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The Creative Powers of the Information Society:

A Hayekian approach to the Finnish information society strategies

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ABSTRACT

The subject of this study is to compare Hayekian theoretical reasoning with the Finnish information society and to formulate the subject matter to public administration strategies for the development of the Finnish information society between 1995 and 2006.

Methodologically, the study follows a theoretical framework that rests on the Hayekian notion of the creative powers of a free civilization. This framework is further extended with more contemporary phenomena, e.g. open innovation, New Public Management and the idea of social capital. The methodological tools that wield the Finnish information strategies are essentially qualitative and converge to an approach of methodological triangulation or mixed method research strategies.

The Finnish information society strategies have undergone an evolutionary advancement process where the creative powers possessed by single individuals have been portrayed in varying ways. Although the individual abilities have been utilized in the information age to create more value in the products and services in use, this tendency has been treated as a neglected by-plot in the Finnish information society strategies.

According to the findings this study analyzes, the Finnish information society would benefit from more strategic functions based on the depicted theoretical matrix. By doing this, the strategic processes would add on the number of organizational interest groups, attain more information to produce better services and increase transparency. Consequently, the public organizations would acquit themselves better for their appointed basic task and mission. Such a strategic operational principle would not only reciprocate with the extent of the operational environment of the information society, but would correspond to the societal conceptions of Friedrich August von Hayek.

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1. INTRODUCTION

The future was Finnish; the information society's development had reached its peak in international comparison, and the nation was led with a vision that encouraged businesses, public servants and academics to flow in concert. One could make observations of certain optimisms, which crystallized into a common goal that had been attained successfully.[1] Yet something happened – the rankings decreased dramatically after the 1990s. While entering into the 21st century, the common denominator of reports, speeches and strategies was the new enfeebled situation. To add insult to injury, the present-day criticism is ever so incisive, claiming that the information society's strategy has failed altogether.[2]

Miscalculated strategic planning leads to situations where it is no longer understood how future expectations are to be met. The situation inevitably influences how the concurrent environment is understood. In information society strategies, such a condition escalates into difficulties in e-services that are planned and produced by the public sector.[3] Projects that were to hasten and deepen the development were suddenly described as gigantic mammoth-like processes, produced through an organizational model outsized and heavy for its purposes.[4] Consequently, the out-of-date strategies made governmental services too particular and needlessly sophisticated, thus the processes remained inevitably comprehensive.

Stumbling through the dark as some might think, governmental officials have been forced to amend their strategies – which makes sense while taking into account the continuous turbulence of the Internet that manifests itself in emerging values, culture, technology, roles and qualities. Also, the creative powers of the information society seem to function in a way that has been outlandish for public planning, and at the same time we are on the verge of new understanding with completely new opportunities. One of the biggest refinements in the overall environment is its magnitude in size and dimensions, sometimes referred to as a *social enter-*

[1] Kasvio 2001, v.
[2] Salminen 25,11, 2009.
[3] Talouselämä 28.8.2009.
[4] Ibid.

prise.[5] This means that people have more opportunities as digital citizens across the board, thus making the sectoral cooperation inside social enterprise as vital as ever.

The focus of this study is concentrated on public administration and how it is directed strategically in the context of the Finnish information society. The latest vision for the Finnish information society tells a story of end-user driven services and platforms for *new* innovations and businesses, where openness and transparency are seen to reflect a new operational environment, while the previous strategies have different approaches and tones. [6] In this study, I will review these strategies by examining how openness and transparency are understood in the context of the Finnish information society. Since it can be claimed that openness is both a cause and a condition of certain ideological reasoning, I will be comparing these strategies with the ideal an *open society* with Hayekian undertones. In theoretical sense, this rather normative starting point for the study aims at explaining how Hayekian reasoning explicates the individual capabilities and, additionally, how they should be nurtured in directing organizations to improve performance in the context of the information society.

1.1. Background discussion

The distinctive main features of an unsuccessful information society strategy can be understood as the inappropriate pursuits of the directive management. Primarily, the most evident factor is that the strategic plans do not reciprocate with the prevailing operational environment. These errors are conducted when the organization designs processes that have already been invented, and thus misspends its capabilities, or when the organization designs processes that nobody outside the entity is interested in.[7] The directive organization does not make errors on purpose. The essential claim of the overall frame of reference is that the public organization lacks knowledge and information about the prevailing environment for succeeding in making better decisions.[8]

[5] The model for social enterprise includes different overlapping sectors in social life where individuals can operate and are influenced not solely by the public or the private sector, but in an interface that connects them. This model is reviewed more closely when considering the case of innovation processes. (Westall 2007).
[6] The Finnish Consulting Group 2009.
[7] For example, the Finnish version of the electronic identification system has been criticized of being an unnecessary and expensive pursuit that does not provide individuals with sufficient requirements of the information society as an operational environment.
[8] Lindroos & Lohivesi review successful elements of both private and public organizational strategies. One of the basic premises of the strategic endeavors is to understand how the client or customer relation corresponds with the organizational basic mission. This correspondence can also be reflected with the idea of understanding the

The theoretical frame of reference of this study provides a model, a supposition, which describes how organizations would better attain knowledge from the prevalent operational environment. This conception forms a comprehensive theoretical entity, which involves epistemological, social and organizational theory with certain ideological nuances, as well. The scholar who made these principles popular was Friedrich von Hayek, and the theoretical body goes by the name of *the Creative Powers of a Free Civilization.*[9] The theoretical framework would remain a useless stub if not extended with contemporary manifestations. By this method, one is apt to create a detailed theoretical matrix, more feasible for analytical purposes further on.

The Hayekian notion of the creative powers devices the largest individual domain. This sphere dictates the core of the composition by explaining how epistemology (knowledge), societal sphere (open society) and organizational structures (organizations) come to define the New Public Management doctrine and the open innovation paradigm. By extending the Hayekian justifications by different universal phenomena, the analysis deriving its reasoning powers to a certain extent from both the case and the theory establishes its setting in the general research matrix. This pattern is detailed more in chapter 3.

1.2. The research context and question

The subject, the context and the question we would like to discuss are related to the thoughts of Friedrich von Hayek, consisting of the idea behind information society and information society's apprehension of the individual. The scheme of the study follows a formulated model that serves to produce a connective explanation of the explicated concepts through the theoretical framework. The basic supposition is rather simple and associated closely with Hayek, that is; an individual is creative and this creativity is universally beneficial under fixed conditions.

As a result, the *basic research question* of the study inquires how individual creativity manifests itself in information society strategies. Answering this question systematically, without a

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dynamics of the operational environment in strategic planning, usually understood and contested through client or customer affiliation. (Lindroos & Lohivesi 2004).

[9] Hayek 1960, 22-38.

proper theoretical matrix, would be a wild goose chase. In order to avoid such disillusions, a theoretical composition, utilizing and simplifying a Hayekian definition, is formulated. This model discusses the face of public organizational templates in information society strategies.

2. THEORETICAL FRAMEWORK

2.1. Information society, technology and intangible assets

Before going too deeply into explaining the theoretical framework or the case under analysis, it is appropriate to render the general environment of the study conceptually – the information society. An information society is a society founded on knowledge. Although the popular conception connects the term with such contemporary connotations that define it by the utilization of information and technology, the basic axiom is rather straightforward; information added to society makes information society. This assessment can be interpreted as to betoken every human society in all of history.[10] The basic proposition of the term includes a rather intriguing feature, which makes the trajectory of this study understandable. Thus, it appears that information society forms a premise on which political activity comes into sight, thereby appointing the discipline at hand an advance to the public policy-making agenda. This movement hence advances information society in the hands of certain elites who produce plans and decisions considering the societal outlook accordingly.[11]

Knowledge and technology go hand in hand in amending our conception of the information society. It can be argued that we would not be able to conduct ourselves as *digital citizens, customers or individuals* if not equipped with technology. Consequently, technological perspective often becomes the dominant stance when information society is analyzed. However, what often lacks from this discourse is that the utilization of technology produces diverse surplus value that at once has the ability to shape and evolve our culture and civilization.[12] Technology thus has a dual meaning; it serves to explain the amount and nature of the tools and means on our hands, yet it also shapes our operational environment – our societal reality. In

[10] It can be simultaneously argued that all forms of civilization, from the simplest to the more evolved, found their activity on the use of information, albeit the conception under discussion positively includes technology and its ability to serve as adjustments to the dynamics of the environment. (Roivas 2009, 25).
[11] Niiniluoto 1986; Roivas 2009.
[12] An example of evolving culture is the Internet meme phenomenon which utilizes the information produced by a myriad of individuals through sharing, copying and altering it freely. Although this type of a meme phenomenon would not exist without the information technology, its contents are not dependent on it. Another good example is the telegraph technology which did not break through before it was utilized to operate as a carrier of market symbols. (Roivas 2009, 26).

this study, the significance of technology is emphasized in relation to the latter explanation.[13] Also, the contemporary view on information society, through technological reasoning, defines how knowledge in this instance is understood; thus, the focus is directed to human interaction rather than computer languages or the data deluge.[14]

The stress of this study is laid upon how individual creativity manifests itself and this is explained by Hayekian epistemology, targeted at the refinement of the case of Finnish information society strategy. The epistemological aspect is vital in understanding the basic context of the study, henceforth; the information society is not primarily seen as a result of a certain societal trajectory. This standpoint continuously defines the discipline of the information society research field as a fundamental assumption of human civilization.[15] Taken for granted is an ugly impression in a serious research, but in this instance it might have its role in defining the elementary aspect of the study, simultaneously inquiring why information technology is treated without much questioning. Therefore, the more elaborated line of investigation consists of paradigm shifts in innovation and social capital converging with individual epistemology, which builds upon certain societal reality in Hayekian sense. Technological determinism is therefore treated as more of a sub-plot.

2.2 Open innovation

While the primary research question of the study discusses *the creative forces* in a society, and more closely, the individual creativity in an information society, it is appropriate to go into detail to explain the contemporary theoretical reasoning of individual creativity and innovativeness explicated by the *open innovation paradigm.* Before being apt to discuss the standard in hand, one has to explain what is understood by referring to innovation in the particular context of individual creativity and knowledge. Innovation is in a broad sense grasped as oc-

[13] Although the great innovations that have changed tribes into civilizations have served as technological curiosities at the time, the greatness of them is that they are implemented with the ability to alter our impressions of the reality. Electricity, railways and the Internet are not convenient inventions that might come in handy anymore; they represent the way of living in a particular culture. (Turkki 2009).

[14] Niiniluoto 1986, 202-205. Information society and knowledge-based society are usually referred to signify two different aspects of the same paradigm. In some prospects the latter alternative expresses the social transition that human civilization faces due to the development of the information society. (Roivas 2009, 29).

[15] Information society analysis often reciprocates itself to the prevailing societal timing as a construction of historical prognosis. Niiniluoto refers the information society projection to the predictions made by the Marxist, Daniel Bell and Alvin Toffler, while Roivas uses Nyhan and Tehrian. (Niiniluoto 1986; Roivas 2009).

currences of change in products, services and processes to adapt to new conditions.[16] In short, what innovation has to offer are adjustments into novel dynamics of the prevailing operational environment. Open innovation takes the idea of innovation further by redefining the group playing part in the innovation process.

Open innovation process, doctrine or paradigm is an organizational method of managing research and development activities. In this instance, *open* refers to the innovation process that can be interpreted to be open for everyone. Basically, you and me, along with everyone else, individually and together, can be brought to develop a product or a service, produced and provided for our needs and requirements. Open innovation is thus a method that can be used to exploit social capital, which consists of the active cooperation of individual human beings, e.g. actual or potential customers, clients or share-holders.[17]

Open innovation can be treated as a directive *paradigm* in the use of an organizational research and development unit, just like a closed model innovation paradigm could be used as such. Contemporarily, research and development activities have been in a transitional phase from closed to open models. Organizations and businesses have realized that the value in developing new or improving old products is far greater in an open environment; the problem-solving activities are more efficient, faster and produce better results.[18]

It can also be argued that it is a mere impossibility to cope with competition if an organization cannot escape its closed innovation environment.[19] Hence, the paradigm no longer gives a competitive advantage, but has developed into a form that represents a standard. A rather distinct characteristic of such a paradigm shift from the old doctrine has been the complete metamorphosis even in the physical appearances of R&D labs. Whereas these units would have been fenced and guarded in the past, they have now been transformed into open

[16] Westall 2007, 4.
[17] Chesbrough 2006.
[18] Karim R. Lakhani gives examples of the benefits of the open innovation processes when describing how the ability to solve problems gets broader whilst the phase of the overall process gets swifter: "[R]esearch has shown that […] if you do open up the solution process you can get anywhere from 10X to 100X improvement in problem-solving performance." (Lagace 2006).
[19] Prahalad 2008.

spheres of innovation communities, with other businesses and science departments merged like in a university campus.[20]

The appropriate conditions for an explosive breach in the innovation processes are a consequence of the advancement of the global social culture, molded by the development of information technology and the digitalization of communications. Another notable factor is the emergence of neoliberal ideals in the public and private sector management since the 1980s, which has transmitted the open ideology to public management.[21] This standpoint suggests that the theories and practices that better understand the social aspect of creating value are open both vertically and horizontally, utilizing individual knowledge and creativity across the board and sectors.[22] Whether the case might be that this convergence would not have taken place without the development of the other, one thing is claimed to be certain while gazing upon the world we live in – the transformation into the open system is no longer a choice.[23]

2.2.1. Open innovation as a process

What we mean when we speak of *open innovation* as a paradigm or a process is far easier to grasp when it can be compared to the processes of the closed models. Unlike using innovative practices in an organization with a parallel method, where knowledge would be *gathered* from outside the organization and further cultivated as an internal process aiming at internal development and design of a product or a service accordingly, an organization that uses open innovation paradigm as a strategic attribute utilizes external sources of knowledge which are brought into the process. Henry Chesbrough defines *open innovation* as "*the use of purposive inflows and outflows to accelerate internal innovation, and expand the markets for external use of innovation*." [24]

What is rather crystal clear for some, as an assumption of out of hand, is that such *external flows* should merely implicate a delimited group of experts. In fact, the external flow of know-

[20] The open innovation model that Siemens has used in the Netherlands was used as an example in this context.
[21] McNabb 2006, 80.
[22] Westall 2007, 2.
[23] Prahalad 2008, 24.
[24] Chesbrough 2006, 1.

ledge is created in a largely heterogeneous group of all sorts of minds and individuals. Chesbrough writes:"*Importantly, these external sources extend well beyond universities and national laboratories, to startup companies, specialized small companies, individual inventors, even retired technical staff or graduate students*."[25] Therefore, it seems that even the slightest amount of inflow cannot be treated as insignificant in advance, and that all external parts, whether they would account for organized or individual brainwaves, do have their role in the assembly. Therefore, open innovation means, by Chesbrough who is referring to Hayek,[26] that since knowledge lends its form to dispersion among different entities grouped and acting individually, it has to be used in its totality.

Thus, it is not too challenging to derive open innovation processes from organizational strategies. As organizations might have praised themselves for implementing open processes into their strategies for attaining competitive advantage, it is more of a regular approach at present. Therefore, these processes might not be emphasized exuberantly. Openness in public organizations is often linked to the engagement of civic society activities, provided with the possibility to send feedback of decisions or administrative operations. Some public organizations even provide easily accessible digitalized administrative information, but very few engage the citizen into the internal processes, i.e. open innovation process. However, some exceptions have occurred.[27]

2.2.2. Open innovation to the masses

Open innovation has traditionally been a paradigm of technology so far as it has it been used to converge knowledge, tacit or scientifically formulated, and possessed by a dispersed scientific community aiming at a particular technological product. The logic of the process becomes easier to understand when the research and development processes are extracted to form a chain that consists of different stages and phases each requiring different kinds of knowledge. We could think of a smart phone that uses assorted technologies from touch screens to navigation as an example of a sophisticated utilization of a highly diverse value chain operation. According to the conjectures of the contemporary state of errands, the chain lends its bits to

[25] Chesbrough 2006, 10.
[26] Chesbrough 2006, 9.
[27] The Belgian government established a service entitled *Kafka.be,* which provided citizens with an interface with which they could be involved in the preparation process of the national legislation. (Demeester 2009).

be extracted from *external flows of knowledge*. Paradigm of this caliber thus gives an advantage at several levels to the organization utilizing it, no matter how swift or comprehensive changes take place on the operational environment.[28]

While the chain of assembly of a complex technological device, such as a smart phone, benefits itself from added-on value from multiple sources, the end-user interface and the usability of the product are just as important as the device itself. This attitude can easily be transformed to the development of intangible products and to the client, consumer, user or citizen interface as well. C.K. Prahalad and M.S. Krishnan state that an analogous tendency of creating value is "*increasingly […] cocreated*[29] *with consumers*".[30] Whether it is a complex process of 100 million cocreators makes no difference here, as the products produced by Google, for instance, have shown us.[31]

The innovation discipline labels the social aspect of innovation processes with a myriad of names, depending on the context and approach of the address. We have the open innovation, the we-think industry, cocreating and social innovations. Nevertheless, all these names point to a common and general understanding – social capital. Individual knowledge and creativity merge to produce more valuable and humane solutions that have marked the label of the civil society.[32]

Open innovation in the social sphere is thus a tool that in this particular context serves as a provider for two-way movement of information. Even if the term of open innovation refers more closely to corporate economics, where the value chain has been dismembered to be developed by different experts, it still enables the logic that is useful in this study. The basic feature of an open innovation paradigm is included in thinking of cocreating and social innovating, that is, the two-way discourse between the organization and its clients or subjects.

[28] Krishnan & Prahalad 2008.
[29] The term *cocreate* refers to a situations where the organization providing the product or the service implements its customers to the process of the product design. (Ibid).
[30] Krishnan & Prahalad 2008, 1.
[31] The users of Google have access to products that are to a great extent free of charge, i.e. *freemium* products. Google can provide its users with a digital environment that the user creates to match his or her likings and requirements. As far as the digital products are not scarce when compared to traditional administrative services, they can be utilized by millions of people all around the world simultaneously and around the clock.
[32] Innovative environment seen through a social standpoint can also be seen as a model that involves different societal sectors and bind them together. This *social enterprise* model can be seen as a hybrid solution for the innovation paradigm utilized in the system level of a society. (Westall 2007).

Thus, the most significant feature of the case in hand is how social innovation manifests itself in the information society strategies?

2.3. Hayekian theoretical approach

The theoretical framework of the study is based on a theorem by Friedrich Von Hayek (1899-1992). Hayek, an Austrian-born economist, philosopher and political scientist, was a Nobel-awarded scholar who has to a great extent refurbished criticism against socialist order and provided advanced reasoning of the liberal adjustments between the people, economy and the state. Additionally, Hayek's thinking comes forward on a regular basis, nothing if not the global economy faces a turmoil.

In his propositions, Hayek describes human civilization as an environment that enables individual knowledge to be cultivated into social capital, ultimately serving to benefit all members of a society. The epistemological standpoint leads into Hayekian statements that explain organizational structures. The optimal Hayekian organization thus provides a fertile ground for individual creativity. Organizational implications illustrated in the case of the Finnish information society are on that account investigated through Hayekian categories. The theoretical framework also consists of implications that provide linkages between Hayek and the case at hand as follows; individual creativity with an open innovation paradigm, organizational theory with a new public management theorem and societal interaction with social capital.

Although Hayek gained his reputation already in the inter-war period as a vigorous critic of the totalitarian views of his time, and whilst a part of his intellectual thought has been disparaged by this uproar, he is nevertheless credited as a scholar who assisted in restating classical liberal reasoning. Hayek's thought was aimed at increasing openness in society, for which he employed a toolbox of modern liberalist assertions.[33] Consequently, Hayekian allegations converged on a summary considered to be one of the classic works in the field of social sciences – the *Constitution of Liberty – which* saw daylight in the early 1960s.[34] The focus of the theoretical framework is directed to the *use of knowledge in society*, which as a word for

[33] Gray 1986, ix.
[34] A large part of Hayek's important theoretical work was formulated earlier, including the theory considering knowledge that Hayek published as an essay in the 1930s. (Ebenstein 2003).

word Hayekian term can be understood as a grand narrative reflecting his life's work.[35] Later on, the line of Hayek's thought broadened from economically driven thought toward overall social sciences.[36]

The use of knowledge in society, as a theory, can be used to provide an aspect on public organizations, both for how they are arranged and how they operate. Hayek's theory thus describes social activity and the institutional arrangements that enable the full use of knowledge and creativity addressed to organizational structures. Moreover, as far as a public organization is lead with a strategy, a plan or a scheme, it can be categorically explicated to the extent it exploits individual knowledge in its actions. This study employs a Hayekian approach to the case of the public domain where the linkages between the ventilated capabilities of the individual sphere and the information society strategies are compared.

Hayek's theorizing in social sciences led to the establishment of a paradigm for social theory, forming a framework for the restatement of *modern liberalism* and simultaneously carrying out Hayek's intellectual work universally.[37] The remnants of these ideas have had a more powerful appearance in the 1980s and 1990s when the *best practices* from the liberal economic sphere came to influence the way we see the contemporary public organizations.[38] This reasoning is often labeled and associated with the appearance of the New Public Management doctrine which in this case can be falsified to provide a connection between Hayek's social theory and public organizational development.[39]

2.3.1. Hayekian epistemology

Hayek's general philosophy in sociopolitical phenomenon starts with the refinement of epistemological rationalizations with distinctive Kantian connotations. These features dictate the perspective which makes individual capabilities *basic attributes* of a functioning society. The human mind in accordance with institutional arrangements is employed in organizational processes and acts as both the starting point and the resolution of the Hayekian social struc-

[35] Hayek formulated his reasoning of the *use of knowledge in society* already in the 1930s.
[36] Hayek was rewarded with the Nobel price of economics for his life's work. (Van Zijp 1994).
[37] Gray, 1986, ix.
[38] Luoma-aho 2005, 14.
[39] Milton Friedman and F.A. Hayek are the usual suspects when the theoretical background of the New Public Management doctrine is discussed. (Hughes 2003).

ture. This theory tells of the practices that are organizationally beneficial if employed in certain institutional surroundings, and thus circle around the individual and social linkages.[40]

The task of Hayek's, as for Kant's, epistemology lies in the *investigation of the limits of human reason.* It is claimed that the limits of individual intellect motivate the agent to reflect his or her sphere of activities in a social manner. The individual pursuits are complex, unpredictable, and sometimes contradictory and are in all recognized as spontaneous forces, which leads Hayek to largely abandon any constructive systematization diluting the mechanism. Hayek's system of ideas is thus firmly directed as a critic toward the epistemological reasoning of *rational constructivism.*[41]

The Hayekian theory explicates the notion of the organizational use of *knowledge* in society where knowledge does not constitute itself merely from *scientific or rationally elaborated expert knowledge*, but from practical and tacit knowledge which cannot lend its form purely to scientific reasoning.[42] This theoretical scheme of thought lends itself again to the Kantian approach which repudiates a common belief of empiricists and positivists who claim that individual knowledge can house itself along with pre-sensory data. According to Hayekian reasoning, this scheme of thought lays the foundations for constructive dispositions that inevitably disturb the responsive activity of human civilization. Rather, the Hayekian view of the world emerges wholly from *individual* sensory interaction.[43]

In the making of the Hayekian social theory, by connecting individual sensations and social interaction, the essence of knowledge lies in its formation. Hayek defines knowledge as a dispersed resource which is fragmented among individuals. This scattered pool of a variety of data constitutes the *basic information* of society.[44] When taking into account the epistemological origin of *primary knowledge* in the societal sphere, together with its special dispersed constellation, a Hayekian societal interface is provided to merge the suppositions, having the capability to utilize cumulative social capital.

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[40] Gray 1986, 4-5.
[41] Ibid.
[42] The Hayekian claim embodies the recognizing of the *non-intellectual* sphere of *practical knowledge* that constitutes itself by the constant correspondence of the unique environmental attributes of *time and place*. (Hayek 1945).
[43] Gray 1986, 6-7.
[44] Hayek 1945, H3.

Hayek refers to the *spontaneous orderliness* as the promoter of human institutions, which requires the understanding of the above-mentioned epistemological foundations of human sensory action. For this system to work properly, any tendencies toward *social constructivism* are to be renounced. [45] Therefore, socially beneficial institutions that govern the efficiency and benefit of human organizations are apt to make use of *tacit knowledge.*[46] This argument forms the Hayekian claim for organizations' success and effectiveness, i.e. individually *dispersed knowledge* utilized by a free societal sphere.[47] Such an institutional arrangement requires that individuals in organized action are not ruled by a single entity claiming to possess all necessary knowledge, but by a system that can itself benefit from decentralized information.[48] The affirmation is often referred to as the *invisible-hand thesis* of social institutions.[49]

2.3.2. Hayekian social theory

The Hayekian pattern of thought lends its reasoning powers to the natural / artificial dichotomy wherein the failure of an organization explains itself by the limited amount of (true) knowledge or the usage of artificial (insufficient) knowledge.[50] And so, as it is at the centre of Hayekian social theory that the individual is considered the bearer of knowledge beyond comparison, organizational arrangements making the best use of this special form of knowledge define how human organizations will perform. Therefore, the basic Hayekian axiom of thinking of individuals as subjects with something to contribute rather than objects to which an organization contributes to, gives description of how the freedom to act and the liberty to aim at certain goals bears such importance.

[45] Gray 1986, 28.
[46] In addressing this reference in particular, the concept of tacit knowledge responses to the utilization of *quiet* and *nonverbal knowledge*. In Hayekian reasoning, the kinds of this knowledge are often related with his theorization of institutional performance. (Ebenstein 2003, xiii).
[47] Hayek 1960, 37.
[48] Hayek 1945, H17.
[49] Gray 1986, 33.
[50] The natural / artificial dichotomy of knowledge is explained later on, when the great antagonist of Hayekian thought, namely *social engineering* or *rational constructivism* is discussed.

The institutional model that safeguards the workings of a beneficial organization thus cannot use particular aims or methods with an exclusive single mind dictating them.[51] This would mean that the scope of knowledge in an organization would be limited to scientific or expert knowledge. Although Hayek understandably used these arguments to criticize the totalitarian ways of his time, the main pattern of his thought succeeded in explaining a model of an institutional establishment where many minds know more than one mind regardless of whether scientific or explicit knowledge is used.[52]

This Hayekian line of reasoning can be used to serve as a theory for the contemporary paradigm of open innovation and open organizational structures.[53] As individuals are understood as collaborators in the organizational arrangement that depends on the institution, spontaneously emerged through human action albeit not from human design, it can be stated that what individuals socially enable is empowered by the institutional array that has mutated in correspondence to this need.

2.3.3. Ignorance in Hayekian social theory

Ignorance is one of the major themes in Hayekian social theory, through which the epistemological basis of a functioning open society is constructed.[54] In social interaction, ignorance serves as a concept of individual capability to cooperate.[55] This notion is required to *motivate* human beings to make use of knowledge they themselves do not possess.[56] In Hayek's theory, the attitudes considering this necessary ignorance define the preferable pattern of the organization model through which the full powers of creativity among civilization are expected to be unleashed.[57] Finally, but not surprisingly, the theme of ignorance constitutes a part of the argument that is focused against social engineering.[58]

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[51] The bottom line of Hayekian reasoning lays somewhere in both respecting and benefiting from the workings of a civilized human society while a specific style of organizational decision-making and institutional model is applied to *govern*.
[52] "[T]he 'data'…are (sic) never for the whole society 'given' to a single mind which could work out the implications and can never be so given." Hayek 1945, H2.
[53] Chesbrough 2006, 9.
[54] "[I]ndividual freedom rests chiefly on the recognition of the inevitable ignorance of all of us." (Hayek 1960, 29).
[55] McElroy 1998.
[56] This is referred to Hayek's understanding of the use of decentralized knowledge. (Hayek 1960).
[57] If ignorance is considered to be a *minor imperfection* of human nature that can be disregarded, it becomes impossible to utilize the creative powers in a society (Hayek 1960, 22-23).
[58] Hayek calls the insufficient state of individual knowledge as ignorance, yet he is careful no to underestimate all humanity; the individual ignorance makes the society social and has very little if anything to do with individual

The Socratic maxim asserting, "*The only real wisdom is knowing you know nothing*", rendered to "*I know, through not knowing*"[59], formulates an axiom that is analogous to Hayekian thought of understanding society, where the perception of ignorance motivates man to better achieve his aims.[60] Social networks, among other functions, concentrate on providing information to their members by sharing a common pool of knowledge, and make use of information considering the cases of individual achievement through social interaction. Thus, the idea of social networking in the Hayekian sense stands out comprehensibly: an individual benefits from more knowledge than he or she is aware of, i.e. the benefit of the membership of a societal network is the gain in social capital that cannot be implemented in one of the members in the network alone.[61]

Hayek likes to consider that political theories have an inbuilt supposition that all subjects under the reign are ignorant, and thus require conscious guidance – a thought which he labels as a common misconception of the modern times. In Hayek's intellect, individual ignorance is the source of correct organizational foresight considering the civilizations' development. For these reasons, Hayek systematically refers to the artificial approaches that see ignorance as a mere obstacle. The main line in Hayekian liberal approach views open society as an exploiter of basic human features that cannot be escaped by deliberate design; such as individual ignorance. Open society thus serves as an initiative force that binds society together and surpluses social capital.[62]

The belief that a certain condition of institutional omnipotence could be acquired through design represents the seed of a totalitarian hegemony in Hayek's intellect.[63] Hayek was a vigorous critic of social engineering and rational constructivism. These theories that treat hu-

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stupidity, and thus he does not judge individual intelligence as ignorant per se but emphasizes the significance of its limits. This line of thought follows Hayek's epistemology with Kantian undertones, where individual intellect is explained and delimited by its capacity. (Hayek 1960; Gray 1986).

[59] Further reading at http://en.wikipedia.org/wiki/I_know_that_I_know_nothing,

[60] Hayek 1960, 22.

[61] The view that addresses the beginning of a civilization in the Hayekian sense includes division of knowledge and is attributable to the division of labor. Therefore, the pursuits of a single individual for better societal performance with a certain amount of tacit knowledge are more successful if other stocks of knowledge can be used. (Ibid.)

[62] Hayek 1960, 30. Further, "The first requisite for *the understanding of our society* is the awareness of men's necessary ignorance of much that helps him to achieve his aims." (Hayek 1960, 22).

[63] Hayek 1960, 29.

man action with all faults and vices as something that has to be optimized and appointed toward a certain common prefixed goal appear as recurrent antagonists of his social theory that rests on the perception of the spontaneous forces. Hayek repeatedly refers to societal institutions as of human origin but not of human design, meaning to emphasize the significance of the dynamic and emergent projections developed trough centuries and used widely in forms of human language and money.[64]

2.3.4. Hayekian theory and the information society

Information society differentiates itself from the workings of a traditional society. While the use of information might correspond to similar needs, the rate of exchange of information is faster and the access to larger quantities of data is broader. While Hayek thought of technological development as a possible threat for the free sphere of spontaneous and free activity in the civil society, it turns out that by using the very basic definition of the man himself, the age of the third stage of globalization (2000–) has proven that technology can be the forerunner of the open sphere in ways not foreseen by Hayek.[65] Also, as Robert D. Putnam has argued, unnoticed by Hayek for his fear of potential totalitarian misuse, one of the assistant forces of social interaction and cumulative social capital is the power of the digitalized mass media which extends the scope of knowledge that can increase social cooperation in reference to remote association.[66] Now that the evolutionary forces in contemporary communications enable the possibilities to turn the top-down pyramid upside-down or even create organizational structures with institutional approaches that manifest themselves as rivals to the structural preferences in hand, it is evident that those networks that produce abilities to compete with traditional mass media are not created solely for such reasons, but perform as the spontaneous formations of something universally social that in turn encourages the Hayekian liberal sphere of institutions.

The claim here is that in some cases the public organizational structures have not been alerted enough to make use of the individual resources made possible by digitalization, net-

[64] McElroy 1998.
[65] According to Friedman the third phase of globalization started around the year 2000, referred to as *Globalization 3.0.* (Friedman 2005; Leadbeater 2009).
[66] Putnam 2000, 218.

working and communications.[67] Whereas the normative base of the traditional society can be understood to remain roughly similar to the information society, the individual anonymity and the effectiveness of communication largely render information society as a new operational environment where a surprisingly great number of particulars are equal with the Hayekian theorem.[68] What is more visible now that, it can be claimed, was not that visible at Hayek's time, is the dispersion of knowledge. Using micro-blogging to share thoughts, mass innovation to improve innovation procedures, and cocreating to establish institutional operations by bottom-up modeling, have made the being of true knowledge in Hayekian sense more apprehensible. The same problems of inadequate organizational effectiveness or even failure at some respects still raise awareness of the use of the free sphere in society.

2.4. Knowledge in society

The Oxford English Dictionary defines knowledge as expertise, skills, awareness or familiarity a single individual has acquired through experience or education.[69] Though knowing and knowledge remain the most complex epistemological puzzles in philosophy, a common definition of the term mediates a meaning that assures us of the differentiation of subjective and objective knowledge. Hayek follows this distinction in the consideration of his epistemology. He characterizes the overall capabilities to collate social and physical sciences where the latter is described as objective and measurable, while the former is subjective and involves observations of decentralized individual action.[70] Hayek thus makes his theoretical statement of the use of knowledge in a society from a subjective social point of view, united and merged with his views on great human inventions that theorize the growth and development of social institutions which he links to the progress of civilization in general.[71]

The theories of F.A. Hayek are used to provide an answer to how to be beneficial in utilizing knowledge in society. As it has been referred to in earlier instances, the best Hayekian practices of employing knowledge in organizational use lend its reasoning powers to an axiom that

[67] Hayek 1960, 38.
[68] The main conceptions are the individually dispersed pebbles of knowledge, differentiated skills, varied habits and opportunities surrounded by ever changing circumstances (Hayek 1960, 28), and has been known not to have been used for over five six decades (Chesbrough 2006, 9).
[69] Oxford English Dictionary 2010.
[70] Barry 1994, 144.
[71] Barry 1994, 143.

guarantees the largest quantity of knowledge applied. This paradigm trying to engage several forms of knowledge simultaneously signals for a certain operational model that perceives individuals as subjects.

If a form of centralized knowledge enjoyed a status of omnipotence, there would not be any chances to benefit from societal cooperation among individuals – everything could be planned perfectly.[72] Hayek considers human cooperation in society as the workings of an institutional operation, evolved through time without any conscious direction or control. It can be stated that it is in our nature to run errands in active cooperation rather than merely operating under some given instructions, even without individuals explaining and analyzing their behavior. The special feature in the Hayekian notion of the functions of institutions is the supposition that our mind has evolved in accordance with special institutional constellations, and since our mind is a part of the workings of the development of these institutions, we cannot fully escape its logic and thus have a hard time explaining why this or that is so-and-so in societal activities.[73]

The continuous advancement of human civilization is linked with the understanding of knowledge and, more precisely, what qualifies as knowledge. The characteristic features of Hayek's epistemology, in accordance with his social theory, are the definitions of true knowledge. The Hayekian view handles knowledge not only as a concentrated form of scientific knowledge but as practical and tacit knowledge, making the attachment of the label of true knowledge as more or less universal.[74] Hayek unites the potential use of subjective individual knowledge with the extent of sophistication in civilization, and refers to the notion of linking knowledge with the growth of the civilization, which in turn has served as a predominant feature in western liberal economic development.[75]

[72] This claim can be clarified under the revision of many totalitarian systems.
[73] Hayek 1960, 25.
[74] The definition includes all knowledge that tells of human adaptations to the environment containing the adaptations of the past experiences including the habits, skills, emotional attitudes, tools and institutions in addition to all conscious, specific and formulated knowledge. (Hayek 1960, 26).
[75] Fukuyama 1995.

2.4.1. Knowledge and the individual

Knowledge is conceptually something every individual possesses regardless of its contents. We can familiarize ourselves by reasoning that if Laura fails her SAT's,[76] she might not have held a required amount of *expert knowledge*, and yet her help in identifying the thugs that jumped grandpas SUV[77] is valuable due to the special circumstances that made her the only eyewitness. We usually claim that certain individuals hold more knowledge than others, and by that we mean that there is a certain amount of expert knowledge planted in somebody else's brain. We might be interested in benefiting from the knowledge of others to be successful or more efficient in what we do.

We usually claim some to have superior intelligent features before others and that is how we understand how knowledge is measured. Hayek claims that for a proper functioning society, every bit and pebble of information is valuable since it bears information of a certain unique event.[78] While we cannot foresee how these bits of information are going to serve to assist us or someone else, today or tomorrow, we should not place ourselves in a position where we might restrict the flow of information or its contents consciously or unconsciously.[79]

The significance of individual knowledge thus comes from its particularity in social interaction. Individuals are claimed to benefit from more knowledge than they are aware of alone. And since knowledge can be claimed to be of dispersive origin, it requires a certain institutional setup to be organized and utilized.[80] Therefore, the Hayekian epistemology and social theory focuses on the individual as a subject who bears unique knowledge which builds upon a stock of cumulative knowledge in overall societal interaction.

Hayek theorizes the existence of knowledge and its use in the context of civilization by emphasizing its beneficial use and its ability of extraction. His basic division makes knowledge

[76] The SAT Reasoning Test.
[77] Sports Utility Vehicle.
[78] Hayek 1945.
[79] For the overall amount of knowledge that an individual possesses can be dismembered to subjective observations of particular and unique incidents, the practice has shown that the molding of the particular institutional way of individual action of such a complex phenomenon looses its efficiency and a large part of individual knowledge (Gray 1998).
[80] Hayek 1960, 22.

act as an interpretation of one or the activity of many, divided roughly into two categories as follows[81]:

1. A centralized form of knowledge.[82]
2. A decentralized form of knowledge.[83]

The Hayekian theory of knowledge mediates a view that explains how it would be possible to make use of the largest quantity of information possible. This requires an explanation that deserts the exclusive use of scientific knowledge as insufficient to act as the base of knowledge in the institutional operations of allocating resources.[84] This is what makes Hayek's theory of knowledge a theory of traditions – a theory of *methodological individualism*. The centralization of knowledge has to be a conscious operation, thus take into account its possible use to serve an end of an organization or such, which can be claimed to have a tendency to lose its competence in social reality. Decentralization is a form of institutional trajectory which has emerged spontaneously and is also used by individuals through such manner. This notice restates Hayekian concerns of constructivist rationalism.[85]

Hayek's conception of knowledge serves to explain how the overall potential implemented in a society would serve the whole to the fullest and mark to identify overall growth and progress which is analogous to the growth of knowledge when decentralized individual knowledge is utilized.[86] The question is would a society be wiser, more developed and bigger if all knowledge would be concentrated and thus used as a parallel governing model where the ultimate decision is made by one entity, or should the governing model adjust itself according to all knowledge, thus the authority would be disintegrated, consisting of internal and external sources? Hayek tackles this subject through the latter explanation which produces the central

[81] Hayek 1960.
[82] Used in an organizational level as an institutional model representing a form of *rational constructivism.*
[83] Dispersed among individuals in a society, requiring an open institutional arrangement to be utilized.
[84] In Hayekian theory the *aim of science* lays in as a developing method of a *system of categories and principles.* (Gray 1986, 7), Hayek writes:"Scientific knowledge does not exhaust even all the explicit and conscious knowledge of which society makes constant use." (Hayek 1960, 25). Therefore, Hayek is interested in defining general attributes and range of social knowledge but is careful not to obscure it with individual tacit knowledge. (Hayek 1960, 23).
[85] Barry 1994, 143.
[86] Hayek claims that the growth of knowledge is analogous to the growth of the civilization (Hayek 1960, 24-25).

point in theorizing the interface of his epistemology and the ideal of society: to cultivate the *general conditions* for beneficial results in social life, not consciously controlling it.[87]

The parallel use of knowledge in society lends its form to the formulation and use of scientific knowledge. This model explains how it is generally possible for one entity to govern rationally. Although knowledge in general can lend its form to many dispositions, for it can be recycled, built upon, edited, altered, and so on, certain qualities are lost when only a scientific or expert synthesis are formulated and applied. What is interesting in accordance with this thesis are the lost qualities of uniqueness and spontaneity of individual knowledge.[88]

Individual knowledge enjoys an implemented quality unmatched by scientific knowledge when information about the *particular circumstances of time and place* is considered. This quality in all its complexity cannot be simplified or edited to a form that could be used by a centralized actor.[89] The assumptions an individual acquires in his or her personal operational environment, during a passing moment in time, makes conceptions unique. Also, it forms a threshold of decentralized impressions in societal use. Therefore, the essence of (true) knowledge in Hayekian sense is that it is dispersed and unique.

2.4.2. Transmission and communication of knowledge in society

Hayek differentiates two aspects of using knowledge in a society in reference to the growth and development of the civilization: the transformation of knowledge in time (through descending tools, habits, traditions and institutions, etc.) and *communication between contemporaries*.[90] By concentrating on the latter alternative, we are apt to compile the attributes that have been appointed to individual knowledge by a method of organizing the allocation of societal resources. Hayek calls this method *the case for freedom,* in which he theorizes the benefits of understanding individuals as subjects rather than objects.[91]

[87] Gray 1986, 81.
[88] Gray 1998.
[89] Hayek 1945, H.9.
[90] Hayek 1960, 27.
[91] Hayek 1960, 29.

Hayek extends his epistemological view even further when he specifies the origins of the institutional toolbox under our contemporary control. Transmission of individual knowledge thus serves as the carrier of institutional inventions. The peculiarity of this activity lies in its intangible logic; we cannot be certain of why individuals are habitually acting the way they are or prefer one societal tool instead of another. What is certain is that these principles have evolved through a complicated process in time, toward which an unspecified amount of individual initiative has been assigned. Hence our institutional instruments require such a sophisticated and complex process in social evolution, and thus an undefined amount of knowledge has been applied, the arguments underpinning conscious social engineering in Hayekian reasoning becomes more blurred.[92]

2.4.2.1. The creative forces

Hayek lays down the basic principles of the operational environment on which a human civilization has matured and further advanced. Among the principles that are emphasized throughout the theory lays a dynamic feature of the surroundings of civilization. Dynamics in this sense stands for changes, and whereas these conversions occur, societal reciprocal adjustments are required.[93] In consequence, all social activity is determined by changes and adjustments; taking place in one position and gradually extending through the whole of society. While this process is of such a great complexity and thus beyond any correct rational foresight, individual minds have the tendency to remain ignorant of why certain adjustments prevail and others do not. The importance of this delicate and vague process is its ability to apply an infinite amount of minor adjustments from organized or individual origin, and the capability of the mechanism to continue as a problem solver for civilization if let unhampered.[94]

While Hayek abandons the constructivist rationalist approach of applying merely conscious and/or explicit knowledge to be used for the allocation resources in a society, he states, as mentioned earlier, that due to the unpredictable conditions of our future operational environment, a comprehensive forecast made to be used in this reference would lose a great amount

[92] Hayek 1960, 27.
[93] Hayek sees the phase of the development of civilization as a condition of continuous adjustments to the surroundings. Therefore, he emphasizes the significance of the ability to continually adapt to the environment. Hayek writes:“If we are to advance, we must leave room for a continuous revision of our present conceptions and ideals.” (Hayek 1960, 23-24).
[94] Hayek 1960, 28.

of essential qualities of individual perceptions, e.g. specific and local knowledge of time and place. Simultaneously, if we would be forced to follow such a comprehensive plan, devised to a form of scientific knowledge and used for the purposes of social engineering, individuals in a society would positively lose the ability to conduct what they would see fit at a particular moment.[95] In Hayekian theorizing, the existence of a plan through *social engineering* has the ability to confuse the reality of the environment, thus individuals would be made to prefer something planned by one entity. The complex spontaneity of what the world would bring leaves individuals in a more *natural* interaction with each other, meaning that rather than be offered a service or a commodity as planned, they would start wanting something of an individual origin which would have been invented for better performance in a current state at a particular environmental moment. Therefore, Hayek states that in a liberal operational environment "*we trust the independent and competitive efforts of many to induce the emergence of what we shall want when we see it*."[96]

2.4.2.2. Communication between contemporaries

In an advanced form of social life which Hayek calls *civilization,*[97] individuals acquire and share information by communicating with one another for their own personal benefit. Communication has the quality to serve to assist individuals unknown to the agent directly.[98] This is the first and furthermost quality of importance considering *knowledge* which serves to explain the functions of society in Hayekian reasoning. The unhampered nature of a functioning open operational environment introduces itself in the present context as a provider for individuals to act upon their particular unique knowledge, through which the *case for freedom* in the Hayekian theoretical framework starts to come into being.[99]

Although the concept of ignorance in Hayekian reasoning explains why people are motivated to share and trade knowledge, it also explains the emergence of the most valuable and cen-

[95] Hayek 1960, 29.
[96] (Ibid.) Yet it is also true that an organization that has been founded to produce a commodity for a certain purpose for a certain need of customers, share-holders or citizens, might calculate its productive volume or its products inefficiently, if it does not constantly revise itself with the dynamic operational environment but rather uses its explicit plans formulated in accordance of, say, scientific knowledge.
[97] This Hayekian view on civilization is based on the individually motivated need to acquire and profit from knowledge that can be used in a society (Hayek 1960, 22).
[98] Hayek summons his thought up by claiming that individuals benefit from *knowledge* that they are aware of and simultaneously benefit others through the exchange of such information (Hayek 1960, 22, 25).
[99] Hayek 1960, 29.

tral term in his deduction – liberty. With liberty, the granting of the possibilities for individuals to communicate without restrictions is the manner to unleash the maximum number of possibilities, which in turn utilizes more knowledge.[100] The more chances there are, the more probable it is that the solution, tool or thought used or followed is better. Hayek writes, "*Liberty is essential in order to leave room for the unforeseeable and unpredictable; we want it because we have learned to expect from it the opportunity of realizing many of our aims*."[101]

2.5. The case for freedom

The set of different misconceptions that Hayek appoints in his apprehensions of *modern human thought* includes a common denominator which, as mentioned above, describes the tendency toward organizing societal activities with deliberate plans. What Hayek defines as the basic erroneous thought is the conception of the ability which he tackles from epistemological principles. Hayek labels human mind as an impermanent tool for acquiring durable and successful patterns which do not take into account the constantly changing nature of the environment or the human mind which he understands as a part of the same cosmos.[102]

While the Hayekian understanding of cautious institutions abandon any conscious planning or engineering by one mind, the explanation considering the beneficial institutional adaptations involves the use of many minds. Basically, the amount of knowledge that one mind can make use in a society leads to the formation of an institutional structure that relies on a limited or inadequate amount of knowledge.[103] Therefore, knowledge in a society cannot be centered if the potential of the society is to be used to the fullest. [104] The argument that Hayek uses in this reference describes knowledge in a society as a dispersive resource.[105] The case for liberty thus begins to actualize. Hayek states his basic principles of decentralized knowledge

[100] Hayek 1960, 30. Liberty permits the use of knowledge which we ourselves do not know or cannot know (Gray 1986, 15).
[101] Hayek 1960, 29.
[102] "[T]he growth of the human mind is a part of the growth of civilization." (Hayek 1960, 24).
[103] Ibid.
[104] Originally Hayek aggravated his view on some making plans for everyone, arguing that no enduring knowledge can be extracted from a *single mind* (Hayek 1945). Hayek separates different sets of knowledge and claims that society includes forms of knowledge that do not "*lend themselves to organization of systematic exposition*" and backs this view up by emphasizing the dispersive form (Hayek 1960, 25).
[105] Hayek claims that knowledge in society is fragmented into minds and pebbles of individuals and is hence impossible to accumulate. "The sum of the knowledge of all the individuals exists nowhere as an integrated whole" (Ibid.)

and reminds one of its ability to provide surplus value for both a single individual and the society at the same time.[106] In reference, the ability for liberal institution in Hayekian sense is arranged to see the individual as a subject that can benefit the society and for the nature of decentralized knowledge that requires interactivity that will surfeit social capital.

While the assumptions of Hayekian institutional order in society have been specified, it has been made rather clear that human civilization has its order of spontaneous forces that are capable of bringing about creative inventions for contemporary challenges. As it has been suggested previously, the Hayekian appreciation toward this mechanism calls for unhindered propositions through which the minds in society can be discussed as subjects. The Hayekian stance that eludes the losses that centralize rational constructivist forces would make it termed as *liberty*. Liberty thus includes all propositions that have been laid down previously. This stance sees ignorance as a motivator for acquiring social capital and it respects the spontaneity of societal occasions. Most importantly, liberty respects the individual as a subject and hence strives to further his or her sphere of freedom.[107]

2.5.1. Liberty and opportunities

What liberty primarily liberates inside the apparatus of the spontaneous activities is the fullest possible specter of opportunities. Every rule that is laid down and rests on limited knowledge thus confines the amount of opportunities. It is for the *necessary ignorance of ours,* as Hayek describes, that human beings are forced to concern *probabilities and chances* at societal interaction that beseech for *a maximum amount of opportunities.* In other words, if we are not apt to be certain over our immediate future, a prohibited direction in our field of choices would potentially, but not inevitably, deprive the most suitable option for the best practice from us.[108]

The way that the possibility of the greatest number of opportunities forces us to function is the course of trial and error. Individuals take risks that have to be deliberately taken, and to accept the potential failure of our choices as well. The flip side of these misfortunes is that these opportunities provide us with the best possible chances to come up with something entirely new and beneficial; to shape a completely new tool for us to utilize or to improve an old

[106] Ibid.
[107] Hayek 1960, 29.
[108] Ibid.

one. This way provides us with the creative powers that freedom grants, and if taken all the way by letting all information flow through society, the rapidness of these innovations will guarantee their swift utilization.[109]

2.5.2. How can liberty be utilized?

For using liberty to the fullest, the spontaneous capabilities are to be accepted in the broadest possible manner. If these spontaneous processes were to be picked and applied to certain particular instances, the case for freedom would largely disappear. Therefore, liberty is to be regarded as an appliance that does not necessarily function according to the hopes and desires of the ones that are under its sphere of influence. This claim serves not so much as a warning that suggests that the spontaneity of liberty could not be trusted, but as a reality check toward a stance that tells us that not everything would end up in the way it is planned. The Hayekian approach to this particular position reveals the importance of failures which serve as a natural mechanism of delivering information on the unsuitable ways of action. When liberty is understood as something that creates more value when its powers are unleashed and when it is seen as a device that allows us to fail, as a signal of better means to be attained, it will, as Hayek argues, "*release more forces for good than for bad.*"[110]

An additional feature of liberty is that it has to be applied for everyone and with all it has to offer, albeit no one could be foreseen to make use of a certain liberty at a particular moment which we are not apt to anticipate. Again, this argument is directly in reference to the necessary ignorance of the individuals. While we do not know who will use the liberty granted to him of her, or in what particular manner it will be utilized, we are not in the position to dictate the number of liberties that are needed or which could be withdrawn from usage. This thematic conception is also closely linked to the emergence and cultivation of the genuine creative forces that the civilization makes use of in accordance with its advancement, i.e. liberties that are picked to face certain adjustments originating from the experiences of what has corresponded to the preexisting products of the operational environment.[111]

[109] Hayek 1960, 30.
[110] Hayek 1960, 31.
[111] Hayek 1960, 31-32.

The benefits of freedom under these particular conditions are thus those that can be established for the use of others. Therefore, an actor cannot make use of all liberties that are granted, but due to a certain amount of necessity someone else can. And while taking into account that in a societal interaction, where all adjustments of individuals come to accumulate to the overall stock of knowledge, habits and attitudes, it is of great importance that someone has the liberty to try something that will eventually come to benefit the whole society: *"[A] man does not benefit mainly from those aspects of freedom which he himself takes advantage of.*"[112]

2.6. Open forms of organization

Thus far we have laid down the basic foundations of individual prowess to take part in societal activity under the notion of Hayekian liberalism, and now we are to discuss how social grouping is capable of promoting human reason. The first requisite considering the case, originating from the elementary individual sphere of freedom discussed previously, is the individual independence of choice over a set of goals.[113] The operational environment that functions in accordance with the adjustments it reflects toward the constantly changing reality reveals how it should be confronted and tells something about the *nature* of an individual, as well. All we perceive of our current environment and how we adapt to it are sightings of unique timing, e.g. the prevailing culture, and hence the attitudes move on a parallel axis in time and adjustments, we are facing a world where everything is changeable, even our conception of what is good or beautiful.[114]

In addition, toward the stance of the changeable operational environment, we are now apt to focus on how certain forms of individual interconnections are applicable to succeed and continue their existence for *considerable durations in time*. What this requires is that a number of correct purposes of a certain action have to be appointed at an accurate time, appropriate values are to govern and tools have to be of suitable use. The way to assure such successful settings for favorable outcomes beseech for certain organizational attributes that include a

[112] Hayek 1960, 32.
[113] "It is one of the characteristics of a free society that men's goals are open…" (Hayek 1960, 35).
[114] Ibid.

voluntary membership in its activities: a free operational environment with competitive group relations which *adjusts itself to the dynamics of overall environmental circumstances.*[115]

What Hayek emphasizes in his studies on *the creative forces in society* is that the compound that creates organizational structures, which do not meet the requirements defined above, are arrangements that crave for *exclusive, privileged and monopolistic* forms that use coercive forces to hamper the spontaneous activities of others to perform better and thus deprive the competitive atmosphere in societal activities.[116] Hayek thus continues his campaign against the totalitarian statehood and social engineering exertions, and adds that such a malign organization would arise from a disposition in a society which is turned into a single gigantic entity. This, in turn, would positively extinguish the competitive approach of organizational adjustments to reality and destroy the use of the individual stock of *tacit knowledge.*[117] In this reference civilization would, in Hayekian view, reach a state of standstill that would denounce all new information to flow and bloom.[118]

2.7. Summary of Hayekian thought

The theory laid down in Hayek's assumptions of the success of the creative powers in a free civilization is on one hand a critique toward the rationalistic desires for engineering human institutions and, on the other, a praise for individual potential.[119] Hayek's theorizing mediates a path that describes how an individual behaves in untamed social surroundings, from which he or she is often lured with deceitful promises of a world without error or disappointments. Hayek criticizes the forces that treat the implications of humane conduct as something that can be abolished from its flaws and treats these with a difference; they serve as the founding

[115] The notion of successful organizational operations in Hayekian definition considering organization activities is understood through how knowledge is grasped and utilized. Knowledge that is included in an organization has to be reciprocal to the environment, and is thus labeled as *true knowledge*. (Hayek 1960, 37).
[116] Ibid.
[117] The Hayekian model organizational setup that is preferred from both his epistemological and social foundations is closely related with the ability of individual conduct, through which the organizational success is defined. This organizational plan has multiple nodal points with the *open innovation paradigm,* i.e. utilizing vast possibilities of the organizational participants, potentially unknown surplus value, loosely directed and managed overall processing. (Hayek 1982, 48-52).
[118] Hayek 1960, 37-38.
[119] Hayekian organizational modeling understands that organizational management requires guidance but not planning. Strategic management, in this occasion, is thus understood in Hayekian manners. (Hayek 1982).

explications of what accounts for basic human action, e.g. ignorance motivates social interaction, and failure delivers unique information about the current operational environment.

The central term in Hayekian reasoning composes the advantageous forces of spontaneous effects, serving as an adverse power toward societal control which has its suffocating impacts on the communal sphere. Hayek takes his argument to completely new levels when he claims that some of the greatest successes of the past are of an uncontrolled origin.[120] The spontaneity thus defines our ability to advance by the number of choices we are able to choose from, and sees creative potential in every agent although it might never actualize.

The analytical toolbox that the reviewing of the Hayekian theorizing provides is a rather broad scheme of a social liberalist order. Still, in reference to the following analysis, a set of nodal points that form the scheme have emerged. In this study, I have derived three distinct focal areas through Hayekian reasoning: the idea of liberty, organizational modeling and knowledge. The Hayekian part of the theoretical framework has provided a detailed explanation of these realms.

2.8. Social capital

What Hayek describes as the *benefit* of using decentralized knowledge, i.e. dispersed individual knowledge in a civilization, can be contextualized and used as a term for social capital. In this chapter, the meaning of social capital is explained together with its ability of adding value to public sector organizations through new public management paradigm.

Social capital is a term that involves social interaction. Such cooperation makes society a networked social order and thus communal. Social, as the term indicates, involves a group of single individuals who can, due to the institutional paradigm of its composition, create shared value which would be impossible to attain if operating alone. In this sense, capital indicates that such movements are of value in the particular operating environment, meaning that it can be used to exploit or explore certain benefits. As *social capital* can take many forms and ac-

[120] Hayek 1960, 38.

count for a myriad set of values, the focus has to be centered on one, namely *good institutional performance* organized to enable the use and cultivation of social capital.[121]

Good institutional performance is also a Hayekian ideal in his theories of the workings of *civilization* and *civic society,* and it is also connected with the above-mentioned *social capital.* While the reputation of Hayek as a monstrous liberal exploiter has cast his thinking outside and far from the mainstream, his notion of social capital, although he does not label it as such, can be used to explain the basis of beneficial institutional design, where the liberalization of society, in order to extend the full capacity of spontaneous order in society, acts as the *good institutional form*.

The Hayekian conception of *social capital* lays in his perception of individual human being. Individuals are thus basically *ignorant* of other individuals' knowledge. As it is beneficial for the individual to acquire knowledge other than that he owns, and simultaneously help him or her to better achieve his or her aims, individuals are motivated to act in accordance to social interaction. This thought might be bypassed by simply stating that such reciprocal action is just natural and common, however, it is surprising how this asset has been neglected or misunderstood in institutional management by acting according to a grand narrative of miscalculations like Hayek would argue. The most significant factor, telling us something about our own time, is the ability to make use of individual relations now that the range of activities and the errands that can be advanced are broader, thanks to digitalization and globalization.[122]

2.8.1. Social capital and New Public Management

One of the major ruptures in the globalization and digitalization processes has been the fragmentation of the civic culture and the increasing social complexity leading to faster changing demands and inputs in the public sector and civil society dialogue. This kind of a new operational environment surely has its demands, and yet it can be described to hold certain qualities which might be beneficial. One of these assets is the novel paradigm of innovation processes and organizations. Marcel Veenswijk describes the gradual transformation of inno-

[121] Luoma-aho 2005, 143.
[122] Burt 2005, 4.

vative functions in the public sector. The process that makes these utilities appear improbable by experience in the above-mentioned new operational environment is labeled as *innovation paradox* and referred to the growing demands of adjusting reality with organizational efficiency. Veenswijk writes: *"[W]e consider public sector innovation to be at once the process and result of processes of cultural change which can be translated globally into a complex series of separative, connective, and transcendent organizational constructions."* [123]

The emergence and development of the New Public Management (NPM) doctrine can be seen to make social capital input in public organizations bear contemporary importance. The concurrent trend of NPM has managed to transform governmental procedures into making use of the *best practices*[124] found in the private sector business management, often referred to as an administrative reform and an innovation in its own terms. One of the many manifestations of this transformation is a redefined way of understanding citizens as clients and consumers, and seeing customers and the open innovation paradigm stemming from the contemporary understanding in organizational sciences.[125]

Research and development activities in the public organization management have been a developing aspect parallel to the process of globalization, as it has been in the private sector.[126] The Globalization 3.0 -projection[127] with the rapid development in communications and digitalization leading into more fragmented homogenous cultural underpinnings, the logic in creating customer value and making a profit has had a tremendous rupture.[128] While it would have been basically impossible to gather around all the experts, academics, students and Average Joes to give an innovative input at a particular company R&D lab twenty years back, it now is rather more than an opportunity. While social relations digitalizes, social capital is also digitalized and can thus be used to explore and to improve performance. And thus, while it is understood by the private sector, it hence has the ability following the logic of New Public Man-

[123] Veenswijk 2006, 5.
[124] E.g. performance measurements, total quality systems, product-market combinations, client-satisfaction reports, virtual support teams, professional empowerment, privatization, agentification… (Veenswijk 2006).
[125] McNabb 2006; Lane 2000; Veenswijk 2006.
[126] Veenswijk 2006, 3. A successful strategic planning in market-based private businesses requires an adequate amount of *exploitation* and *exploration,* i.e. sufficient production together with sufficient research and development, thus if the principles of NPM can be transposed further, sufficient R&D can be said to be required at the public sector, too. (Lohivesi 2010).
[127] The third stage of globalization according to Thomas L. Friedman.
[128] Friedman 2005.

agement to add-on value in public sector, as well. Veenswijk attributes to this conversion as *separation strategy.*[129]

New public management paradigm can help us, after all the added on demand of efficiency and productivity,[130] understand how Hayekian social theory can be linked with social capital and public sector organizations.[131] Social capital can be understood to serve to boost innovation and improve institutional performance, while the latter redefines how services can be made more accurate and flexible, and the former reveals the value of a client perspective.[132]

2.9. New Public Management doctrine in the Finnish public sector

New Public Management doctrine in the Finnish public sector had its momentum in the late 1980s together with the universal dynamics of organizational development taking place. The Finnish version of the public sector paying homage to the geopolitical situation, heavily regulated markets and powerful state control started to erode and began leaning to a more diverse decentralized form. Insofar that the conversion had various implications penetrating the whole specter of the public and the thus regulated private sector, the main focus in reference to the case in question lies over the individual and more specifically the citizen-state linkage as an institutional shift.[133]

The emphasis on the citizen due to the assimilation of the New Public Management doctrine manifested itself in the preambles of the transformation of legislation in the 1980s where it was suggested that the focus of the service interface is to be based on two-way discourse enabled by a bottom-up model rather than a closed internal *process* resting on top-down structural arrangement.[134] While this adjustment offered a new perspective in enabling services effectively with productive undertones, its reasoning laid in decentralizing so-called central planning functions thus did not suggest any direct civic-influences to be primarily taken in ac-

[129] "Separation stands for detachment: the decoupling of innovative ideas and groups in relation to civil cultures." (Veenswijk 2006, 4).
[130] Ibid.
[131] What makes this movement rather interesting is that open innovation paradigm aims to utilize decentralized knowledge, i.e. knowledge that is dispersed among countless individuals and cannot be found centered or exploited by one mind. Such a tendency can also be used to explain why it would be important to use this paradigm in public sector strategies.
[132] Veenswijk 2006, 3.
[133] Alasuutari 2006.
[134] Komiteamietintö 1986, 12,9.

count. This development was of course vital in enabling institutional alterations to pave the way for such movements, as it has been argued that the New Public Management doctrine has such a built-in implication.

The claim thus far considering the public organizational transformation embodying the ideological and operational environment suggests that since the Finnish public sector faces the challenges of cultural fragmentation, it can tackle them with similar organizational operational methods that New Public Management in reference to the best practices adopted from the corporate governance model.[135] Hence, the strong remnants of the Finnish welfare system utilize the production of services as one of the central attributes of the arrangement in hand, and thus the globalization projection with all its complexity has transformed the operational environment of the model, it is not too wild of an accusation to call upon the welfare state to organize itself according to these qualifiers.

2.10. Summary of the theoretical matrix

The societal model promoted by Hayek in his theory of the creative powers of a free civilization is a theory that tells a story of information society, as well. However, this society does not benefit directly from the information which is contemporarily understood as data and mechanical information, but from knowledge which is owned and shared by all members of a society. What Hayek laid down theoretically in his time can furthermore be understood today, the only radical changes being the velocity of the flow of knowledge and the ability to exploit it more extensively.

The theoretical matrix discusses the organizational structure that the Finnish information society projection portrays in its strategies. The questions that are to prompt in the following analysis gather information of the possibilities of exploiting individual knowledge in public organizations, especially in the research and innovation processes where new products and services are developed. The main purpose of this theoretical framework is to provide the features of a bottom-up organization that bestow open and social innovation prospects for individuals. The most intriguing question is, of course, to which extent the Finnish information so-

[135] Luoma-aho 2005, 14.

ciety strategy projection's portrayal of the Finnish public organizations represents the Hayekian knowledge-based society and its open organizational formations?

The following chapters discuss how the general research pattern of this study develops into a matrix that includes both the utilized methodologies and the basic theoretical themes. While the strategic leadership is tested through Hayekian theory of his basic notion of the liberal societal sphere, the organizational and epistemological ideas propose how open innovation[136] and New Public Management[137] paradigms are extended through the case through Hayekian explications.

3. METHODOLOGY

3.1. Introduction

The approach, which is utilized as a methodological tool for analyzing the chosen case,[138] is categorically qualitative. By using this method, the analysis consists primarily of descriptive processing leaning toward the merging of the applied theoretical framework with the findings derived from the case. In a qualitative study, this node between the categories (Figure 1) is expected to provide a theoretically meaningful interpretation of the phenomenon. The theoretical framework of the study employs the basic starting point which penetrates the analysis of the study, depending on the appointed arguments. The particular framework thus defines the theoretical concepts used throughout the analysis.[139]

The applied research method mixes different methodologies; hence it can be referred to as a state of *methodological triangulation*[140] or a *mixed method* research strategy.[141] However, the role for the secondary method, dictated by the form of the chosen case material, is to provide specific categories characteristic of the means of strategic evaluation. The research matrix

[136] The chapter 4.6. discussing innovations.
[137] The chapter 4.5. discussing feedback and transparency.
[138] The three Finnish information society strategies of 1995, 1998 and 2006.
[139] The case is analyzed through a known hypothetical matrix, which forms the theoretically driven methodology in analyzing the contents of the case. (Tuomi & Sarajärvi 2009, 97-98).
[140] Morra-Imas & Rist 2009, 28.
[141] Denscombe 2007, 107.

thus includes the analytically important point of contact, which is methodologically categorized by evaluation and interpreted by the theoretical categories. This helps the overall analysis to improve the analytical accuracy, which presents a more complete picture of the overall field of research and further develops the analysis by establishing a channel of information convergence between the primary and secondary methods.[142] The mixed method strategy is introduced in the research matrix in Figure 1.

Practically, the general point of departure refers to an overall direction capable of grasping different evaluation and analysis methods. By this way, one is apt to illustrate the recurrent *strategic stance* of an organization. Furthermore, the ability to study organizational planning requires a variety of different viewpoints, applied by dividing strategies into a set of predetermined evaluation areas.[143] In practice, each strategic embodiment is described by focusing on the specific area of investigation and is then evaluated by a set of features targeted on different sectors of the general view. The categorical standpoint leading to a descriptive analysis rests on a Balanced Scorecard model by Robert S. Kaplan and David P. Norton. To be able to evaluate the selected features, the EFQM Excellence Model is applied, in addition.

3.2. Case Study Analysis

The case under analysis consists of three Finnish information society strategies produced in 1995, 1998 and 2006. These strategic documents represent the by far only documented strategic endeavors on a national scale, although a myriad of reports, documents and disquisitions have been produced in accordance with the information society development.[144] By choosing the case material to include these documentations, one is apt to review the organizational processes and follow the strategic maturation through time – the qualifications of understanding a complex social phenomenon.[145]

[142] Denscombe 2007, 109 – 112.
[143] The evaluation areas are illustrated in the research matrix in Figure 1.
[144] Turku School of Economics 29.3.2010.
[145] Yin 2003, 2.

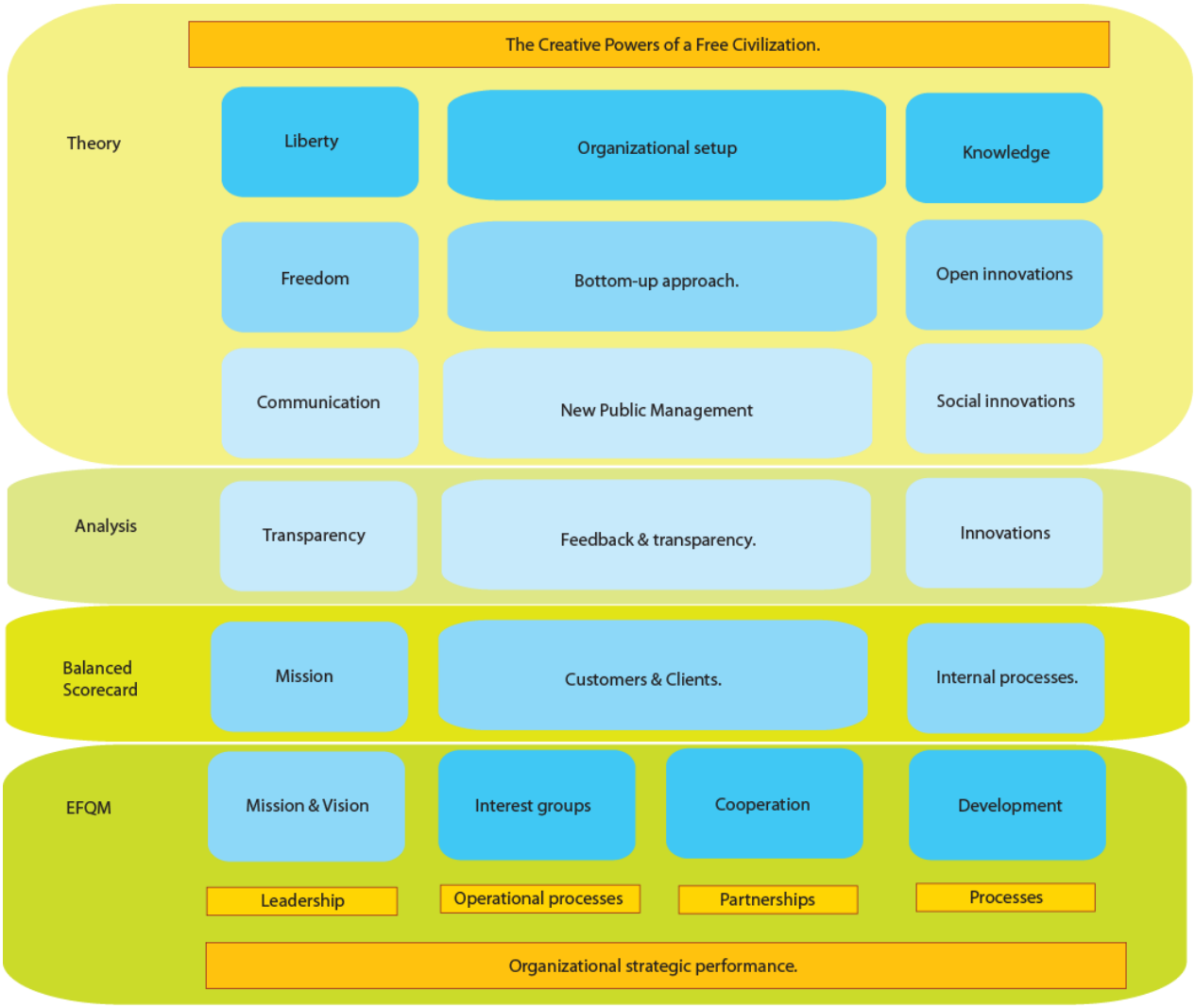

Figure 1 Research matrix

The implications derived from the case and the assumptions that have been drawn from the theoretical framework form an area of convergence, and are used to explain societal transparency, feedback and innovation abilities. This field is formulated as an analytical interface described in Figure 1. These three focal points have been chosen according to the evaluative methods, which consist of the implications of organizational strategic processes. Consequently, these three implications are reviewed from a standpoint of the organizational excellence model EFQM (discussed in chapter 3.4.), which examines organizational success from different evaluative areas. The evaluative areas are chosen in accordance to the theoretical implications that serve as the directive qualitative progression of the study. Hence, the method and the theoretical framework share three thematic research areas under analytical inspection described in Figure 1.

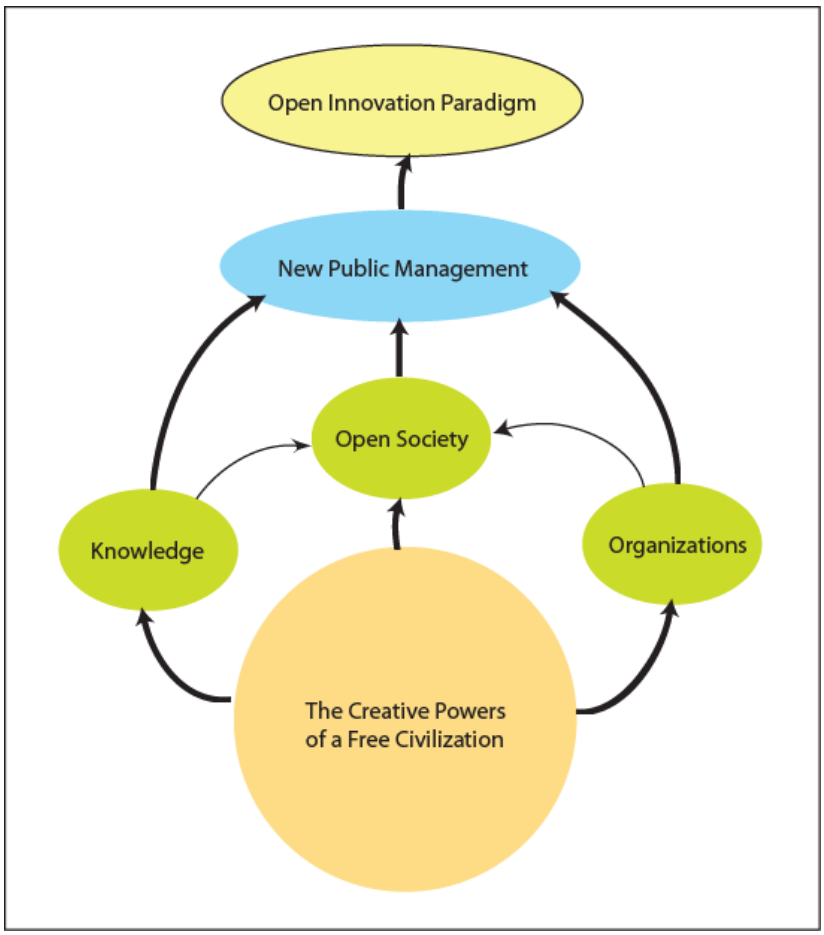

Figure 2 The Theoretical Framework[146]

The case including three strategic models from the Finnish information society development is described by a group of distinctive focal areas that are methodologically classified. The aim of the study is to configure the strategic basic structure and to *explain* its potential transformation. Further prognostic and normative viewpoints are examined in discussions.[147] The targeted case is documented using descriptive features derived from evaluation methodology of strategies both for the use of private and public organizations. Also, the potential alterations that appear while dissecting the models through an overall period of information society strategy development are compared.[148]

[146] The theoretical framework introduced in Figure 1 has been illustrated here in more detail. In this figure, the theoretical themes have been connected among each other.
[147] Routio 2007, 1-2.
[148] Routio 2007, 2.

3.3. Strategy perspectives

The research method, which is utilized for portraying strategic ensembles through strategic processes, is originally a methodological approach of measuring organizational productivity. The reason this method stands out, its methodological specialization, is its ability to measure the intangible social capital of organizational strategies. Robert S. Kaplan and David P. Norton developed the method in the early 1990s; as a result, they have produced a concept termed as a Balanced Scorecard of measurements, a qualified model of synthesizing financial outputs out of a strategy with intangible social capital. The method is also competent to evaluate the quality of a broader variety of the effects that an organization can produce than merely what and how an organization is capable of producing.[149]

The idea that an organizational strategy should include assets that were not involved in a traditional strategic evaluation provided an increase in efficiency and benefits of where it had been utilized in strategic planning. According to Kaplan and Norton, the dynamics of the prevailing operational environment became better covered when the intangible assets were involved in the process. Thus, a better vision of the environment assisted in making better decisions, applying more knowledge from social aspects as well, making a key difference in which organizations were the survivors. One of the many manifestations of the dynamics of the contemporary organizational operational environment is the growing importance of the intangible social capital which in general terms has come to shape markets as well as different branches of businesses. Kaplan and Norton claim that the most important part of this new environment was how the concept of a client was understood; the client would have to be provided with unique value, something that would appreciate the true needs of the customer.[150]

[149] Kaplan & Norton 2004a, 11.
[150] Ibid.

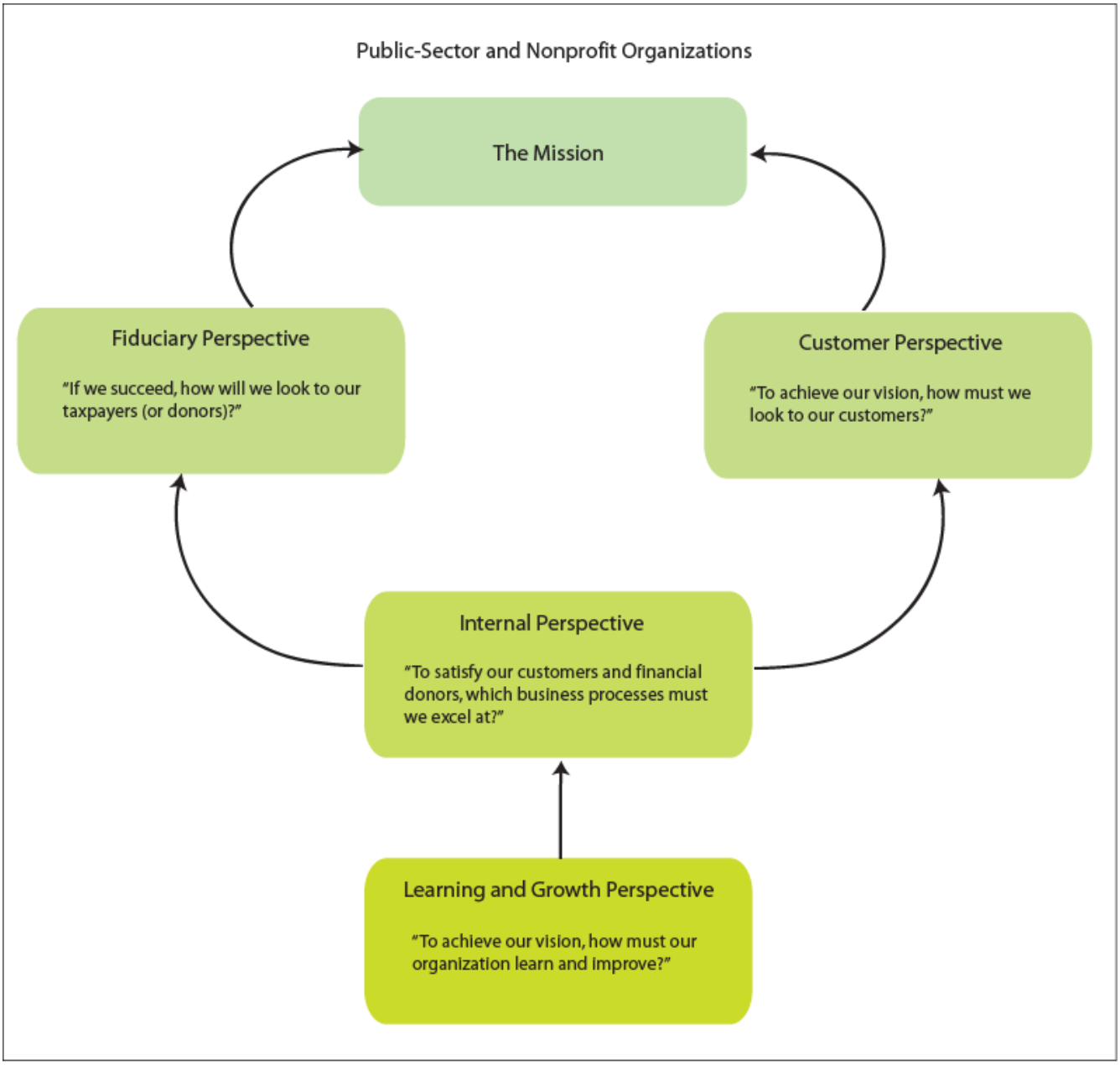

Figure 3 Strategy Maps: The Simple Model of Value Creation[151]

In Figure 3, a value chain implemented for the use of a public organization strategy is dissected into four strategic process segments that aim at fulfilling the promises and objectives the organization has stated in its mission. The case involving the Finnish information society strategies is analyzed through the matrix provided in the above figure by identifying the processes referring to the four perspectives. The categorization of the processes was chosen

[151] Kaplan & Norton 2004b, 8.

from the synthesis of the theoretical framework. Additionally, the EFQM model helps in identifying the process connections and evaluates their direction.

3.3.1. Strategy map as an evaluation method for organizational strategies

The method, which is used to describe and provide evaluative categories in strategies in this study, is labeled as the *strategy map*[152]*.* The method includes four Balanced Scorecard approaches to categorize organizational goals and draws a cause and effect linkage between them. According to Kaplan and Norton, superior strategic success requires a formula that summons up the strategy map and Balanced Scorecard measurements inside a strategically driven organization. In this study, these evaluative measurements and descriptions provide a qualitative conception of possible success and/or failure of an organizational strategy.[153]

The Balanced Scorecard method provides a model that describes how a strategy aiming for value creation can be determined. The model for value creation in the public sector (Figure 1) has several points similar to how the matrix for the private sector is described.[154] The most important aspect of the strategy model is the organizational mission and its attainability. The organizational mission cannot be seen solely from financial viewpoints; a public strategy "*span(s) a broad and diverse set of missions and hence must define their social impact […] differently*",[155] thus making the most valuable linkage for an effective strategic whole between the basic mission feature and the production of client surplus value.[156]

The basic task of a public organization strategy, according to Kaplan and Norton, is how client or customer needs are fulfilled. Public and private strategies differ from each other in refer-

[152] Although the strategy map can be described as a methodological tool that is chiefly appointed to evaluate organizational strategy as an illustrated model, it nonetheless includes categorical focal areas that are essential for understanding a strategy without, in fact, illustrating it. Thus, the mixed evaluative method in hand loans the apparent categorical divisions, even if it could be extended further. This would, however, satisfy a different need in evaluation since the illustrated model is eventually used to create indicators that observe organizational development in time. This data would be considered fundamental for the organizational leadership and management, but does not serve its purpose in a more generalized analysis. (Kaplan & Norton 2004a, Kaplan & Norton 2004b, Lindoors & Lohivesi 2004).
[153] Kaplan & Norton 2004a, 13-15.
[154] Kaplan and Norton provide different models for the use of private and public sector strategies in considering organizational success.
[155] Kaplan & Norton 2004b, 7.
[156] Lindroos & Lohivesi, 2004, 143.

ence to this particular assessment; hence the public mission is often dictated by legislation.[157] The success of a public organization strategy is based on the effectiveness of the internal processes underpinned by the intangible social capital (Learning and Growth). A parallel feature embodies the fiduciary view, which is not to be taken as a dominant feature, actualizing the goals that the taxpayers or donors have been provided with within the strategy. What is important in the public model is the fact that the strategy has to satisfy different roles of participating citizens. This dual feature guarantees that customer relations are treated with fiduciary efficiency and that the strategic aim is directed to developing and producing customer-oriented processes.[158]

3.3.2. Strategy maps and the value creation process

The Balanced Scorecard measurements provide the above-mentioned aspects on strategy modeling. Through this method, these aspects are described as channels that provide information about the cause and effect linkages between different strategic mission nodal points. The strategy map thus reciprocates toward making these connections comprehensible through a commonly generated model from previous experiences in evaluating strategies. In the process, where a strategy is formulated, the approach dictates the particular elements taken to the definition process. In this study, the importance of intangible social capital assets is wielded through the aspect of social and open innovation processes that are apt to provide better customer value and more effective internal processes.[159]

The strategies formulated for the use of the Finnish information society are treated with the methodological assessment of the Norton & Kaplan model. The first provision is how the importance of including all *four fields of strategic elements* is perceived, so if an element would be missing, the probabilities that the strategy would be inadequate would become greater. Another set of provisions of strategic importance are the connections between the evaluated elements. Kaplan and Norton claim that the invisibility, or the lack of the elements, tells that the strategic process does not involve a required linkage and has not been sufficiently speci-

[157] Lindroos & Lohivesi 2004, 141.
[158] Kaplan & Norton 2004a, 29-31, Kaplan & Norton 2004b, 6-9.
[159] Kaplan & Norton 2004a, 32.

fied. The rupture referring to these elements defines why the strategic mission might remain unobtainable.[160]

3.3.3. The basic principles of the strategy map

The strategy map consists of different principles that have to be met according to the Kaplan & Norton model in order to bring about a successful strategy description. The whole concept of the strategy map starts with the single short-term process that underpins the long-term processes described in the section under the fiduciary perspective.

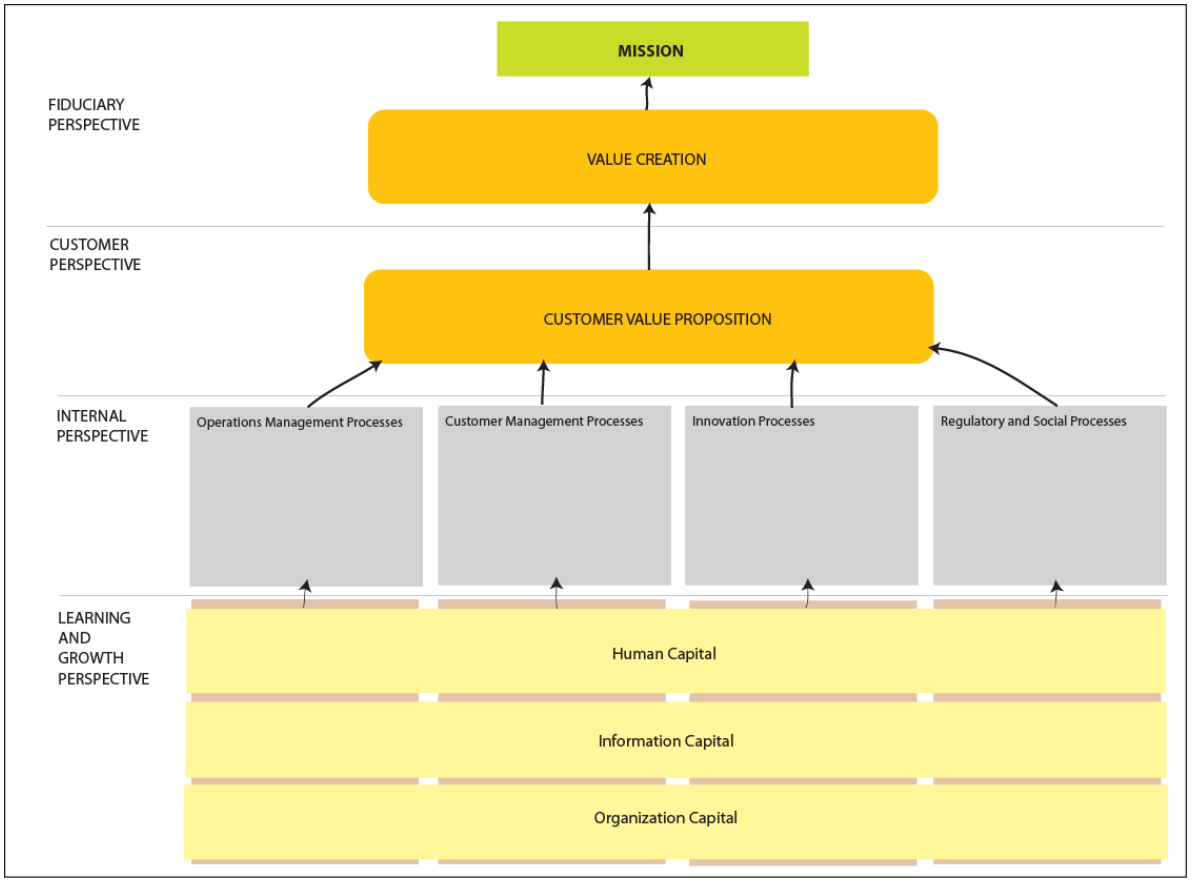

Figure 4 A Strategy Map Represents How the Organization Creates Value[161]

Although temporary gains could be made in a limited timeframe by using rapid decisions, the overall process requires that all minor qualifiers are somewhat adjusted toward the overall

[160] Ibid.
[161] Kaplan & Norton 2004b, 11.

aim or mission. By utilizing this principle, the whole of the strategic scheme can be directed toward a successful whole.[162]

Moreover, the strategy has to be founded on a *differentiated customer value proposition, which* dictates how the customer's (taxpayer, citizen, client, etc.) needs are fulfilled. These value propositions have to be specified clearly and particularly, thus the major scope of the thorough intelligibility of the strategy process becomes observable. Furthermore, the significance of the internal processes, together with the learning and growth processes, describes how overall organizational strategic proceedings are practically tangible.[163] The Kaplan & Norton model involves a classification that divides the internal processes into groups as follows:

- Operations management; how products and services are composed and delivered to the customer.
- Customer management; how customer-relations are created and developed.
- Innovations; how new products, services, processes and relations are developed.
- Regulatory and social; how legislation is followed and society strengthened.[164]

Every group may involve a number of subgroups that have the ability to create value according to different strategic methods. The critical nodal point of these allocations is to recognize the important actions that can be linked with the commitments laid down in the customer value processes. These processes are referred to by Kaplan and Norton as *strategic themes.* The overall strategy is thus composed of simultaneous and mutually complementary themes that have to be balanced through including at least one thematic process in every internal operation. This provision enables strategic success and provides an organization with durable growth under the fiduciary segment.[165]

The final aspect on the Balanced Scorecard strategy map method consists of the learning and growth feature. This intangible source of organizational capital dictates its value through strategic alignment and can be divided into three subgroups as follows:

- Human capital; the skills, capabilities and know-how of the employees.

[162] Kaplan & Norton 2004a, 32-34.
[163] Kaplan & Norton 2004a, 34, Kaplan & Nortion 2004b, 12.
[164] Ibid.
[165] Kaplan & Norton 2004b, 13.

- Information capital; databases, data systems, networks and technical infrastructure.
- Organization capital; the culture, leadership, allocation of human resources, team work and knowledge management.[166]

These intangible strategic features cannot be measured or analyzed independently but have to be seen as how they underpin the general mission of the overall plan. Kaplan and Norton claim that if the intangible assets are neglected in the strategic preparation process, although they might nevertheless exist, the process is not likely to attain the preset goals and further missions. The importance of implementing these features into the procedures is that these attributes launch the projection and simultaneously keep it running. In summary, the descriptive capability of the organizational strategy map lies in the conception of enhancement of the intangible assets in internal processes. Through the better-adjusted processes, the value commitment to customers and taxpayers can be attained.[167]

3.4. The evaluation of focal areas

As the described model of the strategy processes is clarified, using the perspectives of the individual endowment for innovation excellence and recurrent organizational development, the measurable objects become more transparent and, thus, easier to evaluate. To be able to reach innovative excellence in strategies, the strategy has to perform creditably over inner perspectives and reach commendable results.

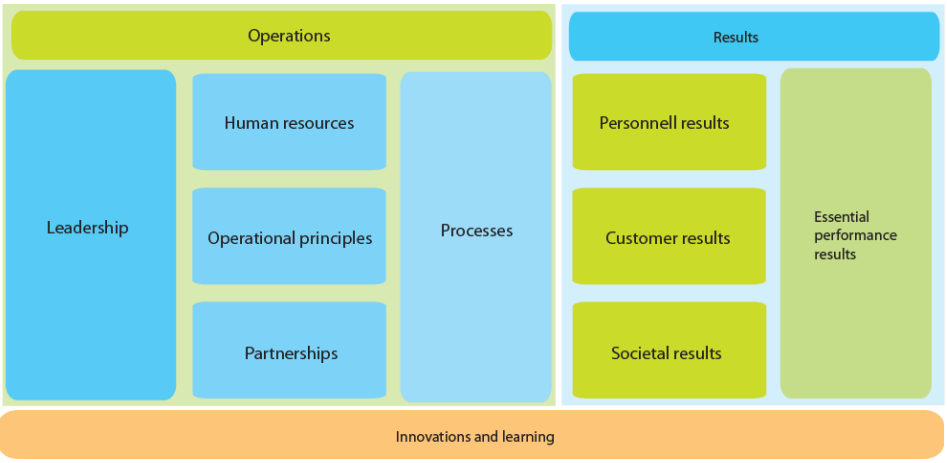

Figure 5 The EFQM Excellence Model[168]

[166] Ibid.
[167] Kaplan & Norton 2004a, 35-36.
[168] Ibid.

When a framework is provided to reach credibility throughout the strategy process, including the adjustment, feedback and development in the evolution process, one has to define the specific evaluation fields. The EFQM-model is divided into nine distinctive evaluation areas, where the operations have five and the results four domains.[169]

The EFQM Excellence Model provides a framework for evaluative organizational processes that focus on a set of different key areas having an inbuilt array of distinct estimative remarks. To be able to evaluate the described and chosen attributes with their ability to respond to the surrounding dynamics of the current operational environment, a functional analysis of the current surroundings is in order. Awhile the focus is on the expressions of the organizational activity, a period that reciprocates the credibility of the results in international comparison is utilized simultaneously.

The field of strategic *operations* in the EFQM-model measures the organizational capabilities and functions. The results in this occasion are used rather in general terms and are only referred to without scaling them too specifically. The main focus thus lies in the organizational performance that the strategy implicates. The primary evaluative focal point is *leadership*. In public organization, the current strategy formulated for any branch of the governance is closely linked with the basic strategic mission and vision. As mentioned above, these fundamental particles of a successful strategy development projection are laid down through a political process and usually often closely linked with legislation. In the strategic operational analysis of a public organization, the fundamental aspects are made through a perforce political process. Therefore, the leadership evaluation point produces information on the adjustment abilities of an organization together with how the dynamics of the surroundings are understood.[170]

The second focal point considers the operational and strategic principles. In *operational principles*, the mission and vision that are conveyed from the leadership processes are transformed into a strategy that caters for different interest groups (consumers, clients, customers, taxpayers, partners, etc.) and is simultaneously applicable with the operational environment, e.g. the existing markets and prevailing trends and dynamism. The third meter is *partnerships*

[169] The European Foundation of Quality Management 2003.
[170] The European Foundation of Quality Management 2003, 13.

that measure how external companionships are designed, managed and administered for a twofold benefit and how these relations can eventually underpin the emerging of the overall strategy. The fourth field, entitled *processes,* delivers information on how the organization develops its internal processes.[171]

3.5. Summary

The analytical method targeted at the utilized case is a method which is largely dependable on the categories formulated through the secondary *methods* of strategic evaluation studies. Moreover, as the general focal points have been derived from the theoretical framework,[172] the analytical matrix thus renders some arguments stated in the case, more specifically, the arguments that refer to the organizational basic structure, the activity of the civil society and individual creativity, where the latter point represents the main aspect, while the previous are supportive organizational structural features that underpin individual creativity.

Consequently, the methodological foundations dictate quite comprehensively how certain implications are analyzed and how these assumptions are chosen. Having to merge different evaluative sub-methods and pervading different sector bounds of separate disciplines, the evaluative whole hints of a theoretical entity itself, as well. However, to be able and apt to form strategic definitions from the chosen literature, the fact that the documents follow a certain procedure with rather established sections provide a coherent method of approaching them with evaluative means. Therefore, the secondary methods of the kind diminish the normative tones.

[171] The European Foundation of Quality Management 2003, 14-20.
[172] The categorical focal points that have been derived from the theoretical framework, and illustrated in the Figure 1, serve as the baseline for the following analytical chapter.

4. OPEN APPROACHES TO INFORMATION SOCIETY STRATEGIES; CASE FINNISH INFORMATION SOCIETY PROJECTION 1995–2006

4.1. Introduction to the analysis

Before going into a more specific definition of the implications of the information society strategies, a basic description of the term *information society strategy* is in order to be refined. Strategies in general are distinguished as intentionally determined goal orientated operations, where strategic planning refers to the designing and implementing of future organizational activities.[173] The content of a strategic document consists of describing strategic processes that manifest themselves as discussions, conclusions, future choices and operations. The strategic processes are produced to attain the determined organizational mission successfully.[174] In brief, a strategic document is a plan for the future organizational operations.

A distinctive feature of our age is the conception of information society, especially developed and distinguished through strategic planning procedures. Strategic arrangements have played a significant part in the overall information society schemes from the beginning stages of these operations, already from the time when the term *information society* was first established. The first practical expression of the information society strategies appeared in the 1990s when both the United States and the European Union formulated their first strategic documentations. This movement also led to the establishment of the Finnish information society strategy projection, which manifested itself in the mid 1990s when the national strategic document was first published. The strategic document went by the name of "*Finland for the information society – national definitions of policy*"[175] and was put out by the Ministry of Finance.[176]

[173] Karvonen 2004.
[174] Lindroos & Lohivesi 2004, 28.
[175] Original title: "Suomi tietoyhteiskunnaksi – Kansalliset linjaukset".
[176] Karvonen 2004.

4.2. The elements of strategic documentation

One of the basic elements described in a strategic document is the organizational vision, which refers to an imagined or prefigured objective that the organization uses as a model for its future proceedings.[177] A vision thus represents a state of errands that a strategic planner wishes and/or expects of the organization in reference to the dynamics of the surrounding operational environment. Although a vision is arguably a view on future possibilities, it also has to remain understandable and realistic. A good vision, defined by Lindroos and Lohivesi, inspires the organizational personnel and is understandable to the customers.[178]

In the centre of both private and public strategies is the end user, usually referred to the role of a customer. While private organizations are apt to come up with products and services for a calculated benefit for certain clientele, designed by examining the markets and individual activity, public organizations serve their customers by reflecting political guidelines, often asserted through legislation. While a legally dictated basic mission might enjoy a more static position when compared to the swift movements a private organization might be able to conduct, a fixed condition usually safeguards the existence of universal social values.[179] Therefore, the strategy reflects the basic principles of the political system, where the administrative quarters create innovative implications directed by the basic strategic mission and for the use of dynamic operational environment.[180]

Moreover, the strategy process in the public organizations functions differently from the business and private world, according to one of the most fundamental aspects that makes these organizations act adversely. While a private organization serves to increase the long-term merit of its share-holders by producing continuous surplus value in its activities, a public organization is expected to operate effectively in producing additional value in relation to its ba-

[177] Although the strategic mission and vision elements are somewhat glued together considering the analysis of leadership at issue, they are not to be understood as synonyms. Moreover, the strategic vision can be understood as a vessel that crystallizes the concurrent idea delivered by the basic mission.
[178] Lindroos & Lohivesi 2004, Karvonen 2004.
[179] For example, the legislation protects the services that are traditionally referred to as produced by a welfare society.
[180] Ibid.

sic mission.[181] The similarities, which both the private and public organizational strategies have in common, are those that fulfill the fundamental aspects of the strategy prowess and success.

The primary function of strategic operations is thus the process of adjustment. Thus, the strategic planning meets the qualifications of a dynamic operational environment. It is often the case that it remains burdensome for a public organization to perform rapid strategic maneuvers since the basic mission is commonly dictated by legislation. Additionally, the basic expectations do not transform swiftly or unexpectedly either. For this reason, the strategic lifespan of a public strategy is longer than in the corporative business world.[182]

4.3. Case studies

The research case utilizes three national strategic documentations implemented for enabling the Finnish information society development from its first phase to its latest stage between the years 1995 and 2006. The strategies all had different directive quarters that were responsible for the formulation process; the Ministry of Finance in 1995, the Finnish Innovative Fund (SITRA) in 1998 and the Prime Minister's Cabinet in 2006. Additionally, the strategies were devised with a coalition, which involved contributors from both the public and the private realm and from the civic sector as well.

4.3.1. The Finnish information society strategy of 1995

The Finnish information society strategy projection can be dated back to the year 1994, when a work group was appointed by the Finnish Ministry of Finance to be in charge of the planning of the strategic document.[183] This operation was a part of the reform endeavor aiming at the amendments of the central and local administrative governance assigned by the Finnish government. The international influences that resulted in the accumulating pressure of the infor-

[181] A public organization strategy has to consider different segments of interest than merely its direct customer relations since the basic mission is usually a product of a politic process that involves legal, bureaucratic and representative actors. (Lindroos & Lohivesi 2004, 139-140).
[182] The lifespan of a public strategy is commonly five years, which regularly describes a strategy as an evolutionary progress, characteristic of a more stable strategic development. (Lindroos & Lohivesi 2004, 142).
[183] The strategic work group consisted of representatives from both the public and the private domain, although the private representatives served as a clear minority in the overall line-up. (Ministry of Finance 1995, I).

mation strategy project were noticed as quite an acknowledged movement among the developed OECD nations. The connective thread of this universal point of departure was the National Information Infrastructure initiative made by the Bill Clinton administration that lead to an across-the-board conception labeled as the *information superhighway,* which also directed the formation of similar operations in the European Union.[184]

The rapidness of the overall information society development was also noticed by the Finnish administration, by closely monitoring the paradigm change that started to transform from a technologically focused viewpoint toward broader attitudes.[185] This tendency was grasped as deeper comprehensive advancement, influenced by general societal distortion of the digital and information age. The consideration that was formulated by the work group was based on the assumption that Finland had not yet established its status as a networking information society, at least from the administrative public standpoint. The fact that the first strategic formulation was established by a broader societal change by the time of the national financial turmoil in the 1990s, and simultaneously riding at the heap of the movement toward the European Union integration with implementing its membership terms, it came to as no surprise that the emphasis of the strategy was on the financial and international cooperative divisions.[186]

The mission in the general strategic plan was formulated through the utilization of communication technology, hoping to transpose the general societal change into a new system described as a *networking information society.* The starting point for the strategy process was promising; the national know-how and education were perceived as high-grade and the software industry was apprehended as competitive and top-of-the-line amongst international comparison. In fact, there was nothing implying that Finland would not be in the leading edge of societal and technological development as long as the information society development was concerned.[187]

[184] Ministry of Finance 1995, I-II.
[185] ”The attitudes toward the information and networking technology are no longer solely attitudes toward technical phenomenon.” (Ministry of Finance 1995, II).
[186] Ibid.
[187] Ministry of Finance 1995, II-III.

The strategy included five definitions of national policies that were to define the tangible operative functions. These duties represented the practical objectives that were to enforce the strategic basic mission as follows:

1. Using information and networking technologies as tools for the reformation of the private and public sector.
2. Making information technology an industry of great future importance.
3. Providing the information and communications technology professions with competitive advantage and high-end human resources.
4. Supporting the use and basic skills of consuming information services for one and all.
5. Creating the Finnish communications infrastructure to hold competitive advantage and service capabilities.[188]

In the study, the first and fourth points are under a closer inspection in reference to the overall theme of the study, taking a glance at the open innovation projection in a remark on the notion of the citizen together with the evaluation process of public organization structures.[189]

The mission for the Finnish information society strategy was formulated to endorse notable changes that emerged through financial, technological and international development. These changes were in unison with both the causes and effects of the opening of the national market and the rough recession. The direction that came to represent the overall mission was accordingly labeled as the emergence of a network economy and information society, that were to further the productivity and effectiveness of the suffered national economy. And so, the overall spirit of the strategy had clear economic underpinnings, hoping to offer solutions for multiple societal problems from employment to welfare issues.[190]

The main thematic mission in the strategy consists of the regeneration process of the emergence of the information society and development process of the information economy. In relation to the discussed study, the focus is on the former aim. Consequently, the strategic national definitions emphasized in the study are produced to provide information from the plans made for the reformation of the public sector. A second point of interest is how the citizen is understood in this scheme.

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[188] Ministry of Finance 1995, III.
[189] See Figure 2.
[190] It was stated in the strategy that: “The transformation process stems primarily from economic integration toward a more open and dynamic global economy…” (Ministry of Finance 1995, 3).

4.3.2. The Finnish information society strategy of 1998

The second phase of the Finnish information society development emerged in 1998, three years later than the first strategic document in this reference was published. The strategy document was in every aspect different than its predecessor; it was formulated in a freer form, its basic attributes were based on largely different basic mission interpretations and the responsible organizations hailed from the realms of industry and commerce.[191] Rather than handing out specific plans of surviving a difficult operational environment as a nation, the second strategy can be seen to attain a more supplementary role, involving more customer orientated and humane attributes in the information society projection.[192]

The operational environment in which the second strategic document shifted was promising and encouraging for the Finnish information society projection as a whole. The nation's ranking was of a high standard, and Finland was treated as a representative of the new future of what the image of the model of a successful information society would be capable of and how it would manifest itself. Finland was at the time considered as a laboratory of mobile in network innovation, lead by the boastful success of the Nokia Corporation.[193]

The national vision that was implanted into the strategy involved a thought that had a wide spectrum of serving potential interest groups involved in the information society projection. It also served to provide the Finnish society, in a traditional sense, the tools of the information age by improving the quality of life and know-how. The goals that were formulated delivered information about a myriad of social aspects that included:

- Increasing welfare by offering employment opportunities and livelihood
- Providing equal opportunities to gather and manage information and to improve know-how
- Improving the requirements of free enterprise, competitiveness and the quality of working life
- Increasing the opportunities for overall individual interaction and cooperation
- Strengthening democracy and the opportunities for citizens to contribute socially
- Improving security and individual privacy protection and position as a consumer

[191] The strategic work group was assembled by the Finnish Innovative Fund and consisted of a similar kind of a set-up than its predecessor. However, the core work group cooperated with different sub-groups and was influenced by "*several hundreds of individuals*". (SITRA 1998, 4).
[192] SITRA, 1998.
[193] Turkki 2009, 13.

- Developing services and cultural events, along with international cooperation
- Increasing the amount of interest of innovative businesses to relocate in Finland
- Decreasing regional inequality
- Supporting the objectives of sustainable development[194]

4.3.3. The Finnish information society strategy of 2006[195]

The third, and to date the final stage of the national strategic information society development emerged in 2006 when the strategic document entitled "*Renewable, humane and competitive Finland – the national information society strategy 2007–2015*" was published. (Translated by author).[196] Although the time of the Finnish success story among international comparison in e-literacy, etc. had slowly faded out, the nation clearly explored its global position as a challenger in the international scale. The bursting of the IT bubble and the globalization of the economy had produced an operational environment where competition reached all the way to Asia. To be able to compete with the emerging economies, a fundamental and powerful phenomenon of positive connotations was seen to be in order. Therefore, the strategic objective consisted of producing Finnish IT phenomena, including a common front of services, technologies and operations.[197]

The strategic vision was condensed into a thought as follows. "*Good life in information society*". (Translated by author).[198] The vision was rationalized to deliver information about a certain paradigm shift in the information society development, where the necessitations of information technology were no longer emphasized on the expense of the knowledge-based society. Although technology no longer served as the sphere of the development, the interest groups involved in the projection and the strategic missions and processes were widely described; everybody was thought to devote to the common goal of good life and better welfare. The strategic mission thus involved a vision of maintaining a welfare society in competitive

[194] SITRA 1998.
[195] The strategy of 2006 was produced by the Prime Minister's Office, which consisted of a work group that involved the strategic interest groups, and in addition the actors that had participated in the strategic planning of the two previous documents. (Prime Minister's Office 2006, 2).
[196] "Uudistuva, ihmisläheinen ja kilpailukykyinen Suomi – Kansallinen tietoyhteiskuntastrategia 2007 – 2015." (Prime Minister's Office 2006).
[197] Prime Minister's Office 2006, 2.
[198] "Hyvä elämä tietoyhteiskunnassa." (Prime Minister's Office 2006, 4).

operational environment with emerging markets and simultaneously hinted of understanding the information society as a social enterprise, rather than a governmental scheme.[199]

The proposals for the policy definition of the strategy included schemes that were to realize the objective of the forthcoming Finnish IT phenomenon including:

- To establish the agenda for service renovation.
- To increase the speed of network connections and to guarantee the interoperability of information society's infrastructure.
- To guarantee the prerequisites of lifelong learning.
- To renew the rules of the working life and to develop management.
- To renew the innovation system.
- To develop further the copyright system.
- To promote small and medium sized businesses in adopting e-business services.
- International influence in the European Union and Asia.[200]

4.4. Leadership

To be able to define what can be acquired through focusing on leadership in strategic processes, the first and foremost task is to provide descriptions of what signals such activity. In organizational evaluating methodology, the measurements of strategic performance include focal points that contain the weighing of the formulated mission and vision, which define the organizational basic mission and objectives. These features are at the heart of the strategic matter and can typically be found documented on the grounds of a strategy report.[201]

Strategic leadership is evaluated through the formulation of the strategic basic mission and its justifications. The mission can be analogously referred to the organizational basic task, which in the public sector is initially produced through a wide-ranging political process further reflected by the strategic overall assignment. Through these (political) processes, the prevailing political stance that aims at successful adjustments to the dominant environment, the final

[199] Prime Minister's Office 2006, 4-5.
[200] Prime Minister's Office 2006, 5.
[201] The EFQM Excellence Model assigns leadership as one of the areas of organizational evaluation that prescribes how the formation under discussion operates. The categories that are used according to the model are composed of mission, vision and values, the enforcement of the agreed schemes and the ability to reflect potential change of organizational course. (The European Foundation of Quality Management 2003, 12).

form eventually gets shaped.[202] Basically, the strategic mission can be claimed to represent a synthesis of the political will and the understandings about the current conjectures with different ideological connotations.[203] For these reasons, considering the strategic leadership in discussion, the aim of the mission and vision is to describe how the societal basic task is understood and how the requirements of the features of the concurrent attributes are explicated.

4.4.1 Leadership in information society strategies

The strategic mission formulated in the information strategy document of 1995 reflected the economically influenced operational environment of the time. The main strategic (the basic mission) objectives functioned as stabilizers for the national economy and coincidently prepared the nation for the upcoming societal change that required the features of the networking society. These attributes would, according to the document, be able to better succeed in reciprocating with the desires that had been cast against the European integration process – one of the great national themes of the decade. The emergence of the information society was thus all about developing an industry that had emerged and developed without too much of tampering or hampering – the information technology industry. The field of industry was grasped as something that would more or less improve the employment situation, providing as solution one of the biggest social incidents of the 1990s.[204]

The fact that the strategic mission was in a way straightforwardly economic was avowed in the document rather clearly. The further implications of what the whole industry would surplus were treated as secondary consequences and were not examined too specifically. However, the model of the networking society, an incipient process at the time, appeared in the document as significantly egalitarian.[205] This thematic aspect hinted of a general comprehension that by assuring the possibilities for information technology usage for all, society would forward itself to a stance of development which would encourage the industry as a result. Still, the egalitarian view and the productive view were rather distinctively separated, and it was

[202] The strategic mission also describes the prevailing societal set of values that steer the actions that are chosen to carry out certain political initiatives.
[203] Lindroos & Lohivesi 2004, 139-155.
[204] In the strategy document of 1995, a rough financial turmoil indicated of widespread societal influences:"The turmoil in Finland had culminated into a crisis, which expressed itself by mass unemployment and administrative debt situations." (Ministry of Finance 1995, 13-14).
[205] "The basic teleinformatic literacy has to be provided for all." (Ministry of Finance 1995, 18).

perceived moderately clear that the information industry would respond to the need that was produced through the offering of the teleinformatic literacy for all, but not that these two would form a twofold symbiotic relationship for better exploiting the general information and produce innovations of higher standards.[206]

The strategy of 1998 attained a completely different mission measuring up to more individual and human standards than its predecessor, which radiated to the strategic vision as follows: "*Finnish society develops and enforces exemplary, diverse and durable opportunities for the information society to improve the quality of life, know-how, international competitiveness and interaction*."[207] The distinctive feature of the strategic mission was its explicitly noted ability to advance the information society development through a bottom-up approach, i.e. from the needs of the citizen.[208] Whilst comparing with the former document, the pressure that occurred under the unstable operational environment was for now diminished, and it was clearly perceived that Finland was at the cutting edge of the overall information society development among international comparison.[209]

The basic fundamentals of the strategy document of 1998 reflected the basic attributes of an innovation driven networking society with egalitarian underpinnings, which can to some extent reciprocate the description of an open information society. In addition, the international trend of focusing on the individual, while the information society development was under examination, produced rather similarly orientated strategies across the board.[210]

When the Finnish information society projection shifted to the 21st century, the strategic liability was passed onto the Prime Minister's Office. The vision of the strategy was formulated into a simple form: "*Good life in the information society*." The aim for the good life was explained through a triangle of individual endowment, public organizational structures and private businesses that would together formulate an open society, providing a safer environment with innovation and flexibility. Overall, the strategic ensemble reflected a fair idea of a synthesis of the two previous documents. While the document of 1995 was targeted mainly for the devel-

[206] Ministry of Finance 1995, 6, 18.
[207] SITRA 1998, 8.
[208] "The Finnish information society has to be developed according to the needs of the people." (SITRA 1998, 4).
[209] SITRA 1998, 4-8.
[210] Prime Minister's Office 2006. 55.

opment of the Finnish industry and the strategy of 1998 represented a more individualistic point of view, the first paper of the 21st century grasped all these and more. The focus was realized through a broad societal front with a shared answerability of the whole of the information society. For the first time, it was not the state that would define societal development through carefully emphasized policy definitions but the society itself, which would absolve creative forces over its own destination.[211]

The journey of the Finnish information society projection 1995–2006 had diverse connotations considering the thematic generalizations that each of the specific strategies initiated. The basic task and the strategic basic mission reflected rather clearly the socioeconomic situation around the mid 1990s where profound environmental dynamics were confronted, whereas the two later documentations were more focused on initiating development plans with a more reflective approach to the dynamics of the prevailing operational environment.

The characteristics the strategic documentations eluded are generated to the succeeding categorical synthesis by my personal conceptions of the particular analysis as follows: the endorsement of the wide-ranging structural change (1995), the exploitation of the occurred (1998) and sharing the responsibility (2006). The features of the case strategies have thus been categorized by their distinct general undertones that assist in analyzing the strategies in the following chapters.

4.4.2.1. Endorsement of the wide-ranging structural change

The basic idea considering the strategic planning and the relations to the operational environment can under the theoretical framework be divided into *dictation* and *adaptation.*[212] Admittedly, these categories are not to any extent normative in a way a strategy could be labeled as a clear representative of one or the other, but they do mix and match influences that a general tendency toward either one could be pinpointed. What bears importance in this occasion is how the *general conception* is formulated the way it is, and how the *critical nodal*

[211] Prime Minister's Office 2006, 8-9. "The Finnish phenomenon can be realized only by a joint venture of the political actors, public organizations, industry and commerce, financiers, private organizations, and citizen." (Prime Minister's Office 2006, 4).

[212] Previously referred to as the dichotomy of centralized and de-centralized composition of knowledge in a society that is used to empower the organizational activities in a society.

points of the study, i.e. the individual and organizational performance, are either *dictated or adapted*.

What did the strategy document of the mid 90s tell of the nature of organizational position and leadership? The future and the vision of the information society development were seen through the establishment of a networking society, which included a fiduciary aspect that further involved a moderately transparent composition for successful information industry. The processes that were mentioned in underpinning these ideas included the utilization of tangible technological resources, intangible human resources and supportive international competitiveness. The presupposition that the private sector, in order to excel and provide a lifeline for the salvation of the entire nation, has to be offered with special requirements that only the public sector could fulfill, makes the first strategy rather unidimensional and delimited by firm object-orientation. This could be interpreted as the ability of the public sector to acquire power of all sorts in its name, even the mentioned power to give birth to the civil society, or just merely a viewpoint from an isolated segment of administration.[213]

The institutional requirements necessitated by the open society, including the reflective abilities of confronting the dynamism of the concurrent operational environment, can to some extent be measured through the category of leadership, as well in reference to the concepts of dictation and adaptation. Awhile the ethos of the strategic basic mission was to impose a grand reflection toward something that was seen as potential savior in the horizon, this transition also appeared to provide an interpretation of an implication of how to further the prerequisites of an *open information society.* However, the strong object-orientation together with rather clear comprehensions of the future solutions, that would eventually develop into the rescuing remedy of the national economy, delimit the possibility of important but unknown nuances of the dynamic environment. Yet it can also be argued that since the strategy was formulated by the Ministry of Finance, its aim and objections will positively pinpoint in a specific direction without much variance, thus the strategy document lacked generalist ambience. As away to sum up, the leadership established by the basic task in the information society strategy of 1995 consisted of particularly controlled mechanisms toward promoting the open networking society.

[213] The development of the civil society was referred to in the Finnish information society strategy as a favorable line of progress whose phase could be forced and bettered by public guidance. (Ministry of Finance 1995).

The general notion of leadership in the strategy of 1995 suggests that the allocating of activities was made primarily according to the needs of the information industry, but not according to effective internal performance by the public sector. Also, the strategy seemed more like a directive guide for the use of the private sector whereas *information technology* was the omnipotent solution of empowerment of every need.[214] The endorsement of the structural change thus emphasized a narrow model of the realization of information society development. In all, it can be interpreted that the document analyzed the evaluative category of leadership, fulfilled only partly the segments that are included in the social enterprise model.[215]

4.4.2.2. Exploitation of the occurred

The following three years marked an era of transformation, while considering the overall process of executing the organizational basic tasks in the strategy document, in reference to the evaluative category of leadership. The strategy of 1998 was not merely endorsing the maturation of the foundations of the information society, but was now ready to exploit what had emerged on the surface of its structures and operations. Now that the focus was on the individual as the source and the resort of what would be implemented in the mechanism of the information society, it gave a rather distinctive token of a possible transition of the paradigm from a manner of dictation toward a mode of adaptation; from top-down to bottom-up.

The spirit of individualistic orientation that was advanced through the strategic vision managed to expand the board of members involved in the information society development projection. Now that the individual was a part of the fiduciary field, the *directive influences* did not flow straight from the benefits of technological reasoning or the information industry. Strategic leadership started to observe how the civil society operated and how it could be further advanced and exploited. Therefore, the strategy applied additional intangible resources and objectives and thus expanded the scope of social enterprise.

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[214] The primary policy definition that was specified in the Finnish information society strategy of 1995 emphasized the significance of technology in developing both the private and the public sector. (Ministry of Finance 1995). This notion of technology is rather vigorously criticized from both the contemporary field of industry and commerce and from the more socially directed study of the information society. (Roivas 2009, Turkki 2009).

[215] From the four segments, the strategy document answered mainly to the public sector and businesses. (Westall 2007, 4).

The strategy of 1998 introduced a perspective of strategic leadership that measured up to the definitions of what can be understood by the *open information society paradigm*. Firstly, the individual was embraced as a subject that had, together with other individuals, produced a web of accumulating social capital – the networking civil society. Secondly, the organization model that could observe and exploit the emergent material on the surface of civic activity and individual action could be described as more of a bottom-up model. It just might be that once the responsible organizations had been replaced with the Finnish Innovation Fund, the transition had its stamp both on the structural and ideological conceptions spurred by the strategy. However, it might as well be that the alterations in the operational environment allowed the paradigm to differ abundantly.[216]

4.4.2.3. Sharing the responsibility

The final, and to date last, expression of the Finnish information society strategy formulated in 2006 shared a vision that distributed the role of the public organization ever extensively. While it might have been noticed that the stabilizing of the national economy was required before the intangible assets of cultivating and exploiting social capital could be established through the projection, i.e. turning the prevailing paradigm upside down and transposing the foci of the information society altogether. This had also required a period of eight years before the bottom-up *experiment* would provide clarified and detailed plans of utilizing individual capabilities in any practical manner. Since the vision that the leadership in the strategy of 2006 refers to, as welfare orientated as it might sound, the happiness and the goodness of one's wellbeing was shared responsibility – no longer under the shear monopoly of the public sector. Thus, the document mediated a standpoint that offered the broadest scope of social enterprise to date.

Although the openness and the subjectivity were literally mentioned in the strategy document,[217] assuring an extent of the overall ambiguity of the document, it was treated rather as a rhetoric example which did not involve any direct processes, yet other strategic specifica-

[216] The possible transition of the operational environment together with the potential change of Esko Aho's government to Paavo Lipponen's government between the strategies assert why it might have been possible to attain such a crave change in the paradigm between the first two strategy documents.
[217] The information society strategy formulated in 2006 stated the following: "Among the competitive factors of the reformed Finland is the open society…" (Prime Minister's Office 2006, 8).

tions did occur. Firstly, the mission & vision combination was for the first time formulated to an extremely simple form,[218] thus enabling a variety of different statements, reasoning and processes to be put underneath it. Secondly, since the yours truly part was signed by the PM, thus enabling a rather direct linkage between the political sphere and the embodiments of the strategic leadership, the risk of a broken phone effect in between the strategic leadership and the political authority was to some extent diminished. Therefore, the strategy document was not merely a made-to-order proposal, but a direct embodiment of the prevailing governmental platform.

4.5. Feedback and transparency

The second field of organizational strategy analysis discusses the connections established between the organizational interest groups and the specific strategic processes. To be able to execute the following analytical examination, the strategic documents have been adjusted through the details provided by the case and advanced through the overall methodology. Basically, the question considering the analysis is how the process linkages have been instituted between the *customers* (citizen) and *clients* (taxpayers), and what kinds of contents do these correlations contain?[219]

The analysis in this reference concentrates on *feedback* and *communication*, which in return delivers information of the level of transparency in the organizational processes. Feedback and transparency thus indicate the organizational connections that have been laid down with outer sources, hence denoting the prerequisites of an open environment. In such an environment, administrative decision-making can extend its reasoning to other strategic processes, such as providing governmental information freely.

Once again, the targeted reason of the analysis is the strategic content, which is tied with the theoretical framework that in this instance is an attempt to provide descriptive information about the characteristic shape of the case organization. More specifically, if the case of the

[218] The simplicity of a formulated strategic vision can be argued to indicate a gain in both preparing and evaluating a strategy. Since one of the provisions of a successful vision is that it has the ability to inspire and stimulate its audience, it is counted as an advantage if it is not complicated in vain for needless complications. (Lindroos & Lohivesi 2004).

[219] The conceptions that are categorized to form a methodological framework in the analysis pay tribute to the methodological triangular (mixed method) strategic model of analysis described in the earlier chapter.

strategic development provides the information of a potential character of a top-down or a bottom-up model of governance in strategies, a more universal definition can be acquired.

The theoretical framework suggests a rather distinctive governance model that includes attributes both from an open and from a bottom-up model, which serves to a great extent as the implication of the same entity. Therefore, the effects and implications that can be analyzed from this point of view provide information about the linkages that treat customers and clients as subjects, making the connections between strategic processes and customer processes reflective and dynamic, i.e. working in both directions. Again, in reference to the overall composition, the claim in this context is that if a bottom-up model is manifested in between the different linkages amid the processes and clients, the conforming of the requirements of an open information society can be analyzed through the applied perspectives.

4.5.1. The strategy of 1995

The first stage of the Finnish information society strategies included the implications of awareness of different interest groups. These groups involved categories of both the customers (citizen) and partners.[220] Although the main focus was to provide important advantages for the success in the globalized economy through supporting the lagging industry,[221] the processes that enabled a more widespread environment of possibilities through the prospects served by the civil society were there too, though briefly mentioned and in a rather peculiar causal context.[222]

The elements included in the section can be divided into different categories, while the view on the individual and the aspects on internal processes are utilized. These components appear in the analysis as follows: *the advancement of the individual and the civil society*, *the equity in services and education* and *offering with requisites for employment and entrepreneurship activities*.[223] Yet, although the governmental vision included a view that the strategy was not all about the utilization of information technology, all processes connected with op-

[220] Customers as citizens, taxpayers, and partners referred to as the operators in the information industry.
[221] Ministry of Finance 1995.
[222] The future expectations involved an outlook that saw the granting of the possibilities to offer services of the information technology in normal everyday activities with ease and affordability. (Ministry of Finance 1995, 40).
[223] Ministry of Finance 1995, 30, 40.

erations on the customer section had frequent references with technological aspects and reasoning.[224]

However, the strategy of 1995 had its egalitarian connotations organized through processes resembling the welfare state paradigm. Calculable toward this conception were such things as the universal right for education; advanced through basic individual rights for equal opportunity and proficiency for making use of the information products and services produced by the public sector.[225] Another suggestion by the Finnish information society, considering what would be offered for the interest groups in reference to the private citizen, was openness. This attribute was documented for the advancement of the development of the *civilized state* and to further the abilities of how a single individual could operate.[226] Although *openness* was the applied classification used, it practically signified only the availability of governmental documents to public along with a simple feedback mechanism, coming to signify a rather mechanical causality rather than opening another slot for individual societal rights.[227]

4.5.2. The strategy of 1998

The second phase of the information society strategy projection involved a change toward an ampler set of *customer propositions* than its predecessor. This time, as the individual had suffused the centre of the section discussing the overall understanding about the interest groups, the other categories inside the section confronted a metamorphosis. To categorize these implications, a classification including *the improvement of e-literacy,*[228] *e-services*[229], and the *advancement of abilities to interact in the civil society*[230] could be made.

The emphasis of this strategy was now toward a moderately uniformed approach to the overall theme in hand. This view differed rather extensively from the previous model, where the basic mission was dictated through a more straightforward manner. The part of the review

[224] Ministry of Finance 1995, 29-30, 40-41.
[225] Again, this view was seen from a technological aspect, and more as a token of providing customers with something they would have a hard time of getting by themselves. (Ministry of Finance 1995, 40).
[226] Openness as a paradigm was specified under the first strategic policy definition that consisted of six different concrete operational proposals. (Ministry of Finance 1995, 30).
[227] Ministry of Finance 1995, 30.
[228] SITRA 1998, 13.
[229] SITRA 1998, 12.
[230] Ibid.

underpinning these claims sees the strategy as a model of extensive diffusion, while the principles, other than the ones that employ straight linkages between the mission and vision, are mentioned as transmitted secondary principles. This feature is a primary indication of the strategic engagement to leadership and basic mission, which in turn provides a rather vague focus but, on the other hand, hints of strategic dissolution on secondary strategic attributes.

One of the key themes penetrating the strategic implications of the case is how the information technology feature justifies the improvements designed for future organizational structures? This feature is clearly visible in the document.[231] Although new implications that no longer rest too clearly on technological reasoning would emerge; the improvement of e-services is argued to represent an operation that reflects with *customers* rather than providing the customers with services directly or without too much of implemented reasoning.[232] Another implication that points to the same reflective connection between the organization and interest groups is a reference that understands the linkage as a field of organizational development.[233] This justifies a clear view over organizational self-reflection, having been a rather vague attribute in the previous document. The process is also stretched all the way to organizational administrative dynamics; another feature invisible in the former plan.[234] Also, a view on mixing the connections between the interest groups with the organization acting merely as a realizer or a provider can be found, as well.[235]

The egalitarian assumptions in the document are not that visible in reference to the former strategy document. Yet the skills and know-how of the people are furthermore seen as important talents that would be of benefit if brought up a notch. Therefore, the measures and methods of furthering the resources have a more reflective approach interconnected with the organizational and administrative improvement.[236] Furthermore, and in addition to the know-

[231] "The networks provide with abilities to improve the interaction prospects of the citizen and the transparency of governance." (SITRA 1998, 14).
[232] "The attention in considering the development of e-services has to be focused on the needs of the individual." (SITRA 1998, 12).
[233] "The prerequisites of developing knowledge and know-how can be improved by renewing the operational customs." (SITRA 1998, 13).
[234] The improvement of legislation and administration mentioned under the topic that describes Finland as the forerunner among the international information society development projection. (SITRA 1998, 12).
[235] A process which aims at mixing the implications found in the connections considering the different influences of private citizen, an active civil society and multiple businesses is the open source movement. This implication is mentioned in reference to improve and develop e-services. (SITRA 1998, 13).
[236] Ibid.

how that the organization is eager to transpose to its consumers and/or citizen, an implication of the overall organizational paradigm shift can be located through the *value proposition* that remarks the advancement of the abilities of the citizen in attaining societal influential opportunities in reflecting the organizational processes. This signal is promoted through a rather balanced set of *organizational internal processes,* which includes both the improvement of technology and the advancement of the governance and administration.[237]

4.5.3. The strategy of 2006

While taking into account the strategy formulated in 2006, and as mentioned in earlier accounts, the thematic general tone had transformed into a completely different temper. This general tone can be interpreted as a hint of a comprehensive paradigm shift, yet it involved the signals of the overall development process, as well. While considering the section where the *value propositions* provided different interest groups with internal processes, it is not too difficult a task to determine the strategic intrinsic formations. The value propositions for the interest groups are made of *diverse e-services and products* and of the promise of a developing and *renewable private sector.*[238] Thus, the interest group portfolio consists again of the usual suspects. These references point directly toward the scientific perspective of the analysis, consisting of a view of the capabilities that enable individual endowment and shape public organizations.

The visible linking processes in the course of considering the examination of the remarks of the customer perspective has two very interesting linkages established in the internal processes. The first is naturally the process that has the ability to fulfill the potential customer value of providing e-services.[239] However, the second process begins with utilizing *social innovations* both in consumer services and products. This implication is mentioned in the stimulus project developing in reference to the private sector, as well.[240] The internal process that connects the dots between the customer value propositions and the inner processes is a pe-

[237] The developing of legislation and thus improving the democracy are mentioned together with tearing down needles administrative red tape in attributing to advance the opportunities of citizens in the governance (SITRA 1998, 12).
[238] Prime Minister's Office 2006. 28.
[239] "Plans are made to provide with public information via an e-library which is to provide with differentiated customer value to distinct interest groups." (Ibid.)
[240] The strategy included remarks that saw Finland as a nation that produces and develops social innovations. (Prime Minister's Office 2006. 33).

netrative value chain that extends throughout the society. Hence, this phenomenon does not limit itself simply to the omnipotent public process, e.g. to a department which designs and enforces certain mentality. Moreover, this paradigm is broader than a single individual process but it has clearly visible usability throughout the whole of the strategic scheme. The thought the paradigm holds within signals the ability to exploit every bit of know-how and/or knowledge, no matter what its inmost origin might be. Furthermore, this thought includes the conception of utilizing knowledge that is not institutionalized, connected with the scheme of improving the welfare and competitiveness.[241]

4.5.4. Conclusions

The demands the theoretical framework casts upon the strategic outputs manifesting itself in the case of the Finnish information society projection are implications that would suffice the requirements of an organizational paradigm shift. This method would arrange the public organizational setup by turning the pyramid from a top-down to a bottom-up model. While this organizational structure image remains a rather over-simplified representation, and would in some instances signify a rather vigorous example of a *revolutionary paradigm shift;* a different case in point would be in order. Therefore, if we devise a portrayal describing a one-way street swapping into a two-way route, this remark would withhold a more realistic imaginary weight of evidence. Consequently, the final question is not of weighing revolutionary forces that stem from the deepest elms of the nation or consisting of the cries of the everyday people. Furthermore, it is rather more a method of governing the pool of interest group demands with efficiency. This point of view thus considers the customer to be the judge of what is best for his or her activities and operations. In governance and administration, represented in this case by the Finnish model, these cravings have the ability to response with the administration when a service or a certain type of product is designed and blueprinted.

The Hayekian ideal of a free civilization, or when considering the archetype in this particular instance – the open society – guarantees the free flowing quality of individual information for other societal agents to perform better in their tasks and mutually improve the way that other actors perform theirs.[242] The role of the government, administration or more specifically public

[241] Prime Minister's Office 2006. 36.
[242] Hayek 1960.

organization is thus to provide individual activities with eligible surroundings, a freedom embracing framework that improves the free flow of information through education, legislation and administration, only to name a few. This standpoint endorses the idea that individuals and their actions are successful and valuable when the overlooking public entity values their creativity and spontaneity, and also accommodates the features in its principles in the general way of doing things, e.g. conventions and institutions.

The Finnish information society projection has implications that could underpin attitudes from both the bottom and the top. In its formation, and during the first steps taken in 1995, the governing entity produced contemplations that championed clear and well-defined policy actions that in the end did succeed in producing the results that assisted the society to unite with the European union integration and simultaneously reinforced the surmounting from the crave economic turmoil.[243] It can also be claimed that the overall state of the Finnish information society, or the global information culture altogether, had not yet matured to a level that could have led people to perform adequately from creating social innovations with the help of elaborate and more advanced governance models. The first stage merely fulfilled the tasks that were preferable on the agenda, e.g. started to create technological prerequisites for a more advanced culture that would subsequently lead into an environment of creativity. This scheme of activity would finally commit single individuals to strive for a greater national good in their own individual means.

The second phase of the information society representation utilized a wider scope of understanding the society. This transition changed the common standpoint from an egalitarian position, which turned the old vision resembling an emergency plan to an individual-centered service presentation scheme. As it were, the first phase could be described as *de facto* problem solver, while the second phase introduced a hint of a world representing a social enterprise, albeit without the power of individual initiative or social innovation.[244] However, in the latest phase of the development (2006), the social enterprise model was finally added with the theme of innovation, signifying the aspect of utilizing the individual endowment by producing liable customer propositions.

[243] Castells & Himanen 2002.
[244] Social Enterprise (Westall 2007, 4).

Finally, inasmuch as the case of feedback and transparency considers the represented strategic reasoning and the theoretical framework, it is to be claimed that the tendency of an administrative paradigm shift is noticeable through the tokens the documents reveal. The categories of feedback and transparency are capable of explaining fundamental cause and effect relations that through the mixed method can deliver information on the internal dynamics of the strategy, as well. Furthermore, it transfers the word of the linkages of the administrative processes with the planned interest group value propositions and can thus be connected to theoretical conceptions.

4.6. Innovations

The theoretical focus of the study describes competence that naturally manifests itself in individual capabilities. These individual features, which help the individual in his or her pursuits in the concurrent operational environment, can be described as creative abilities, which can be utilized in problem solving and innovative activity. The supposition is based on the agent's ability to utilize his or her *unique knowledge* and further synthesis and elaborate it with the common pool of different data sources.[245] Through this definition, the creative feature explained by the theoretical approach receives its additional societal significance.

The task of the third and final part of the analysis is to provide certain nodal points to the case under inspection, utilizing the theoretical framework in hand. The Hayekian axiom that has been specified in earlier instances understands the value of knowledge stemming from individual origins and treats it as transcendent power that dictates the course of a civilization, nation and public organization. To utilize this form of decentralized knowledge through contemporary methodology, explained in theoretical assumptions, requires a novel mindset to be apt to refer to the *open innovation paradigm.* This attitude transforms the former criterion of either the private or the public sector research and development activities to a whole new chain of events that fundamentally merges the abundant sources of knowledge. Moreover, the objective of this arrangement is to elaborate old means or to come up with completely new ones. One of the manifestations of this paradigm is *social innovation* that enables single users or customers to circle around a certain product or service. The purpose of this activity is to re-

[245] This idea is closely referred to as the Hayekian standpoint of the free flowing data in societal environment, which helps the single individuals and the whole of society, as well. (Hayek 1945, Hayek 1960).

new the product to fit the purpose of the customers in a more optimal manner. This line of thought can be utilized in a broader method by utilizing it in creating something completely new through *mass innovative* processes.[246]

4.6.1. Innovations in strategic processes

In evaluating organizational efficiency, innovativeness is paramount to the overall success of the organization and is closely related with how the organization is lead, how the strategy is formulated and further conducted and how the processes and personnel are allocated and utilized. The abilities and aptitudes for innovative activity are processes that reap inspiration from the outer bounds of the organization. It can also be stated that the organization learns from external sources, or as it has frequently been referred to, from the dynamic operational environment. In reference to the theoretical framework of the study, the innovativeness is an indicator which expresses the amount of transparency and reflectivity the organization is capable of attaining in designing its processes. Other keywords that are supplied in this instance are organizational openness, ability to learn from others, ability to compare activities with others, ability to share and utilize the human capital of the organization and, finally, providing bottom-up measures to free the flow of internal information.[247]

In organizational management, the overall success is bound to the success the organization exploits and provides. Simultaneously, it has to be capable of exploring new possibilities of creating products or services, i.e. creating customer value. Thus, exploration (research & development) forms a vital part of organizational activities if it aims to reflect the dynamics of the operational environment and is hence more probable to flourish and to survive.[248] In organizational structure, the innovation processes are the home base of the research and development activities. This principal source enables the identification and the designing of the process of developing new ideas. In a successful strategy, the process template requires at least one innovation process for the overall strategy to be seen competent.[249]

[246] Prahalad & Krishnan 2008, Chesbrough 2006.
[247] The European Foundation for Quality Management (EFQM) 2003.
[248] Lindroos & Lohivesi 2004.
[249] Kaplan & Norton 2004b.

The Finnish information society projection manifesting itself in the strategic documentations has its implications of the previously mentioned *innovation processes*. In this case, the processes are manifold in nature and vary from terse institutionalized foundations to open and decentralized formations. As far as the strategic framework is concerned, a set of innovative implications and a scheme of thought promoting the argued success of these processes are introduced. Furthermore, the implications derived from the documents are referred to and compared with them as well.

4.6.2. The strategy of 1995

The Finnish information society strategy document of 1995 involved a process where innovation was mentioned but not specified. The points that the process included were heavily influenced by the dominant institutionalized academic field of research[250], and were aimed at establishing a number of research institutions that could manage and prove themselves among international comparison. Another approach, loosely related to the innovation processes, was dominated with public education. The scheme described a model that was to be arranged in reference to information and networking technologies. Another set of implications was defined when the discussion was focused on the renewability of both the private and the public sector. In this occasion, in a broad front of consensus including the representatives from industry, commerce and the public sector, the participants were to come up with certain development plans.[251] Again, the common denominator of the process in hand was connected with technology, which made the overall point rather understandable while taking into account the immature nature of the overall strategic projection.[252]

Practically, the innovation processes were technologically-orientated without any specific prescribings. This manner signaled of offloading the responsibility of exploration processes to other instances. The pressure that was put onto the process, an altogether brief section of the strategic document, was nonetheless great, thus the strategic mission indicated the

[250] The focus could be seen targeted towards technology and the overall answerability was with the professionals and academics. (Ministry of Finance 1995, 36).
[251] Ministry of Finance 1995, 30.
[252] Ministry of Finance 1995, 37-38.

significance of the international competitive stance, which was also related to the research and development activities.[253]

4.6.3. The strategy of 1998

The Finnish information strategy of 1998 considered the innovation processes in rather a direct relation with the overall thematic mission and vision. Thus, it was stated that in the research and development activities, the focus was on the individual needs for a certain set of public products and services. This statement served as overall reflection of the document,[254] while the previous strategy (the strategy of 1995) signaled a rather limited scope of research and development liability, which shifted toward administrative departments along with industry and commerce. Hence, three years later, the second strategy came to indicate a broader notion of innovative liability.[255] Another sight that signified a more extensive approach was the emphasis on international cooperation in R&D activities.[256]

The attributes that differ from the previous strategic document signify a shift in the overall scheme of thought. Although it might also be argued that the previous strategic document merely served as another function of the overall projection, and thus cannot be interpreted as an evaluative phase in strategic development in general. It is still clearly visible that the more governed understanding about the research and development activities paved the way for a much more open model. Still, as the utilization of the entire value chain was understood as the optimal vehicle of a successful innovation process, and the individual centric view as the dominant feature of the whole of the document, the features were not particularly intimately connected. This feature matured in the following phase of the Finnish information society strategy projection.

4.6.4. The strategy of 2006

The strategic document formulated in 2006 and reviewed as the third and final to date had more substance and variance in its research and development processes than its

[253] Ministry of Finance 1995, 36.
[254] The research and development activities focused clearly on individual needs. (Sitra 1998, 12).
[255] In research, development and productization activities, the objective is to seek for wide cooperation enabling the utilization of the value chain in its full length. (Ibid.)
[256] SITRA 1998, 13.

predecessors. The document expresses three processes: cooperation throughout the whole length of the value chain, the establishment of the innovation preservation and methods of social innovation.[257] The strategic objectives considering the innovative environment again involved the processes that were mentioned in the subsequent strategic document of 1995 and 1998, e.g. the administrative guidance, cooperation in a broad collaboration between sectors, and international aspects. The approach, which did not manifest itself before 2006, consisted of the individual customer end of the value chain, aiming to connect research and development activities with citizen activities, i.e. the movements of the civil society. Hence, the strategy stated the following thought: "*New technology and know-how are developed in Finland, together with creating a product-, service-, and social innovations.*"[258]

Although the aspect of social innovations was not an essential process in the overall strategy, it signaled a change that had become more visible and was utilized broadly both in the private and public sector. The technological aspect was not a dominant overall feature, but it had been replaced with a scheme of thought that saw innovation processes as exploiting ideas and creativity, not exploiting networks, gadgets or technology.

4.6.5. Conclusions

The process of the overall Finnish information society strategy projection reviewed through an aspect of innovation processes was an operation concentrating largely on information and networking technology. The strategic process concentrated on different needs characteristic of different operational environments. Firstly, the emergence of an overall strategy had well-defined aims in underpinning a common societal goal including EU's integration process and recovery from a deep economic turmoil.[259]

The second strategy published in 1998, with its customer-oriented aspects, helped completing the missing features of the first strategy. Since the time span between the first two strategies

[257] Prime Minister's Office 2006, 28,31,33.
[258] Prime Minister's Office 2006, 33.
[259] It can be stated that the strategy managed to fulfill its objectives of producing supportive incentives and simultaneously enabling the first ever information society movements in a larger societal scale. Hence, the first strategy was a success for its ability to enable the information society projection to become the most advanced model during the late 1990s. However, the rapidness of the lowering rank in this instance may have been a result of this development as well.

was short (three years),[260] they can be interpreted as being largely mutually completing documents. However, the gap between the second and the third strategy turned out to be a period of eight years, which particularly in information society development is a significantly long time. Although the third and final document included references to a rather novel set of innovative processes, e.g. the social innovation aspects, the overall interpretation is that the novelties should have arrived earlier, also without too much of the specifications of what they would involve as processes.

The Finnish information society strategy, treated as a dynamic trajectory and considering its innovative processes, can be interpreted through Hayekian reasoning as a course of advancement of merging the creative forces of society in a somewhat unresponsive manner. The governmental action is in its introspective view seen as the assembling force of the whole of the society, which smoothly connects both the private and the public domain. It also provides the citizen with services and education that enable the use of these services. Thus, the creative forces lie in the institutionalized academic world and their development is frequently due to the amount of international interaction that is replicated. This finding is a rather peculiar feature of the strategy, when considering the creative forces that have rather strongly originated by Finland in the field of information technology development – the private domain. The good and well-known examples of these aspects are of Linus Torvalds and the Linux operating system and MySQL relational database management system[261], both of which are treated as international pioneers in their discipline. Although these systems have together and separately been remarkable and even revolutionary manifestations of the individual endowment and creativity in their field, their resonance has largely been pushed aside in the strategic documents that tend to emphasize more how public organizations share responsibility in certain aspects, or blatantly, producing services entirely unnecessary. In this way, the strategic projections can be seen as the development documents of the administration, not as the development plan of the overall social enterprise.

Although the third and final step of the Finnish information society projection had its implications of individual and social creativity taken into account of the overall innovative

[260] According to Lindroos & Lohivesi, the more common lifespan of a public strategy is around five years. (Lindroos & Lohivesi 2004).
[261] The MySQL relational database system, partly a Finnish innovation, is considered to be the most popular open source database management system in the world. (Schumacher & Lentz, 28.4.2010).

process, the distinctive tone of the entire process informed of a rather one-sided understanding about the creative capabilities a nation could implement or retain in its processes.

5. DISCUSSION

5.1. Key-findings

This final and concluding chapter summons up the key findings derived from the case, analyzed through the theoretical framework founded on the thoughts of F.A. Hayek. The theoretical substructure was further extended toward the schemes of contemporary information society and further categorized by the mixed triangulation method. The main purpose of the study was to structure a theoretical entity that would wield individual creativity in a social environment where the public sector also has its arrangements. Furthermore, the basic research questions contested the notion of Hayekian ideals of the liberal open sphere that included epistemological, organizational, theoretical, and creative aspects.

The theme of individual creativity, in the information society's context, was discussed all through the view of social enterprise. The premier research thesis involved specific organizational structures, including features of transparency, openness and individual-oriented approaches. Contemporary examples were provided to extend the Hayekian reasoning[262] with its more present-day phenomena, such as open innovation processes and new public management doctrine.

The main finding, derived from the case of the Finnish information society projection, considered and treated the strategic process as an entity with certain characteristic features, and particular distinctions, as well. According to the analysis, it can be claimed that the Finnish model of information society is guided by and large by technology. Unfortunately, this tendency is apt to come about in the expense of the surplus value that has emerged with the help of technology. The values other than the technological ones are usually referred to the intangible, emergent and vibrant activity representing in our contemporary operational environment.

[262] I would like credit the Ludwig von Mises Institute–Europe as the single most influential source of inspiration considering the Hayekian understanding of contemporary phenomenon and the importance of the Austrian school of economics in today's ever-so-dynamic operational environment.

This activity resembles the Hayekian conception of the creative operations in a free societal sphere to a surprisingly great extent, which remains a social aspect rather than a technological one.

The Hayekian axiom rendered in the general theoretical framework indicates the significance of knowledge originating from sources other than institutionalized forms or public domain. Together with the contemporary understanding about the open innovation paradigm, this theoretical induction can be merged with organizational innovative processes that enable individual intellect and know-how. This process can be treated as a chain that in return adds value onto the overall process. This, as it has been previously addressed to, is a method that is largely enabled through the contemporary operational environment, and especially in the private domain, where many businesses converge the surroundings for social and open innovative projections with the atypical procedures of pricing and offering products and services. This finding summons up the general notion of what is understood by the broader operational environment or the *social enterprise.*

Also, the organizational setups, which the case strategies involved, seem to have been developing into the direction that the New Public Management doctrine with its Hayekian reasoning had in mind. Therefore, the general societal aspect with individual creativity as the premier influential value in leadership, transparency and innovations became more and more evident as the strategic projection evolved.

The Finnish information society strategy projection of 1995–2006 embodies an image of two different worlds, thus it can be claimed that while the public sector fulfills its basic mission, the utilized strategic processes are not influenced by the private dominion diversion. However, while the private and the public sector have been closing the gaps in between common principles and practices, the information society would thus benefit from entailing all the *best practices* across the board. Thus, the technology-oriented bias in information society, as a *knowledge-based society,* remains a distant end.

5.2. Suggestions

We live in a digital environment as digital citizens, customers and individuals. Our offices have the possibility to be paperless, our correspondence is digital and our means of transaction are merely digits in cloud computing interfaces. Hence, it can be claimed that a large part of our social, working and individual life lies no further away than our pockets – we are connected and we are networked, moreover, we continue to live our social lives through novel methods. Awhile these particulars are taken into account; we are inclined to continuously alter our perception of the prevailing attributes that surround us. The private sphere has already created the circumstances that enable the distinctions of the concurrent variations; customers co-create products with the manufacturer to attain more value, thus advancing the customer contentment.[263] This should be acknowledged by the public sector as well. Thus, the knowledge and know-how of individuals would be brought up into the customer processes as well.

However, the situation is not as dismal as it might seem. Public pilot-like projects that aspire to attain customer initiative have been introduced from time to time.[264] Nonetheless, it can also be suggested that the amount and variety of the means in our hands are not sufficient; the projects tend to have limited continuity and a traditional feedback mechanism just does not provide enough transparency – a feature that the public dominion has come to suffer from at present-times. The first proposition of advancing public transparency would be to open up and give the broadest access possible to public governmental and administrative information.[265] This would require a sophisticated interface with intelligent search engines and a complete change of administrative culture both in fiduciary arrangements and organizational operations. The surplus material that would excess whereas the interface would adhere the public sector and the civil society would be enormous, thus the probabilities to produce more value in public processes would attain far better prospects.

Despite that, every process produced by public organizations would not be suitable for enabling more transparency; it could be advantageous to enable it for some. The public domain

[263] The feedback mechanism that the traditional business models have included has been successful in diversifying the abilities of the individuals by transferring into co-creative standards. This means that the customers or the users of a certain organization are provided with interfaces that they themselves can personalize, i.e. the Google product family. (Prahalad & Krishnan 2008).
[264] Turkki 2009.
[265] The Finnish Consulting Group 2009.

would better perform its basic mission if it provided an interface for the citizen to participate in the lawgiving procedures, for example. The criticism that warns of the opening of Pandora's box of infinite individual incentives, slowing down the processes and making an altogether ineffective system can realize themselves if the processes are not designed properly.[266] Open innovation and co-creating are effective while they are coordinated properly. Thus, intangible value requires more than just a reference in strategic documentation; it is a chain of carefully controlled social environment that insists on the full enablement of social enterprise prowess.

5.3. Further Research

While this study has been a rather loose commentary on the contemporary appearances of the utilization of certain social phenomena in public sector references, its biggest deficiency lies in the potential descriptions given to such occurrences. As a substantial amount of current research is done in the name of discovering the equivalences of a multitude of individual interfaces that direct individual and group activity across sectoral bounds, it would thus be of great importance to conduct such an examination in a Finnish context. However, as this study shows, the information society projection involves a rather distinct undertone of technological *determinism*, which does not inspire scholars of social sciences to enter into this field of research. In addition, the recent national failures in the public e-service production might have had a negative impact on the interest of the whole field; hence any hints of success have for long been hidden.

An apparent field of research in reference to the strategic processes introduced in this study would be a specific analysis of the successful means of social applications in activating individuals as digital citizens. The question would then consist of the possible approaches in public organizations toward the routines that have emerged from the private domain. Regarding this thematic section, the potential and constructive findings would consist of the examples of direct implementation of private initiative as finalized products to public processes. A rather substantial example of this activity would be the process of imposing public operation on situations where people are *naturally* operative, e.g. Facebook, Linked-In and Twitter.

[266] Leadbeater 2009, 115-119.

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