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CoSIE
Co-creation of Service Innovation in Europe

Co-creation of Public Service Innovation -
Something Old, Something New, Something Borrowed, Something Tech

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CoSIE – White Paper

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CoSIE – White Paper

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CoSIE

Co-creation of Service Innovation in Europe

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Executive summary

Executive summary

This paper draws together ideas about co-creation, social innovation, social investment and individual and collective values that underpin the CoSIE project (https://cosie.turkuamk.fi/) and shows the relationship between these concepts and how they can support innovation in public services.

Defining co-creation

In co-creation, people who use services work with professionals to design, create and deliver services (SCIE 2015). Involvement of users in the planning process as well as in service delivery is what distinguishes co-creation from closely related concepts such as co-production (Osborne and Strokosch 2013). However, this distinction goes deeper than simply specifying the point at which people get involved in the co-design of services. Osborne (2018) argues that co-production assumes a process in which the public service organization is still dominant and logic is linear. By contrast co-creation assumes "an interactive and dynamic relationship where value is created at the nexus of interaction" (Osborne 2018: 225).

The evidence base for co-creation is limited. For example, Voorberg et al. (2014) in their systematic review of co-creation and co-production identify over a hundred empirical studies of co-creation and co-production between public organization and citizens (or their representatives). Only 24 out of over 100 papers were evaluations of the outcome of outcome of co-creation/co-production. Of these, 14 papers (59% of the 24) evaluate the outcome of outcome of co-creation/co-production in terms of an increase (or decrease) in service effectiveness.

Social innovation

Social innovation combines goal oriented and process oriented innovation. Thus, social innovations are those innovations that are social in both their means and their ends (Murray et al. 2010). Concepts of co-creation and co-production seem to be intrinsic to this understanding of social innovation and within the CoSIE project, we understand co-creation as a manifestation of social innovation.

Social investment

The concept of the socially investive welfare state has been a strong influence in the development of the CoSIE project. At the heart of 'social investment'[1] is the ideas of equipping citizens with the necessary means to improve their situation in a society: to help people to help themselves. The social investment approach abandons the traditional concept of social services and markets as opposites and replaces this outdated impression with an idea about social and economic policies reinforcing each other and promoting individual agency. However, to date, implementation of Social Investment approaches has been uneven across Member States and focused on macro-economic policy adjustments. The CoSIE project understands social investment from a social innovation perspective is typically local, bottom-up and co-created.

Public service reform

Many commentators see co-creation and its closely related concept of co-production as intrinsically linked to wider debates about public service reform. Osborne and Strokosch (2013) note that co-production is an important strand of the current public services reform agenda across the world. However, it is widely argued that the public sector environment is more complex than that of the private sector. Co-creation is based on the complex combination of both top-down steering (from government and service providers to service users) and bottom-up organizing (from service users and service providers to government). Seeing co-creation as a complex system forces us to consider system-level behaviour including the potential for what could be referred to as the 'dark side' of co-creation: co-destruction.

Technology

Technology, and particularly digital technologies, have been seen as important for improving public sector innovation capabilities. Osborne and Strokosch (2013) suggest that the advent of 'digital governance' and 'new public governance' have led to a further reformulation of co-production. But, while new tools for e-participation hold out the promise of widespread access of citizens to the policy formulation process the engagement of citizens is still very low (Roszczynska-Kurasinska et al. 2017). Digital divides exist, not only in developing countries but also within seemingly connected populations (United Nations 2014). The CoSIE project does not see digital governance and e-government as the answer to improving public service innovation. However, when aligned with broader approaches to co-creation, they have the potential to be part of the solution.

Getting to the heart of CoSIE

In the final part of this paper we present a unified approach to co-creation that covers the key concepts in the project: innovation in public service, co-creation and the role of individual and collective values. We start by discounting the idea that co-creation is simply synonymous with greater choice. Instead we argue that by placing value creation at the heart of our understanding of co-creation, we must also recognize the importance of reciprocal, trusting relationships, situated in supportive communities, leading to new understandings of the role of the State and democratic renewal. This leads us to consider the moral dimensions of 'value' in the context of co-creation. Accepting that co-creation is necessarily a moral enterprise raises issues for the development of a methodology for the operationalization of the co-creation framework on a general level.

In conclusion, the CoSIE project applies a service-dominant logic view of service innovation which highlights that value is fundamentally derived and determined in a particular context and that relationships between services, citizens and the communities that they are situated in are central to the creation of value.

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1) We adopt the European understanding of 'social investment' as elaborated by writers such as Esping-Andersen, Bouget and Hemerijck. It is related to, but not the same as the Anglo-US concept of the 'social investment market'.

1. Introduction

1. Introduction

We are living in the age of rapid change characterized by an ageing population, mass immigration, digitalization, interconnectedness and transformation of the political landscape. The pace of the change is fast and it poses new challenges for the design of public services, but also many new opportunities. The CoSIE project[1] (www.cosie-project.eu) builds on the idea that public sector innovations can be best achieved by creating collaborative partnerships between service providers (i.e. public sector agencies, third sector organizations, private companies) and citizens who benefit from services either directly or indirectly. The goal of CoSIE is to contribute to democratic renewal and social inclusion through co-creating public services by engaging diverse citizen groups and stakeholders in varied public services. The project introduces the culture of experiments that involve varied stakeholders in co-creating service innovations. It utilizes blended data sources (open data, social media) and participatory methodologies (Living Labs, Community reporting). More specifically, it aims to a) advance the active shaping of service priorities by end users and their informal support network and b) engage citizens, especially groups often called 'hard to reach', in the collaborative design of public services.

This paper draws together ideas about co-creation, social innovation, social investment and individual and collective values that underpins the CoSIE project and shows the relationship between these concepts and how they can support innovation in public services.

In addition, it explains how co-creation is a complex process that can sometimes have adverse consequences (the dark side of co-creation). While technology can play a role in service innovation, digitalization is not a silver bullet that will solve problems alone and we do not believe that e-participation will replace traditional participation methods: rather it is a device to allow people used to digital engagement in other areas of their life to have similar engagements with public services, and, importantly for this project, is a means of engaging people who are difficult to reach in traditional ways. The focus of this project is therefore not primarily on the interface between people and technology but on relationships: relationships between services, citizens and communities. Following the work of Osborne, and Vargo and Lusch, our model assumes that value is not created by an organization and delivered to 'service users', be that face-to-face or mediated by technology. Rather, value is created in the context of the relationships between services, citizens and the communities within which they are situated.

In the remainder of this paper we start by setting out our understanding of co-creation and closely related concepts such as co-production and personalization. These are overlapping concepts, but nevertheless co-creation has a distinct meaning. Based on this discussion we set out an initial typology of co-creation that will inform of some of our empirical work in this project.

We then look at social innovation and social investment. Social innovation and co-creation are closely related. Co-creation can be understood as an integral part of the social innovation process and Voorberg et al. (2014) describe them as 'magic concepts' that have been embraced as a new reform strategy for the public sector. One of the innovations of the CoSIE project is to link thinking on co-creation and social innovation to the concept of social investment. This helps us to bridge the divide between macro-level social policy adjustments and local and individual experiences of service provision.

Next we look at complexity in co-creation and discuss the the potential for a dark side to co-creation that stems, in part, from its complexity. Closely linked is the issue of technology and the extent to which new forms of digitization and e-government might drive public service innovation.

Finally, drawing all these different strands together, we return to the co-creation and ask 'what is at the heart of the CoSIE project?' Drawing on recent work by Osborne (2006, 2018) we look at how co-creation assumes interactive and dynamic relationships where value is created at the nexus of interaction. Developing this idea we argue that reciprocal, trusting relationships, situated in supportive communities are at the heart of co-creation in public service design and it is this understanding of value in co-creation that drives the CoSIE project.

The CoSIE project has a distinct understanding of the possibilities of developing co-creation between people and citizens in a bottom-up, person-centred approach.

2. Co-creation

2. Co-creation

In co-creation, people who use services work with professionals to design, create and deliver services (SCIE 2015).

Involvement of users in the planning process as well as in service delivery is what distinguishes co-creation from closely related concepts such as co-production (Osborne and Strokosch 2013). Similarly, Voorberg et al. (2014) argue that 'co-creation' refers to the active involvement of end-users in various stages of the production process.

Osborne (2018) suggests that the definition of what constitutes value co-creation in public service is still only embryonic, but, he argues, the key is to move from linear and production-influenced conceptions of 'co-production' to dynamic 'value co-creation'. When we do so we find that public service organizations do not create value for citizens, rather they can only make a public service offering. Whether value is created depends on how citizens interact with it.

2.1 Co-creation and co-production

The term 'co-creation' is sometimes used interchangeably with the term 'co-production'. Co-production is:

"[T]he mix of activities that both public service agents and citizens contribute to the provision of public services. The former as professionals, or 'regular producers' while 'citizen production' is based on voluntary efforts by individuals and groups to enhance the quality and/or quantity of the services they use" (Brandsen et al. 2012: 1).

Similar definitions are proposed by Bovaird (2007) and SCIE (2015).

Co-production is closely related to co-creation (Voorberg et al. 2014 citing Vargo and Lusch 2004) but can be distinguished thus:

- In co-production, people who use services take over some of the work done by practitioners (SCIE 2015).
- In co-creation, people who use services work with professionals to design, create and deliver services (SCIE 2015). Osborne and Strokosch (2013) argue that co-production does not necessarily require user involvement in the service planning process, but where this occurs it is often termed 'co-creation'.

Table 1: Range of professional–user relationships (Bovaird 2007).

However, this distinction goes deeper than simply specifying the point at which people get involved in the co-design of services. Osborne (2018) argues that co-production assumes a process in which the public service organization is still dominant and logic is linear and based upon a product-dominant conception of production, often associated with New Public Management (Hood 1991). By contrast, co-creation assumes "an interactive and dynamic relationship where value is created at the nexus of interaction" (Osborne 2018: 225). This conceptualization of co-creation suggests a clean break with New Public Management thinking because value for the service user and the public service organization are not created by a linear process of production but rather through an interaction in which the service user's wider life experience is part of the context (ibid.).

2.2 Co-creation and participation

Co-creation is related to 'participation' and Osborne and Strokosch (2013) identify the concept of 'participative co-production', which draws on the public administration literature and is the result of the intention to improve the quality of existing public services through participative mechanisms at the strategic planning and design stage of the service production process. These mechanisms include user consultation and participative planning instruments. For Osborne and Strokosch, this model does not necessarily challenge the nature of operational service delivery, but rather affects the design and planning

	Professionals as sole service planners	Service user and/or community as coplanners	No professinal input into service planning
Professional as sole service deliverer	Traditional professional service provision	Traditional professional service provision with users and communities involved in planning and design (e.g., participatory budgeting in Pórto Alegre)	N/A
Professionals and users/ communities as codeliverers	User codelivery of professionally designed services (e.g., Sure Start)	Full user/professional coproduction (e.g., Caterham Barracks Community Trust)	User/community codelivery of services with professionals, with little formal planning or design (e.g., Beacon community Regeneration Parnership)
Users / communities as sole deliverers	User/community delivery of professionally plannde services (e.g., Villa Family)	User/community delivery of coplanned or codesigned services (e.g., Tackley Village shop)	Traditional self-organized community provision

of existing services at the strategic level. The aim is user participation, which is also seen as a route to other desirable social outcomes, such as social inclusion. However, other commentators draw a stronger distinction between co-creation and co-production on the one hand and participation on the other (SCIE 2015, Voorberg et al. 2014), portraying participation as a more 'passive' approach.

2.3 Typologies of co-creation

Co-creation clearly covers a range of activities and therefore it is useful to try and develop a typology of co-creation.

Bovaird (2007) develops a typology of co-production using two axes that describe the extent of professional versus user involvement in planning the service and delivering the service (see Table 1). 'Traditional' public services sit at the top left of the matrix, co-production falls in the middle and, as we move to the right and bottom of the matrix we start to describe forms of co-creation and co-design with the bottom right being 'traditional' voluntary/community sector activity. This is a useful starting point for thinking about a typology of co-creation but, in line with critiques of co-production discussed above, is too linear and based on a product-dominant conception of co-production in which value is delivered through services and the challenge is to make the services more tailored to the needs of individuals.

Voorberg et al. (2014) identify three types of co-creation in their review of empirical studies:

- Citizens as co-implementer of public policy: where citizens participate in delivering a service (approximately the middle row in Bovaird's matrix of professional–user relationships).

- Citizens as co-designer: often, the initiative lies within the public organization, but citizens decide how the service delivery is to be designed (approximately the middle column in Bovaird's matrix).

- Citizens as co-initiator where the public body follows (approximately the right-hand column in Bovaird's matrix).

This typology might be subject to a similar critique to that of Bovaird's typology.

Based on a typology developed by Hood (1991), Brandsen and Pestoff (2006) break the co-production concept into three potential manifestations:

- Co-governance refers to an arrangement in which the third sector participates in the planning and delivery of public services. The focus in co-governance is primarily on policy formulation.

- Co-management refers to an arrangement in which third sector organizations produce services in collaboration with the state. Co-management refers primarily to interactions between organizations. Its focus is primarily on policy implementation.

- Co-production refers to an arrangement where citizens produce their own services at least in part. Its focus is primarily on policy implementation.

Taken together, co-governance and co-management seem to broadly occupy the co-creation space suggesting less focus on service users delivering their own services and more focus on citizens and third sector organizations participating in the planning and design of services. This typology is useful in drawing our attention to issues of governance in co-production and co-creation, but does not fully capture the range of co-creation possibilities.

Our preliminary review of the literature and a survey of examples of co-creation taken from the countries our project operates in suggests that co-created activities can occur at any stage in the development of a new service, including the implementation (value-in-service-usage) and evaluation. The key stages and elements identified by CoSIE through an analysis of over 50 case studies in 10 different European countries are: Co-initiation, Co-design, Co-production, Co-implementation and Co-evaluation, all of which come under the umbrella of co-creation:[1]

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1) Taken from "Towards a roadmap for co-creation", the CoSIE consortium.

Table 2: A typology of co-production and co-creation.

Who leads the delivery?	Who leads the planning?				
	Professionals as sole service planners	Professionally led service planning with user consultation	Professionals and service users and/or community as co-planners	Service user and/or community led service planning with professional input	Service user and/or community led service planning
Professional as sole deliverer	Traditional service delivery	Traditional service delivery	Co-production	Co-production	N/A
Co-delivery between professionals and communities led by organizational priorities (deficit-based)	Co-production	Co-production	Co-production	Co-production	Co-creation
Co-delivery between professionals and communities led by user/community priorities (asset-based)	Co-production	Co-production	Co-creation	Co-creation	Co-creation
User communities as sole deliverers	Co-production	Co-production	Co-creation	Co-creation	Traditional, self-organized community provision

- ■ **Co-initiation:** Stakeholders form a part of the movement that spurs the creation of a new public service from the very start of the process.
- ■ **Co-design:** Stakeholders jointly come up with ideas for the various parts of a public service, how it will be delivered and whom it needs to reach.
- ■ **Co-production:** Stakeholders produce materials and share perspectives collaboratively in a way that public services undergo continuous evolution and improvement.
- ■ **Co-implementation:** Stakeholders are not only recipients of a service, but actively take part in putting it into practice throughout the lifetime of the scheme.
- ■ **Co-evaluation:** Participants are involved in a process of continuous improvement through varied means introduced throughout the project, e.g. through online communication technologies or physical spaces where users and service providers alike can freely make suggestions for innovation and improvement.

Our working typology is based on Bovaird (2007), but on both dimensions tries to make a more fine-grained distinction between the role of professionals and citizens and the balance of influence between them. Thus, on the horizontal axis we break the category of service users and professionals as co-planners to distinguish how influence between the two groups is distributed. On the vertical axis, we distinguish between deficit and asset-based service delivery models to make a clearer distinction between the extent to which service user needs shape the co-creative process of delivering services. Our typology assumes that co-creation occurs when people's needs are understood holistically (asset-based).

2.4 The evidence for co-creation

In their systematic review of co-creation and co-production, Voorberg et al. (2014) identify a hundred empirical studies of co-creation and co-production between public organizations and citizens (or their representatives). Only 24 out of over 100 papers were evaluations of the outcome of co-creation/co-production. Of these, 14 papers (59% of the 24) evaluate the outcome of co-creation/co-production in terms of an increase (or decrease) in service effectiveness. Six studies use enhanced participation as an outcome, reinforcing the idea that co-creation/co-production is often considered as a virtue in itself rather than as a means of achieving other outcomes (ibid.). This contributes to an overall conclusion of the review that co-creation is a 'cornerstone' of social innovation and is best seen both as a means and an ends.

Voorberg et al. (2014) identify eight factors which affect whether the objectives of co-creation and co-production are achieved and they separate these according to whether they operate on the organizational or citizen side of co-creation.

On the organizational side these are:

- ■ Compatibility of public organizations with citizen participation (47 papers, 46% of papers)
- ■ Open attitude towards citizen participation (23, 22%)
- ■ Risk-averse administrative culture (19, 18%)
- ■ Presence of clear incentives for co-creation (win/win situation) (14, 14%)

On the citizen side these are:

- ■ Citizen characteristics (skills/intrinsic values/marital status/family composition/level of education) (10 papers, 33% of papers)
- ■ Customer awareness/feeling of ownership/being part of something (9, 30%)
- ■ Presence of social capital (9, 30%)
- ■ Risk aversion by customers/patients/citizens (2, 7%)

Generally, these factors are not sector specific and not all of them are positive (i.e. encouraging of co-creation).

Voorberg et al. (2014) also identify actions that overcome barriers to co-creation. On the organizational side these are:

- ■ Top-down policy that supports co-creation
- ■ Appointing a policy entrepreneur to promote co-creation
- ■ Enhanced professional autonomy

On the citizen side, actions are designed to lower the threshold for citizens to participate and are:

- ■ Financial support
- ■ Supporting policy which supports a sense of ownership
- ■ Offering plebiscitary choice instead of asking citizens about complicated policy issues

Voorberg et al. (2014) suggest that the influential factors facilitating or obstructing co-creation provide a framework for implementation evaluations of co-creation:

"If we look at the influential factors that have been identified we can say that we are now able to assess if and how the process of co-production/co-creation comes to being." (Voorberg et al. 2014: 16.)

However, Voorberg et al. (2014) conclude that they do not know if co-production/co-creation contributes to outcomes which really address the needs of citizens nor do they know, if there is a relationship between degrees of citizen involvement (co-implementing, co-design and initiator) and the outcomes of social innovations.

3. Social innovation

3. Social innovation

Numerous commentators have noted that in developed, Western economies the biggest growth in terms of GDP is likely to come in areas such as health and education and that social innovation will play an important role in creating this value (e.g. Mulgan 2006). Within Europe 2020 strategy, social innovation features almost as prominently as technological innovation (Sabato et al. 2017).

3.1 Defining social innovation

Social innovation can refer to new products and services that address social needs – goal-oriented social innovation – (see for instance, Mulgan 2006 and Phills et al. 2008) or new processes which make use of social relations to deliver products and services in more efficient ways – process oriented social innovation (see for instance, Mumford 2002, Howaldt and Schwarz 2010). One of the defining features of social innovation is that it provides insights and develops capacity and soft infrastructure (intangible assets such as know-how, intellectual property, social capital etc.) that endure and can be utilized by other sectors and forms of innovation. Thus Mulgan et al. (2007: 35) note that "social innovations, unlike most technological ones, leave behind compelling new social relationships between previously separate individuals and organizations". In this sense, social innovation provides a double benefit; not only can it help in finding solutions to pressing social needs, but the process of social innovation itself implies beneficial, transformative change, rather than mere incremental improvements in products and/or services (Transform Consortium 2008). Westly and Antadze's (2010: 2) definition captures many of the different elements:

"Social innovation is a complex process of introducing new products, processes or programs that profoundly change the basic routines, resource and authority flows, or beliefs of the social system in which the innovation occurs. Such successful social innovations have durability and broad impact."

However, at the heart of social innovation is the combination of goal oriented and process oriented innovation and NESTA's (Murray et al. 2010) simple, but effective definition is that social innovations are those innovations that are social in both their means and their ends. Concepts of co-creation and co-production seem to be intrinsic to this understanding of social innovation and within the CoSIE project we understand co-creation as a manifestation of social innovation.

Social innovation is a concept that has been stretched in so many directions that it is at breaking point and is itself in need of more theoretical and empirical work (Grimm et al. 2013). Moulaert et al. (2013) suggest that the fuzziness inherent in the concept is useful, because it blurs the boundaries between research and action (Marques et al. 2018). However, Marques et al. (ibid) suggest a distinction between: 'structural social innovation', which refers to

wide social change in scale and scope; 'targeted radical social innovation' where activities radically reshape how essential goods and services are delivered to improve welfare and challenge power relations; 'targeted complementary social innovation' where new processes and relationships generate inclusive solutions to societal challenges; and, 'instrumental social innovation', entailing rebranding community development and corporate social responsibility in a way that is more appealing to stakeholders. This typology is useful for a research project in that it distinguishes more clearly different types of social innovation and also allows us to distinguish instrumental social innovation, activity that is branded as social innovation from true social innovation.

3.2 The role of technology in social innovation

In contrast to technological and industrial innovation, social innovation is explicitly about addressing human needs (Marques et al. 2018). Nevertheless, as Jenson (2015) notes, thinking on social innovation has been heavily imbued with the writing of the economist Schumpeter (1934) on entrepreneurial behaviour that produces 'creative destruction' through innovations in industry. Innovation is a multi-dimensional concept that refers to the implementation of new ideas, processes or products, with advantages for businesses and beneficial externalities for society (Committee of the Regions of the European Union 2015). Concepts in innovation that encompass the intersection of the social and technical include user-centred innovation, open innovation, grassroots innovation, frugal innovation, and innovation in governance. Users (firms or individual consumers) who modify or develop products are an increasingly important source of innovations that may be commercialized (von Hippel 2005). The notion of open innovation (Chesbrough et al. 2006) contends that innovation emerges from knowledge that is widely distributed, so firms wanting to innovate must connect with knowledge beyond their internal R&D departments. Frugal innovation, which refers to minimizing the use of resources or leveraging them in new ways, has emerged as a distinctive strength in India (Bound and Thornton 2012). Frugal innovation spans corporations, civil society and the public sector, often, but not invariably, with a social mission (ibid.). Innovations in governance "burst the boundary

of a single organization's hold on a complex problem" (Moore and Hartley 2008: 15). Grassroots innovations respond to local situations with multiple stakeholders coming together in 'niche' spaces where they can develop new ideas and practices (Seyfang and Smith 2007, Seyfang and Haxeltine 2012).

The common theme of all these socio-technical versions of innovation is a knowledge base that is "complex, expanding and dispersed" (Berglund and Sandström 2013: 279). In various ways, they align with claims in the social innovation literature that the roles of innovator, producer and consumer may overlap or merge (Grimm et al. 2013). Co-creation can be understood as an integral part of the social innovation process (Murray et al. 2010). Voorberg et al. (2014) make a link between the co-creation and social innovation as 'magic concepts' that have been embraced as a new reform strategy for the public sector in the face of social challenges and budget austerity. However, using social innovation as the theoretical framework for understanding co-creation also presents challenges. As Grimm et al. (2013) note, social innovation presupposes much more proactivity from people who use public services and new dynamic relationships between user and provider. In some cases, such relationships may arise spontaneously, in other cases, policy support may be required. However, social innovation is notoriously difficult to 'engineer' and it is not entirely clear what policy prescriptions will encourage social innovation (ibid.).

The practical implication of understanding co-creation as a manifestation of social innovation is that the interaction of multiple actors is required to achieve societal goals and to deliver public services and co-creation (or enhanced co-production) is understood as a core element of the production of holistic and 'joined up' public services (Osborne and Strokosch 2013). When this condition is met social innovation can happen within public services. Turning this idea into clear policy prescriptions is challenging.

4. Social investment

4. Social investment

Social investment involves strengthening people's current and future capacities and capabilities and uses welfare policy as a way of investing to improve prospects for future economic and social participation. It is the idea of having a lasting impact that gives such policies the characteristics of an investment by offering some returns over time. However, to date, implementation of Social investment approaches has been uneven across the Member States and focused on macro-economic policy adjustments. The CoSIE project understands social investment from a social innovation perspective is typically local, bottom-up and co-created.

The concept of the socially investive welfare state has been a strong influence in the development of the CoSIE project. At the heart of 'social investment'[1] is the ideas of equipping citizens with the necessary means to improve their situation in a society: to help people to help themselves. The social investment approach abandons the traditional concept of social services and markets as opposites and replaces this outdated impression with an idea about social and economic policies reinforcing each other. The former is seen as a 'precondition' for future growth: thus welfare states should invest in public services enabling the human capital rather than just offer passive cash transfers (Bouget et al. 2015, Hemerijck et al. 2013. Hemerijck (2013) following Sen's (2001) capability perspective argues that "at the heart of the social investment paradigm, in more normative terms, lies a reorientation in social citizenship, away from *freedom from want* towards *freedom to act"* (Hemerijck 2013: 138) and that, in essence, the capability perspective is concerned with how well policy measures support an institutional environment that encourages 'human flourishing' (Hemerijck 2013: 139).

"Social investment policies reinforce social policies that protect and stabilize by addressing some of the causes of disadvantage and giving people tools with which to improve their social situations" (European Commission 2013: 3). The idea has become increasingly important as social challenges rise and similarly public funding is under pressure everywhere: however, some EU member states have been more successful in deploying social investment policies to activate their citizens (European Commission 2013). Earlier studies have proven the social investment approach successful: countries with higher social policy budgets and consistent social investment strategies have more economic growth, lower poverty rates and better employment performances. Nordic countries have traditionally been the strongest social investor: nevertheless there have been changes toward a more active welfare state in the Netherlands, Germany, France, the United Kingdom, Ireland and Spain (Hemerijck 2013, Vanderbroucke et al. 2011). Much of the focus in the social investment literature is on macro-economic policy adjustments (e.g. Hemerijck 2012, 2017), but many models of social investment are possible depending upon how policy, social and managerial roles are distributed between the public, private and third sectors and the specific legal and financial frameworks that are used (Baines et al. 2019)

The social investment approach has also been seen as an effort to balance economic efficiency and social justice (Rønning and Knutagård 2015). The CoSIE project sees the need to gain effectiveness in the public services throughout Europe, however, it is important to promote it without simultaneously damaging the principle of equality. The project balances this critical equilibrium in accordance to the approach, which stresses that social policies can help to balance the trade-off between equity and efficiency by focusing on human capital development (Leoni 2015). The CoSIE pilots[2] consist of a wide variety of activating and preventing methods. The core idea is to gain efficiency with shifting resources from protective and passive to preventive and activating policies as stated in the idea of social investment (ibid.).

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1) We adopt the European understanding of 'social investment' as elaborated by writers such as Esping-Andersen, Bouget and Hemerijck. It is related to, but not the same as the Anglo-US concept of the 'social investment market'.

2) Co-housing of Seniors (Poland), Disabled People in Remote Areas (Estonia), Entrepreneurial Skills for Long-term Unemployed (Spain), Household Economy in Rural Areas (Hungary), Redesigning Social Services (The Netherlands), Reducing Childhood Obesity (Italy), Services for Low and Medium Risk Offenders (The United Kingdom), Social Services for Disabled People (Sweden), and Youth Co-empowerment (Finland). See more https://cosie.turkuamk.fi/pilots/

5. Co-creation, complexity and the challenge of public service reform

5. Co-creation, complexity and the challenge of public service reform

Many commentators see co-creation and its closely related concept of co-production as intrinsically linked to wider debates about public service reform. Osborne and Strokosch (2013) note that co-production is an important strand of the current public services reform agenda across the world. In the UK they point to publications by the UK Cabinet Office (Horne and Shirley 2009) and NESTA (Boyle and Harris 2009). SCIE make a similar point:

"There is an interest in co-production across the full range of public services, not just social care and health. Public and private sector organizations and politicians from all three major parties have shown an interest in co-production. This interest is partly motivated by the pressure to cut costs but is also indicative of the widespread acknowledgement that the citizen has a vital role in achieving positive outcomes from public services." (SCIE 2015: 2.)

However, Brandsen et al. (2012: 1–2) argue that: "although there is a growing body of work describing, or claiming to describe, co-production, we still lack a comprehensive theoretical and systematic empirically orientated understanding of what happens when citizens and/ or the third sector are drawn into public service provision and of the various aspects of co-production".

To fully understand the potential role of co-creation in public service reform, we need to build theoretical explanations of co-creation that make clear how it creates change and what conditions are required for that change to occur. Part of the role of the CoSIE project is to then test these theories in practical settings across Europe.

5.1 Complexity of co-creation

It is widely argued that the public sector environment is more complex than that of the private sector (Kickert et al. 1997). The word 'complexity' has several meanings. In everyday language, it typically refers to a situation or problem that is difficult to understand or is complicated to handle. More technically, it is a basic property of a system and the concept of complexity helps us to understand the nature of the world – and the systems – we live in (Mitleton-Kelly 2003). The strength of complexity thinking is that it may explain why the whole is more (or less) than the sum of the parts and how all its components come together to produce overarching patterns as the system evolves and adapts (Mitleton-Kelly 2003, Staycey 2010).

Co-creation is based on the complex combination of both top-down steering (from government and service providers to service users) and bottom-up organizing (from service users and service providers to government). Seeing co-creation as a complex system forces us to consider system-level behaviour. The system-level approach stresses the reality that public, private and third sector organizations must work in synergy to achieve the desired outcomes and create public value (Bouckaert and Halligan 2008). Drawing on the complexity of problems and diversity of perspectives, it would be worthwhile to search for the secret of co-creation from the self-organizing and emerging nature of the relationships within the system and between the system and its environment.

Self-organizing activity, which may lead to the emergent order of the 'whole' is fundamentally based on the number and the strength of the connections between the participants and the differences between the participants. This argument can be based on the principle of 'requisite variety' (Ashby 1956). Requisite variety refers to a state where systems' internal variety is sufficient to match the environmental variety. The greater the diversity of the system, the more fit it is (Uhl-Bien and Arena 2017). The diversity of the system's parts spreads into the rest of the system as a result of connections. Instead of being "a magical sundering of causality", emergence and self-organization can be seen as "an outcome of variegated and constructed dynamics generated out of interactions" between the lower level actors that constitute the system (Hazy et al. 2007). This means that while the complex system is aggregated from its parts, the interplay of these parts produces emergent patterns, which, analytically, cannot be reduced to their constituent parts (Stacey 2010).

In practice this could mean, for example, that emergence results from the self-organizing process where each participant – public organizations, private companies, and non-profit organizations – continually decide with which other organizations to engage, and what information and other resources to exchange with them. Citizens also have important roles in co-creation processes, particularly in social and health care services. They participate and influence both the production and outputs, for example, by providing information about their health and by exercising rehabilitation actions.

It is important to notice that self-organization and emergence have built-in potential to pull co-creation in two directions – success and failure – at the same time. The process of self-organization may create emergent co-creation patterns that are not in accordance with the interests of the participants involved in the practices. Therefore we should be studying the whole and the interactions, interrelations and interconnectivity of several elements comprising the whole, instead of its individual parts, if we are to understand the patterns of emergence.

5.2 The dark side of co-creation

Co-creation as described above is an ideal type of construction. As such, it is an objective to be pursued, but it must be accepted that it is rarely realized in its full capacity. Several factors challenge the realization of the ideal. These are, among others, the trivialization of public participation (e.g. Fung 2015), "rescripting" of community aspirations (e.g. Parker et al. 2015) and using co-creation as a mere legitimizing (e.g. Virta & Branders 2016) or placating (Lee et al. 2015) tool. Collectively, Jalonen et al. (Forthcoming) refer to these barriers as 'participatory diversion'. These are situations where public authorities, consciously or unconsciously, involve citizens in co-creation processes that are inadequate and at worst, a mere illusion of participation. In such situations, the ownership and control of co-creation processes remains exclusively with the public sector actors, and citizens stay as mere bystanders.
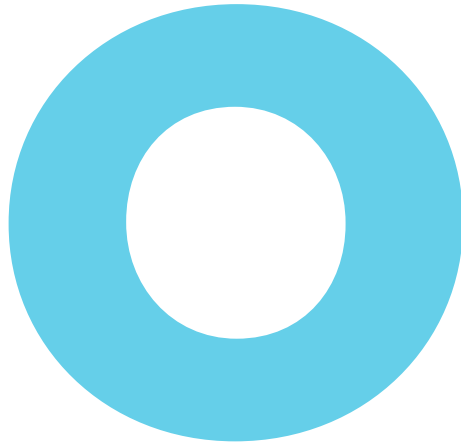
Co-creation is based on the complex combination of both top-down steering and bottom-up organizing. Seeing co-creation as a complex system forces us to consider system-level behaviour. However, there is potential for systemic distortion in co-creation that may lead into what could be referred to as the 'dark side' of co-creation: co-destruction.

As a phenomenon, participatory diversion is not a novel one. Arnstein (1969) highlighted such negative participatory processes in her, now famous, ladder of public participation. However, Jalonen et al. (ibid.) are more concerned about the potential for systemic distortion in co-creation that may lead to what they refer to as 'co-destruction'.

"It is the opposite of ideal co-creation, an unintended and unwanted co-creation. It is the dark side that emerges when self-organization fails." (Jalonen et al. Forthcoming: 11).

For Jalonen et al. (ibid.) systemic distortions leading to 'co-destruction' are best understood through the lens of complexity and may happen even when "good people" come together in "good faith" to do "good things" (King et al. 2002: 163). No-one intends to do any harm, but the negative outcomes emerge out of the interconnections of the parts and the non-linear, dynamic interactions. Systemic distortion is more likely when there are multiple stakeholders with competing interests and competing goals, and when power imbalances are present. There must also be systemic distortion of information in the given system with the result that some information is ignored, distorted, left unsaid or misinterpreted (Jalonen et al. Forthcoming). This creates a continuous reinforcing cycle of misinformation, misinterpretation and misconduct, although it is often unintentional (ibid.).

6. The role of technology in co-creation

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Technology, and particularly digital technologies, have been seen as important for improving public sector innovation capabilities (Mulgan 2014). Traditional ways to involve people are not always the most effective ones: often only small groups of people are willing to participate, thus degrading the representativeness of the results. Technology raises the possibility of new and diverse forms of mass involvement such as 'crowd-sourcing'. While new tools for e-participation hold out the promise of widespread access of citizens to the policy formulation process, the engagement of citizens is still very low (Roszczynska-Kurasinska et al. 2017) and digital divides exist, not only in developing countries but also within seemingly connected populations (United Nations 2014). Digitalization is therefore not a silver bullet that will solve problems alone, rather an opportunity that requires simultaneous process development. The United Nations (2014), for example, has stated that e-participation will not replace traditional participation methods: rather it is a device to engage people who are difficult to reach in traditional ways.

Nevertheless, Osborne and Strokosch (2013) suggest that the advent of 'digital governance' and 'new public governance' have led to a further reformulation of co-production. The development of the Internet and more particularly social networking sites have opened up vast opportunities for user-led innovation that ranges from political activism (for example, the so-called Arab Spring and Student Protests in London 2011), to new user/public service provider interactions (for instance: www.fixmystreet.com). Likewise, the digital Open Source movement is a driving force behind socially innovative cooperative co-production processes. Numerous applications, including: Mozilla; Open-Office; Wikipedia; Linux (to name only a few), were developed collaboratively by Open Source Community programmers and volunteers.

Open Data movements and innovative/transparent forms of governance go hand in hand (data.gov.uk) with these new forms of coproduction. The Open Data movement lobbies government institutions, international organizations and the private sector to make private and public databases available to application developers. In 'smart cities', Information and Communication Technologies (ICT) are deployed with the aim of enhancing the quality of life for citizens (Paskaleva and Cooper 2018). The Quadruple Helix initiative (e.g. Cavallani et al. 2016) and Open Innovation 2.0 (European Commission 2018a) initiatives rely on open data to spur innovation. Freely accessible and re-usable

open data has many indicated aims. The expected impacts of European Open Data Policies and the development of the data portals are to drive economic benefits and further transparency (European Commission 2018b). The rationale for open data is fourfold: open data helps 1) to innovate new services and discover new solutions to address societal challenges, 2) to achieve more efficiency gains by sharing data between different actors, and 3) to foster participation of citizens in political and social life, and 4) to increase transparency of government. However, the open innovation record of the public sector remains weak (Paskaleva and Cooper 2018). Some studies show that social media improves public sector organizations' innovation processes and increases organizational agility (e.g. Criado et al. 2013, Jalonen 2016). Therefore, it is not surprising that social media has been seen as a useful context for co-creation. It has provided new opportunities for the internal use of external knowledge (inbound knowledge) as well as for the external exploitation of internal knowledge (outbound knowledge). As an example of inbound knowledge, social media enable citizens to create, share and comment on issues in an uncontrollable way. In so doing, social media provide public authorities insight and weak signals about citizens' needs. On the other hand, social media enables public authorities to communicate with citizens in informal ways and promote services. However, the realization of the innovation potential, which social media provides, is not an easy task. It is not a panacea, which by itself automatically translates information flows into new knowledge. Conceptually, the new technology co-creation community ethos of the Web 2.0 social media dialog questions not only the user-developer dichotomy but also the distinction between public and private ownership and aims to drive policy in this area.

There has been much attention given to the role of new technology and in particular ICT in promoting innovation in the public sector. Digital governance and e-government are not the answer to improving public service innovation. However, when aligned with broader approaches to co-creation, they have the potential to be part of the solution.

7. Getting to the heart of CoSIE: understanding value and the importance of reciprocal relationships

7. Getting to the heart of CoSIE: understanding value and the importance of reciprocal relationships

In this section we draw together the different elements discussed above and ask 'what is at the heart of the CoSIE project?' with the aim or presenting a unified approach that covers key concepts in the project: innovation in public service, co-creation and the role of individual and collective values. We start by discounting the idea that co-creation is simply synonymous with greater choice. Instead we argue that by placing value creation at the heart of our understanding of co-creation we must also recognize the importance of reciprocal, trusting relationships, situated in supportive communities, leading to new understandings of the role of the State and democratic renewal. This leads us to consider the moral dimensions of 'value' in the context of co-creation and we finish with the challenge of measuring that value, providing some initial ideas for the development of a methodology for the operationalisation of the co-creation framework on a general level.

7.1 Co-creation is more than consumer choice

Osborne and Strokosch (2013) argue that, in the public administration literature, over successive decades, co-production has been recast in line with current academic 'trends'. They trace the importance of co-production in the public administration literature originating from the work of Ostrom (1972) who argued that Public Service Organizations depended as much upon the community for policy implementation and service delivery as the community depended upon them. These ideas were developed within the New Public Management (NPM), a broad set of governance and managerial public sector reforms often associated with 'New Right' governments since the 1980s (Hood 1991) and an offshoot of 'neo-liberalism' (De Vries 2010) grounded, as it is in neo-classical economics and particularly rational/public choice theory (Osborne 2006). New Public Management emphasizes the resource constraints of public services delivery and the need for a managerial approach to their delivery, recasting citizens as the 'consumers' rather than 'clients' of public services (Hood 1991). Although there are different conceptions of NPM (De Vries 2010), Ferlie et al. (1996) summarize NPM as being about three Ms: markets; managers; and measurement.

There are numerous critiques of NPM. For Osborne (2006) NPM looks increasingly limited and one dimensional. He identifies various critiques of NPM, but argues that perhaps the most damaging is that it is unable to capture the reality of public service organizations (whether located in the public, private or voluntary sector) in an increasingly plural and pluralist world. Osborne (2018) points to a number of clear distinctions between public and private services, all of which have implications for management theory in general and for the role of co-creation particularly:

- For private service firms the retention of customers and repeat business is key to profitability, whereas for public services 'repeat business' is likely to be a sign of service failure (Osborne 2018).

- Many service users in public services are unwilling or coerced (e.g. in the prison service or child protection services) a phenomenon unfamiliar in the private sector. This has implications for the role of voluntary agency in value creation (ibid.).

- Private service firms are usually clear who their (sole) customer is whereas public services can have multiple end-users and stakeholders who may hold conflicting ideas about what a successful outcome is (ibid.).

- Public service users inhabit a dual role as both a service user but also a citizen who may have a broader societal interest in the outcome of a service (ibid.).

Osborne and Strokosch (2013: 33–34) argue that, in the context of New Public Management, "co-production became associated primarily, and controversially, with the concept of 'consumerism' and with contrasting views upon its effectiveness". Critics of this view of 'personalization and choice' are concerned that personalization, and by association, co-production, may turn out to be a 'fig leaf' for an extension of the neo-liberal project. For example, Weaver argues that while personalization purports to increase choice and control for service users:

"The underpinning rationale is unmistakably economic, and the approach is consistent with, if not a progression of, the neo-liberal drive towards the retreat of state provision of services and the marketization of social work services" (Weaver 2011: 3).

Trying to theorize co-production in the frame of neo-classical economics and particularly rational/public choice theory is flawed. Underpinning the neo-liberal economic model is Rational Choice theory which depicts the world as being made up of instrumentally rational individuals each with perfect information who seek to maximize their utility (Hollis 1987, 1994, Hargreaves, Heap et al. 1992). Regardless of the basis for an individual's particular preferences, Rational Choice theory assumes that self-interest will lead the individual to pursue them consistently. As Hollis (1994: 118) puts it: "In this sense saints are as self-interested as sinners and the theory of Rational Choice is not committed to any view about how saintly or sinful we are." The point then is that although different individuals have different preferences in the neo-classical economic paradigm that underpins NPM, they all have the same underlying disposition; to pursue these according to their self-interest. But when we come to think about co-production in public services, it is hard to explain it purely in terms of self-interest and not to also discern an ethical dimension. Otherwise surely self-interested individuals would opt to be free-riders and leave others to engage in co-creation. Some no doubt do, but many do not. When they act their motivation seems to be, at least in part, motivated by their ethics or values. However, as Albertson and Fox (2014) note, committed neo-liberals have found the concept of altruism difficult. By way of example, they point to Stigler, a key member of the Chicago School, who contends that "where self-interest and ethical values with wide verbal allegiance are in conflict ... much of the time, most of the time in fact, self interest theory ... will win" (Stigler 1981: 176). But, 'most of the time' is not 'all of the time', and it is therefore clear that even neo-liberal economists hold that there is something other than self-interest which motivates the economic agent (Albertson and Fox 2014). As Stigler acknowledges: "In a set of cases that is not negligible and perhaps not random with respect to social characteristics of the actors, the self-interest hypothesis will fail." (Stigler 1981: 176).

At its root, neo-liberalism was proposed as a means of maximizing human freedom (Hayek 1944). As the philosophy was 'refined', its goals became subsumed into pursuit of free markets. But this is not a paradigm that can fully explain people's motivation to engage in co-producing public services and results in a model of co-production pre-occupied with "linear and Fordist models of public service delivery, culled from the manufacturing and production literature" (Osborne 2018: 225).
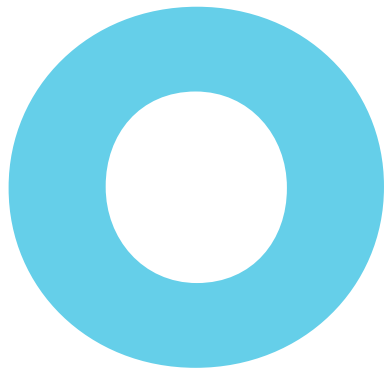
The CoSIE project rejects the uncritical transference of notions of 'customer focus' from the private sector into public services, recognizing the collective nature of much public service consumption (Fountain 2001, Jung 2011). The notion of 'co-creation' shares with deep personalization the goal of active involvement of service users in reciprocal relationship with professionals. In contrast to even the most radical versions of personalization, however, it locates users and communities at the centre of the decision-making process. In effect, it blurs the distinction between producers and consumers of public services and implies profound changes in the relationships between the state and the individual. The rationale is that service innovations should be designed and implemented in conjunction with citizens, not for them (Alves 2013).

7.2 Co-creation is about value creation

If trying to explain co-production primarily in terms of choice is flawed, an alternative approach is to distinguish co-production from co-creation and see co-creation as a more radical approach to re-evaluating the relationship between services and their beneficiaries, one in which relationships and community are to the fore. Thus, Osborne (2018) distinguishes co-creation from co-production and argues that co-creation signifies a fundamental change of direction where 'public service logic' starts with the service user as its basic unit of analysis and explores how public services, and Public Service organizations can be designed to facilitate the co-creation of value by service users, not vice versa (Osborne 2018).

What are the implications of starting with the service user as the basic unit of analysis and focusing on value creation? As we discussed above it is argued that public service organizations do not create value for citizens, rather they can only make a public service offering (Osborne 2018). Whether value is created depends on how citizens interact with it. Thus, co-creation assumes "an interactive and dynamic relationship where value is created at the nexus of interaction" (Osborne 2018: 225) and value for the service user and the public service organization are not created by a linear process of production but rather through an interaction in which the service user's wider life experience is part of the context (ibid.).

7.3 Relationships are key to value co-creation

For Osborne (2006, 2018), the theory that underpins co-creation is not New Public Management, but instead New Public Governance (NPG). The key governance mechanism in NPG is not the market but "trust or relational contracts" (Osborne 2006: Table 2) (see Figure 3).

Relationships are complicated and, as Fox (2018) documents, the State and the professionals who work in public services struggle to develop meaningful relationships with service users, constrained as they are by rigid thinking about 'risk' and 'safeguarding' and 'resource allocation' and if different parts of the State are involved in different needs so the relational state will involve many different kinds of relationship (Mulgan 2012), with different rules and expectations. However, underpinning social innovation is the idea that people are inherently social and Mulgan (ibid.) is optimistic that, just as we recognize and manage many different kinds of relationships in our private lives, so we can do the same in our relationships with public services.

7.4 Co-creation and personalization

Personalization can mean many things (Needham 2011). Most simply, personalization means that public services respond to the needs of clients,

Table 3: Elements of the NPG, in contrast to NPM (Osborne 2006).

Paradigm/ key elements	Theoretical roots	Nature of the state	Focus	Emphasis	Relationship to external (non-public) organizational partners	Governance mechanism	Value base
Public Administration	Political science and public policy	Unitary	The policy system	Policy implementation	Potential elements of the policy system	Hierarchy	Public sector ethos
New Public Management	Rational/ public choice theory and management studies	Disaggregated	Intra-organizational management	Service inputs and outputs	Independent contractors within a competitive market-place	The market and classical or neo-classical contracts	Efficacy of competition and the market-place
New Public Governance	Organizational sociology and network theory	Plural and pluralist	Inter-organizational governance	Service processes and outcomes	Preferred suppliers, and often inter-dependent agents within ongoing relationships	Trust or relational contracts	Neo-corporatist

rather than offering a standardized service. This was argued as responding to the end of the age of deference, increasing customization available in consumer goods and the idea that by designing services for the average, they end up fitting no-one (Prime Minister's Strategy Unit 2007, Rose 2016).

Personalization encompasses a range of new ways of designing services, which can provide both what Leadbeater (2004) describes as 'shallow' and 'deep' approaches. It can include "providing people with a more customer-friendly interface", "giving users more say in navigating their way through services", "giving users more direct say over how money is spent", users being "co-producers of a service", and self-organization (Leadbeater 2004: 21-24). In Leadbeater's conceptualization, co-creation "would give users a far greater role – and also greater responsibility – for designing solutions from the ground up" (2004: 19) and seems to share much in common with the more radical end of a spectrum of approaches to personalization. Hampson et al. (2013) argue that co-delivery and co-design go "beyond . . . 'person-centred'", suggesting that co-creation might be understood as a more radical version of personalization.

Co-creation and personalization are 'two sides of the same coin'.
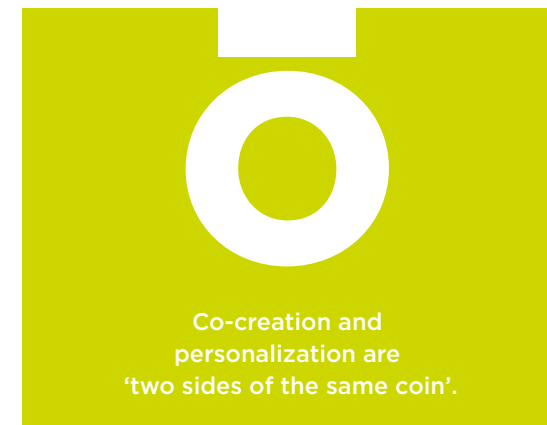
7.5 Value co-creation implies a radical re-thinking of the relationship between the State and the citizen

Although New Public Management has dominated thinking about public service reform over recent decades, since the worldwide recession of 2008, which called into question the established economic orthodoxy, a wide range of commentators from different disciplines have argued that a new approach to public management is needed which has relationships between people at its heart (e.g. Cottam 2018, Fox 2018). Within the public administration literature, an alternative to New Public Management, known as New Public Governance provides a more useful theoretical framework for thinking about a relational approach to public service reform. It acknowledges the increasingly fragmented and uncertain nature of public management in the twenty-first century (Osborne 2006) and envisages:

". . . both a plural state, where multiple inter-dependent actors contribute to the delivery of public services and a pluralist state, where multiple processes inform the policy making system. As a consequence of these two forms of plurality, its focus is very much upon inter-organizational relationships and the governance of processes, and it stresses service effectiveness and outcomes. Further, it lays emphasis on the design and evaluation of enduring inter-organizational relationships, where trust, relational capital and relational contracts act as the core governance mechanisms" (Osborne 2006: 382–383).

The emerging concept of the 'relational state' captures the essence of this perspective and explores its applications. It is a model developed by the Left as a critique of the NPM approach (Cooke and Muir 2012). It recognizes:

"[T]he need for human relationships to be given greater priority as a goal of policy and in the design and operation of public services, which challenges a strict adherence to egalitarian goals and state-led agency" (Cooke and Muir 2012: 8).

This implies service designs which involve a wider range of stakeholders, which are more localized and seeking to capitalize on the resources the service user brings to the table:

"Rather than attempting to engineer outcomes through 'command and control', governments should focus on crafting the conditions for a variety of agents involved in a given problem to solve it themselves. This suggests a greater priority for experimentation, decentralization and institution-building". (Cooke and Muir 2012: 6.)

In contrast to the neo-liberal state, the relational state is an inclusive construct with an emphasis on the creation of social capacity at the local level.

Such a model has far reaching implications. Bovaird (2007) suggests the need to reconceptualize service provision as a process of social construction in which actors in self-organizing systems negotiate rules, norms, and institutional frameworks rather than taking the rules of the game as given. This has implications for the role of public service professionals and Bovaird (2007: 858) argues for "a new public service ethos or compact in which the central role of professionals is to support, encourage, and coordinate the coproduction capabilities of service users and the communities in which they live".

In particular it implies a series of challenges for the civil society organizations (CSOs). Given its stress on active direct participation of citizens as "end users" co-creation might underestimate the role and contribution of CSOs in the process of services' implementation. In many European countries there is a strong tradition of involvement and collaboration between the CSOs and the Public Administration Agencies - at different governance levels: local, province/district, regional, national. This collaboration is intensely visible in the planning, delivering and monitoring of public services provisions. Some authors define that as "joint production" (Bance, 2018) or partnership (Boccacin 2014). For this reason, the nine Pilots realized within the CoSIE project, are giving particular consideration and meaning to the function, role, contribution provided by the CSOs-Third Sector Organizations in the different phases of the co-creation process: co-design, co-implementation, co-delivering, co-monitoring and eventually

co-evaluation. Because often the 'end-users' are not in the position to give an active contribution to the service planning, in order to overcome that, it is needed a direct involvement of Third Sector Organizations in creating a "sensitive" institutional environment through the settlement of a concrete co-governance service configuration.

7.6 Value co-creation implies a re-thinking of the relationship between the professionals and the services' beneficiaries

The scientific literature on co-creation/co-production is usually oriented to the role of users/clients in the process of service design (the first one) and service delivering strictu sensu (the second one). But, as Osborne and Strokosch note (2013) there is a systematic underestimation of the role, tasks and responsibilities of professionals in the co-creation and co-production processes. The involvement and the contribution of professionals are often taken for granted, and it represents, in Osborne and Strokosch's view, one of the main weaknesses of the scientific studies on co-production.

In reality, the role of professionals at all levels – politicians, senior management, mid-level management and front-line, street level professionals – are key, with the possibility of influencing (effecting) the success or failure of a co-creation/co-production initiative. Often professionals carry out activities following a 'business as usual' logic. The first reaction toward innovation is often resistance or even hostility. In public bodies this is particularly the case in professions that exhibit a high level of technical knowledge, such as: health, education and some kind of social services. Physicians, nurses, teachers, social workers, pedagogists, psychologists, etc. are depositary of a set of standardized knowledge that apply at each individual case. They operate following what has been defined as 'inward look' (Boyle and Harris 2009) and they have difficulties in adopting an 'outward look', meaning recognizing the 'lay knowledge' and 'resources' of people in caring about themselves and the others they are related with.

Relationships between individuals and services and between individuals, services and the wider communities within which they are situated are at the heart of co-creation. Understanding the role of civil society organizations is particularly important, but an under-researched area and one where CoSIE is designed to make a strong contribution.

The change of professional 'mind-set' is one of the main challenges any project of co-creation has to deal with, in order to be not only successful but, even more important, sustainable in the long run.

In recognition of this the CoSIE project pays specific attention to analysing the contribution of professionals in the realization of the Pilots as well as new types of interaction that emerge among the professionals (new professionals ties). In particular CoSIE is concerned with the structural elements that can boost or impede the active involvement of professional in the different phases of the co-creation/co-production process. This will allow us, eventually, to identify the kind of skills (Paskaleva and Cooper 2018) professionals need to develop to guarantee a more pro-active and open minded attitude toward the contribution of the beneficiaries in the service panning and delivering.
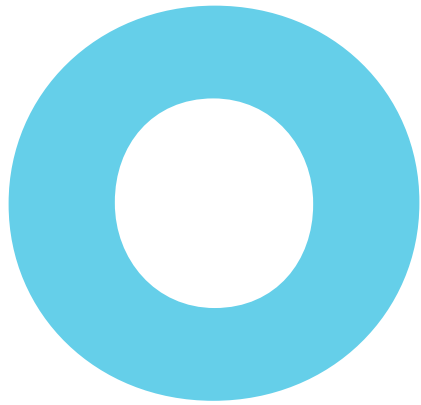
An alternative understanding of co-creation starts with the service user as the basic unit of analysis and concentrates on relationships. Public service organizations do not create value for citizens. Instead they can only make a public service offering. Whether value is created depends on how citizens interact with it. This starting point implies a new approach to public management that has relationships between people at its heart and is more overtly moral. The emerging concept of the 'relational state' captures the essence of this perspective. Within the public administration literature an alternative to New Public Management known as New Public Governance provides a more useful theoretical framework for thinking about a relational approach to public service reform.

7.7 Value co-creation implies re-thinking democratic processes

Placing value co-creation at the heart of public services has important implications for democratic institutions. (Bovaird 2007: 846) sees co-production as a "revolutionary concept in public service" with "major implications for democratic practices beyond representative government because it locates users and communities more centrally in the decision-making process". An implication is that co-production "demands that politicians and professionals find new ways to interface with service users and their communities" (Bovaird 2007: 846.) and "process of moving to greater coproduction is necessarily highly political and calls into question the balance of representative democracy, participative democracy, and professional expertise" (Bovaird 2007: 856).

Co-creation in particular is closely related to collaborative governance (Voorberg et al. 2014) and both co-creation and co-production are closely related to community involvement. Following the logic of Brandsen and Pestoff (2006), co-creation with its close relationship to co-governance and co-management could also be placed on a continuum with models of community ownership or the cooperative movement. Voorberg et al. (2014), based on an extensive review of the empirical literature, argue

that the added value of co-creation/co-production can be assessed from a political and cultural perspective in which innovation and co-creation/co-production is defined as a process of sense-making in which citizen involvement is seen as having important political value. Citing DiMaggio and Powell (2000) they suggest that citizen participation can be regarded as an important mechanism to achieve normative integration and a way of sense-making 'myth' or 'ceremony' in order to achieve political legitimacy. This approach recognizes that the legitimacy of government is under pressure because public services do not fully address the needs of citizens and stresses the importance of citizen participation as a relevant process for closing a possible democratic deficit (Bekkers 2007) or performance gap (Salge and Vera 2012).

7.8 The moral dimension of value co-creation

Earlier we argued that New Public Management is unable to provide a genuine bridge between the state and citizen's because this can only happen if the priorities and activities of public bodies are guided by values that support the public good, not atomized private interests (Tam 2019). New Public Governance with its emphasis on a plural and pluralist state, inter-organizational relationships and trust, relational capital and relational

contracts as core governance mechanisms (Osborne 2006) proves a more promising theoretical basis for understanding co-creation. However, it also raises important questions, two of which are central to the CoSIE project:

1. **What is the nature of value co-creation?**
2. **How do we measure value co-creation?**

The nature of value has occupied the thoughts of philosophers for millennia. Aristotle, for instance, is said to have pondered whether value is generated – in today's terms – as 'value in exchange' or as 'value in use' (cf. e.g. Grönroos & Voima 2013, Vargo & Lusch 2017). Analysing co-creation as a form of social innovation, recognizing that it is closely related to the concept of personalization and placing it in the context of the socially investive state committed to promoting human flourishing, all suggest that the concept of human needs and the 'good life' is at the heart of our understanding of value co-creation. However, discussion of human needs and the good life raise emphasize the moral dimension of value co-creation. Modern liberal thought tends to the view that people are free agents who make choices unbound by prior moral ties and that people can define their own version of a good life and government should be morally neutral on the meaning of the good life (Sandel 2009). This is a departure from the ancient view of politics in which thinkers such as Aristotle applied teleological reasoning and saw the purpose of politics as to cultivate good character and form good citizens (ibid.). By contrast, influential modern

The CoSIE project is committed to exploring different conceptions of value and their moral dimensions, the effects of these on individuals and communities involved in co-creation and, importantly, their implications for future social policy.

philosophers in the liberal tradition from Kant to Rawls start with the concept of individual agency where people are capable of choosing their own purposes of ends (ibid). This does not imply moral relativism because:

"[T]he idea that persons should be free to choose their ends for themselves is itself a powerful moral idea, but it does not tell you how to live your life. It only requires that, whatever ends you pursue, you do so in a way that respects other people's rights to do the same." (Sandel 2009: 216).

Different philosophers have used different applications of reason to reach this conclusion: for Kant the categorical imperative to treat people as ends not as means and for Rawls the thought device of the 'veil of ignorance'.

However, in recent years morally neutral accounts of the good life, grounded in the concept of individual freedom that have underpinned liberal thinking have been criticized. Communitarian thinkers have reacted to what they see as "excessive individualism" (Etzioni 1997: 39) and invoked some elements of Aristotelian conceptions of teleos to develop an understanding of the good life that is more grounded in the specifics of social context. The challenge for some is that such approaches, while emphasizing the importance of community in understanding the building the good life, also carry with them strong hints of moral authoritarianism (Hughes 1998).

7.9 Evaluating co-creation requires multiple methods

A related concern for the CoSIE project is the measurement of co-creation. Here again the concept of value poses significant challenges. Nothing can be measured or perceived as valuable without some semblance of a foundation to explain why one measurement or experience would be better than another (cf. e.g. Hirose & Olsen 2015, Kornberger et al. 2015). However, no such foundation can form unless an item can actually be perceived or otherwise demonstrated to be better than an alternative in a manner that is, to at least some degree, commensurable. In simplified terms, when discussing the concept of value, there can be no quantity without quality and no quality without quantity. In society, however, not everything can be

accepted as representing the common good. Instead there are certain historically established conventions of justification in society, representing the prevailing conceptions of the common good (e.g. Brennan and Pettit 2004, Boltanski and Thévenot 2006).

The moral dimensions of value co-creation imply that certain evaluation methods and methodologies are likely to be important in the CoSIE project. Durose et al. (2017) in a discussion of the state of the evidence base on co-production in public services argue that theory-based and knowledge-based routes to evidencing co-production are needed. It cites a range of 'good enough' methodologies which community organizations and small-scale service providers experimenting with co-production can use to assess its potential contribution, including appreciative inquiry, peer-to-peer learning and data sharing. While there is scope for counterfactual evaluation designs to explore some of the impacts of co-creation on wellbeing, the moral nature of the enterprise suggests that rich, case-based interpretive evaluation designs will also be required to explore the complexities of the moral dimensions of co-creation. Durose et al. (2017) argue that storytelling is particularly important in co-production, not only in evidencing the significance of its relational dynamics but also in representing different voices and experiences in an accessible way. They argue that the approach offers a way to draw on the insights of the people working in co-productive ways, rather than assuming that they are too 'close' to the case study to be able to offer valid insights. Storyingtelling by Community Reporters is an important element of the CoSIE model, providing a key mechanism for users and beneficiaries of services to co-produce evidence that informs both the design of the pilots, but also their ongoing evaluation.

Co-creation has a moral dimension and different underlying philosophical frameworks suggest different ways to understand the moral dimension and imply different policy prescriptions. The moral dimension of co-creation creates challenges for the measurement and evaluation of co-creation. Exploring these moral dimensions and developing useful evaluative frameworks are key tasks for the CoSIE project that are being explored through the pilot projects. The use within CoSIE of storytelling by Community Reporters is one manifestation of this commitment.

8. Conclusion

8. Conclusion

There is an extensive amount of research literature which shows that co-creation has been justified on several grounds, of which the most alluring are perhaps that a) co-creation conceives service users as active partners rather than passive service users and that b) co-creation promotes collaborative relationships between service providers and users. However, many studies have also concluded that co-creation is a complex process. Complexity in co-creation derives from two interlinked sources: a) the process itself is complex due to the interdependence of a variety of stakeholders and b) stakeholders have different and contradictory expectations of and demands from co-creation. This complexity implies that co-creation of service innovations should not be addressed from the goods-dominant logic which stresses that value is created (manufactured) by an organization and delivered to service users. Instead, the CoSIE project applies a service-dominant logic view of service innovation (cf. Vargo and Lusch 2004) which which highlights that value is fundamentally derived and determined in a particular context and that relationships between services, citizens and the communities that they are situated in are central to the creation of value (Figure 1).

Thus our project is grounded in the New Public Governance approach (see for instance, Osborne 2006, 2018). It is a kind of ontological commitment (the nature of public service and social innovation) with epistemological (what we can know about them) and methodological (set of techniques for collecting and curating data) consequences. It builds on the review of co-creation in public services undertaken by Voorberg and colleagues (2014 and the work of Osborne et al. 2016). It situates the co-creation of public services in the social innovation paradigm while building on our previous Horizon2020 project on Innovative Social Investment (http://innosi.eu/).

Value is co-created, fundamentally derived and determined in use in a particular context.

PROVIDER SPHERE

CITIZEN SPHERE

Policy makers

Public authorities

Service producers

GOALS & OBJECTIVES

JOINT SPHERE
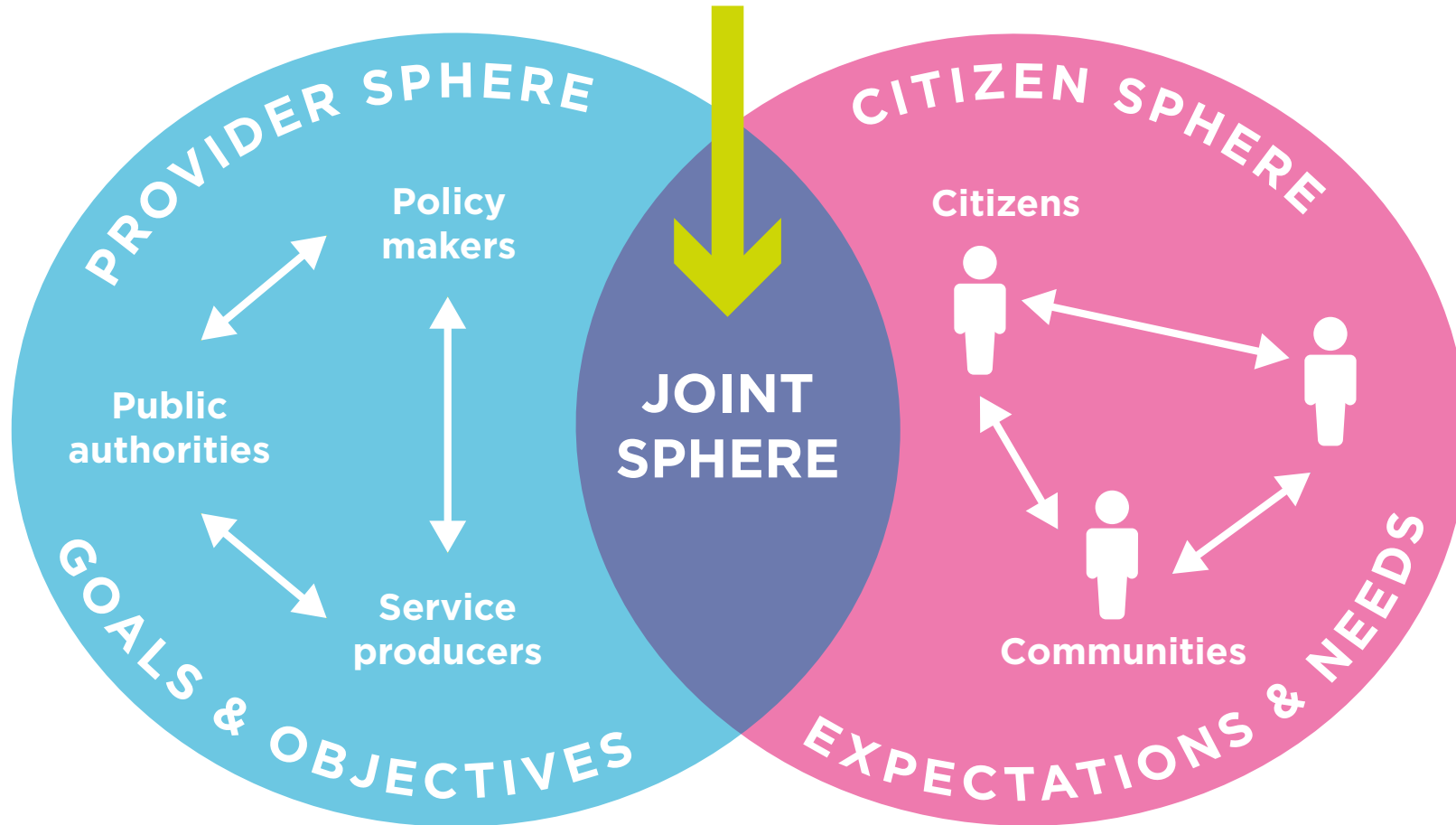
Citizens

Communities

EXPECTATIONS & NEEDS

Figure 1. Value co-creation (adapted from Grönroos and Voima 2013, Vargo and Lusch 2017).

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