 2009, 66).

3.2.1.1 Stakeholders in the city of Oulu

Stakeholders in the city of Oulu are those persons who are responsible for formulating and executing strategic planning in renewing social and healthcare services and services in the future model of the well-being centers. The highest level of decision-making and implementation consists of policy makers and senior local government officers. The literature on organizational change also lists different kinds of change agents (Holbeche 2006, 21–25). Key agents of change include the senior management, line managers, personnel managers, and specialists such as development, financial, IT, and business managers together with external consultants. What is common to these groups is a position at the very top of the organization because only they have the power and resources needed to embed cultural change across the organization. Senior and line managers have a crucial role in this because change is largely about managing people, requiring a holistic understanding of the strategic, symbolic, rational, emotional, and intuitive aspects of change (Holbeche 2006, 25). The program for organizing services in Oulu 2020 has appointed 34 civil servants responsible for planning the new model (Oulun palvelumalli 2020a).

The assemblage of the design team took notice of these principles. It consisted of half of the members from the city of Oulu and half from the Association of Finnish Local and Regional Authorities. The members of the city of Oulu were the deputy mayor (Salo 2013), who is responsible for the well-being sector, the well-being chief (Ylitalo-Katajisto 2013), and the development and quality chief (Välikangas 2013). The members of the Association of Finnish Local and Regional Authorities were the project coordinator (Nieminen), the service designer (Ripatti), and the innovation adviser (and author Jäppinen). The deputy mayor was also the chairman for the group planning the Program for Organizing Services in Oulu 2020.

When it comes to understanding stakeholder and user behavior to inform design, qualitative methods are generally far more effective than quantitative techniques (Goodwin 2009, 55). The most commonly applied quantitative methods for product design are focus groups, individual interviews, direct observation, and a combination of interview and observation (Goodwin 2009, 56). In this case, two different qualitative methods were used: focus groups for interviewing the stakeholders and design probes for observing the potential users and customers. Both of these methods are briefly presented next.

3.2.2 Focus groups

Focus groups are a method used in social science research (Wilkinson 2011, 186; Silverman 2011, 208). The father of this research method is the sociologist Paul Lazarsfeld, who conducted commercial market research at Columbia University in the 1940s (Bloor et al. 2001, 1–2; Silverman 2011, 209). Fifty years later, in the 1990s, this method was a popular research method across a broad range of disciplines, including sociology, social psychology, education, communication, media studies, and feminist research.

Focus groups are the primary method for qualitative data collection. The data are collected by interviewing a small group of people who share particular common characteristics. Interviews are conducted as a discussion focused around a particular topic. Discussion around this topic could be stimulated in several ways, such as visual material or more structured exercises. Instead of asking questions, the moderator facilitates the discussion by actively encouraging group members to interact with each other. Typically, the discussion is recorded and then analyzed using the conventional techniques for qualitative data. Focus groups can also be held as series of discussions in the form of longitudinal research (Silverman 2011, 207–208). Focus groups are most useful when the research topic is new, for example, a new product or service concept. Focus groups can be used in developing and testing these new concepts or looking for new service ideas (Solatie 2001, 13). They can also be very informative and give quick feedback right at the beginning of the design project (Goodwin 2009, 56).

3.2.2.1 *Interviewing the stakeholders in the city of Oulu*

Focus groups were used in September 2013 as method for data collection in the discovery phase at the strategic level. The focus group consisted of seven people, half of them from the target organization and half from the design team. The members of the city of Oulu were the deputy mayor (Salo 2013), the administrative doctor (Erkkilä 2013), and the development chief (Ala-Siuru 2013); the design team consisted of the project coordinator, the service designer, and the author as a moderator. The topic of our discussion was focused around the strategic goals and the practical target of the citizen participation in the city of Oulu. The discussion was held after the kick-off event at the City Hall. The kick-off event worked as a structured exercise to stimulate the discussion in the focus group. The discussion was conducted without formulated questions. Instead of asking several questions, group members were actively encouraged to interact with each other and set goals for the development. The discussion was not recorded, but notes were taken about the discussion. As a conclusion to the focus group, it was decided to collaborate together in developing citizen participation. Citizen participation was chosen as the focus of the service concept planning of the Kiiminki, Yli-Ii, and Ylikiiminki well-being center. This work should be conducted as a series of four workshops concentrated on the local services. The welfare director was also named to be the person responsible for the development work.

In this case, focus groups were used at the beginning of the design project to determine the focus and the practical target of the project. Before the focus group, three stakeholder interviews (Salo, Erkkilä & Tuominen 2013) were already held in order to plan the kick-off meeting to introduce the user-driven design methods. The kick-off meeting was arranged on the same day as a service design workshop to be held at the City Hall just before the focus group. These same three stakeholders from the focus group and 10 civil servants from welfare and educational services and different development programs such as the citizen participation program participated to the kick-off workshop.

3.2.2.2 *Stakeholders in the cities of Kajaani and Kainuu region*

The Social and Healthcare Division of the Kainuu region was founded on January 1, 2013. The division provides all the social and healthcare services except daycare to all eight municipalities in the region. In the public sector and in the Social and Healthcare Division of the Kainuu region, stakeholders are those persons who are responsible for formulating and executing strategic planning in renewing social and healthcare services.

3.2.2.3 Interviewing the stakeholders in the city of Kajaani and the Kainuu region

The pre-planning period of the second case study in February 2014—in addition to the desktop study of the case organization (secondary information)—consisted of a small number of stakeholder interviews (primary information), the planning of the development project, user research, and the timetable. In this pre-planning period, individual interviews were used to determine the focus and the practical target of the project and to plan the kick-off meeting to introduce the process and the user-driven design methods the other stakeholders. The persons interviewed were the well-being director (Ahopelto 2014) and the development director (Pikkarainen 2014) from the Social and Healthcare Division of the Kainuu region. Several half-structured interviews were held both face-to-face and by telephone. The interviews lasted from 20 to 45 minutes, and notes were taken about the discussions. At the conclusion of these interviews, the focus and target groups of the development project were decided. The focus was to define the role of the municipality in the multi-provider model of local services. The target groups are the two groups that are the most expensive in terms of social and healthcare services: young unemployed persons and elderly persons over 75 years. A plan to have a kick-off meeting with the other stakeholders, a proposal regarding who the other persons in the design team in Kainuu should be, and the decision on what the timetable for the development project would be were also made.

The kick-off meeting was the second form of collecting primary data from the case organization. The kick-off meeting was arranged at the premises of the Association of the Finnish Local and Regional authorities in Helsinki as a part of the meeting of the regional councils and municipal directors in the middle of March 2014. The members of the kick-off meeting were the municipal directors of eight municipalities of the Kainuu region and the well-being director from the Social and Healthcare Division of the Kainuu region. Two municipal directors and the secretary from the Kainuu region participated in the meeting by video-connection. Our design team presenting the case consisted of the senior adviser (Kuopila), the project coordinator (Nieminen), and the author. The aim of the kick-off meeting was to present the project and to introduce the user-driven design methods to the senior local government officers, who are part of the highest level of decision-making in the Kainuu region. The presentation lasted 30 minutes and led to lively discussion about the strengths and weaknesses of the region. Service design tools were quite a new subject for the most members of the group. This kick-off meeting also confirmed that we would start the project in the city of Kajaani and do another pilot in the autumn with the other municipalities in the region.

The focus group was the third form of collecting primary data from the case organization. The focus group was held in the beginning of April 2014 as method for data collection in the discovery phase at the strategic level. The focus group consisted of 12 people—half from the

target organization and half from the design team. The members of the Kainuu region were the well-being director (Ahopelto 2014), the administrative doctor (Ahonen 2014), the family service director (Heikkinen 2014), the development chief from the Social and Healthcare Division of the Kainuu region (Pikkarainen 2014), the communication director from the Kainuu region (Mäntyranta), and the development chief from the city of Kajaani (Romppainen 2014); the design team consisted of the service designer (Ripatti), the senior adviser (Kuopila), the project coordinator (Nieminen), the author as a moderator, and two representatives from the International Design Foundation (Aalto and Laakso-Liukkonen 2014). The discussion was focused around the strategic goals and practical targets of citizen participation in the Kainuu region. The discussion was held with the help of slides of the project and half-structured concrete questions on topics such as what is the connection between this work and strategy, what is the present stage of the development work in the Kainuu region, how should participants (young unemployed and elderly people) be recruited for the first workshop, who should be the participants in the second workshop (service producers in the multi-provider model of local services), are research permits needed, who will conduct and implement the communication plan, are the service design tools (design probes, personas, service blueprint, business model canvas, participatory budgeting) suitable for the process and so on.

The discussion was not recorded, but notes were taken about the discussion. At the conclusion of the focus group, a concrete and co-created plan was made regarding how to realize the two first workshops. In addition, the new service design tool, the service blueprint, was found to be useful in visualizing the entire service process of the young unemployed individuals. We also decided to make a communication plan together with the Kainuu region and the International Design Foundation.

3.2.3 Potential users and customers as the second target group

The customers are the people who buy the product or service. The customer and user of most consumer products are the same (Goodwin 2009, 113).

There are also two ways of collecting data about the potential users and customers. Secondary information consists of the general information about potential users and customers. It can be collected, for example, from statistics, reports, and literature. When it comes to collecting primary information and understanding user behavior to inform design, the most often applied methods are focus groups, individual interviews, direct observation, and a combination of interview and observation (Goodwin 2009, 56). Understanding the users starts by observing the daily life of the citizens, for example, by means of ethnography. Understanding the customer and collecting customer information means finding out and learning about the customers' latent and conscious needs (Moritz 2005, 125). The everyday lives of citizens can

be observed or shadowed through design ethnography and design probes or through more traditional tools such as interviews and enquiries (Hämäläinen, Vilkka & Miettinen 2011, 61–73). Both methods are briefly presented next.

3.2.3.1 Secondary information about potential users and customers in the city of Oulu

The city of Oulu is the fifth biggest city in Finland. The population in the city of Oulu in 2012 was 185,433 inhabitants. The number of inhabitants in the city of Oulu is growing by 2,200 people per year in general. The proportion of young people and children compared the national average is large in the city of Oulu. The average age of the population is 36.6 years, and that 43 percent of the population is under 30 years. All age groups are growing; especially the number of the elderly is growing significantly. The growing number of the elderly people over 75 years is essentially significant in the planning of services. This rapid demographic change requires a renewal in service structure and service models and practices (Palvelumalli 2020b). All these three age groups—the young, people of working age, and the elderly—were chosen as target groups.

The potential users and customers in the first case study were citizens in the area of Kiiminki, Yli-Ii, and Ylikiiminki, where the first of seven well-being centers are planned to be built. In these three different neighborhoods in the city of Oulu, 13,894 inhabitants live together. Most of them, 8,168 people, live in Kiiminki, 3,583 live in Ylikiiminki, and 2,144 live in Yli-Ii. In all of these three neighborhoods most of the inhabitants are of working age between 25–64 years. The number of elderly individuals is biggest in Yli-Ii, where 20.5 percent of the people are over 65 years, and the largest number of children and young people under 24 years is in Kiiminki—41.1 percent of the inhabitants (Salo-Laaka 2013).

3.2.3.2 Secondary information about the potential users and customers in the city of Kajaani and the Kainuu region

The potential users and customers in second and third case studies are the citizens of two target groups in the city of Kajaani and the Kainuu region: young unemployed persons and elderly persons over 75 years living at home.

The population of the Kainuu region was 80,685 inhabitants in 2012; almost half of the population of the region lived in the city of Kajaani (37,973 persons). The number of inhabitants in the region has been decreasing by an average of 781 people per year in general. Most of the inhabitants are young or of working age between 15–64 years. Most of the children under 15

years in the Kainuu region are living in the city of Kajaani; 16.4 percent of the inhabitants are under 15 years (Statistic 2012).

The first target group in the city of Kajaani and the Kainuu region was young unemployed persons. One of the reasons for choosing this target group was that the highest unemployment rate in Finland in December 2013 was in the Kainuu region. The unemployment rate in Kainuu was 16.1 percent, 15.5 percent in Lapland, and 14.7 percent in Northern Karelia. It was extremely high in Kainuu—28 percent higher than one year before; and among young people, it was even 50 percent higher than one year before. At the end of November 2013, the number of unemployed young people aged 15 to 24 in Kainuu was 686, which was 229 persons more than the previous year. Three-hundred of these young unemployed people had just graduated from secondary education. The second largest group of these young unemployed people did not have any education at all. The last time the unemployment rate of the Kainuu region was lowest in Finland was at the beginning of 2008 (Kainuun työllisyyskatsaus 11/2013).

The second target group in the city of Kajaani and the Kainuu region was elderly persons over 75 years living at home. The number of elderly persons aged 75 to 79 was 3,494 people (1,374 in the city of Kajaani) and from 80 to 84 years 2,934 people (1,079 in the city of Kajaani) (Kainuun liitto 2012). The number of elderly people over 85 years is expected to double from 2010 to 2030, and the number of elderly people aged 75 to 84 is expected to increase 60 percent. This demographic change requires new services development (Kainuun pilotti 2012, 5). The other feature which should be taken into account in this target group is that the number of elderly people living alone is growing in Finland. Nearly 200,000 elderly people over 74 years are living alone at home. Because women are living longer than men, 80 percent of elderly persons living alone are female. The biggest reason for living alone is widowhood. The number of elderly people over 74 living alone has doubled from 1987 to 2011. The number of the elderly people living alone is largest in the smallest municipalities of Kainuu and Lapland and other similar small and rural areas (Tilastokeskus 2012).

3.2.4 Design probes

The second service design tool used after focus groups in this discovery phase was design probes. Design probes are self-documenting diaries. The customer can document his or her life over a certain period in several ways: by an electronic or hand-written diary, videos, photos, with visual tools such as stickers (Stickdorn & Schneider 2013, 168-171), answering open questions, drawing maps, or making a collage of pictures (Mattelmäki 2006, 42). Probes explore new opportunities (Mattelmäki 2006, 40). The information about the customer can be gathered effectively and even without the researcher being present. Moreover, the privacy of the insights and desires shared is guaranteed (Stickdorn & Schneider 2013, 169).

Design probes are a user-centered approach to understanding human phenomena and exploring design opportunities. There are three features of the probes:

- Users have an active role in collecting and documenting the material
- Probes look at the users' personal context and record their daily lives including
  The social, aesthetic, and cultural environment as well as needs, feelings, values, and attitudes
- Probes explore new opportunities.

The most common forms of design probes are diaries and camera studies. Design probes examine the daily factors of human lives, they give more credible and reliable data than a mere observation in a single situation, they minimize the observer's possible influence by changing his or her behavior, and the experiences are recorded in a more genuine form in a diary (Mattelmäki 2006, 39–41).

The self-documentation in probes is conducted by means of different probe kits. The kits can be envelopes, folders, or bags with notebooks, cards, or stickers specially designed for this purpose. Users are asked to take photographs, write diaries, answer open questions, and draw maps or make a collage of pictures during the self-documentation process (Mattelmäki 2006, 41–42). Probing can be applied in many ways—for example, cultural probes are designed to inspire and initiate interaction between designers and users and residential probes are aimed at collecting individual data and starting discussions with the users (Mattelmäki 2006, 58).

Probes can also be used for collecting information when it is difficult to access people in any other way and they can record detailed information about people's daily lives at a certain period of time. They can also be used to map out the users' needs and dreams and to develop new solutions with them. Technological probes offer the users practical tools for virtual in-

teraction—not only with their family but also with the designers. The material collected in probes is typically interpreted for summaries and reports. The result forms an introduction to the following phase (Mattelmäki 2006, 59–60).

There are five different phases in the use of design probes. The phases are: tuning in, reaching out to the target group, following-up on the probe material in an interview, and drawing interpretations and results from the material (Mattelmäki 2006, 65–96). The field study in the city of Oulu as the first case study is reported according to these phases.

3.2.4.1 Tuning in

The first tuning in phase consists of the definition of the uses, purpose, and subject of the probes (Mattelmäki 2006, 66). The definitions of the uses, purpose, and subject of the probes were decided together with the welfare director and development and quality director in a video meeting in the middle of October 2013. Design probes were used electronically in collecting information about customers' individual latent and conscious needs and their real use of local services in the areas of Kiiminki, Yli-Ii, and Ylikiiminki in three different age groups—children and young people under 25 years, people of working age from 25–65 years, and elderly people over 65 years. At the same meeting, the timetable, purpose, and target groups for the three following workshops were decided.

3.2.4.2 Reaching out to the target group

The second phase is reaching out to the target group. An adequate size for the target group is 5–10 people (Mattelmäki 2006, 69). A suitable group of 30 people was chosen from these three neighborhoods and age groups with the help of the welfare director and local citizen participation workers at the beginning of November 2013. One practical criterion for choosing the participants was that these people were already known to be active in citizen participation. The same local participation worker sent out the invitation to the second workshop by e-mail or phone calls.

3.2.4.3 *Designing the probes*

The third phase is to design the probes (Mattelmäki 2006, 71). This was done with the help of design probe experiences gained from the Lauttasaari Customer-oriented Service Network Project in Helsinki 2010-2013 and the author's last project undertaken together with the service designer working for this project. The probe task was to keep an electronic diary of the local services used or needed but which had not been available daily for a two-week period from November to December. In addition, it was also possible to write the diary by hand. The diary consisted of two parts. The first part had a question about the context of the service user: What is your life/family story? This part was answered only once in the beginning of the diary. The second part consisted of questions that were answered daily over two weeks: How is your daily life? What did you do today, what services have you used, what was the quality of the services, did you get help from friends or neighbors, and did you were without some services?

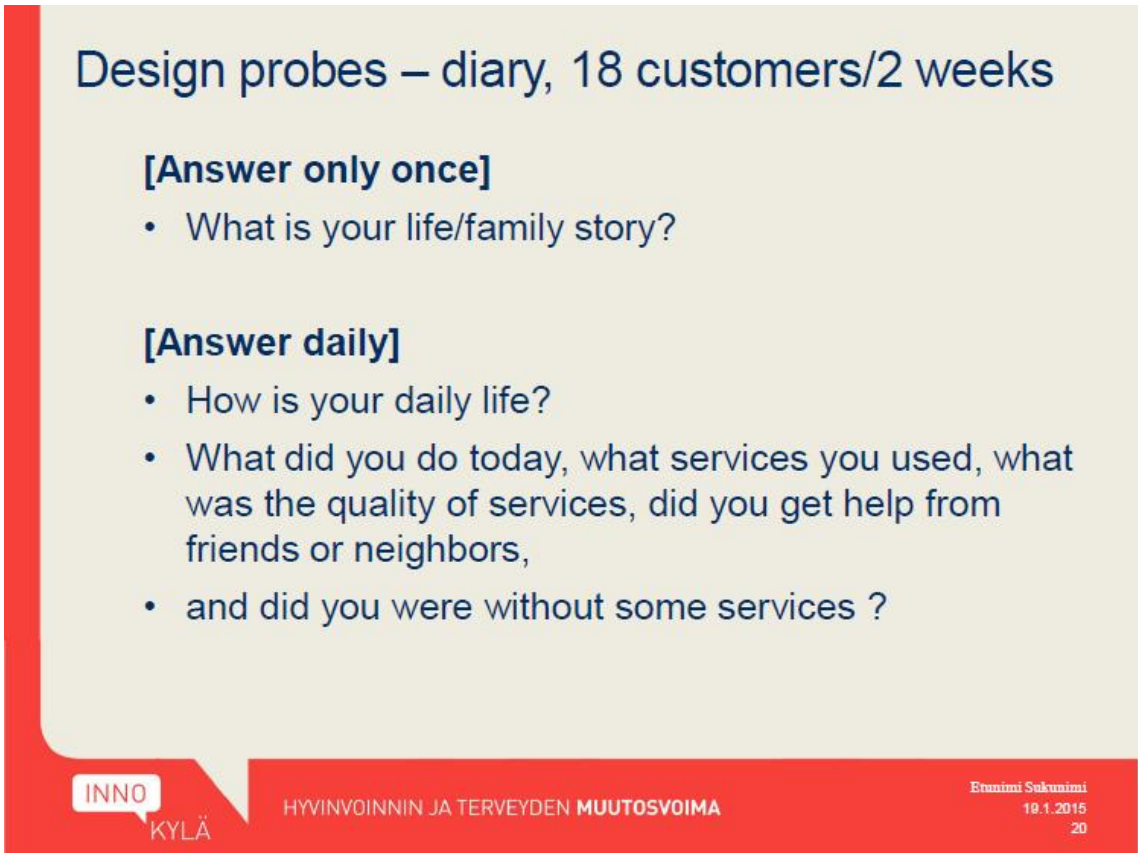

Figure 9: Design probe used in all three cases.

The design probes were presented and distributed to the target group (potential customers and users of the well-being center in Kiiminki) in the second workshop in the middle of November 2013 by the service designer, the design team, the local participation worker, and the development and quality director.

3.2.4.4 Following-up on the probe material

The fourth phase of using design probes is a follow-up on the probe material in an interview (Mattelmäki 2006, 86). This step was done the end of the workshop series. The stakeholders were interviewed instead of potential customers in order to collect information on the experiences of using service design tools in renewing public services.

The fifth phase is to draw interpretations and results out of the material (Mattelmäki 2006, 88). In total, 17 people from the 30-person target group returned the design probes in the city of Oulu. The material collected with the probes was interpreted in terms of the material, and the individual insights that emerged were grouped into the different user groups and made into personas. This was done in a design team in two parts, in November with the material of the first week and then after two weeks with the material of the second week in the beginning of December. The preliminary results were presented to the welfare and development and quality directors in a video meeting at the beginning of December.

3.2.5 Service map

The other method used in the second workshop was a service map. The target group was asked to map all the services they had used in last three months, how many times the services were used, whether they were used locally or electronically, how far these services were from the user's home, how long it took to get there, and what the means of transport were to access these services. The service map was used before presenting the design probes in order to present the idea of using all kinds of services, not only public services. The distribution of the design probes was also supported by a press release and article in the regional newspaper, *Kaleva,* during the first workshop.

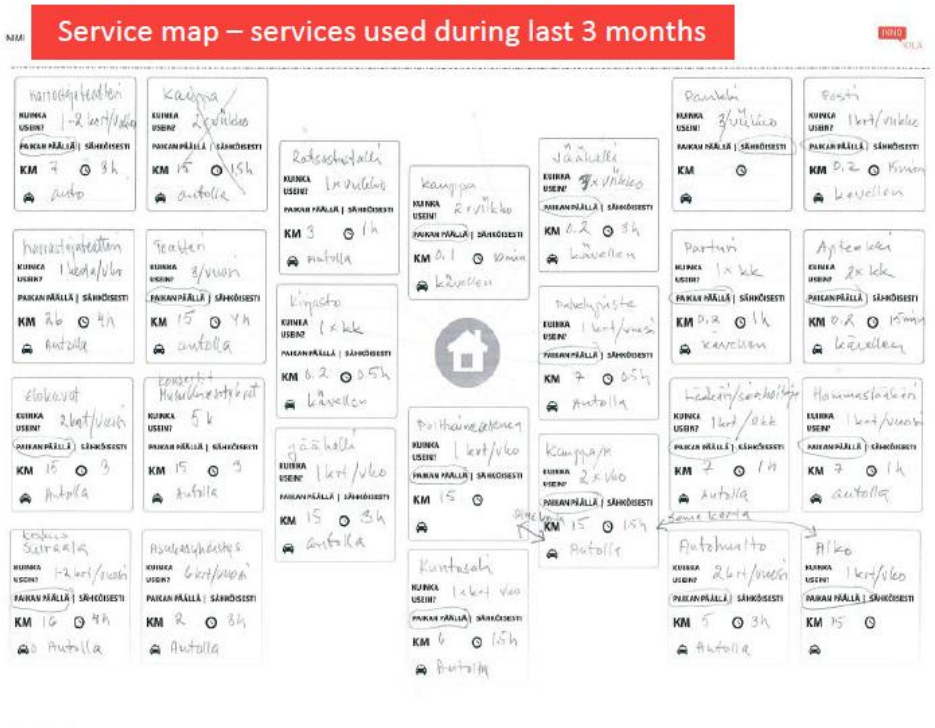

Figure 10: Service map used in all three cases.

3.2.6 Analysis of the first phase

One of the most desirable techniques for case study analysis is to use pattern-matching logic Yin 2014, 143). This analysis compares empirically based findings with predicted patterns based on theory. These theories are participatory action research, open innovation and participation, service design, and change management. These theories were presented in the chapters 1 and 2.

3.2.6.1 Participatory action research as the first theory pattern

Action research is participatory action research when the four following conditions are fulfilled (McIntyre 2008, 1). First there should be a collective commitment to investigate an issue or a problem. These collective commitments were made in a focus group after a kick-off meeting in the city of Oulu and in a joint kick-off meeting for the city of Kajaani and the Kainuu region. Secondly, there needs to be a desire to engage in self- and collective reflection to gain clarity about the issue under investigation. These self- and collective reflections were made in a design team consisting of representatives from the research group, service designer, and stakeholders from each workshop. Thirdly, there should be a joint decision to engage in individual and/or a collective action that leads to a solution that benefits the peo-

ple involved. These decisions were also made in a design team. Fourthly, alliances should be built between researchers and participants in the planning, implementation, and dissemination of the research process. This was also done when deciding to build a design team and to work together during the whole process.

In the planning phase of participatory action research, researchers and participants together create the research question and a common understanding of the research area (Carr & Kemmis 1986, 184). In the city of Oulu, the practical case was to create a model for a cross-sectorial well-being centre and its management in the Oulu area together with the personnel, municipal residents, and the third sector. For the city of Kajaani, the practical route was to define the role of the municipality in the multi-provider model of local services and to scale this model at the regional level in the Kainuu region. A common understanding of the research areas was created through interviews and the desktop study.

3.2.6.2 Open innovation and participation as the second theory pattern

Open innovation refers to network-based innovation, user-driven innovation (Chesbrough 2003), and the use of service design methods. These principles formed a starting point and one part of the theory framework of this research. This research also responds to the national innovation strategy from 2008, to the newest national Design Finland program, and to the proposal for the Local Government Act (HE 268/2014 vp), which point out that service users should also be regarded as co-creators and even co-producers of services. In addition, local strategies also formed a starting point: open service innovation is included in the strategic guidelines in the city of Oulu together with the role of municipal citizens in the role of developing and producing services. The regional plan "Renewing Kainuu 2025" as a starting point emphasizes close co-operation and networking between the region's many actors such as enterprises, communities, and individual people. The first desktop study was conducted in order to research these strategic backgrounds.

3.2.6.3 Service design as the third theory pattern

Service design was the second part of the theoretical framework in this research. This research uses in all three cases the same four-phased service design process and the same service design methods to make the user-driven service development and management process more tangible (Koivisto 2009, 136). These four phases include discovery, creation, reality check, and implementation (Mager 2009; Miettinen 2009, 13). The research question and the first sub-question emphasize the need to use user-driven service design methods in developing public services. The first literature review was done in order to research service design as a development method in this research.

3.2.6.4 Change management as the fourth theory pattern

Innovation and change are over-lapping phenomena. Osborne and Brown (2005, 90-91) divide the change process in public services and in public service organizations into two types: wide-ranging transformational change and small-scale incremental change. Successful organizational transformation can only be achieved with strong leadership, inspiring vision, dialogic change communication, and employee participation. The third sub-question, "What are the benefits of citizen participation for change management?" in the city of Oulu emphasizes the need to combine management in developing public services. Change process starts by analyzing the environment (Osborne & Brown 2005, 12). The first desktop study to research these strategic backgrounds analyzed the environment. The second literature review was done in order to research change management as a development method in this research.

3.3 Creation phase

In the creation phase, the information collected earlier is first analyzed in order to identify problem areas or new service needs. Customer profiling and customer journey mapping tracking customers' use of services can be used as tools for such analysis. After the analysis, new service concepts are created based on the new-found ideas (Koivisto 2007, 8–9).

New services can be created with the help of role-play and experience prototyping in consultation with customers (Koivisto 2007). A co-design workshop is one way of including a large group of people, such as service users, producers, and designers, in the planning process at an early stage (Mattelmäki & Vaajakallio 2011, 80). The third workshop was held as a co-creation workshop in the city of Oulu in the middle of December with the stakeholders to compare the real needs of the customers to the future concept of the Kiiminki well-being center. In the city of Kajaani and the Kainuu region, co-creation was a method used at the second workshop. The other methods used in this second phase were personas, empathy maps, service journey mapping, service blueprints, and business model canvases. These methods are briefly presented next.

3.3.1 Personas

The fourth service design tool in this research is a persona. Personas are fictional customer profiles presenting a particular group of people with shared interests. Usually, personas are developed from customer insights gathered from interviews, shadowing (Stickdorn & Schneider 2013, 178), participatory observation, or data analysis. These profiles include names, personalities, behaviors, and goals that are representative of these profiles (Miettinen 2009, 21). Personas allow designers to define different interest-groups and help designers to shift focus

away from general demographic information to customers' needs and desires (Stickdorn & Schneider 2013, 178).

In analyzing the customer insights from the 17 returned design probes in the city of Oulu, personas were divided into four groups using content analysis. Two of the groups indicated a great need for public well-being services (a health center, social services, a nursery, a school) and two of the groups a small need (library, digital services). On the other hand, two of the groups reported many preventative activities for their own well-being (sports, culture, gardening, visiting friends), and two other groups reported taking care of themselves, their neighbors, and relatives (homecare, transport, shopping). Moreover, the different needs between different areas and age groups were evident in the diaries. The design team made these analyses before the third workshop in the city of Oulu.

These personas were used as an introduction to the following stage in the third workshop in the city of Oulu. This workshop was held in the middle of December with the stakeholders in order to compare the real needs of the customers of the future concept of the Kiiminki well-being center.

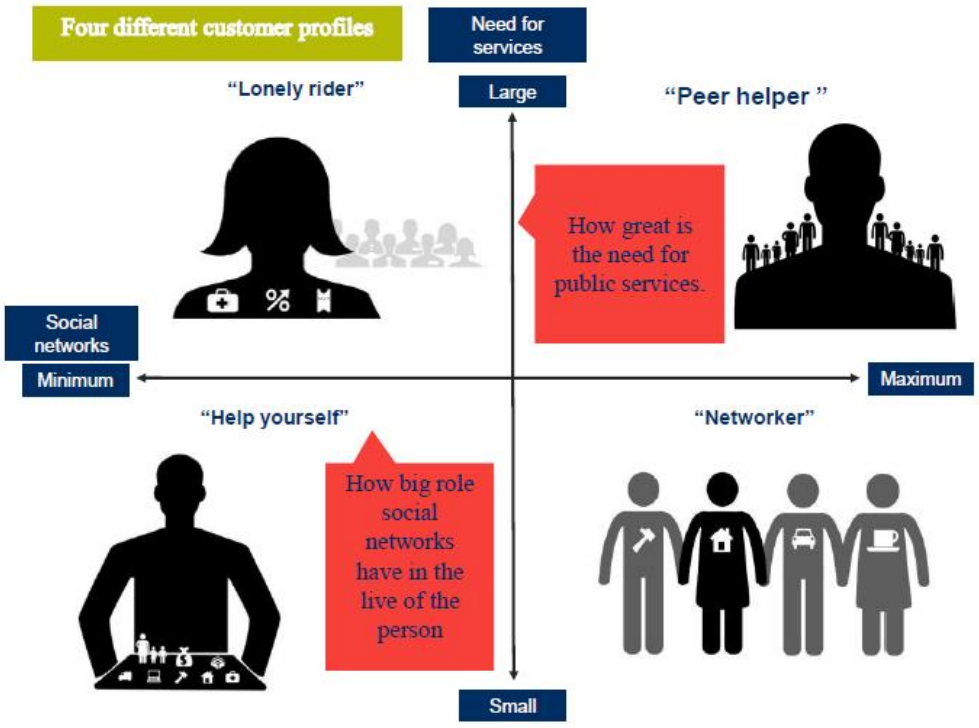

Figure 11: Overview of four different personas using local services in the city of Oulu.

In the city of Kajaani in the spring of 2014, the 13 returned design probes were also divided into four groups. Personas were now divided differently because of the different research focus. Two of the groups had a great need for public services (KELA, a social office, public transport, a psychiatrist), and two used services from different service providers (public, private, third sector). On the other hand, two of the groups created their own services to help each other (homecare, transport, shopping), and two other groups were mostly service users (pharmacy, shops, gym). Young unemployed persons together made one analyzed group. In addition, the different needs in the elderly group were also evident in the diaries and were transformed into three other personas. The design team made these analyses before the second workshop in the city of Kajaani.

In the Kainuu region in autumn 2014, the 102 returned design probes were also divided into the same four groups because of the same research focus. The only difference was that the 13 young unemployed persons (together from all six municipalities) got their own four personas and all six municipalities got three or four persona cards of their own elderly populations Also, the different needs between different areas and age groups were evident in the diaries and were transformed into personas. Because of the great number of the design probes, the analysis of the 102 probes was made together with the design team and 24 students from the University of Tampere before the second workshops in the six municipalities of the Kainuu region in October 2014.

3.3.2 Co-creation

The fifth service design method used in this research and used in the first kick-off workshop in the city of Oulu and in the second workshop in Kainuu was co-creation. Co-creation is a core concept of the service design. Designers moderate a co-creation session and produce materials in order to open up a discussion and ensure that the co-creation session runs smoothly. Co-creation brings different groups together, facilitates future collaboration, and creates a feeling of shared ownership over the concepts and innovations that are being developed (Stickdorn & Schneider 2013, 198-199).

3.3.3 Empathy maps

The sixth service design tool used in this research was empathy maps. An empathy map is a visual tool for organizing the information obtained from personas or through observation. Empathy maps help about the customers discuss their needs, emotions, desires, and fears related to the development project (Tschimmel 2012). They are useful tools before making a busi-

ness model canvas because they help stakeholders to understand the values of the customer (Osterwalder & Pigneur 2010, 131).

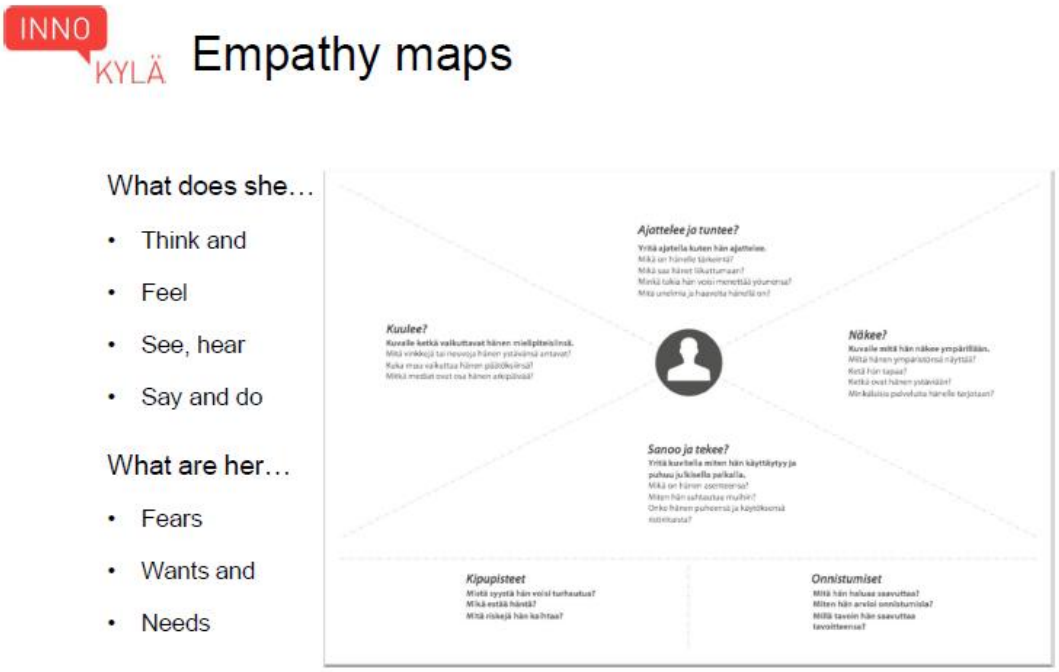

Figure 12: Empathy maps used in the case study.

Empathy maps were used in the beginning of the second workshop in all three cases to gain deeper insight into the customers.

3.3.4 Customer journey mapping

The seventh service design tool used in this research was customer journey maps. Customer journey maps include several service moments from the customer's point of view (Koivisto 2009, 143). Customer journey maps provide a visualization of the customer's experiences. Customer journey maps are made by identifying each interaction—or touch points—in service production from the customer's point of view. They can be made around personas, by virtual interactions through a website, or physical trips (Stickdorn & Schneider 2013, 158-159).

Customer journeys and service moments can be mapped out from an already existing service or used as a tool in the development phase (Koivisto 2009, 143-145). The customer journey map gives a structured visualization of the customer's experiences and helps to identify new innovations and problems to be solved through service development (Stickdorn & Schneider 2013, 159).

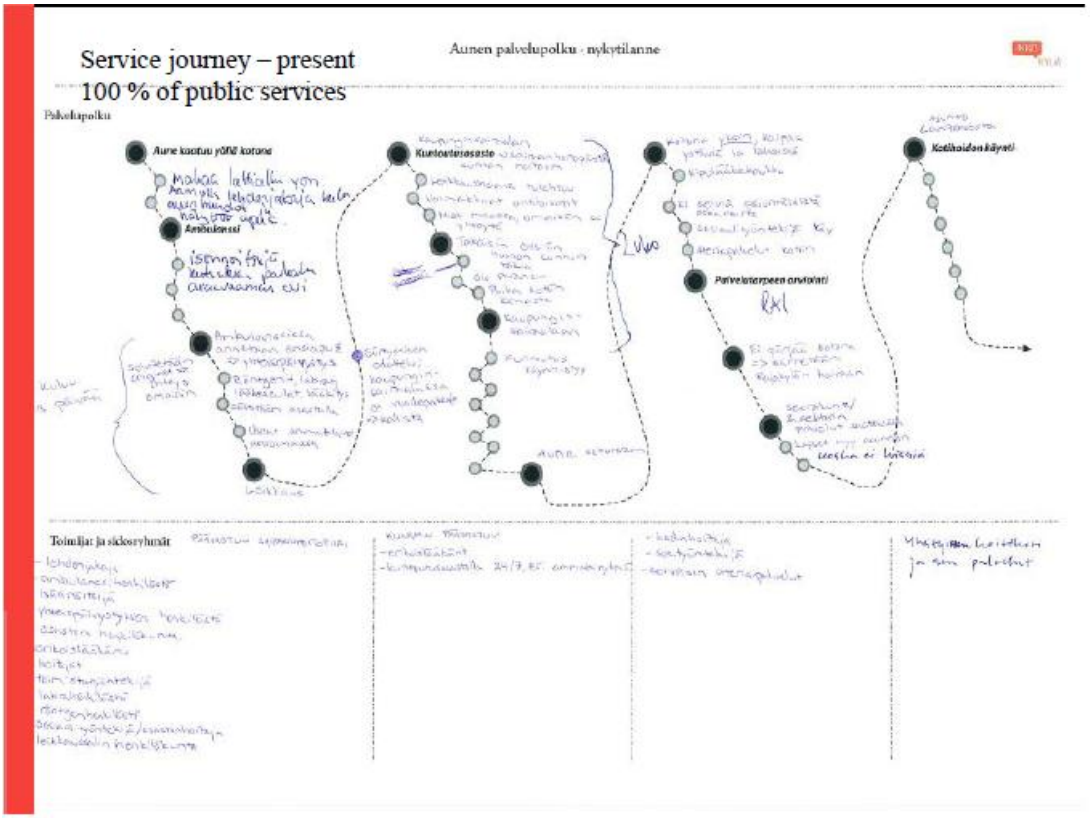

Figure 13: Customer journey map used in the case study in the city of Oulu.

Customer journey mapping was one of the methods used in the kick-off meeting in the city of Oulu introducing how to use the service design method in service developing.

3.3.5 Service blueprint

The eighth service design tools used in this research was service blueprints. A service blueprint is a visual documentation of the service from the perspective of the customer, the service provider, and other parties involved. Service blueprints are usually done at the beginning of the design process in a workshop together with all parties, detailing everything from the points of customer contact to behind-the-scenes processes. The blueprints allow the most crucial areas to be identified, and it also reveals areas of overlap or duplication. They help to explore those aspects of the service that can be reviewed and refined (Stickdorn & Schneider 2013, 204-205).

Bitner, Ostrom, and Morgan (2008, 67-69) describe service blueprints as a customer-focused design tool, which not only allows organizations to visualize the service process from the customer's perspective, but also to visualize the underlying support process throughout the organization. It is also a tool suitable for service innovation, quality improvement, and strategic change from product-orientation to customer-orientation. Used as a management tool, it can

be used at the strategic level to give a visual overview of the entire service process or at the micro-implementation level to visualize the customer's process in detail. Using the service blueprint was a new method in the second iteration in the city of Kajaani. In order to obtain the service blueprint secondary information, interviewing, workshops, and personas were used.

The first prototype of the service blueprint was presented in the focus group in March in order to test the method. Later on, design probes were used in the city of Kajaani in 2014 to give more detailed primary information about the customers. Making the service blueprint prototype is described in detail next.

3.3.5.1 Building a service blueprint

There are six phases in building a service blueprint. These phases are as follows: identify the process to be blueprinted; identify the customer or customer segment; map the process from the customers' point of view; map contact employee actions, onstage and backstage and/or technology actions; link contact activities to needed support functions; and add evidence of service at each customer action step (Zeithaml, Bitner & Gremler 2006, 273).

3.3.5.2 Identify the process to be blueprinted

Blueprints can be developed at a variety of levels, and the process starts through an agreement on the starting point. This can be identified and mapped after the decision on the purpose for building the blueprint (Zeithaml, Bitner & Gremler 2006, 274-275). The focus in the city of Kajaani was to identify the role of the municipality in delivering services with multiple service providers in the two chosen customer segments. This decision was made during the pre-planning period in February 2014 by interviewing the well-being director (Ahopelto 2014) and the development director (Pikkarainen 2014) from the Social and Healthcare Division of the Kainuu region.

3.3.5.3 Identify the customer or customer segment

Blueprints are most useful when they are developed for a particular customer or customer segment. If the service process varies across different customer segments, there should be different service blueprints for each segment in order to avoid confusion and to maximize their usefulness (Zeithaml, Bitner & Gremler 2006, 275).

The customer segments used in the city of Kajaani and the Kainuu region were also chosen during the pre-planning period interviews. In the case study of the Kainuu region, there were two customer segments as a target group: young unemployed persons under 25 years and elderly people aged 75 to 85 living at home. These groups were chosen because they comprise the most expensive customer groups in terms of services, and they were also chosen as a target groups in the regional plan. The first prototype service blueprint was presented to the design team of the city of Kajaani in March 2014 and was of a young unemployed female as an example of the other chosen target group. This artificial persona, representing her target group, was called Sanna. Her persona card was made in March in a workshop in Kainuu together with a rehabilitation supervisor working at the customer interface.

3.3.5.4 Map the process from the customers' point of view

After selecting the customer segment, the next phase is to map the choices and actions that the customer makes or expects in purchasing, consuming, and evaluating the service. Identifying the service process from the customers' point of view helps to keep the focus on those actions that are important from the customers' point of view. This may require participatory observing, videotaping, or photographing the service process (Zeithaml, Bitner & Gremler 2006, 275). In the blueprint, customers' actions are typically mapped first so that all other activities can be seen as supporting the customers process (Bitner et al. 2008, 72). In this case study, the process was mapped from Sanna's persona card. This persona card was used as an introduction in the focus group and similar personas created based on design probes were used again in the second workshop in the city of Kajaani at the end of May and in the Kainuu region in October 2014.

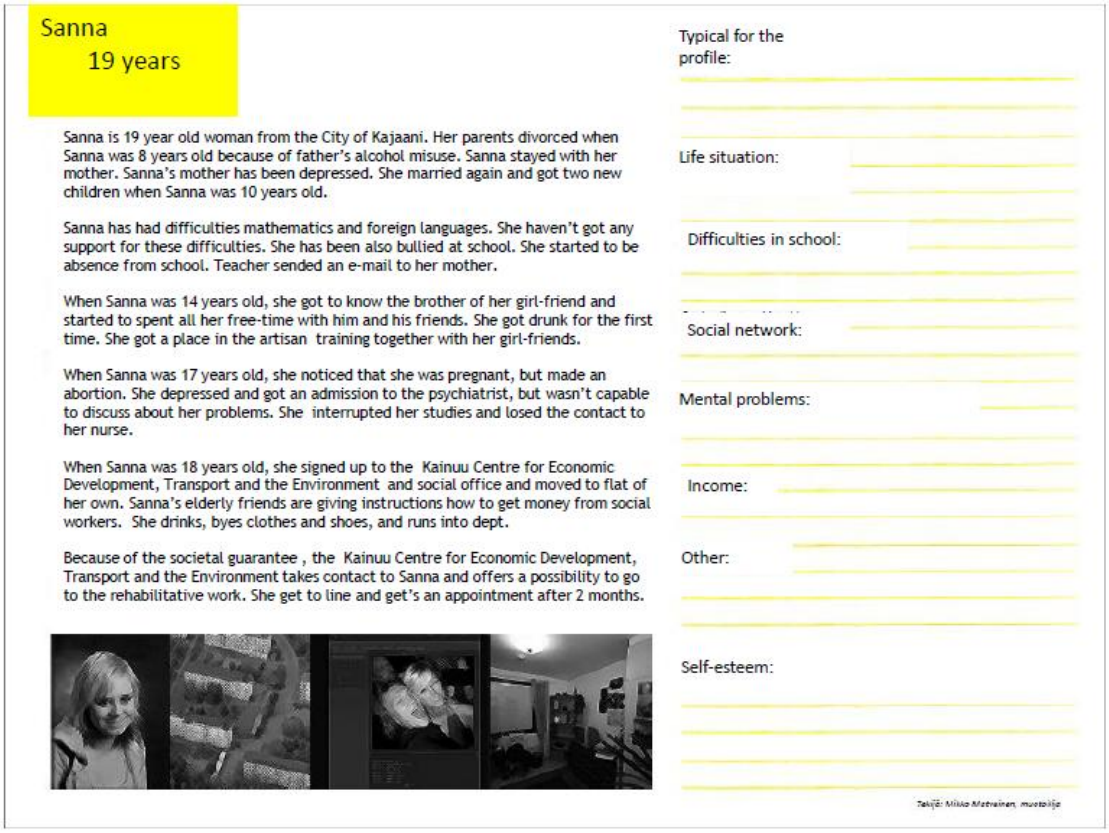

Figure 14: A prototype of a persona card was used as a tool to keep the customer in focus when making a blueprint.

3.3.5.5 Map contact employee actions, onstage and backstage

When the customer´s process is mapped, the next phase is to map the process from the customer contact person's point of view. For existing services, this can be done by questioning front-line employees about their actions with the customer and the support actions behind the scenes. If the services are technology-delivered, this process should also be mapped. (Zeithaml, Bitner & Gremler 2006, 275-276). In this research, the front-line employee's process was first also mapped from Sanna's persona card and then fulfilled by interviewing the well-being director.

3.3.5.6 Link contact activities to need support functions

After mapping both internal processes, the employee process that is visible to the customer and the one that is not visible from the contact person's point of view, a line of internal interaction can be drawn, and the linkages from contact activities to support activities can be identified. This process also shows if there are no such linkages (Zeithaml, Bitner & Gremler 2006, 276). The fourth component to map is support functions separated from contact em-

ployees but which must to happen in order for the service to be delivered (Bitner et al. 2008, 72). These two internal actions were mapped in the second workshop together with the other service providers.

3.3.5.7 Add evidence of service at each customer action step

The last thing to do is to map the physical evidence that customers are in contact. These tangibles influence the customers quality perceptions (Bitner at al. 2008, 73). In a photographic blueprint, this can be done by analyzing the tangibles and their impact from the photos or videos of the process (Zeithaml, Bitner & Gremler 2006, 276). Instead of mapping pieces of physical evidence, the decision-making process was mapped in the second workshop.

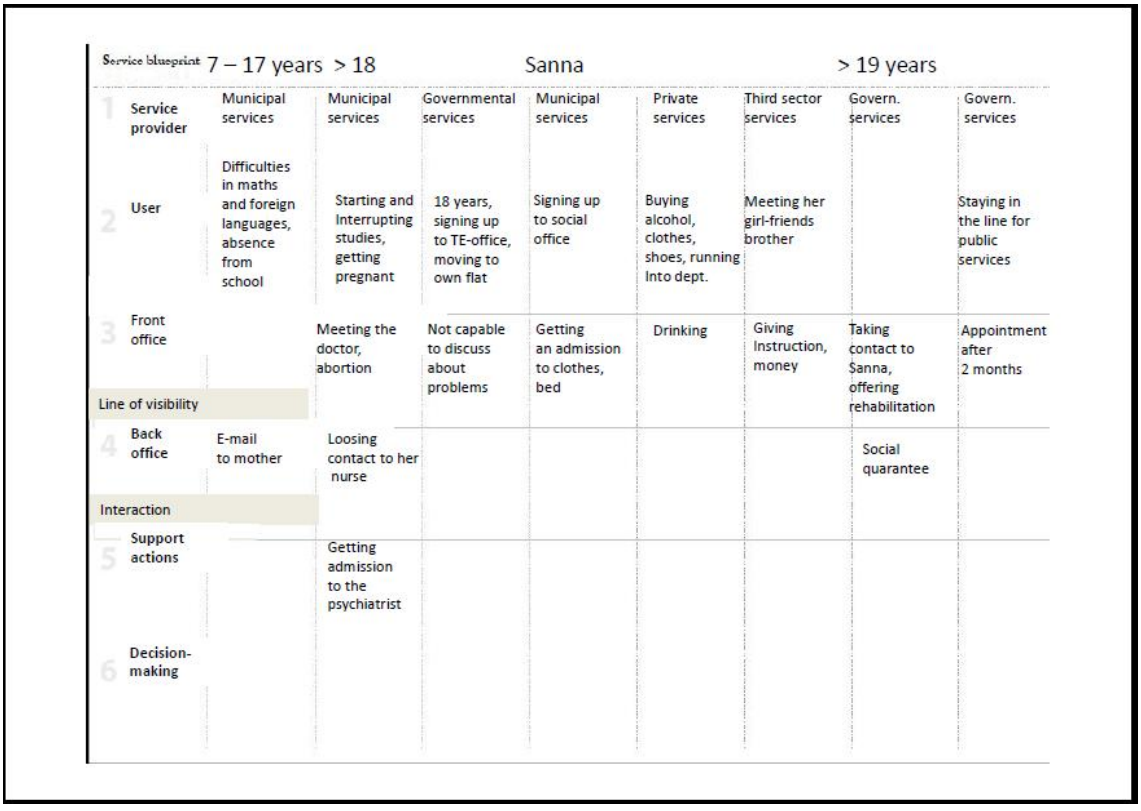

Figure 15: First prototype of a service blueprint with the municipality's and service networks' roles in providing well-being services.

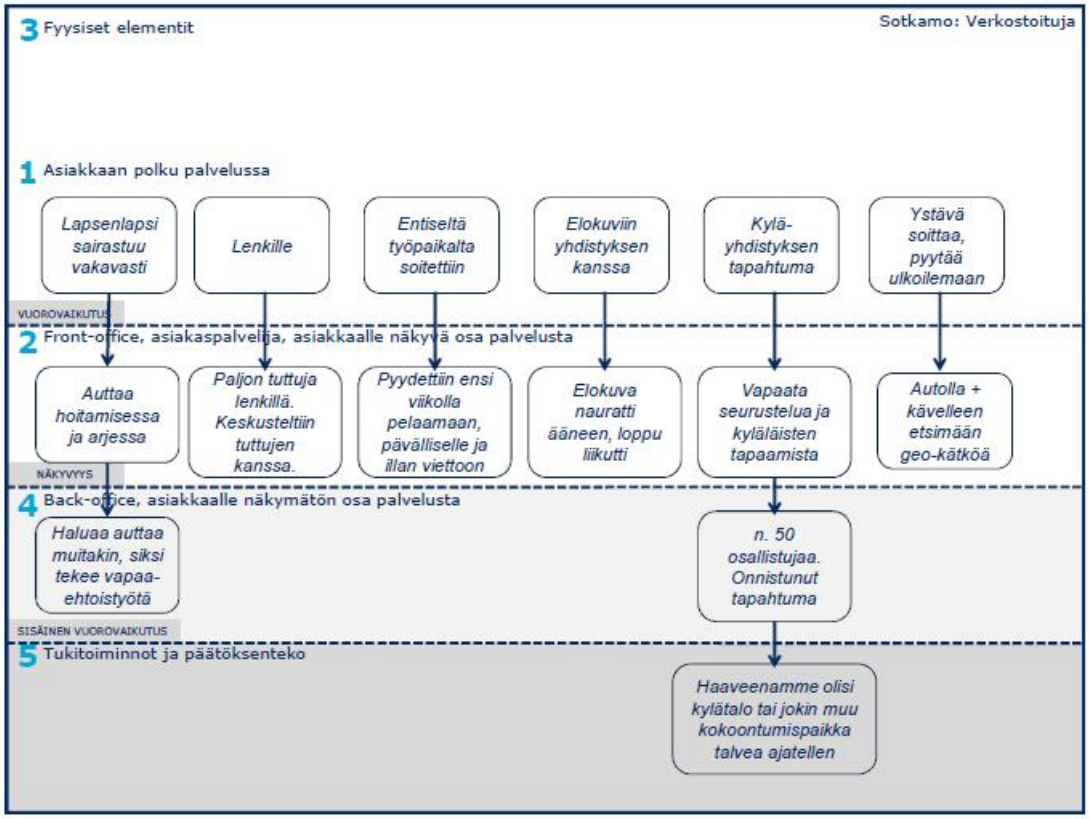

Figure 16: The final service blueprint used in the case study in the Kainuu region.

Using the service blueprint was a new method in the second iteration. In order to obtain the service blueprint secondary information, interviewing, workshops, and personas were used. The first prototype of the service blueprint was presented in the focus group in the beginning of March 2014 in order to test the method. Later on, design probes were used to obtain more detailed primary information about the customers.

Regarding development recommendations, the final blueprint needs to be modified in the future with several new rows, as was planned in the prototype stage (Figure 16), in order to show the service provider network that, according to the two-week period in the design probes (diaries) consisted of peer providers (neighbors), the third sector (associations), private companies (taxi, pharmacy, grocery), and the public sector (health center, hospital). Also, in order to obtain more detailed information, additional customer interviews are needed.

3.3.6 Business model canvas

The ninth service design tool used in this research was a business model canvas. A business model canvas is a tool to describe, analyze, and design business models. The canvas is split into nine blocks of a successful business model that can be filled in collaboratively. A business model canvas clarifies an organization's core aims, identifying its strengths, weaknesses, and priorities. Public sector organizations can use them for customer-orientation (Stickdorn & Schneider 2013, 212). A business model canvas can also be used as a tool in a new service development process in the fuzzy front-end to determine what service concepts will be developed (Zeithaml, Parasuraman & Berry 1990, 258-259).

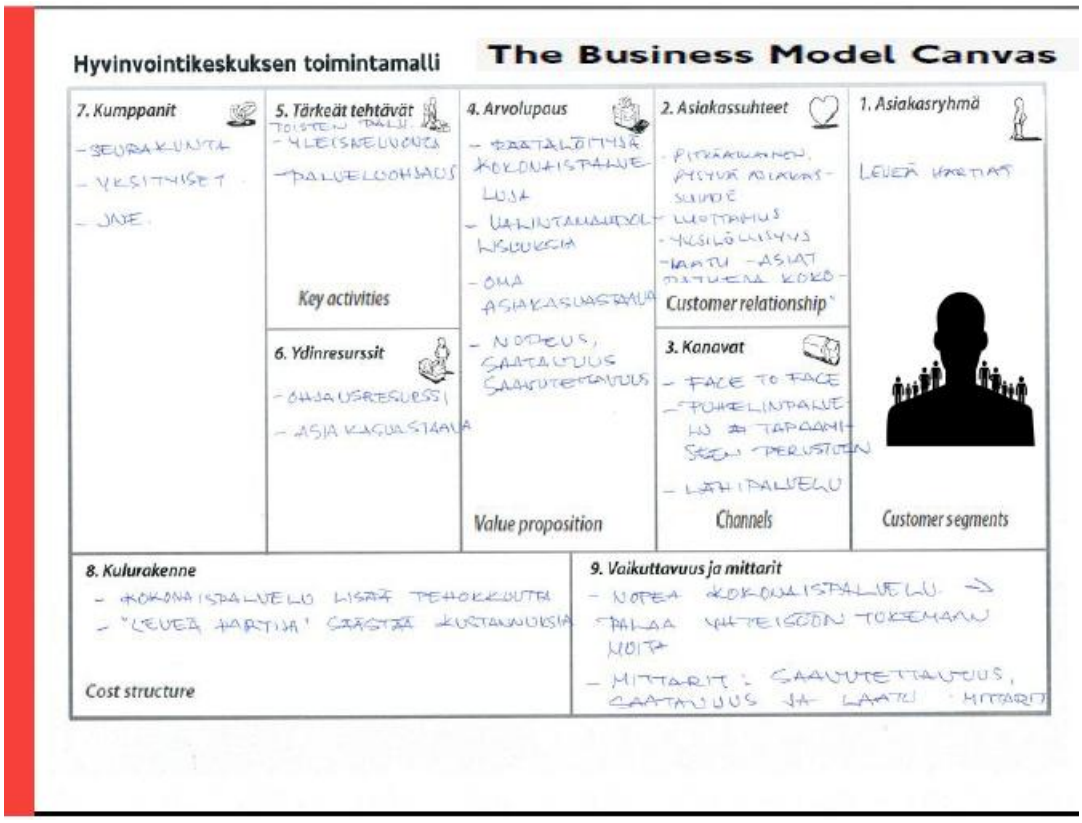

Figure 17: Business model canvas used in all case studies.

Osterwalder and Pigneur (2010) tell in their practical guidebook "Business Model Generation" how to design and reinvent business models. The idea of business model innovation is to create value for customers, companies, and society. The innovation in business models can result from the four following objectives: satisfying existing but unanswered markets; bringing new technologies, products, or services to the markets; improving, disrupting, or transforming an

existing market with a better business model; or creating an entirely new market (Osterwalder & Pigneur 2010, 244).

The business model canvas is a concept with nine building blocks. The nine blocks cover the four main areas of business: customers, offerings, infrastructure, and financial viability. According to Osterwalder and Pigneur (2010, 15), the business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems.

The business model design process consists of five phases: mobilize, understand, design, implement, and manage. In the first phase, mobilize, designers prepare a successful business model design project. This can be done by framing project objectives, testing preliminary ideas, planning the project, and assembling the design team (Osterwalder & Pigneur 2010, 250). This phase was done in the first case study in the city of Oulu in September-October 2013 together with the design team. The phase included reviewing the vision and service strategy of the city of Oulu with a focus group to determine the focus and the target group and with a kick-off meeting (Zeithaml et al. 2006, 259-260).

In the second phase, understand, designers research and analyze the elements needed for the business model design. They scan the environment (including market research), study and involve customers, interview experts, research what has already been tried, and collect ideas and opinions (Osterwalder & Pigneur 2010, 250). Studying and involving customers was done in the city of Oulu by observing the potential customers (Zeithaml et al. 2006, 260-261) by using design probes in November 2013.

In third phase, design, designers adapt and modify the business model in response to market response. They do this by brainstorming, for example, using the customer empathy map, prototyping, testing multiple ideas, and selecting the best ideas (Osterwalder & Pigneur 2010, 254). This phase was done in a workshop in December using design probes as a design driver.

In the fourth phase, implement, designers implement the business model prototype in the field. They do it by communicating, involving, and executing an implementation design, which includes specifying milestones, organizing legal structures, preparing a detailed budget and project roadmap, and defining all related projects (Osterwalder & Pigneur 2010, 256).

In fifth phase, manage, designers adapt and modify the business model in response to market reaction. They do it by scanning the environment, continuously assessing the business model, rejuvenating or rethinking the model, aligning the models throughout the enterprise, and managing synergies or conflicts between models. At least one person from the organizational strategy team should have the responsibility for business models and their long-term evalua-

tion. Ideally, it should be every employee's passion (Osterwalder & Pigneur 2010, 258). These two last phases were not done in this research, but these phases should be done in order to create new ideas and implement prototypes.

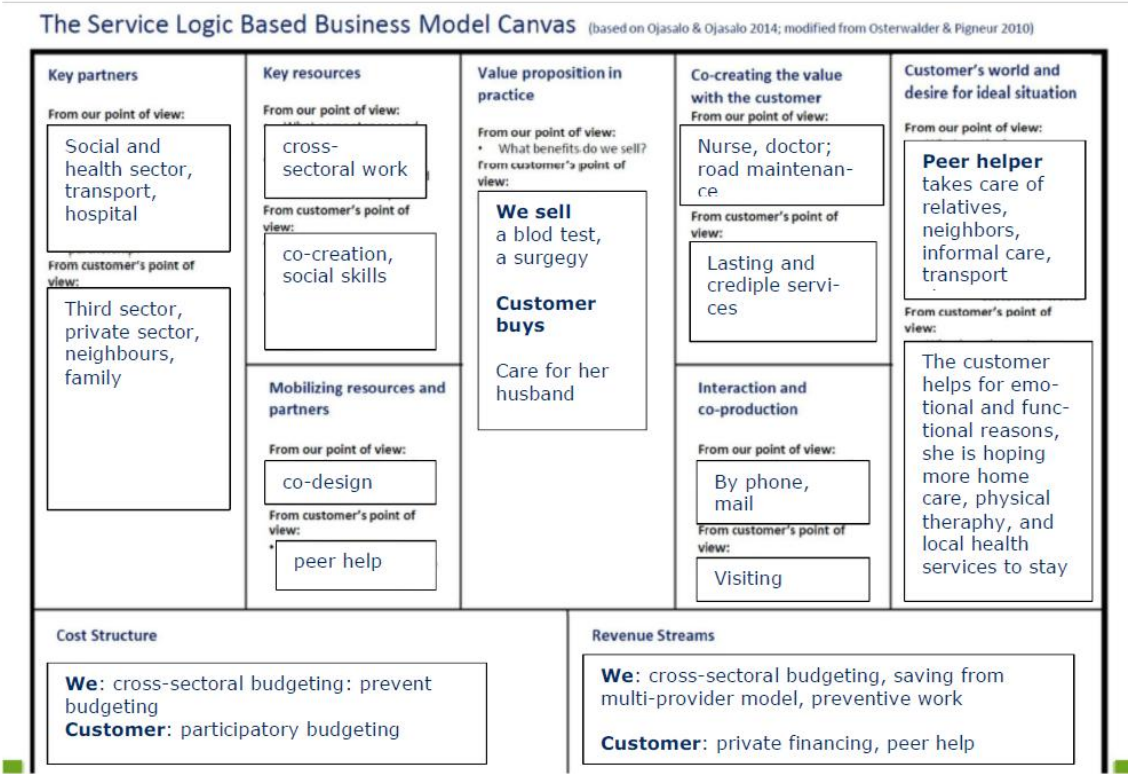

Figure 18: First prototype of the customer-driven business model canvas (based on Ojasalo & Ojasalo 2014; modified from Osterwalder & Pigneur 2010).

3.3.7 Analysis of the second phase

The analysis of the second service design phase compares empirically based findings with predicted patterns based on theory. Also, content analysis was used when analyzing customer insights from the design probes.

3.3.7.1 Participatory action research as the first theory pattern

The second acting phase of the participatory action research consists of piloting different development methods (Carr & Kemmis 1986, 184-186). The methods used in this in the cities of Oulu and Kajaani and the Kainuu region were service design methods. These methods were also used at the same time in collecting, analyzing, and reporting the data to the participants in the third observing phase.

Participatory action research is dialectical action between a researcher and the collaborating group aiming at a transformation as a program of reform. Kemmis and McTaggert (1988, 1) also refer to it as a deliberate process for emancipating practitioners own social practices and then committing to a social change. The transformation happens by learning and aims at systematic development in a community. In the city of Oulu, the concrete aim of the development work was to create a model for seven cross-sectorial well-being centers together with the personnel, the citizens, and the third sector.

Service design tools such as design probes gave service users, especially in the groups of young unemployed persons and the elderly, an active role in collecting and documenting their daily lives and conscious and latent needs. Personas as a tool made these different needs and interests visible to the developers. These methods could also be called emancipatory methods in these case studies (Carr & Kemmis 1986, 192) because participants could see the collected customer information analyzed and moved to the personas, customer journeys, and service blueprints used in the workshops in developing services. Kemmis (2008, 123) even describes it as the interaction between individuals and organizations in the public sphere; this interaction and discourse did occur in all three cases because citizens in some municipalities such as civil servants like deputy mayors or well-being directors met personally for the first time in their lives and were equal partners in the development processes, which normally are closed processes.

3.3.7.2 Open innovation, participation, and service design as second and third theory patterns

As Chesbrough (2011, 53-54) points out, innovators must co-create with customers. The change in the role of the customer is the second aspect advancing innovation and competitive advance in services. Instead of giving customers a passive role at the end of the value chain, they should be involved in the innovation and even to co-creation and co-production of new services. This was also the logic in the three cases using service design tools as personas, service blueprints, and business model canvases in the second empirical phase of the service design process first to document the service from the perspective of the customer, the service provider, and other parties involved and then in designing them from the perspective of the different needs of the customers.

3.3.7.3 Change management as the fourth theory pattern

A service business model and the right tools are not enough; the change process must also be led (Chesbrough 2011, 101-102). The first phase in all three empirical cases started from the current strategy and continued in this second phase as an “outside-in” process that expanded working with networks (Meristö et al. 2007, 21). It could also be referred to as an auditing

process, which provides information about the opinions of citizens to the political decision-makers in charge of renewal (Stenvall et al. 2007, 33).

The change also needs change agents. They can be senior managers, top political decision-makers, line managers, and HR management (Holbeche 2006, 21-25). All these target groups were invited to the development process in these three cases in order to support the change. In the city of Oulu, the design team consisted of three persons from the city: the deputy mayor, the well-being chief, and the development and quality chief. In the city of Kajaani, the design team consisted of six persons from the city and the Social and Healthcare Division of Kainuu: two development chiefs, the well-being director, the administrative doctor, the family service director, and the communication director. The design team of the Kainuu region consisted of 12 persons: four municipal directors, administrative directors, and members from the second design team. The biggest difference between the first the second and the third iteration were six parallel workshops arranged separately each time in each municipality in the Kainuu region. In practice, this meant that four persons were needed to facilitate the workshops, six persons from the municipalities, and four persons from the Social and Healthcare Division to host the workshops at the same time.

3.4 Reality check phase

In the reality check phase, jointly created service concepts can be tested with prototypes before implementation. Service concepts can also be illustrated and tested using methods such as scenarios and visualization (Miettinen 2011, 119).

A quick way of modeling user experiences is to use rough paper models, service processes and human interaction can be tested by means of storyboarding, and the entire service system can be visualized with service blueprinting. The aim of prototyping is to produce new information about the planning process and to offer different alternatives for decision-making (Vaahtojärvi 2011, 133–134).

The third workshop in the city of Oulu was held in January 2014 with potential customers and users to visualize and prioritize their future well-being services. In the first and the second iteration, this was done with the help of participatory budgeting. In the third iteration in the Kainuu region in November 2014, service concepts were also tested by rough paper models and story boards.

3.4.1 Participatory budgeting

The tenth service design tool used in this participatory action research was participatory budgeting. A personal budgeting model, created and tested in the Finnish Lauttasaari project 2010 - 2013, was used as a model to this participatory budgeting tool. Personal budgeting enables customers freedom of choice and better opportunities to make financial decisions on services within the limits of their personal budgets. The Lauttasaari project used the Surrey Country Councils Personal Budgets experiment from 2005-2008 as a template for creating a personal budget model. In this UK model, the process of personal budgeting starts by identifying user needs with the help of a questionnaire. The size of customer budgets is determined by their service needs. Customers themselves plan how to use the budget, and the municipality provides information and tools for their assistance (Hyvärinen 2011).

Figure 19: Participatory budgeting.

In this first case study, participatory budgeting was used in the third workshop together with potential users and customers. Each of the participants got 10 well-being vouchers which they could budget for those services that they wanted to save or get as local services in their municipalities in the future. At the end of the workshop, together all participants discussed the choices they had made. The results were analyzed by the design team and used as design

drivers in the fourth workshop in the cities of Kajaani and the Kainuu region. In the city of Oulu, this was the last workshop.

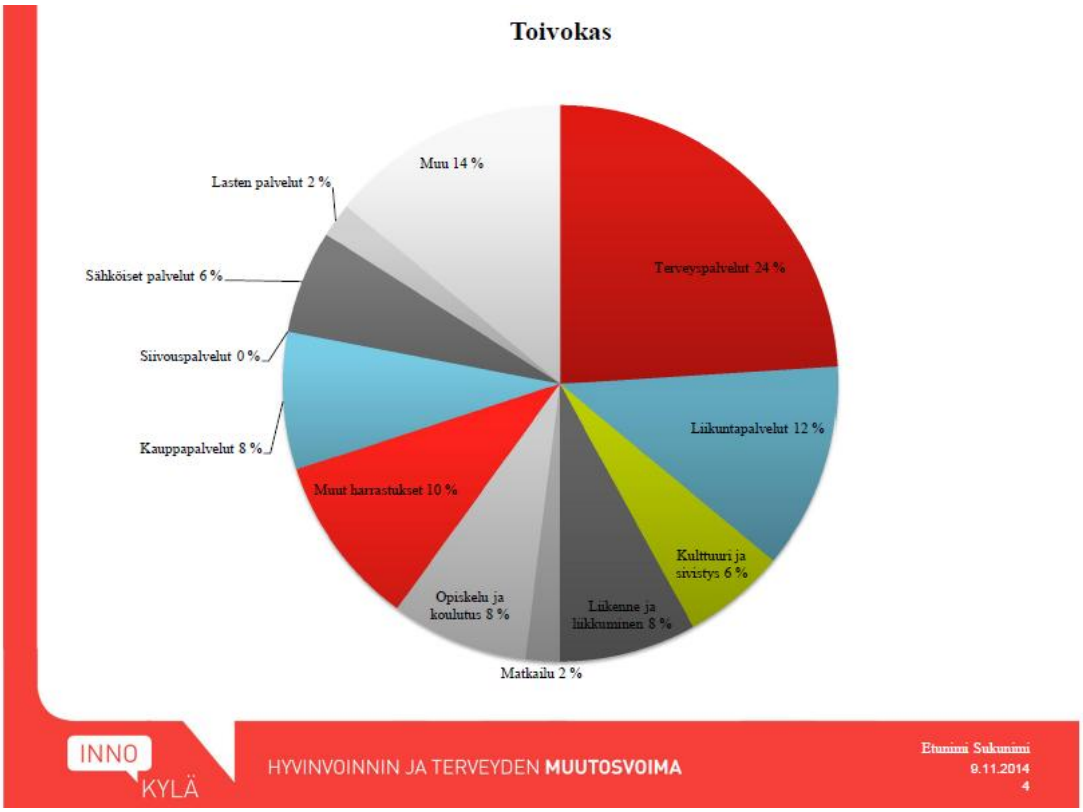

Figure 20: Results of unemployed young persons using participatory budgeting in the city of Kajaani.

3.4.2 New service concepts

The fourth workshop in the city of Kajaani in June 2014 and in the Kainuu region in November 2014 was arranged in order to create new service concepts based on customers latent and conscious needs visualized to personas and choices they made in participatory budgeting (presented in sub-section 3.4.1). In the city of Kajaani, 40 persons representing the citizens, stakeholders, and private and third sectors participated in the workshop. They created together 16 new service ideas or concepts. Concepts varied from the possibility for an unemployed person to pay gym fees to the installment of peer consultation in healthcare services. In the Kainuu region, there were 135 persons in the last joint workshop, creating 22 new service concepts.

3.4.3 Rapid prototyping or rough paper models

The eleventh service design tools used in this research were prototypes. Prototypes give a physical form to an idea and enable a project to move forward by helping to communicate

about a proposed solution. A rapid prototype can be made of full-size paper, carbon, or white MDF to imagine the real experience. Rapid prototypes can cheaply and quickly help to communicate desirable solutions and provide the same time user experience to test the idea (Samalionis 2009, 133-134).

3.4.4 Storyboards

The twelfth service design tool tested in this research was storyboards. A storyboard is a series of drawings, illustrations, or photographs that help to visualize a particular event or situation where a service is used. Usually, storyboards are made in the comic-strip format or with post-its and include as many contextual details as possible (Stickdorn & Schneider 2013, 186; Tschimmel 2012). Storyboards provide a perspective on a service that is already available or that is a prototype. They bring in user experiences and provide discussion and analysis regarding potential problems and areas of opportunity into the design process (Stickdorn & Schneider 2013, 187). The story serves as a 'user experience test bed' when prototypes are developed (Gruen 2000 in Miettinen 2009, 23).

3.5 Analysis of the third phase

The analysis of the third service design phase also compares empirically based findings with predicted patterns based on theory.

3.5.1.1 Participatory action research as the first theory pattern

The third observing phase of the participatory action research consists of collecting, analyzing, and reporting the data to the participants. The fourth reflecting phase of the action research consists of evaluating the results and reflecting on them against the theory (Carr & Kemmis 1986, 184-186). According to Waterman et al. (2001; Hughes 2008, 390-391) action research describes, interprets, and explains social situations while executing a change intervention aimed at improvement and involvement. Waterman recommends action research for health research in developing understanding in practitioners and other service providers, for example, in promoting informed decision-making. In this third phase, the service design tools such as participatory budgeting in all three cases and the different kinds of prototypes in the last Kainuu region case were used to inform decision-makers about the improvements needed in renewing public healthcare services.

After the first case in the city of Oulu, an open discussion event, "Municipality Think Tank," was arranged on the premises of the Association of Finnish Local and Regional Authorities in

Helsinki in order to discuss and reflect on the results together with the other cities that were interested in using service design as a method to renew public healthcare services. This think tank also discussed together with the customers the risks and benefits in renewing the services.

3.5.1.2 Open innovation, participation, and service design as second and third theory patterns

The open service innovation model emphasizes an open value chain with a series of ongoing interactions with the customer in order to give different alternatives to different customers. In this open model, the customer buys value and utility instead of a product (Chesbrough 2011, 17-19).

In order to get all the advantages of the open innovation model, the business model of the organization also needs to be redesigned (Chesbrough 2011, 96-101).

In the cases of the city of Kajaani and the Kainuu region, the concrete goal of the development work was to identify the future role of the municipality in the multi-provider model of local services together with the personnel, citizens, enterprises, and the third sector. The business model canvas was used as tool to create the new model for this purpose in the second phase. In this third phase, citizens used participatory budgeting in order to prioritize the production of local well-being services.

3.5.1.3 Change management as the fourth theory pattern

A service business model and the right tools are not enough; the change process must also be led (Chesbrough 2011, 101-102). The first phase in all three empirical cases started from the current strategy and continued in this second phase as an “outside-in” process that expanded working with networks (Meristö et al. 2007, 21). The biggest difference between the case in the city of Oulu and the Kainuu region was that the case in the city of Oulu was a closed cross-sectoral process between the social, health, education, culture, and environmental sectors and two deputy mayors. The second and third iteration in the city of Kainuu and the Kainuu region were open to the public and private and third sectors because of their different aim. The development aim in the Kainuu region was a multi-provider model of services. The number of stakeholders in the first case included 30 persons; in the last case, 150 persons were included from all six municipalities.

3.6 Implementation phase

In the implementation phase, a well-functioning model selected on the basis of the tests is defined as the final product or service. A business plan is often drafted at this stage, together with a blueprint outlining in detail how the service system will be implemented. A personnel training plan and guidelines for service introduction are also typically drafted at this stage. The service should always be improved based on real user experiences gained after its implementation (Moritz 2005, 145). This last part of the design process wasn't included in the case studies.

The implementation of the new service concept started in the city of Oulu in 2014. The "Program for Organizing Services in 2020" in the city of Oulu was accepted by the city council in February 2013, and the guidelines of the program were accepted in May just before the case study started in August. Due to the economic situation of the city, the service reform started faster than had been planned. During the case study in October, the city council accepted the budget for the year 2014 and decided to start the piloting of well-being centers and its management model in Kiiminki on March 1, 2014. In the new management model, both the purchaser and provider activities and the resources of the well-being services were moved under the same well-being board on January 1, 2014 (Budget 2014). As a result of this case study, the seven well-being centers will be different based on the needs of the citizens in different areas (Kuntalehti 1/2014, Appendix 4).

3.7 Experiences of using service design, tools, and processes

At the beginning of the first case study service design, strategic design or design thinking were not commonly known concepts in the city of Oulu, and it took quite a long time in the beginning to explain why service design and associated tools are used and what kind of data they provide. Also, because the tools were unknown and the sample was small, the reliability was questioned at the operational level. On the other hand, traditional methods such as questionnaires were known and taken more seriously than these unknown service design methods. Also, because the sample was so small and the data so personalized, anonymity was questioned. Mariampolski (2006, 78) recommends spending at least a full or half-day on client-training in order to acquire maximized input in the data-collection process. Instead of providing training on how to use electronic diaries, service mapping as a tangible representation of the diary process (Portigal 2013, 55) was used at the kick-off meeting. Mapping was used as a rehearsal and to develop a shared understanding with the participants. Participants were asked to map all the services they had used over the previous three months. Because of the

use of electronic design probes, a longer client-training process is needed in future iterations. This training process should also cover the stakeholders.

3.7.1 Collecting data at discovery phase

The aim of the discovery phase was to inform the design team about the business and the domain of the problem and understand who the potential customers and users are, how they think and act, and what they need. As a result of the discovery phase, the domains of the three design problems were identified on the basis of the strategic aims of the stakeholders and the potential customers' and users' latent and conscious needs. These individual needs were also documented to design probes and were transformed into personas.

Hanington (2003; Mattelmäki 2006, 30-31) divides human-centered methods and the interpretation of the material according to their goals and results into three categories: traditional, applied, and innovative methods. The focus group as a method used in the discovery phase is a traditional method, which typically produces knowledge and results in the form of verbal information. The other method used in this phase was design probes. Probes are applied methods, which include observation and ethnography. According Adler et al. (1998; Mattelmäki 2006, 31), observation and ethnography are well-established research methods.

According to the literature (Solatie 2001, 13), focus groups are most useful when the research topic is new—for example, a new product or service concept. Focus groups can be used in developing and testing these new concepts or when looking for new service ideas. They can also be very informative and give quick feedback right from the beginning of the design project (Goodwin 2009, 56). Focus groups were used at the strategic level at the beginning of the design project to test the idea to use a service design and to get information about the context and strategic goals. As a traditional method, the groups worked well in producing knowledge at the beginning of the process. In the first case, the operational level was not present at the focus group, the kick-off meeting, or the interviews before the kick-off. It would have been a good idea to conduct focus groups as series of discussions in the form of longitudinal research, like Silverman (2011, 207–208) proposes, in order to keep the discussion alive at the strategic level though the whole process. It would have been also a good idea to make a stakeholder map at the beginning of the process to identify the key people. These ideas were used in the second and third iterations in the city of Kajaani and the Kainuu region.

According to the literature (Mattelmäki 2006, 31), design probes (including self-documentation) are well-established research methods and can be used for determining user expectations. Compared to secondary data, they give more detailed and personalized information about the potential customers and users. The secondary data showed, for example,

that the average age of the population in the city of Oulu is 36.6 years and that 43 percent of the population is under 30 years. The real age variation among the people who wrote the diaries varied from 31 years to 78 years. Because the sample was selected from people who were already known to be active in citizen participation, it didn't represent those who are marginalized or in need of specialized medical care. On the other hand, because the recruitment was done by the local participation worker, it was not costly or time-consuming (Mariampolski 2006, 89), and the respondents could be considered to be informed and effective partners in this research (Mariampolski 2006, 95). As well-established research method, the probes worked well in producing specific user knowledge from different user groups and geographical areas at the beginning of the design process. The marginalized group and the group needing specialized care were instead taken as a target group in the second and third iteration in the city of Kajaani and the Kainuu region.

3.7.2 Collecting data at the creation phase

The aim of the creation phase was to create new service concepts from identified problems in consultation with the customers. As a result of the creation phase, new service concepts were created based on the problems identified and the latent and conscious needs of the potential customers and users.

At the creation phase, the data collected with design probes were transformed into personas. According to Silverman (1993, 90-95), there are two lenses through which most sociologists interpret the data: by positivism or by interactionism. Positivists interpret the data as facts about the world; they assume that the data are more valid and reliable when they are collected as a random sample with standardized questions and multiple-choice answers. Interactionists interpret the data as authentic insights into people's experiences with unstructured open-ended questions. They assume that the data are more valid and reliable when collected through in-depth interviews in which the interviewer and interviewee become peers or even companions. The design probe proved to be a suitable service design tool for collecting these authentic insights, and personas were very illustrative service design tools to show the interpreted data at a glance.

The service blueprint was too complicated a method to be used in a co-creation workshop with an incoherent group of participants. In the future, it could still be used together with a persona card (presented in Figure 15) and done in a co-creation workshop with several service providers (as in Figure 16). The business model canvas was used to create new value for the customer, companies, and society, satisfying existing but unanswered markets. Done together with different service providers, they both are suitable service design tools for new service development in the public sector. Also, co-creation workshops are creative and innovative

methods used in early stage of design, bringing different groups together, facilitating future collaboration, and creating a feeling of shared ownership over the concepts and innovations that are being developed (Stickdorn and Schneider 2013, 198-199).

3.7.3 Analyzing data at the reality check phase

The aim of the reality check phase is to test created service concepts before implementation. As a result of the reality check phase, new service concepts are tested before implementation by the potential customers and users.

Participatory budgeting was used in the reality check phase as a tool to test which neighborhood services citizens are prioritizing by allocating money with well-being vouchers. Results were analyzed and grouped using personas (Figure 21) as categories. The results varied by different age groups and by different areas, as for example in the Kainuu region, and proved the tool to be suitable for testing the importance of different services.

The two other tools used in this phase were rapid prototypes and storyboards. Instead of using them to test and prioritize the new service concepts, they were used only to present the new ideas in a workshop.

3.7.4 Analyzing data at the implementation phase

The aim of the implementation phase is to define the final service. As a result of the implementation phase, new service concepts are put into practice as a service. This last part of the design process was not included in the case studies.

3.7.5 Analyzing the data collected with service design tools

Portigal (2013, 136) says that working with the research data is a combination of analysis and synthesis into new opportunities. Working through the data in this research was also an iterative design process with the client organizations. The overall project calendar (Appendices 1-3), including key milestones to see what was coming next, was made in the pre-planning period in the discovery phase, as Portigal (2013, 137) advices. The discovery phase also consisted of ongoing dialogue with the clients by interviews, e-mail, and phone. The whole planning process and key findings of each phase were documented in PowerPoint presentations and discussed step by step with the design team; changes to the development plan were made together due to these findings—the use of service blueprint was one example of these changes. The service design tools that were used in the development process were also tested in

the pre-planning period by the focus group. These actions, taking place early in the pre-planning period, did engage the client organization with the organization implementing the development process, and they hopefully maximized the research impact of the process.

4 Research results — people as assets in renewing social and healthcare services

The purpose of this thesis was to develop a framework for using citizen participation as a systematic development tool in renewing social and healthcare services. The research was conducted as data-driven participatory action research. The research proceeded as a dialectical process of creating new knowledge of the phenomenon under study through three case studies and several parallel theoretical literature reviews (Table 4).

Phase	Aim	Participants	Data collecting method/Primary/Secondary	Literature review
Discovery	Understanding the organization creating the service; the domain of the problem	Stakeholders Civil servants	Interviews Focus groups Kick-off event/ Strategies Statistics	Participatory action research
	Understanding potential users and customers/ customer insights	Young < 25 years Elderly > 65 years	Service maps Design probes/ Statics	Service design
	Ekstra in Oulu	Working age 25 - 65 years		
Creation	New service concepts	Stakeholders Civil servants	Customer profiles Empathy maps Business model canvas	Open innovation
	Extra in Kajaani and Kainuu	Private and third sectors Decision-makers	Service blueprint	Change management
Reality check	Testing and prioritizing the services/ concepts	Customers Stakeholders Private and third sectors Decision-makers	Participatory budgeting	
	Extra in Kajaani and Kainuu	Customers Stakeholders Civil servants Private and third sectors Decision-makers	New service concepts based on personas and canvases Rapid prototypes	
	Extra in Oulu	Municipality Think Tank	Open discussion about results with the other cities	
Implementation	Realizing the final service	Not done in this case study		

Table 4. Literature and service design processes, phases, and tools used in the cities of Oulu and Kajaani and the Kainuu region 2013-2014.

The following discussion in next sub-section explains the empirical findings of the thesis. The theoretical implications are explained in sub-section 4.2.

4.1 Empirical findings of the three case studies

There were five main findings that emerged from the present empirical analysis described in Chapter 3. As a result of the analysis, the main findings are:

- The initiative to the service development process came from the political decision-making process.
- The service design process and tools were a fresh, new, and systematic way to develop public services.
- Service design tools gave citizens an active role and made their conscious and latent needs visible to the developers and decision-makers.
- The process concentrated on co-design at the discovery and ideation phases; the reality check and implementation phases need stronger support in the future; citizens are eager to participate even in the co-production of services.
- The service design process still needs stronger interaction with the decision-making process, stakeholders, and change agents.

Firstly, the data of this study showed that the initiative of the development process in social and healthcare services comes from the political decision-making process as a part of the strategy at the local, regional, or national levels:

"*Municipal directors wanted [to start] this process, it's good to remember it. In order to get the process furthered, it's very important that concrete proposals for [public service] renewal and their benefits are listed and proved.*" (Civil servant in the Kainuu region)

Open service innovation and citizen participation as a strategic approach is included in the newest national strategies, "Design Finland Program" and "Customer Strategy for Public Government" starting in the spring of 2013 and the proposal for the Local Government Act (HE 268/2014 vp) as well as in regional plans and in strategic guidelines in municipalities. Also, the basics of service design were known in the municipalities:

"*The basics of user-drivenness are known in the municipalities, but the practical implementation is lacking.*" (Developer colleague)

Secondly, the present data show that the service design process and tools were a fresh, new, and systematic way to develop public services:

"With the help of [service] design, it's possible to generate new experimental culture in the municipalities. Workshops, bringing people together, seems to work as a method. Facilitators are still needed." (Researcher colleague)

In addition to facilitators, a common language between service designers, civil servants, citizens, and decision-makers is needed. It is possible to gain more results if service design skills are at the same level between the members in the design team; instead of interviewing and consulting, the team can then co-create new service innovations together.

"*The importance of the common language. [Service] design concepts don't open to the citizens or not necessarily to the civil servants or decision-makers either. This must be regarded during the process."* (Researcher colleague)

"The importance of preparing all the phases before hand, and that preparation must also be done in co-creation." (Researcher colleague)

"In order to use [these service design] tools in the area, resources and skills are needed, how to make analysis, etc. the work in the "back-office" that you in Helsinki and Tampere [The Association of Finnish Local and Regional Authorities and the University of Tampere] have done together with students." (Civil servant in the Kainuu region)

Thirdly, according to the data from this study, service design tools gave citizens an active role and made their conscious and latent needs visible to the developers and decision-makers:

"[Service design] tools and methods provide a lot of information and descriptions of daily life needs; these methods can be used [in the future] in municipals and in the [Social and Healthcare] Division [of Kainuu] for example in the work of the Elderly and Youth Councils, and in preparing the well-being plan and evaluating its implementation." (Civil servant in the Kainuu region)

The empirical material collected with design probes revealed that, instead of "heavy" public social and healthcare services, citizens wanted simple well-being and neighborhood services like maintenance of roads and sport tracks, public transport, neighborhood help, and shopping services. Also, those living in rural areas got a lot of voluntary help from social networks, for example, in a form of private transport, maintenance of roads, and help in shopping. In the participatory budgeting workshops, citizens wanted to invest their money to similar services than in diaries, not to heavy social and healthcare services.

Fourth, it was found that the process concentrated on co-design at the first two phases, discovery and ideation. The two last phases, reality check and implementation, need stronger support with a monthly action plan and key performance indicators (KIP) to measure implementation in the future. Also, citizens are eager to participate even to the co-production of services:

"[The service design] process generates valuable information." (Civil servant in the Kainuu region)

"[The service design process] helps to create a shared vision." (Civil servant in the Kainuu region)

Fifth, the data from this study suggest that the service design process still needs stronger interaction with the decision-making process, stakeholders, and change agents:

"[The service design] process doesn't tell how things are going to go in the decision-making process. Continuation and concrete proposals for municipalities are needed that have to do with different ideas." (Civil servant in the Kainuu region)

Local and regional decision-makers who have started the development process and civil servants implementing the strategy noticed the need to also renew the municipal strategy process:

"*Renewing the municipal strategy process [is needed] in addition to this process; preparing and decision-making in consultation with the citizens and political parties [is needed]." (Decision-maker in the Kainuu region*)

"*Dialogue with municipal decision-makers could push the process further.*" (Civil servant in the Kainuu region)

The lack of change agents and stakeholders was also noticed:

"The importance of engaging the 'in-house [change] agents' during the [service design] process. They take the ownership and push the process forward even the project or co-creation process ends." (Researcher colleague)

"There must be representatives from every level of the service provision in order to make an impact." (Developer colleague)

In general, the interactive nature of the service design process with the client organization and the need for a multi-disciplinary approach was noticed:

"With participatory workshops you can only reach a certain point [in service developing], then you need a smaller group that puts things into practice [and then you can take customer in again]." (Service designer)

In addition, a general discussion about the cultural change in Finnish municipalities toward the user-driven welfare services provided and co-operation with other municipalities, the private and third sectors, and citizens is also needed to support this work.

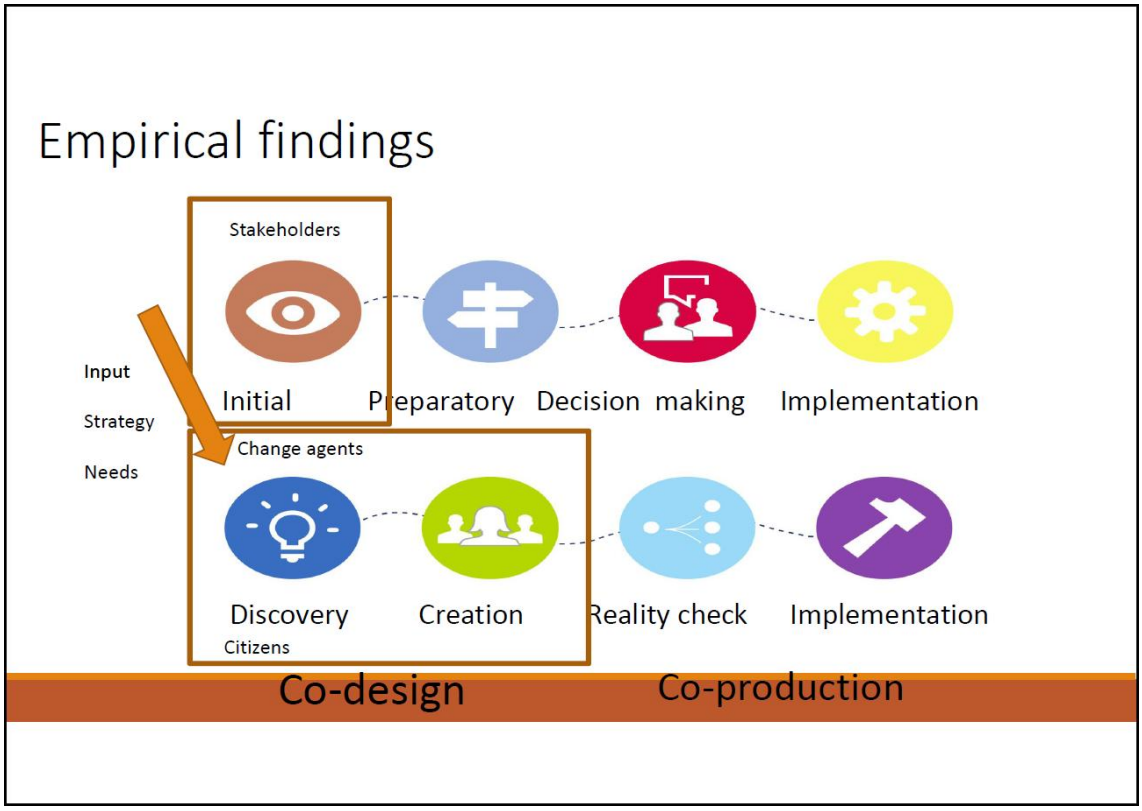

Figure 21: Service development process in the case study concentrated into the discovery and creation phases.

4.2 Research implications

This thesis contributes to the service design and innovation literature by proposing a framework for using citizen participation as a systematic development tool in renewing public services. The framework is needed to compensate for the weaknesses in the reality check and implementation phases in the service design process with a multi-disciplinary approach and to gain the benefits of service design as a transformative tool using citizens as resources in renewing public services. The framework integrates into a single model the special characteristics of the service design and innovation processes, open innovation, participation, decision-making, and change management. The following discussion explains the theoretical implications of the thesis.

4.2.1 Service design as a systematic process to renew public services

The first sub-question: "How can service design tools and processes together with citizens be used in public service development?" provided guidelines for the empirical part in the third chapter and for the service design literature review in the second chapter. The second chapter got deeper into the theoretical background of the research, consisting of three literature reviews related to service development, such as open innovation, participation, service design, and change management. These literature reviews were essential in order to understand the evolution of the service design processes and concepts needed to improve the development process based on the empirical findings of the case studies. The service design processes and tools used in these processes were developed with the help of literature reviews and tested in the empirical part at the same time because of the iterative nature of service design.

In summary, according to the empirical and theoretical data of this research, service design tools and processes can be used in public service development process to:

- Understand the business and the domain of the problem
- Understand who the potential customers and users are
- Create new service concepts from identified problems in consultation with the customers
- Test the service concepts before implementation
- Realize the final service.

The literature and practices presented different service design frameworks with three to seven phases. The empirical part of this research used a basic four-phased service design process and the most common service design tools in these four phases. The aim of the first discovery phase was to gather information to understand the business and the domain of the problem and to understand who the potential customers and users are in order to identify the problems and document customer insights and to develop customer profiles. The aim of the second creation phase was to gather information in order to create new service concepts from identified problems in consultation with the customers. The aim of the third reality check phase was to test the service concepts before implementation, and the aim of the fourth implementation phase was to gather information in order to realize the final service. The service design tools used in this process are described in Table 4.

The main findings related to the service design process are gathered in the following figure (Figure 23). This figure is also the first part of the forthcoming framework of using citizen participation as a systematic development tool in renewing public services in sub-section 4.4.

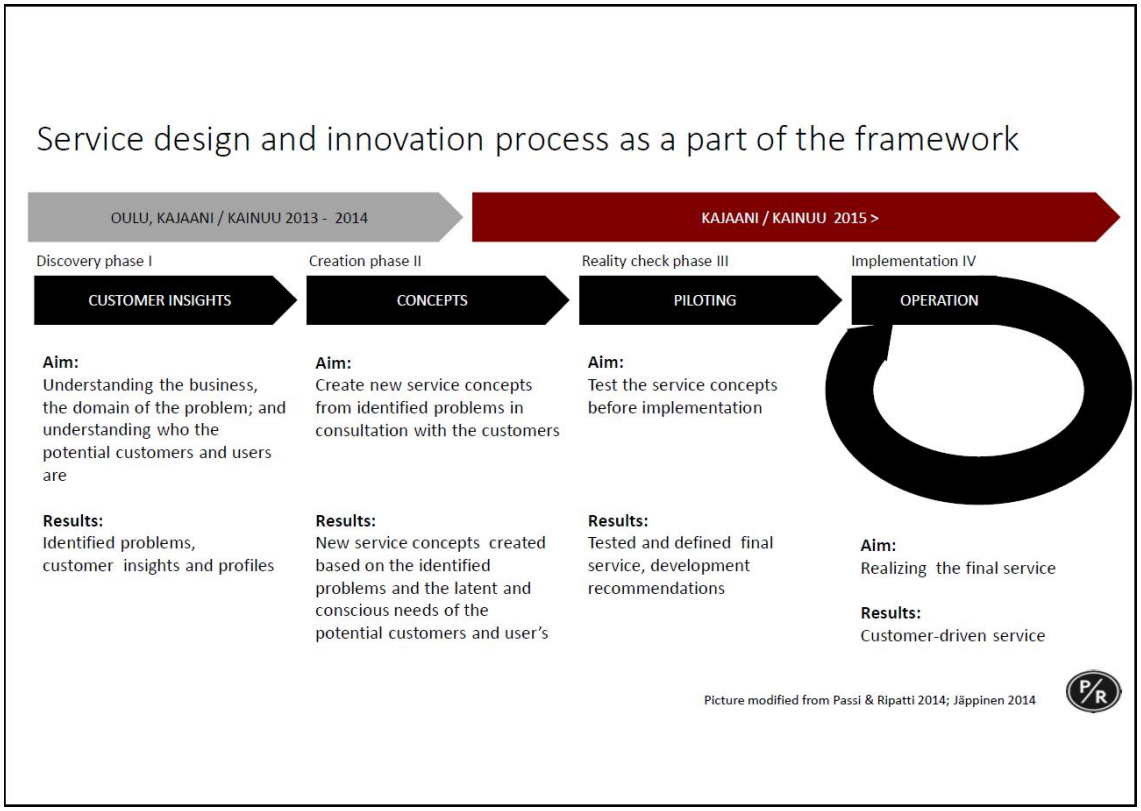

Figure 22: Service design process as the first part of the framework.

The empirical findings of the research supported the basic model of the service design process in service design theory as a new, systematic way to develop public services. From a theoretical viewpoint, because the process concentrates on co-design at the discovery and ideation phases, the reality check and implementation phases need stronger support in the future. According to the literature, the biggest challenge in service design is how to manage service innovations and how to gain a better understanding of interactions with the customers as well as other stakeholders in the organization's service ecosystem. The literature supports empirical findings to cover these challenges by focusing on the latter phases of the innovation process (Carlborg et al. 2013; 14).

These empirical and theoretical results contribute to the service design literature by pointing out the need to integrate into this first process model the special characteristics of open innovation, participation, decision-making, and change management. The implications of open innovation and participation theory for the service design literature are presented next.

4.2.2 User-driven innovations as change drivers

The second part of the first sub-question: "How can service design tools and processes together with citizens be used in public service development?" concerning co-creation with citizens required closer examination of the open innovation and participation theories.

In summary, according to the empirical and theoretical data from this research, open innovation can be done in participation with citizens in the public service development process by:

- A collective commitment to investigate a problem
- A desire to engage in self- and collective reflection
- A joint decision to engage in a collective action
- Alliances between developers and participants in the planning, implementation, and dissemination of the process
- Transformation; a deliberative process for emancipating practitioners
- Committing to a social change and with systematic development in a community
- A change intervention aimed at improvement and involvement
- A new business model implemented with users and the private and third sectors.

The empirical findings of the research supported the open innovation and participation literature in pointing out the need for a collective commitment to define and to investigate a problem, the need to have a desire to engage in self- and collective reflection, and a joint decision to engage in a collective action in order to together create and understanding of the context and the domain of the problem in the first ideation phase of the service development process. In the second discovery phase, the focus is on transformation, which happens in a deliberative process for emancipating practitioners committed to a social change and a systematic development in a community through a learning process. The literature findings (Waterman et al. 2001 in Hughes 2008, 390-391) advise in the third reality check phase a change intervention aimed at improvement and involvement in order to promote informed decision-making. They also advise in the fourth implementation phase a core business transformation by implementing new business models by users and the private and third sectors. According to Carlborg et al. (2013, 14), these challenges can also be covered by developing and conceptualizing service innovation typologies and again focusing on the latter phases in the innovation process.

These main findings related to the service design process are gathered in the following figure (Figure 24). This figure is also the second part of the forthcoming framework of using citizen participation as a systematic development tool in renewing public services in sub-section 4.4.

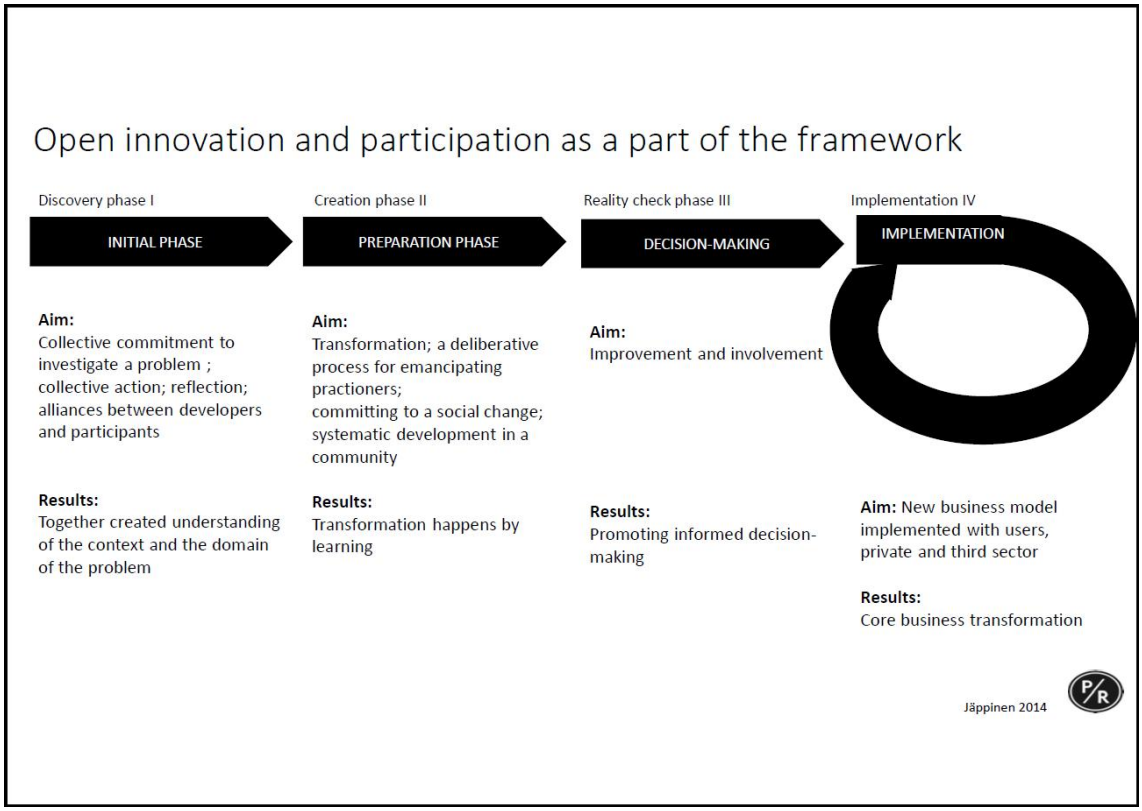

Figure 23: Open innovation and participation process with citizens as the second part of the framework.

Presented next are the decision-making process implications for the service design literature.

4.2.3 Decision-making process in participation with citizens

The second sub-question: "How can service design processes be connected to the decision-making process?" required a closer examination of the participatory decision-making process to support the service design process and its last two phases.

In summary, according to the empirical and theoretical data of this research, the decision-making process can be done in participation with citizens by:

- Having strategic aims as a starting point and design drivers
- Redefining of the roles for citizens and council members
- Strong motivation and social capital
- Citizens determining politics
- Including citizens as new resources in service delivery.

The empirical findings of the research supported the traditional decision-making process only in the first initial phase when strategic aims should be used as a starting point and design drivers of the citizen-centered service development process. In order to promote joint decision-making with citizens, new practices of collaboration are needed. Practical findings from British colleagues (Andersson 2013, page 85-86 in this thesis) suggest that in the second preparation phase, the roles of local politicians, council members, civil servants, and citizens should be redefined in order to facilitate the change process with interaction, spaces, networks, learning, money, and procedures. In the third decision-making phase, in addition to innovative methods and creative citizens, this transformation needs strong motivation, social capital, and networks in order to negotiate a policy-paper introducing new ways of collaboration and co-production. According to Anderson, a radical transformation happens in the fourth implementation phase if citizens are the ones who deliver the services. The empirical findings support the change in last two phases: citizens are eager to participate, even in the co-production of services. Also, the above literature findings in sub-section 4.2.2 (Waterman et al. 2001 in Hughes 2008, 390-391) advise in the fourth implementation phase a core business transformation by implementing new business models by users and the private and third sectors.

These main findings related to the decision-making process are gathered in the following figure (Figure 25). This figure is also the third part of the forthcoming framework of using citizen participation as a systematic development tool in renewing public services in sub-section 4.4.

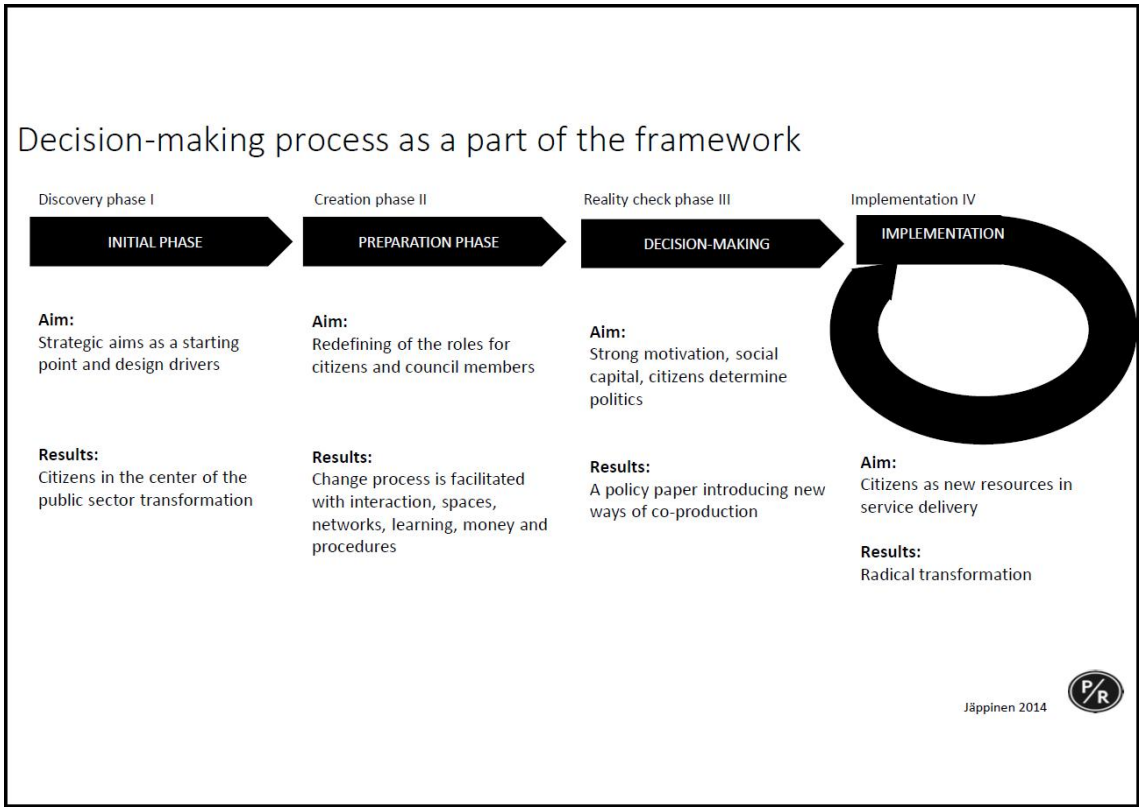

Figure 24: Decision-making process with citizens as the third part of the framework.

Presented next are the change management process implications for the service design literature.

4.2.4 Change management

The third sub-question was: "What are the benefits of citizen participation for change management?" Change and innovation are overlapping phenomena, so there was a need to identify the elements of change management to support the service design process in its last two phases.

In summary, according to the empirical and theoretical data of this research, the change management process can be done in participation with citizens by:

- Radical service innovation
- Wide ranging and transformational change
- Understanding the environment and context
- Discussion about the basic purpose and the evaluation criteria
- A clear focus on the change process
- Bottom-up implementation with employees and customers.

The empirical findings of the research supported the change management literature in all four phases. There is a need for radical service innovation and wide ranging and transformational change in order to achieve radical changes in organizational culture, behavior, and operation in the first phase of the service design and decision-making processes. In the second phase, the aim is to understand the environment and context, and to discuss the basic purpose and the evaluation criteria of the change in order to together create an understanding of the context and to engage stakeholders and change agents in the joint planning of the process. In the third phase, the aim is to get a clear focus on the change process and get the senior management committed to change. In the fourth phase, the aim is bottom-up implementation with employees and citizens in order to have a strong and fundamental shift in organizational activities.

The literature emphasizes the linkages between service innovation and strategy (Carlborg et al 2013, 12-13). Kotter (1996 in Bruch, Gerber & Meir 2005, 99) also names decisions about implementation and its schedule at the strategic level as a prerequisite for successful strategic change. Also, according to Meristö et al. (2007, 11 - 13), new innovations should fit with the organization's current and future strategies, and the final alternative courses of action should be reviewed against the organization's vision as well as the resources required for new service concepts together with risk analysis should be estimated. In addition, according to Portigal (2013, 144-145), taking colleagues to the field work, making the process visual, articulating research findings in ways that are most relevant to stakeholders, and visualizing the outputs helps the external service providers understand the political decision-making process and the current culture of the organization. In order to promote radical service innovations, a change of culture is needed at all levels of the organization, and this change needs the support of both the political and managerial levels. The empirical findings also support these last theoretical findings.

These main findings related to the change management process are gathered in the following figure (Figure 26). This figure is also the fourth part of the forthcoming framework of using citizen participation as a development tool in renewing public services in sub-section 4.4.

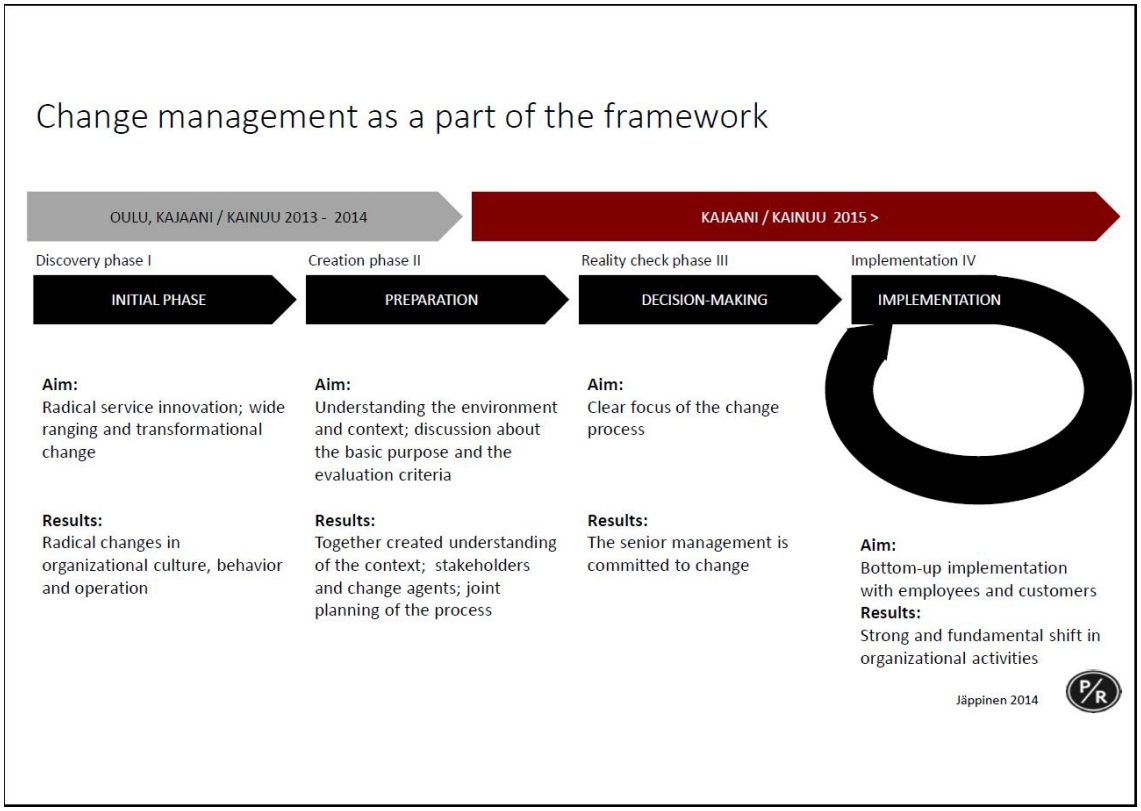

Figure 25: The change management process in participation with citizens as the fourth part of the framework.

4.3 Renewing social and healthcare services in participation with citizens — the framework

The main research question in this research was: "How can social and healthcare services be renewed with citizen participation?" and the purpose of this thesis was to develop a framework for using citizen participation as a systematic development tool in renewing social and healthcare services.

The objective of the city of Oulu and the Social and Healthcare Division of the Kainuu region was radical renewal of social and health services at the system level. The service design methods used in these pilots were targeted to achieve radical service innovation and wide-ranging and transformational change in organizations' earlier behavior by involving service users in designing, developing, and making financial decisions on public services.

These case studies tested the ideal model of combining the service design and decision-making processes together. The empirical results of the case studies showed that only the initiative to the service development process came from the political decision-making process. The design process concentrated most on the first two phases, discovery and creation, with multiple service design tools. The two last phases, reality check and implementation,

were weakly or not at all realized and need strong development in the future. The framework is needed to compensate for these weaknesses in the service design process with a multi-disciplinary approach and to gain the benefits of service design as a transformative tool using citizens as resources in renewing public services. The framework integrates into a single model the special characteristics of the service design and innovation processes, open innovation, participation, decision-making, and change management.

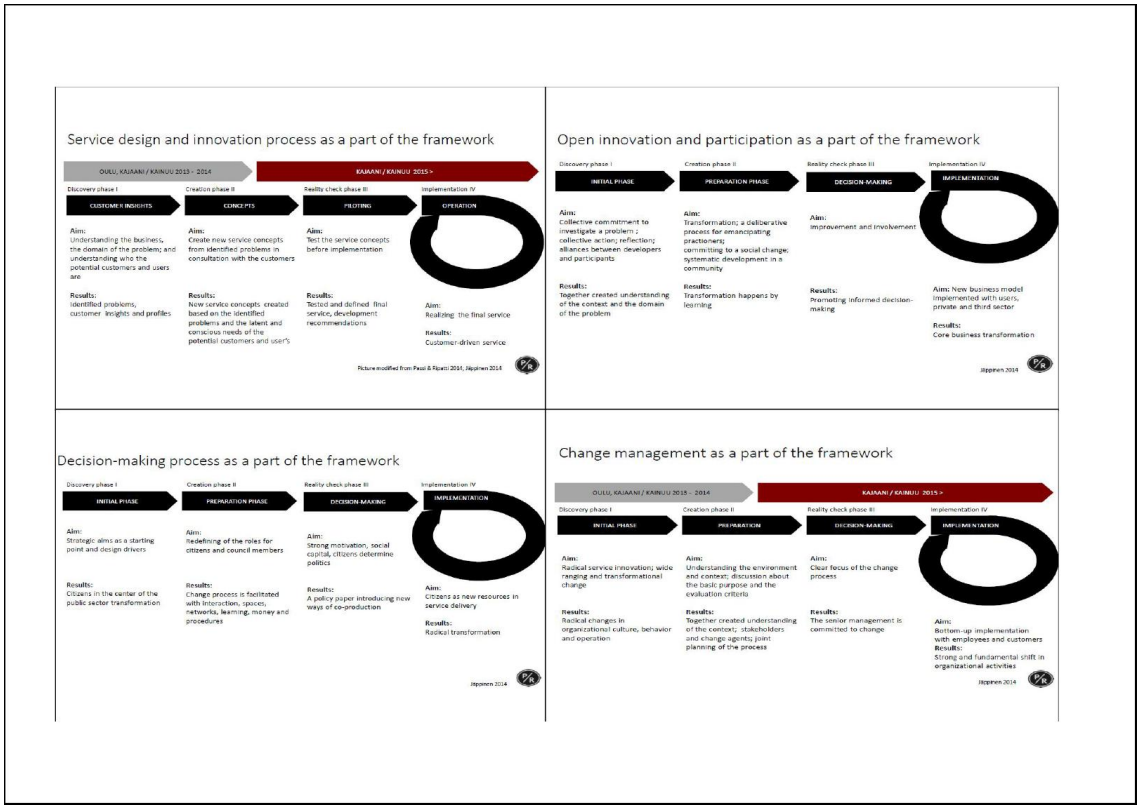

Figure 26: A framework for using citizen participation as a systematic development tool in renewing public services.

Four parts of the framework are presented earlier in detail in sub-sections 4.2.1-4.2.4.

5 Discussion and conclusions

This chapter discusses the development ideas of the future research. Several possibilities for future research emerge from the present analysis. Firstly, the benefits, value, and measurements of user-driven service innovations should be examined broadly.

5.1 Paradigm change — from welfare state to well-being society

The literature describes some of the benefits of user-driven innovation at the macro level. User-driven innovation and service design introduces new scientific ways of identifying users' latent needs and may also introduce radical innovations at the level of the organization. Users express their service needs proactively even as early as at the stage where services are planned. They can act as change agents together with politicians, local government officials, and the media. From the perspective of economic science, a user-driven approach can modernize service provision and make municipalities more competitive; in other words, there is a faster reaction to user needs. Used systemically, a user-driven approach improves productivity and quality (Jäppinen 2011, 15).

In terms of democracy, citizen participation can restore confidence in politics and governance. From the perspective of service personnel, a user-driven approach spreads the responsibility for the planning of services and increases job satisfaction. Interactive methods can offer new solutions even to wicked societal problems (Jäppinen 2011, 15).

Some international scholars argue that the joint consequences of innovative ideas, best practices, and innovative culture are creating a global public governance revolution and systematic change in the public sector (Kettl 2005; Borins 2008, 3; Hall & Holt 2008, 21; Windrum 2008, 15; Mulgan 2007, 6). Hämäläinen (2014, 17) has even sketched a new theory of sustainable well-being. Hämäläinen and Michaelson (2014, 1 - 4) suggest that improving human well-being should become the primary focus of modern societies instead of economic success. Economic measurements are not enough anymore in well-being research in industrialized nations; most of the large-scale survey data already include subjective measures of well-being—which directly capture people's experiences in their lives. Although most of these new measures of well-being are robust, new viable means and "well-being discourse" are needed.

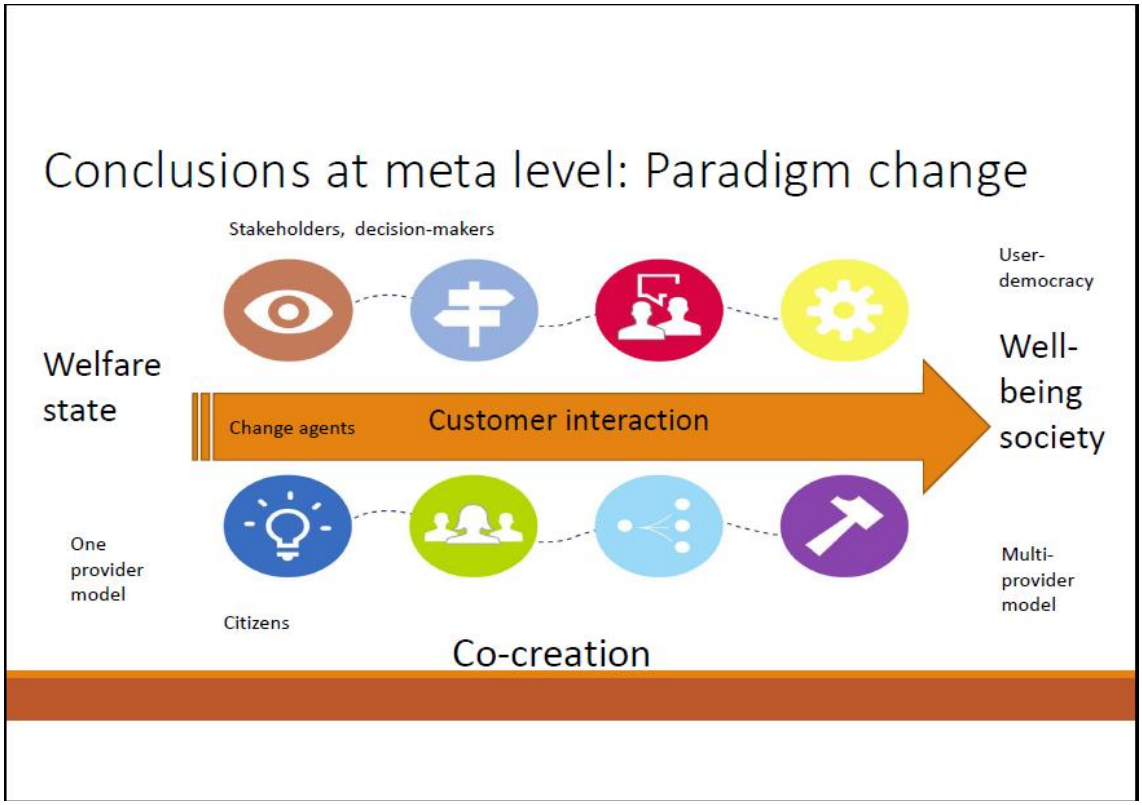

Figure 27. Paradigm change from welfare state to well-being society.

In the UK, there are already measured results from connecting participation to economic and well-being measurements, for example from Shropshire, from a project called "Compassionate communities" (Teitto-Tuckett 2014). Secondly, the connection of service development, decision-making, and future research requires more research.

5.2 Three parallel processes: decision-making, development, and foresight

This research aimed at connecting the decision-making process to the development process. Some researchers also link future research and service design together (Ojasalo, Koskelo & Nousiainen 2014, 9) in order to boost dynamic capabilities in service innovation.

According to Jungk and Müllert (1987; Bell 2005, 301-304), future workshops can be used as a part of the participatory well-being society's proactive strategy-making process, where participants can also create with experts an action plan regarding how to implement the preferable future. At the same time, future scenarios not only present the future environment in which a new service or a business model shall operate, but they also describe a specific tangible situation in the customer's life.

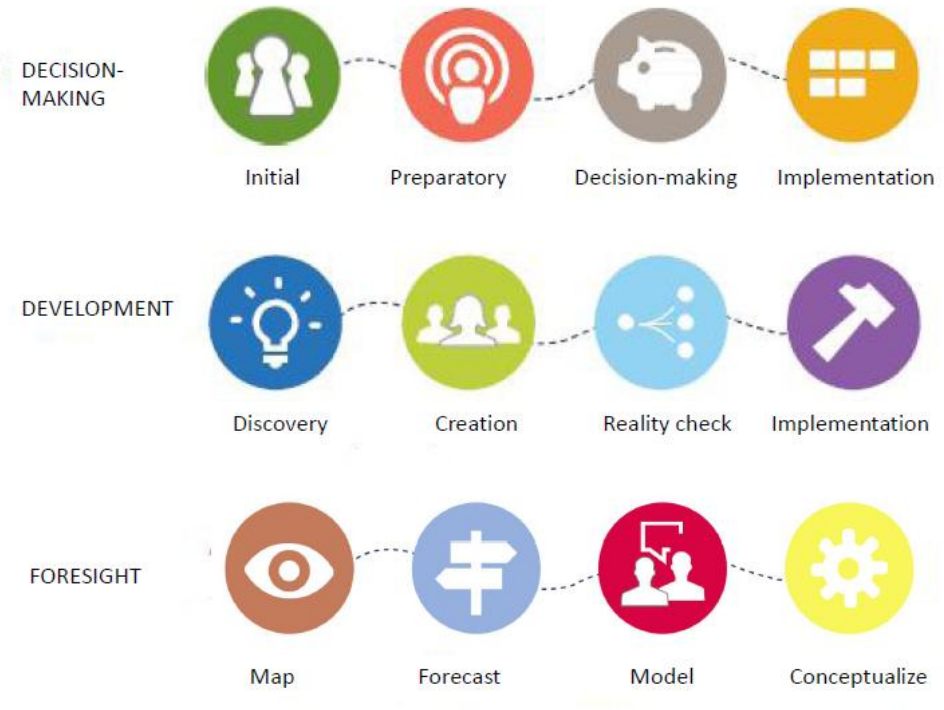

Figure 28: The possibility of three parallel processes: development, decision-making, and the future forecasting of public services.

Thirdly, the changing role of decision-makers and civil servants in service development should be examined.

5.3 The Changing role of the decision-makers and civil servants

The cooperative council in the London Borough of Lambeth is one example of how citizens should focus on service development and how civil servants and local politicians should support them and thus provide new opportunities for localism. The other reason why citizens should be in the center of public sector transformation is that they are new resources in service delivery.

There is a need for a radical transformation in the UK because the public sector has 50 percent less money to spend between 2010 and 2016 at the local level. Citizens should be the ones who determine policies and deliver services. Local states renegotiated the relationships between the citizens and the local government. As a result of these negotiations, a policy paper was issued introducing new ways of co-production. This paper introduced service design concepts as key policy principals: collaboration, building networks, and loving your place were pathways to a better future. The Lambeth Council worked out in workshops how the

council and citizens should work together and how citizens could be encouraged to be a part of a cooperative council.

The Lambeth Council found out that the local state needed support and a strong voice, that they should let go off the traditional ways of producing services and give the local state some money to do this, and that they should build infrastructure (= community based management) to make this transformation happen. The council also found out that this transformation needs strong motivation, innovation methods, creative citizens, social capital, and networks. The local state should facilitate this change process with interaction, spaces, networks, learning, money, and procedures.

Change from a served community to a collaborative community is a challenge for a council member. The roles of local politicians and civil servants needed to be redefined. There are two new roles for citizens and for elected council members. Citizens are co-deliverers of the service, and elected council members work as anchors for the new service delivery in their own area.

In this new role, the Lambeth Council has to learn how to orchestrate citizen engagement and how to use ICT, HR, and procurement to build capacity in the community. They also need to learn how to match assets with needs and support infrastructure to make it work (Anderson 2013).

5.4 Conclusions

The purpose of this thesis was to develop a framework for using citizen participation as a systematic development tool in renewing public services. The research method was participatory action research with three case studies and self-reflective cycles of planning, acting, observing, and reflecting. The empirical study showed that the initiative for the service development process comes from the political decision-making process; the service design process and tools are a new and systematic way to develop public services; service design tools give citizens an active role and make their conscious and latent needs visible to developers and decision-makers. The limitations noticed in the research are that the design process concentrates on the first two phases, discovery and ideation, with multiple service design tools. The service design process requires stronger interaction with the decision-making process, stakeholders, and change agents. Particularly, stronger support for the last two phases, reality check and implementation, is needed in the future because citizens are eager to participate, even in the co-production of services.

The novelty of this research lies in the fact that whereas participation and service design tools and processes are usually presented from the perspective of the private sector and regional development, here the focus is on service restructuring in the public sector. The thesis contributes broadly to the service design and innovation literature by proposing a framework for using citizen participation as a systematic development tool in renewing public services. The framework integrates into a single model the special characteristics of the service design and innovation processes, open innovation, participation, decision-making, and change management.

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Pikkarinen, M. 2014. Interview 14.2.; 26.2.; 28.2. & 4.3.2014; focus group 7.4.2014. Video meeting 22.8.; 6.10.; 13.10. & 4.11.2014. Interview 8.10.2014.

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27.9.2013 Oulu.

13.11.2013 Oulu.

9.12.2013 Oulu.

9.1.2014 Oulu.

11.3.2014 Kajaani.

29.4.2014 Kajaani.

12.6.2014 Kajaani.

24.6.2014 Kajaani.

18.-19.9.2014 Kainuu.

9.-10.10.2014 Kainuu.

23.-24.10.2014 Kainuu.

21.11.2014 Kainuu.

Appendices

Appendix 1. Action research phases, stakeholders, and citizens involved in the case study in the city of Oulu and Kajaani, autumn 2013 to spring 2014.

Step/ phase	Action	Target group	Time	Responsible organization/ person
First iteration			8/2013– 2/14	
I Discovery				
Understanding the organization creating the service	Desktop study of the strategic aims, development plans	The city of Oulu, InnoVillage, Local services		KL/Ville Nieminen
	Interviews	Stakeholders, experts	9; 19; 20.9. 2.10; 11.11.	KL/Tuula Jäppinen
	Focus group	Stakeholders	27.9.2013	KL/Tuula Jäppinen
Kick-off meeting; I Workshop	Introducing service design methods (personas, future service journey)	Stakeholders, experts	27.9.2013	SD/Hannu Ripatti KL/Tuula Jäppinen
	Video meeting	Stakeholders	16 & 22.10.	Design team, Kirsti Ylitalo, Elina Välikangas, Maria Salo-Laakka (Ouka)
Understanding the potential customers and users	Collecting secondary information (statistics)			KL/Tuula Jäppinen
	Recruiting the users			Kirsti Ylitalo-Katajisto (Ouka)
II Creation				
II Workshop	Using service design methods (service network map)	Potential customers and users	13.11.2013	SD/Hannu Ripatti, KL/Tuula Jäppinen, Elina Välikangas (Ouka)
	Design probes	Potential customers and	18.11. – 1.12.2013	Design team

		users		
	Analyzing the data		25.11.; 3.12.	Design team
	Video meeting		5.12.2013	Design team, Kirsti Ylitalo, Elina Välikangas, Maria Salo-Laakka (Ouka)
III Reality check				
III Workshop	Using service design methods (personas, service blue print, business model canvas)	Stakeholders, experts	13.12.2013	Design team
IV Implementation				
IV Workshop	Using service design methods (Visualization, budgeting)	Potential customers and users	9.1.2014	Design team
Service concept		Stakeholders	1–2/2014	SD/Hannu Ripatti KL/Tuula Jäppinen
Report		Stakeholders	2/2014	SD/Hannu Ripatti KL/Tuula Jäppinen
Scenarios		Other cities	2 & 5/2014	Palmu Inc., Demos
Second iteration		Kainuu	3–6/2014	SD/Hannu Ripatti KL/Tuula Jäppinen
Analysis			2-6/2014	Tuula Jäppinen
Thesis			7-12/2014	Tuula Jäppinen

Appendix 2. The concrete plan for the development actions in the city of Kajaani in spring 2014.

Step/ phase	Action	Target group	Time	Responsible organization/ person
Second iteration: Kainuu			2/2014–6/14	
I Discovery				
Understanding the organization creating the service	Desktop study of the strategic aims, development plans	The Social and Healthcare Division of Kainuu region /case, InnoVillage, Local services	2-4	Ville Nieminen; Tuula Jäppinen
	Interviews	Stakeholders, experts Well-being director Maire Ahopelto, Development director Marita Pikkarinen ym.	2-4/14	Tuula Jäppinen, Antti Kuopila
Kick-off	Presenting the idea	Municipal directors of Kainuu region	14.3.	Tuula Jäppinen, Antti Kuopila, Ville Nieminen
	Preparing	Process	2.4.2014 13-15	Tuula Jäppinen, Ville Nieminen, Hannu Ripatti, Kuopila
	Focus group: Introducing the process, selecting the case and area	Design team Video meeting	7.4.2014 9-11	Tuula Jäppinen, Nieminen, Kuopila, Ripatti, Ahopelto, Pikkarinen ym.
Understanding the potential customers and users	Collecting secondary information (statistics)			Tuula Jäppinen
	Recruiting the users			Marita Pikkarinen
Creating Webropol-inquire	(10 municipalities, ca. 200 persons)		Before 15.4.	Ville Nieminen
II Creation				
I First workshop	Using service design methods (Service network map)	Potential customers and users	29.4.	Hannu Ripatti, Tuula Jäppinen, Marita Pikkarinen
	Design probes	Potential customers and users	30.4. – 15.5.2014	Design team
	Analyzing the data		15.-20.5.	Design team Jäppinen, 7.5.

	(2-3 municipalities)			Nieminen, Halonen
	Video meeting (planning two following work-shops)		30.4.2014 9-11	Tuula Jäppinen, Nieminen, Kuopila, Ripatti, Ahopelto, Pikkarinen ym.
III Reality check				
II Workshop	Using service design methods (personas, service blue print, business model canvas)	Stakeholders, experts	20.5.2014	Design team
	Video meeting (Planning the final workshop)		2.6. Klo 9-11	Tuula Jäppinen, Nieminen, Kuopila, Ripatti, Ahopelto, Pikkarinen ym.
IV Implementation				
III Workshop	Using service design methods (Visualization, budgeting)	Potential customers and users	12.6.2014	Design team
IV Workshop -	Presenting the preliminary results	Stakeholders, users, press	24.6.2014	Design team
Service concept		Stakeholders	5– 6/2014	Hannu Ripatti Tuula Jäppinen
Report			6/2014	Hannu Ripatti Tuula Jäppinen
Analysis			3–6/2014	

Appendix 3. Action research phases, stakeholders, and citizens involved in the case study in the Kainuu region in autumn 2014.

Päivämäärä					Tehtävät
22.8.2014 klo 9-12	Videoneuvottelu	Kuntaliitto ym., kunnat, sote			Prosessin läpikäynti ja esittely, 1. työpajan valmistelu
18.9.2014 klo 17-19	Hyrynsalmi Marja-Liisa, KL: Antti + 1 opiskelija kunnanvirastolla, valtuustosalissa. Osoite Laskutie 1, 89400	Paltamo Marjo H-T, KL: Ville + 1 opiskelija Korpitien koululla	Ristijärvi Saara, KL: Tuula + 1 opiskelija	Suomussalmi Marita, KL: Hannu + Jenni ja 1 opiskelija nuorisotalolla, osoite Kiannonkatu 31-33, 89600 Suomussalmi	I työpaja - palvelukartta - palvelupäiväkirjan ohjeistus - kuntalaiset keskiössä
19.9.2014 klo 9-11	Kuhmo Sinikka Antti, Hannu + Jenni ja 2 opiskelijaa Kaupunginvaltuuston istuntosali Koski, os. Kainuuntie 82	Sotkamo Marita, Tuula ja Ville + 2 opiskelijaa Sotkamon kunnanvirasto, valtuustosali, osoite Markkinatie 1, 88600 Sotkamo			
6.10.2014 klo 9-11	Videoneuvottelu	Kuntaliitto ym., kunnat, sote			Edellisen työpajan kokemukset, Asiakasprofiilit, Seuraavan työpajan valmistelu
9.10.2014 klo17-20	Hyrynsalmi Marja-Liisa Antti + 1 opiskelija	Paltamo Sinikka Ville + 1 opiskelija	Ristijärvi Saara Tuula + 1 opiskelija	Suomussalmi Marita, Hannu + Jenni ja 1 opiskelija	II työpaja - asiakasprofiilit, empatiakartta, blueprint, business model canvas
10.10.2014	Kuhmo	Sotkamo			

klo 9-12	Marja-Liisa Antti, Hannu + Jenni ja 2 opiskelijaa	Marita, Tuula ja Ville + 2 opiskelijaa			- luottamushenkilöt, järjestöt, seurakunta, yrittäjät, viranhaltijat
13.10.2014 klo 9-11	Videoneuvottelu	Kuntaliitto ym., kunnat, sote			Työpaja 2. kokemukset, seuraavan työpajan valmistelu
23.10.2014 klo 17-19	Hyrynsalmi Marja-Liisa, Antti + 1 opiskelija	Paltamo Marjo H-T, Ville + 1 opiskelija	Ristijärvi Saara, Tuula + 1 opiskelija	Suomussalmi Marita, Hannu + Jenni ja 1 opiskelija	III työpaja - osallistuva budjetointi - kuntalaisia 1. työpajasta, luottamusmiehiä
24.10.2014 klo 9-11	Kuhmo Sinikka Antti, Hannu + Jenni ja 2 opiskelijaa	Sotkamo Marita, Tuula ja Ville + 2 opiskelijaa			
Marraskuu	Kaikki kunnat				Talvipäivät, mediatilaisuus - kaikki mukana olleet toimijat, - yhteenveto - Miten tästä eteenpäin?

Kiimingin,Ylikiimingin ja Yli-Iin alueen asukkaat ovat loppusyksystä kertoneet omia näkemyksiään nykyisistä ja tulevista palvelutarpeista työpajoissa ja sähköisissä päiväkirjoissa.
Kuva: Kalevan kuvaosasto

OULULAISET tekevät itse palvelumalliaan

Oululaiset rakentavat kaupungistaan asukkaiden palveluyhteisöä. Tilaaja–tuottaja-malli vaihtuu elämänkaarimalliin. Siinä asukkaat itse tuottavat ja hallinnoivat hyvinvointipalveluita. Tuloksia on jo nähtävissä. Olisiko Oulun-mallissa eväitä sote-uudistukseen?

TEKSTI : HILKKA JANKKILA

Kiimingin,Ylikiimingin ja Yli-Iin alueen asukkaat ja viranhaltijat ovat loppusyksyn aikana miettineet yhdessä nykyisiä ja tulevia palvelutarpeita.

Asioita on mietitty työpajoissa ja pitämällä sähköistä päiväkirjaa. Tulos: Asukkaat käyttävät julkisia palveluita lähinnä tarvitessaan terveydenhoito-, neuvola-, opetus- ja liikuntapalveluja. Kaksi kolmasosaa arjen palveluista he saavat omaisilta, naapureilta, kolmannelta sektorilta ja yksityisiltä palvelutuottajilta.

Tämä on täsmälleen sitä, mitä Oulun-mallissa tavoitellaan.

- Osa alueen asukkaista haluaa enemmän sähköisiä palveluja ja helposti saatavaa informaatiota. Etäisyyksien vuoksi kuitenkin myös turvallisuutta tuottavia lähipalveluja korostetaan, kaupungin hyvinvointijohtaja **Kirsti Ylitalo-Katajisto** kertoo.

- Mietimme ja suunnittelemme lähipalvelujen toteuttamista riippumatta tulevista hallinnollisista ratkaisuista. Mutta voisihan meidän mallista löytyä eväitä sote-uudistukseenkin, hän sanoo.

Laaja hyvinvointikäsitys ja omaa vastuuta

Oulun-mallin pohjalla on laaja ajatus hyvinvoinnista. Sen toteutukseen tarvitaan sosiaali- ja terveyspalveluita, teknistä-, ympäristö-, kulttuuri- ja sivistyssektoria ja myös liikuntaa. Satsaus liikuntaan on tärkeä valinta. Siihen käytetään nykyisin 130 euroa asukasta kohti, vaikka valtionosuus on vain 12 euroa. Kyselyn mukaan yli 90 prosenttia on tyytyväisiä tai hyvin tyytyväisiä liikuntapalveluihin.

> **Toimenkuvia ja työtehtäviä kohdennetaan uudelleen.**

- Kuntapalveluista tulee 20 prosenttia. Loppu on hyvinvoinnista huolehtimista. Tärkeää on myös vastuu omasta ja läheisten hyvinvoinnista. Kunta voi olla palvelutuottaja, mutta yhä useammin se on palvelujen turvallinen välittäjä ja koordinoija, apulaiskaupunginjohtaja **Sinikka Salo** sanoo. Hän on palvelumalli 2020 -hankkeen vetäjä.

- Uuden Oulun alueet ovat erilaisia. On kaupunkitaajamaa ja maaseutua sekä lapsi- tai vanhusvaltaisia alueita.

Salon mukaan minkään kunnan vanha malli ei toimi riittävästi haluttaessa yhdenvertaisuutta ja palvelujen yhtäläistä saatavuutta.

Asukkaat ovat aktiivisesti, aidosti ja kiitollisina mukana. Kaikki toiveet eivät toteudu, mutta keskustellen löytyy yhteisymmärrys ja taloudellinen realismi.

- Tarvitsemme oikea-aikaisia, oikein mitoitettuja palveluja. Kävelysauvojen tarjoaminenkin voi jo olla riittävä palvelu, Salo sanoo.

2020-pavelumallia esitel-

< Oulun kaupungin hyvinvointijohtaja Kirsti Ylitalo-Katajiston mukaan Oulun palvelumalli 2020:ssa voisi olla eväitä suureen sote-uudistukseenkin.

Apulaiskaupunginjohtaja Sinikka Salon sydäntä lämmittää nähdä asukkaiden kiitollisuus, kun he saavat olla aidosti mukana. Kuntalaisten aktiivisuus näkyi jo uuden Oulun syntyvaiheessa.

Kehitys ja uudelleenarviointi vähentävät hallintoon käytettävää aikaa.

tiin ensimmäistä kertaa viime tammikuussa. Kaupunginhallitus ja valtuusto hyväksyivät sen toukokuussa. Toteutumista katsotaan puolivuosittain.

- Luottamuselinten vahvan sitoutumisen ja yhdessä tekemisen myötä malli toteutunee aiottua nopeammin, Salo arvioi.

Palvelutarpeista tietoa monen kanavan kautta

Viranhaltijat hankkivat tietoa monesta lähteestä suunnitellessaan palvelutarjontaa. Kuntalaiset on osallistettu kuntalaisina ja asiakkaina.

Kanavina ovat alueelliset yhteistyöryhmät, Oulun raadit, yleisötilaisuudet, otakantaa.fi, kuntalaisaloite.fi ja sosiaalinen media samoin asiakaspalautteet ja -raadit sekä palveluseteli. Asiakas voi olla samaan aikaan myös palvelutuottaja ja kuluttaja. Hyvinvointikeskusten valmistelulle on avattu myös oma nettisivusto.

Sähköisissä päiväkirjoissa asukkaiden edustajat kertovat oman ja perheen elämäntarinasta ja historiasta, arjen verkostoista ja palveluista, harrastuksista sekä toiveistaan ja asioista, joita haluavat muuttaa ja miten.

Kuntalaisten joukosta on ilmoittautunut myös vapaaehtoisia kehittäjäasiakkaita, kehittämis- ja laatupäällikkö **Elina Välikangas** kertoo.

Suunnittelua jatketaan tammikuussa työpajassa osallistavan budjetoinnin avulla. Kuntalaiset ja luottamushenkilöt saavat osin kuvitteellisen budjetin ja suunnittelevat rahan käyttöä palveluihin kyseisellä alueella omien näkemystensä ja arvotustensa kautta.

Myös Kuntaliitto on yhteistyössä oululaisten kanssa Innokylä-projektin ja Vaikuttavat lähipalvelut -projektien kautta ja testaa samalla palvelusuunnittelussa käytettävää Luotain-työkalua.

Terveyskeskuksista hyvinvointikeskuksiin

Vuodelta 1972 peräisin olevan kansanterveyslain mukaista järjestelmää muutetaan uuteen uskoon. Nykyisten 14 terveysaseman tilalle tulee enintään seitsemän hyvinvointikeskusta ja niitä täydentävät hyvinvointipisteet. Maaliskuussa sellaiset aloittavat jo Kiiminki-Ylikiiminki-Yli-Iin alueilla.

- Hyvinvointikeskuksen sisältö vaihtelee alueen ja asiakkaiden tarpeiden mukaan. Se voi sisältää fyysisiä tiloja sekä helppokäyttöisiä, kattavia sähköisiä palveluja. Tarjolla voi olla myös valtion ja järjestöjen palveluja, Kirsti Ylitalo-Katajisto kertoo.

24/7, eli läpi vuorokauden kaikkina päivinä toimivalla palvelulla on tarjolla yksityisen sektorin, kolmannen sektorin sekä julkisen sektorin palvelutuottajien palveluja. Yhteistyötä tekevät eri alojen ammattilaiset.

Erilaisia yhteistoimintoja hyvinvoinnin ja terveyden edistämisessä ja ongelmien ehkäisyssä on löydetty jo päättymässä olevassa kaupungin ja sosiaali- ja terveysjärjestöjen ehkäisevän työn hankkeessa.

Teknologia-Oulun profiili näkyy

Asioinnin voi hoitaa käymällä palvelukeskuksissa tai -pisteissä, puhelimitse, sähköpostilla, videoyhteydellä tai netin kautta. Osa palveluista ja henkilöstöstä menee asiakkaiden luokse. Sähköisen asioinnin osuuden halutaan nousevan viiden vuoden kuluessa 30 prosenttiin.

- Helppokäyttöiset sähköiset palvelut ovat jo nykyään myös vanhemman väen suosiossa, Sinikka Salo kertoo.

Teknologia on Oulun arkea. Palveluissa puhutaan virtuaalisesta elämäntapaohjauksesta, pelillisistä, visuaalisista, houkuttavista ja koukuttavistakin tietopaketeista, teknologiasta arjen tukijana, sähköisestä neuvonnasta ja palveluohjauksesta.

Palveluissa avainsanat ovat monikanavaisuus, monituottajuus, valinnanvapaus, helppo yhteydensaanti, toimiva palveluohjaus ja matalan kynnyksen palvelut ihmisten arjen lähelle, Kirsti Ylitalo-Katajisto sanoo.

Tilaaja-tuottaja-malli vaihtuu elämänkaarimalliin ja sen edellyttämään johtamisjärjestelmään. Toimintatapojen kehittäminen ja tehtävien uudelleenarviointi vähentävät hallintoon tarvittavaa aikaa. Toimenkuvia ja työtehtäviä kohdennetaan uudelleen. Suuntana on ennaltaehkäisevien ja avopalvelujen kehittäminen. ✦

Palvelutarpeista saadaan tietoa monen kanavan kautta, kertoo kehittämis- ja laatupäällikkö Elina Välikangas.

Figures

Tables