

## **Cases in Public-Private Network Collaboration and Services Innovations**

Developing a platform organization in public-private collaboration

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**RESEARCH** **10:4**  
**REPORT**

**Lars Fuglsang**

**Cases in Public-Private Network  
Collaboration and Service Innovations**

**Developing a platform  
organization in public-  
private collaboration**

**Center for Service Studies  
Roskilde University  
EU 7th framework program ServPPIN project**

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## Preface

Centre of Service Studies at Roskilde University has participated in a project in the EU 7<sup>th</sup> framework program about public-private networks and service innovation(ServPPINs) (the ServPPIN project).

The research question investigated by the ServPPIN project is: What is the role ServPPINs within innovation systems and their impact on growth, employment, and welfare? What is their impact on growth, employment, and welfare?

The objectives of the case studies have been:

- 1. To investigate the role and impact of within ServPPINs.*
- 2. To investigate the character and efficiency of public-private innovation partnerships within services.*
- 3. To assess the impact of the selected ServPPIN projects on public service quality and performance.*

The project has investigated four service areas: health care, knowledge intensive services, tourism and transport. Case studies have been carried out in 11 European countries to answer the research questions. In Denmark we have carried out case studies in health care, knowledge intensive services and tourism.

Each case is a network that has led to one or more successful service innovations. In all the cases five research issues have been investigated:

- The context of the innovation
- Five key dimensions in the innovation process:
  1. Types/process of innovation
  2. Type of innovation network
  3. Drivers/Barriers
  4. Institutional factors
  5. Impacts and policy issues
- Unexpected results

The case studies may have a general interest since they are examples of public-private networks that have led to service innovations. Therefore, we publish the case studies.

# Developing a platform organization in public-private collaboration

## 1. The case in a nutshell

This case study reports a case of public-private collaboration in elderly care in Gribskov municipality in Denmark. Gribskov has been a frontrunner and driver in public-private collaboration in Denmark. It is situated north of Copenhagen in the capital region and has approximately 40,500 inhabitants.

The interesting aspect of the case study is the attempt to change the approach to public-private collaboration: from focusing mostly on price, efficiency and the disaggregation of public hierarchy towards including development, innovation and collaborative activities.

The case study illustrates that, under certain conditions, a “platform organization” (Ciborra 1996) could be a relevant framework for public-private collaboration. It also illustrates that a facilitator or broker can play a crucial role in the platform for common innovation activities. The paper reflects on the background for this type of organization. Under what conditions was it a relevant construction?

Gribskov is a merger of the former Græsted-Gilleleje and Helsingør municipalities. The merger was an outcome of the Danish structural reform that took effect in 2007. The reform reduced the number of municipalities from 271 to 98. Previously, it was Græsted-Gilleleje municipality which was known as a driver of public-private collaboration in Denmark.

More specifically, the focus of the case study is Gribskov’s “Development Partnership” created in 2005. In addition to the municipality, the Development Partnership has involved three contractors (two private and one public) that at the moment of writing run the municipality’s five nursing home centres.

Three of the centres situated in the former municipality of Græsted-Gilleleje were outsourced in 2005 (in the municipality’s “third generation” outsourcing). The three centres were outsourced to two private enterprises, Attendo and Aleris (both Swedish). The remaining two nursing centres situated in the former municipality of Helsingør were since 2007, after the merger, run by the previous municipal provider which had been turned into a public company, PlejeGribskov. It had a contract with the municipality on similar terms as the two private providers.

In their contracts, the public and two private service providers were required to collaborate mutually with one another and with the municipality in a Development Partnership. The purpose was to ensure development and innovation in elderly care. To this end, they had to allocate resources to this partnership (money and hours) which had to be facilitated by Momentum. Momentum is a private association with public and private membership that was created in 2003. The purpose of Momentum has been to create value in the collaboration between service partners, especially the collaboration between public and private partners. Its core service has been “value-creating collaboration”.

Gribskov is referred to in a report from the Danish Competition Authority (2009) as the municipality with the highest indicator of competition exposure (see next section) (Konkurrencestyrelsen 2009). This means that Gribskov has been the municipality in Denmark

which has been most active in launching a process for awarding public contracts to private or public firms.

In a related report from the Danish Competition Authority (Konkurrencestyrelsen 2008: 34f), the background for public-private collaboration in Gribskov is described as follows: “In its Municipality Council, the municipality of Gribskov has adopted a general contractualization and partnership policy according to which all areas of services must be evaluated within a few years in order to assess possibilities and advantages of exposure to competition. The municipality has a non-ideological approach to public-private collaboration, and there is general support from the politicians.”

The interesting aspect of the case is that it has gone one step further compared to previous contracts. It has required the contractors to participate in, and allocate resources to, collaborative development and innovation. Most NPM or PPP initiatives stress competition, incentivization and disaggregation of public hierarchy (Dunleavy et al. 2006). The rationale is to improve efficiency and counteract problems related to public choice and principal-agent problems. But it could be argued that this initiative in Gribskov has taken NPM to a new stage. On the one hand, Gribskov has had the lowest costs among Danish municipalities in relation to personal care and the third lowest costs for practical help to elderly. On the other hand, the Development Partnership has created a collaborative space for development and innovation among the contractors and the municipality. It has moved focus from efficiency and arm’s length principles of contractualization and control, towards innovation and a more integrated form of collaboration between the municipality and the contracting enterprises in what could be called a platform organization. This seemed at least to be a unique approach in a Danish context, and it could be a model for other public-private collaborations.

In this way, Development Partnership could be seen as an example of another type of service public-private innovation platform or network (ServPPIN). Its central feature has been collaboration about innovation in addition to the disaggregation of public hierarchy, competition and efficiency implied by outsourcing. A central point became the ability of the collaborative framework to develop new concrete service innovations and identify a set of relevant common solutions to elderly care. A critical point has also been the mediating activities of the external facilitator Momentum for developing these services.

## **2. The context**

The context of Development Partnership has been the different experiments with marketization and competition that have been carried out in elderly care in Denmark. Elderly care in Denmark has been organized by the municipalities by law. Elderly care has consisted mainly of home care (practical help and personal care provided in peoples own home) and care provided in nursing homes (practical as well as personal). In addition to this, the municipalities have provided food services and training, rehabilitation and prevention services. Citizens can apply for these services and must be approved by the municipality. But the municipalities can outsource the services to private or local public companies.

According to Statistics Denmark’s online database, there were, in 2008, 183,263 receivers of permanent home care of which 18,323 received only personal care and 90,323 received only practical help. 77,509 persons over 60 were enrolled in nursing homes centres (see also Sekretariatet for ministerudvalget 2006) (The Danish population is about 5.5 million). Thus, the

market for practical help in private homes has been the largest. This market has also been the most feasible to organize (see also below). It has been less complex compared to personal help in private homes or care in nursing homes. The least outsourced area has been nursing homes. Only very few municipalities have chosen to outsource their nursing home centres to private companies.

From 2003, the Danish municipalities were instructed by law to provide a free choice in home care between private and public providers. Marketization and competition was therefore introduced especially in home care following a wave of new public management and a growing conviction that the private sector could perform well (cheaper and better) in this area.

In home care, a private provider can, following this law, be introduced in two ways: The municipality can either outsource the service to one or more providers, or it can approve all providers that live up to certain quality standards. In Gribskov municipality home care was outsourced to three companies as early as 1995 (continuing to 2003). After 2003, with the new law of free choice, Gribskov changed the system to the approval-procedure, and by 2009 eight companies were approved to provide home care.

By contrast, there has been no obligation to provide a free choice in the area of nursing homes, which is the main focus of this case study. But since 2002, citizens who have been approved by the municipality where they live have had the free choice to choose nursing homes in other municipalities too if there were available places in a given home.

Gribskov is one of very few municipalities in Denmark that outsourced this service. As mentioned, there were in the case study two privately operated (Aleris, Attendo) and one public provider (PlejeGribskov) taking care of five nursing home centres in the municipality. Outsourcing had started in 1995. In most other municipalities, there have been no private players in this specific area of elderly care. The three companies which have run the nursing home centres were also approved to provide home care in Gribskov.

The law ensuring free choice in home care also implied a different organization than previously. The ordering of the service had to be separated from the provision of the service. A public authority has to decide what home services a citizen can be approved for. A private or public firm can be awarded the contract for delivering the service. This model is known as the BUM-model (orderer-provider-receiver-model – *bestiller-udfører-modtager modellen*). Furthermore, the budget of the service provider must be activity-based – linking the allocation of resources to the amount of activities which are provided by a (public or private) company.

Critics have claimed that the BUM-model has led to the fragmentation of home care and less flexibility in relation to the client. To compensate for a potential lack of flexibility in home care, a law on flexible home care took effect in 2003 making it possible for a client on a daily basis to exchange one approved service for another.

The BUM-model has only been required by law for home care and not for nursing homes. But Gribskov municipality had chosen to apply the BUM-model to its nursing homes centres as well. The purpose was to create a clearer division of responsibility.

According to an online database about free choice ([www.fritvalgsdatabasen.dk](http://www.fritvalgsdatabasen.dk)) there were, in July 2009, 273 providers of practical help in Denmark of which 198 were private. Many of these were

local small companies, such as Estrid's home service in Gribskov. There were 136 day-providers of personal care of which 60 were private. There were 125 providers of personal care at other times of which 54 were private. As mentioned, nursing homes were only outsourced in very few cases (in Gribskov, Solrød, Kolding and maybe a few others). As it can be seen, the public providers were still responsible for the provision of most services. This was also true in Gribskov where PlejeGribskov (one out of eight companies) was responsible for delivering home services to 36 percent of the citizens (Deloitte 2008). PlejeGribskov was also responsible for most of the nursing home places of the three providers.

The reason for public dominance in nursing homes is political and also that this service has been seen as more complex to outsource. As for the dominance of public providers in home care, the reason probably was that it is not so easy to construct a market there. A related reason may be that the citizens were not made sufficiently aware of the free choice. According to Statistics Denmark only 69 percent of the receivers of practical help and 53 of the receivers of personal care had knowledge of the free choice.

Another reason could be that the citizens' satisfaction with private services was generally lower. This did not seem to be the case, however. According to a nationwide survey published in 2005 and carried out by the National Social Appeals Board (referred to in Greve 2008: 17) citizens who think they were provided with practical help from a public and private provider show only small differences with respect to satisfaction. 82 percent of the citizens who had chosen a public provider were either satisfied or very satisfied and 88 percent of citizens who had chosen a private provider were either satisfied or very satisfied. 54 percent and 73 percent respectively were very satisfied. Hence for the category "very satisfied" the private companies came out better. Therefore, quality measured by citizen satisfaction did not seem to be a barrier for outsourcing.

### **3. The five key dimensions**

#### ***A. Types/processes of innovation***

Development Partnership can be understood as "innovation" in at least four different ways: as policy innovation, as system innovation, as platform innovation and as service innovation (see also Windrum 2008 for an overview of different types of public innovations)

*1. Firstly, it was a policy innovation*, because it was invented at the policy level by politicians and senior managers in Gribskov municipality. It is a particular feature of the public sector that innovations often come from the top; from politicians and senior managers who have the formal power and public legitimacy to initiate innovations.

In this case, they operated in a climate favourable of public-private collaboration and with several years of experiences in this area. Public-private collaboration started in the mid-1990s. In this period, the present Danish Prime Minister, Lars Løkke Rasmussen, was Deputy Mayor in Græsted-Gilleleje and he was chairman of the municipal Health Committee (1994-97). Lars Løkke Rasmussen was known as a driver of public-private collaboration. Gribskov was clearly a frontrunner of public-private collaboration in Denmark (see also section 3D).

Public-private collaboration was also evaluated in a positive way in Gribskov. Politicians and senior managers saw public-private collaboration as a maturing phenomenon leading to more understanding and mutual trust among the collaborating partners. They also saw a need for more



exposure to competition of municipal services. All services should be assessed for possibilities and advantages of competition exposure. According to an interview, they found it inspiring and relevant to operate increasingly in a climate of “wikinomics”, which means that no one alone can find the best solutions to problems, but should seek solutions in collaboration with others. Furthermore, policy-makers also saw a need for integrating the private partners more with the municipality. One reason given was that the municipality was compelled to provide new complex service frameworks for citizens and it had to take care of new tasks in health promotion.

In this way, policy-makers played an important role in stimulating more public-private collaboration and interaction. But the important point here is also that they had the political will, and in this case, good organizational capabilities to carry out these ideas.

*2. Secondly, Development Partnership can be seen as a system innovation.* It was part of a broader change in the Danish public sector towards stimulating public-private collaboration. In this way, it may also be seen as an element of New Public Management.

The specific contribution of this particular system innovation is that it changed focus from efficiency, arm’s length principle and problems related to public choice alone towards including innovation, integration and mutual collaboration as well. NPM mostly operates along the lines of competition, desegregation and incentivization according to Dunlevay (2006). But it has also been argued (ibid.) that NPM is “dead” or at least is being reformulated. The main problem is perhaps desegregation, the attempt to break down public hierarchies, bureaucracies and power-structures into smaller, more dynamic and flexible units. The disadvantage of this could be that the provider of public services becomes disintegrated from the municipality’s overall service-development and policy development.

In Gribskov, it was believed that the system of outsourcing could create better and less costly services. But it also made it more difficult for the disaggregated units to relate to new policy requirements and participate in broader discussions about service innovation which could lead to new welfare increases. Therefore, Development Partnership was introduced to correct for this “system failure” of NPM.

*3. Thirdly, Development Partnership can be seen as a Platform innovation.* The category of “platform innovation” understood as an innovation of a Platform Organization is not mentioned by Windrum (2008) but could be added to the list of public innovation types. According to Ciborra (Ciborra 1996) a platform organization is “a shapeless organization that keeps generating new forms through frequent recombinations”, “a laboratory for rapid structuring”, “a formative context that molds structures”, “a virtual organizing scheme, collectively shared and reproduced in action by a pool of human resources, where structure and potential for strategic action tend to coincide in highly circumstantial ways, depending upon the transitory contingencies of the market, the technology and the competitors’ moves”. “Schematically the platform can be regarded as a pool of schemes, arrangements and human resources.” In other words, the Platform is a formative context for experimentation, communication and innovation.

In this case, the Platform was initiated top-down and constructed bottom-up. The initiative came from the municipality, which had the formal power to create or demand this network. Using this power made it possible to initiate this platform organization among the competing firms which would normally not collaborate. A requirement was therefore built into the contract stipulating that

these firms had to participate in this framework, and they had to allocate funding to it. For each place provided in the nursing home centres, the companies had to pool a certain amount of money into the partnership. The municipality then doubled this amount.

Another characteristic of the platform is that the outcome of its activities was not specified from the beginning, and the results were not forced upon its members. The platform could be seen as loosely coupled. It had to identify relevant problems to work with along the way. Each company had to see if it could work with or integrate some results into daily operations. One characteristic of the network, according to interviews, was that it had to work with various dilemmas between standardisation and differentiation, experimentation and financing, internal and external requirements.

In addition to this, a critical factor for the work of the platform was the place occupied by Momentum as a process facilitator or broker. Momentum facilitated meetings and took the lead in the various sub-projects that were decided in the platform.

*4. Finally, the development partnership could also be seen as a service innovation in two related ways. For one thing, Momentum, which was created in 2003, was a service innovation in itself. The purpose of Momentum was expressed in the following way (July 2009) on its home page: “Momentum is an association of which the purpose is to create value in the meeting between different partners.... Momentum’s core service is value-creating collaboration, whether it is short idea-meetings or long term alliances.” Momentum is in itself a network; it is an association of members.*

The role of Momentum for Development Partnership may have been similar to several other initiatives in regional and industrial policy that sometimes go under the name of “regional platforms”. It seems critical that, in a platform, someone has the responsibility and resources for making collaboration happen. This includes a secretariat that can organise meetings, apply for funding, lead projects and so on.

The role of Momentum evolved over time. According to interviews, before 2005, Momentum’s activities were mostly financed through membership fees. At this stage, there were discussions about ideas in the Momentum steering group, but it was difficult to come up with concrete ideas and projects that everybody was happy about. Some members withdrew, others stayed. After 2005, a reorganization of Momentum took place: it became more market oriented and project organized. Development Partnership was an illustration of a concrete project in this new project organization.

Another way in which Development Partnership can be considered a service innovation is by its concrete service projects (innovations) that came out of Development Partnership in this project organization with Momentum. A number of concrete projects were initiated, among them a project about the concept of care, a project about competence development, a common training initiative called Care Academy for employees and a project about involving local actors in care.

The outcome of these different projects was not so clear-cut (see also section 3B), but they all led to new concrete initiatives in the companies. Another way of putting it is that Development Partnership allowed for an experimental approach to innovation and a loose coupling among the actors in the platform.

## ***B. Type of innovation networks***

There were five actors in the network: Gribskov, Momentum, Aleris, Attendo and PlejeGribskov.

### *Gribskov*

Gribskov is a municipality. It has had the obligation according to law to organize care services within its overall budget which is negotiated annually with the Danish government. Not all service areas can be exposed to competition. Government-related tasks and certain services such as public primary schools have not been allowed to be outsourced. The municipality has been in favour of outsourcing: It has wanted to examine its service portfolio in order to assess whether the services were suitable for competition.

Of the different areas that could be exposed to competition in Danish municipalities, elderly care and services for disabled people together have the largest share of about 22 percent of expenditures on average (Konkurrencestyrelsen 2008). Gribskov has been a frontrunner in the area of public-private competition as already mentioned. By 2008 it had exposed 33 of its exposable services to competition compared to 25 on average in Denmark.

Gribskov has wanted to make a clear distinction between the ordering of services and provision of services. In 2009, it had two political committees with different responsibilities in elderly care: a Committee on Health with responsibility for setting the standards of care, and a Service Committee with responsibilities for daily operations and inspections.

According to interviews with the municipality, the municipality has seen itself as the most important driving force for development and innovation among the four partners in the platform. It wanted the private and public contractors to be more integrated with this overall framework in order to create development and innovation.

### *Momentum*

Momentum has been an association of public and private actors of different kinds. Momentum's role has especially been to facilitate meetings between public and private partners. It has been located in a special "Idea-house" with a special indoor architecture which is relevant for idea generation. Its core competence has been to create value from such meetings. Its role in Development Partnership has been twofold: It has facilitated meetings in a steering group among the four partners. And it has also applied for funding from special money pools in Government and has overseen specific projects for Development Partnership.

An example was a project about citizen differentiation (how the municipality can differentiate its service to suit individual citizens' needs). A project leader at Momentum carried out investigations together with the partners in the platform to examine how differentiation among citizens already took place in the municipal services. Another project was a network project. Different experiments with involving volunteers in elderly care was carried out in the three companies. Anthropologists have also been hired by Momentum in a project about the concept of care. Here it was investigated who the actors of care could be in addition to the care personnel, such as hairdressers, a postman, and so on.

Momentum felt that Development Partnership had become more successful after some time, when the partners became more trustful and it became clearer how they could gain new insights about care from projects like the above that could generate value for all partners in the long run. In the

first stages, by contrast, the partners seemed more sceptical – they were competitors and they were more oriented towards immediate results – and reluctant to collaborate.

### *Attendo*

Attendo Care is a Swedish company which was approved for home care in five Danish municipalities (according to its home page, 2009). Attendo had, at the time, more than 10,000 employees and a turnover of about 4 billion SEK. The company has been in Denmark since 1997 and in Gribskov since 2000 where it ran a dementia centre and a home care service in addition to one nursing home centre, Udsigten.

Attendo saw home care as the most important business area for future developments and wanted to address itself more to citizens directly rather than only to municipalities. Development in Attendo has been taking place mostly in marketing department in Sweden or through its Head of Quality, for example a new diet and a health concept have been developed. Employees from the Danish unit have sometimes participated in project groups in the mother company.

Attendo thought there had been an evolution in the approach to public-private collaboration in Denmark: In the beginning, Attendo as a private company was looked upon with scepticism and the distance to the municipalities was high. The municipalities' role was to inspect the company – whether it lived up to quality standards. Later, with the evolving Development Partnership in Gribskov for example, there was more collaboration and mutual trust. Nevertheless, collaboration in Development Partnership has not been seen to be on equal terms: the municipality has had the power and the partners have been competitors.

Attendo also thought that the private partners have been better to differentiate between citizens than the public partner. The reason was that employees were more involved in development and innovation than in the public company. Attendo also believed that the company had not gained so much from Development Partnership. There was not much new in the projects compared to existing knowledge in the company. However, a common educational programme for employees had been developed which was seen as useful. But generally, Attendo has been delivering more to Development Partnership than it had gained from it.

One benefit was that more trust had been created among the partner companies (Aleris and Attendo) and the municipality. This might lead to less bureaucracy and fewer inspections. There has also been more trust between the two private partners. Earlier, they did not talk to each other – even when they accidentally met at technology fairs and so on.

### *Aleris*

Aleris is a Swedish company owned by EQT and has a Danish subsidiary. The company has been divided into three divisions: Private Hospitals, Care for Disabled and Elderly Care. Aleris had at the time about 4-5,000 employees in total and a turnover of about three billion SEK. The company has provided home care in four municipalities in Denmark (according to its home page) and it has run three Danish nursing home centres of which two are in Gribskov (Bakkebo and Skovsminde) and one in Solrød. Aleris has also been running two centres for disabled people in Gribskov (Kirkeleddet and Skipperstrædet).

Aleris thought the market for outsourcing of nursing homes in Denmark was still limited. The municipalities were not very eager to outsource nursing homes. Aleris has been addressing itself to

different municipalities and tried to explain the advantage of having a private provider. One advantage for the municipality could be that the need for and expenditures to substitute workers due to illness would decrease. A barrier for outsourcing has been the structural municipal reform of 2007 which has taken time from the municipalities. Home care was seen as the most feasible market because of the law of free choice.

The development of services has taken place inside the enterprise. Aleris had a Head of Quality who was important to the development of quality. The company had developed its own quality control system in order to minimize bureaucracy with the municipality. Development should, however, take place in close collaboration with the health authorities and their recommendations. The price of the service has always been an important issue. It was critical for Aleris to have large-scale operations in Denmark which would enable low prices. In addition to price, the issue of quality and quality development was seen as becoming a more important issue.

The main advantage of Aleris compared to other providers was “organizing”, according to Aleris. The company argued that it could better ensure the same helpers and carers are attached to the same citizens. It had a flatter structure and was better at delegating work. For example, Aleris has been experimenting with self-governing teams that work in longer time spans (15 hours a day, 8 days a month, in 8 persons groups) making it easier for employees to manage time during the day, with less stress. It made it possible to arrange things in a more flexible way, according to the company.

The innovation and development of ideas in Aleris has often been inspired by employees who come to management with new ideas. Sometimes a three month pilot project may be initiated. Resources have been set aside for development which can be disposed of locally in the teams.

Aleris thought that Development Partnership had become more constructive in the previous year. In the beginning, it was just an obligation and the partners saw each other as competitors that did not want to share ideas. But more recently, some areas of common interest had been worked out that were useful both for the partners and for the citizens in the municipality. Examples were: a project about care, a network project, and a story-telling project (about positive stories from elderly care). These activities had also led to concrete innovations like the network project where volunteers had been involved in home care in new ways (organizing parties for example).

#### *PlejeGribskov*

PlejeGribskov is owned by the municipality and had a contract with the municipality. This contract has been similar to those of Attendo and Aleris. PlejeGribskov was established as a public company on a contract with Gribskov in 2007 in connection with the merger between Helsingør and Græsted-Gilleleje municipalities.

PlejeGribskov consists of what was previously elderly care in the former municipality of Helsingør. It runs two nursing home centres, Helsingegården and Trongården. In addition to this, it provides home care, runs a day centre with training facilities, and it takes care of the production and delivery of food through the kitchen in the nursing homes.

PlejeGribskov sees itself as a true company, but it takes a lot of effort to turn the municipal service into a company. PlejeGribskov has to develop the company so that it has its own quality control system like the two other companies and it must deliver services at the price which was negotiated

with these companies in 2005. PlejeGribskov sees this transition as a fundamental transformation in management and quality control.

In the new structure, the municipality has become a kind of enterprise or concern and PlejeGribskov a subsidiary which buys or pays overheads for certain services from the municipality like data communication systems and the administrative system. The Service Committee of Gribskov has been acting as a governing body (bestyrelse) of PlejeGribskov. Every year, a result contract and development contract has been negotiated with the Service Committee. At the same time, PlejeGribskov has had a more long-term contract until 2011 with the municipality like the other two service providers.

PlejeGribskov has in the first years of its existence focused a lot on establishing the basic functions it takes to run a company. It has been important in this process to prioritize and carefully plan instead of doing everything at the same time.

PlejeGribskov has also in a more entrepreneurial way developed new initiatives. An example was an initiative in the area of incontinence which came from a physiotherapist. Another initiative concerns obstructive pulmonary disease and diabetes 2. It has been normal that ideas for such initiatives grow out of conversations between employees. The employees should have some autonomy to develop such projects. PlejeGribskov wanted innovation to be part of daily activities. Development has been growing out of small-talk among employees, but it could be important to systematise small-talk, so that development would be taking place in a more focused way. Consequently, PlejeGribskov has created a team structure. A small pool of money has been provided in the budget that the team or team leader can dispose of for special activities.

These interests and initiatives have been important in the transition from one organisational form to another. PlejeGribskov has come to see itself as a “product developer” for the municipality which has the policy initiative. PlejeGribskov thought that it has been important to create project groups with employees that can develop projects.

Development Partnership has been useful for PlejeGribskov, especially the projects about the concept of care and the network project that involves volunteers in care. It has been important, however, that projects were finalized and implemented in daily operations. This was the case with the network project more than with the care concept project.

PlejeGribskov has not been worried about competition among the partners in Development Partnership. Rather, collaboration in the network has meant that it became easier to cope with certain kinds of projects. The challenge has been to transform these projects into daily practices.

#### *The platform and network structure as a whole*

The platform or network can be characterised as top-down initiated, since it has been obligatory for the partners to participate. But the real activities in the platform or network has been more bottom-up organised. The steering group has played a critical role by taking certain initiatives. But these initiatives had to find support among employees in the partner organisations.

Momentum has played a critical role in the network. It has facilitated the steering group meetings and has often taken a leading role in the projects. Momentum has been crucial for coordination,

idea-generation, application for funding from external money pools and project organisation. The case study clearly illustrates the importance of the facilitator or broker role.

As for implementation beyond the project period, it has mostly been up to the partners to find a way to implement results in the daily operations. But all partners agree that concrete results has been critical for Development Partnership. It is not enough to have “academic discussions” about care. Concrete projects that can be translated into daily operations activities are critical.

All three service providers had internal development processes and they experimented with different kinds of team structure and involvement of employees. In the network, this generally meant that innovation in Development Partnership was loosely coupled with innovation in the service providers. All processes had their own dynamics.

### *C. Drivers/barriers*

The main initial driver behind Development Partnership was Gribskov municipality. The rationale was to integrate the partners better with the complex requirements for development in the public sector and create a collaborative milieu for innovation and development. Innovation and development was seen as something that was dependent on collaboration. Hence, in a broader sense, the need for public sector development combined with the wish of the municipality to outsource services was a driver.

A related driving force was Momentum. Momentums had the critical role of facilitating the meetings and oversee specific projects. The case study illustrates how a platform or network can be dependent on a facilitator that has a specific focus on innovations in the platform as well as resources to facilitate and oversee these activities.

The three service providers were also drivers to the extent that they participated in meetings and in projects, not only because they had to (according to the contract with the municipality) but also because they thought this was a useful collaboration. While they were sceptical in the beginning, they had become more positive over time as they came to know each other better, and as they saw that concrete projects of common interest were initiated.

The employees in the service provider companies could also be seen as driving forces. Innovation processes already appeared to take place inside each of these companies organized around projects and teams. There were several examples of individual employees acting as entrepreneurs fighting for ideas and projects. But Development Partnership and in the service providers must be seen as loosely couples units

The most important barriers were the following: Firstly the partners, mostly in the beginning and mostly in the private companies, saw each other as competitors and were reluctant to share ideas. Each partner had its own internal development processes in the larger enterprise group to which it belonged.

Secondly, the partners were forced by their contract to collaborate mutually and with the municipality. For one thing, it is not always a good idea to be forced to collaborate, because collaboration must grow out of concrete opportunities and needs. Furthermore, this also meant that the partnership was not on equal terms.

The partners also found it difficult to understand what concrete results could come out of the partnership. There was too much abstract talk in the beginning which did not result in any concrete projects that were useful and could be implemented in daily activities.

Finally, employee-time was also a barrier. Employees had very little time for development and innovation. Also, as mentioned, they already participated in several locally based development projects. Some employees were sceptical about some types of development projects, like involving volunteers in care activities. Did this mean that they were not doing their job well enough? All in all, time for development was a scarce resource.

#### ***D. Institutional factors***

In Denmark, during the 1990s and 2000s there has been a policy discourse of contracting-out and outsourcing or “exposure to competition” (a more recent concept).

The government did, for example, set the goal that 26.5 per cent of all public services had to be exposed to competition by 2010 measured by a so-called “indicator of competition exposure” (IKU – *indicator for konkurrenceudsættelse*). This indicator represents the percentage of public services that are exposed to competition (contracted out to public or private companies) divided by those that can potentially be exposed to competition (as mentioned, government and certain services like state schools cannot be outsourced). Previously this was measured by a private provider indicator (PLI – *privat leverandør indikator*) which did not include public contractors.

At the moment of writing, the latest figures from the Danish Competition Authority (Konkurrencestyrelsen 2009) show the following: The municipalities had exposed to competition 24.8 percent of tasks that can be exposed to competition. This represented a small increase compared to the previous year. The municipality of Gribskov had exposed 33 percent of all tasks that can be exposed to competition to competition. Gribskov was thereby the leading municipality in this area in Denmark.

Gribskov has had an active policy of outsourcing. “In its municipality council, the municipality of Gribskov has adopted a general contractualization and partnership policy according to which all areas of services within a few years must be evaluated in order to assess possibilities and advantages of exposure to competition. The municipality has a non-ideological approach to public-private collaboration, and there is general support from the politicians. (Konkurrencestyrelsen 2008: 34f)”.

It started in the mid-1990s, when the present Danish Prime Minister, Lars Løkke Rasmussen, was deputy mayor in Græsted-Gilleleje. Rasmussen was a strong spokesperson of public-private collaboration. By 2010, public-private collaboration is seen by politicians and senior managers in Gribskov as a maturing phenomenon. More understanding and mutual trust among the partners was emerging. This made it possible to decrease the level of bureaucracy and inspections – if at the same time the service providers could establish their own quality control systems.

Another institutional factor has been the free choice in home care, launched in 2003 (see section 2). The number of citizens that made use of the free choice of practical home care has during the four years from 2004-2008 increased from about 10 to about 28 percent (Konkurrencestyrelsen 2009). The number of people making use of free choice in personal care was, however, still low, less than five per cent. This indicates that marketization has been more feasible in practical help than in



personal care. The reason could be that practical help (e.g. cleaning) is a less complex service. Service providers will typically see practical help as the most important market which is most easy to penetrate. There were as of July 2009, 198 private providers of practical help and 60 private providers of personal care in homes ([www.fritvalgsdatabsen.dk](http://www.fritvalgsdatabsen.dk)).

Free choice in home care became an institutional factor because it introduced private companies into elderly care. Eventually, this may lead to a different mindset in public services and citizens perception of them that spills over to other sectors.

In general, there has been a lot of discussion in Danish society about the quality of elderly care, especially home care which – due to activity based budgets and the BUM-model (see section 2) – has been seen as becoming subsumed to a “counting regime” and a “clock tyranny”. Every activity has to be measured and allocated in time. Home carers have been seen as very busy, and they have little time to talk with citizens, drink a cup of coffee with them, and so on.

But recent figures from Statistics Denmark (Danmarks Statistik 2009) show that receivers of home help nevertheless have appeared to be generally satisfied with home care. In 2008, 83 percent said that they were either satisfied or very satisfied with the quality of home help. 95 per cent said that they were either satisfied or very satisfied with the quality of personal care at home. 88 percent said that they were either satisfied or very satisfied with the quality of practical help in a nursing home. 90 per cent said that they were either satisfied or very satisfied with the quality of personal care at a nursing home.

One critical issue for the future will be how development and innovation can take place in elderly care, i.e. how employees can experiment with the best possible solutions for delivering a service within a given budget. In government papers, such as papers related to the so-called quality reform of the public sector (<http://www.kvalitetsreform.dk/>), innovation is mentioned frequently and a need for innovation is identified. A wish is also expressed to emphasise systematic innovation in the public sector.

Nevertheless, research has shown that development and innovation in the public sector is already a common phenomenon in Denmark (Fuglsang and Pedersen 2009). Research has also shown that innovation in elderly care takes place in at least three different ways that are not well connected (Fuglsang 2010): 1) As management initiated top down innovation based in external policy-requirements. 2) As management mediated formalisation of innovation based in internal ideas and suggestions. And 3) as bricolage, i.e. day-to-day deviations from protocol in the encounter with the citizens.

These innovation and development activities are often paradoxical and loosely coupled: They are paradoxical because they represent efforts at both standardisation and differentiation, policy-based and practice-based innovation, external control and internal autonomy. They are loosely coupled because they take place without disturbing each other much or being tightly aligned with one another.

### ***E. Impacts***

The impact of outsourcing generally is not easy to measure, but some indicators are mentioned in the case study: cheaper prices, a clearer distinction between government and operations with clearer quality standards at a given price, and citizen satisfaction.

Some of these indicators have been measured. For example, prices of home care are documented in an online database, [www.fritvalgsdatabsen.dk](http://www.fritvalgsdatabsen.dk). Prices has been very low in Gribskov (i.e. no 1 in personal care and no. 3 in practical help in Denmark). In addition to this, it has also been postulated in a note from the National Board of Social Services (unpublished) that the two private companies in certain service areas have been 20 percent more cost effective than the public provider, PlejeGribskov – while at the same time the quality has improved.

Citizen satisfaction in home care has been documented in a report by Deloitte (2008). Here, the results are not so impressive for Gribskov: Citizen satisfaction with home care (practical help and personal care) in Gribskov is lower than average in Denmark. However, the report also shows that for practical help, Gribskov is better than average in the capital region (this figure is not given in the report for personal care). The report states that people in North West of Denmark are generally more satisfied with public care than in the East (i.e. the capital region). The report also shows that citizens have been more satisfied with the private provider than with the public provider. In both personal care and practical help, the public provider, i.e. PlejeGribskov, has the lowest score. More people in Gribskov than on average in Denmark thinks that free choice is important.

The direct impact of Development Partnership, which is the focus here, is difficult to measure and will have to be treated more qualitatively. In the beginning, the results were not impressive, according to interviews. But more recently, some concrete results have been mentioned due to the different projects which were established.

First, there was an investigation of the concept of care, which among other things concluded that other people than care personnel, such as hairdressers, postmen and grandchildren are important to care. Then a programme was set up which could diffuse some of these results – leading to discussions about the concept of care in the partner companies. The concrete results of this exercise were not so clear to the participants. Next, a network project was set up, using some of the results from the care project: it was attempted to involve volunteers into care by creating local networks. This led to a number of concrete activities in the companies. In addition to this, a so-called Care Academy has been set up which pools resources for common education programmes and competence development for employees. Most recently, a project has been initiated about “differentiation” trying to identify positive examples of client-differentiation in Gribskov.

A more indirect effect of the Development Partnership should also be mentioned here. It has increased trust among the partners. This may, according to interviews, lead to decreased bureaucracy among the companies and the municipality. The companies can run their own quality control systems guaranteeing that they will deliver a proper service. This could replace the present system as for the nursing home centres where the companies must deliver specific service packages ordered by the municipality.

#### **4. Unexpected results**

While research has already demonstrated that the Danish public sector is innovative (Fuglsang and Pedersen 2009; Fuglsang 2009, 2008), it is still interesting to see how a municipality in several ways can organize innovation. This is counter-intuitive, cf. also (cf. Windrum and Koch 2008; National Audit Office 2006a), because the public sector is often seen as conservative, bureaucratic and reluctant to change.

In the present case, public innovation takes place in several related ways around a new, collaborative platform organization: The politicians and senior managers are important drivers of innovation. But also the managers of the partner companies are innovative. The partner companies have no R&D department, but the managers function sometimes as such, they say.

Also the public company, PlejeGribskov, has initiated several projects in an innovative way. In the public company, a team structure has been created with a budget that can be used for development activities. Team leaders can initiate small projects drawing on this budget. Ideas for innovation also come from below through small-talk among employees. There is a wish to use these small-talk more for innovation.

## **5. Discussion**

The case study demonstrates an evolution in the discourse of public-private collaboration from focusing mostly on price, efficiency and disaggregation towards also including development, innovation and collaboration in a platform organization. In the academic literature on New Public Management, the limitations of new public management have been discussed (Hood 1991; Pollitt 2003; Dunleavy et al. 2006). Hood argues that NPM-type organisations, stressing “frugality” could have problems with “rectitude” and “resilience”. Pollitt argues that new types of reform may be added to NPM, but NPM is not over. Dunleavy et al. argue that new forms of digitalization may lead towards reintegration and needs-based holism in NPM – away from classical NPM.

What the present case-study adds to these discussions is that certainly NPM is not over, but there may be a quest for more experimental, collaborative, and wholeness oriented approaches that reintegrate private partners with public requirements in a platform organization (Ciborra 1996).

The case study also shows that innovation among partners in a public-private collaboration can take place in loosely coupled structures in complex relationships between several innovating teams or sub-assemblies. Loosely coupled structures (Weick 1979) means that the different units do not disturb each other too much: “What loose coupling means practically is that if one of the variables is disturbed, the disturbance will tend to be limited rather than ramify” (Weick 1979: 111).

In this case, different, partly overlapping project teams are working with different projects that are only weakly integrated. For one thing, at least four projects in the Development Partnership are running. At the same time, several projects are organised in the partner companies around various teams. These different projects all have something to do with care, quality, efficiency, prevention and so on. But the ties between these sub-projects or sub-assemblies are weak and there has been no strong consensus in the group as a whole about what specific goals to pursue. Rather, the goals and the purposes of actions only retrospectively become clearer. This largely corresponds to Ciborra’s (1996) notion of the platform organization. Hence this type of organization becomes relevant as a molding structure or formative context that can link public policy and corporate strategy.

Finally, the case study illustrates how a facilitator or broker can play a crucial role for collaboration and innovation in a public-private platform. Again: the role of the facilitator is not creating a strong consensus among the partners about purpose and goal. In the beginning of the project perhaps there appears to have been more talk about the purpose and relevance of Development Partnership, but only when concrete projects and project groups were formed did Development Partnership become meaningful for the partners. The facilitator’s role is to build up Development Partnership from different sets of projects that are meaningful to the partners.

The facilitator in the case is not a commercial firm but an association. Whether this has been important is unclear. It could imply that especially the members of the facilitator organisation are more inclined to participate in a flexible way than if the service was provided by a commercial firm. Furthermore, it may imply a better understanding of the interests of the member companies. There are no clear indications of this, however.

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