



THE UNIVERSITY *of* EDINBURGH

## Edinburgh Research Explorer

# It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives

### Citation for published version:

Osborne, S & Strokosch, K 2013, 'It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives' *British Journal of Management*, vol 24. DOI: 10.1111/1467-8551.12010

### Digital Object Identifier (DOI):

[10.1111/1467-8551.12010](https://doi.org/10.1111/1467-8551.12010)

### Link:

[Link to publication record in Edinburgh Research Explorer](#)

### Document Version:

Submitted manuscript

### Published In:

British Journal of Management

### Publisher Rights Statement:

© Osborne, S., & Strokosch, K. (2013). It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives. *British Journal of Management*, 24, doi: 10.1111/1467-8551.12010

### General rights

Copyright for the publications made accessible via the Edinburgh Research Explorer is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

### Take down policy

The University of Edinburgh has made every reasonable effort to ensure that Edinburgh Research Explorer content complies with UK legislation. If you believe that the public display of this file breaches copyright please contact [openaccess@ed.ac.uk](mailto:openaccess@ed.ac.uk) providing details, and we will remove access to the work immediately and investigate your claim.



# **It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives**

## **Abstract**

This paper proposes an important theoretical development for our understanding of the co-production of public services. It combines the insights from both public administration and services management theory to produce a novel typology of co-production. This clarifies its role at the operational and strategic levels, as well as its potential for transformational change in public services. Understanding co-production in this way provides a basis through which to explore a whole range of dimensions of co-production that were previously undifferentiated.

**Keywords:** co-production, public policy, public administration, public services, services management, service users, clients, consumers, customers, innovation, co-creation

# **It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives**

## **Introduction**

This paper is a contribution to developing our theoretical appreciation of the co-production of public services. It is the conceptual and theoretical contribution that has derived from a larger project that is examining co-production and the integration of asylum seekers in the UK. This larger study explores three questions: the extent to which co-production is dependent upon citizenship, if co-production can act as a conduit to build social inclusiveness and citizenship and if individual service user co-production is a prerequisite for co-production and partnership working by public service organisations (and especially by third sector organisations). In particular the study was intended to examine the association between the service relationship and the public policy agenda for co-production and social inclusion (XXXX 2009).

This present paper is a theoretical one that is an outcome of this study. It proposes a new framework for understanding the co-production of public services. For the first time, the paper draws together two streams of literature on co-production - from the services management (Norman 1991, Venetis & Ghauri 2004, Gronroos 2007, Johnston & Clark 2008, Vargo et al 2008) and the public administration (Whitaker 1980, Parks et al 1981, Brudney & England 1983, Alford 1998, Pestoff 2006, Bovaird, 2007) perspectives. These have developed in parallel since the 1970s and with no attempts to explore what insights might develop from their integration. This paper attempts precisely such an integration, to further our understanding of the role of co-production in public services delivery.

In brief, this approach differentiates three modes of co-production, at the operational, strategic and transformational levels. For researchers, the conceptual work presented here provides tools to assist with the description, analysis and evaluation of different forms of co-production in public services and with predictions about their impact. For policy

makers and practitioners this approach also offers a way to understand the distinctive challenges that different forms of co-production present and their implications for public policy implementation and public services management. Osborne (2010) has identified a crucial flaw in contemporary public management theory (particularly in its ‘New Public Management’ articulation) in its overt concentration upon the managerial lessons from the manufacturing sector, with its focus both upon discrete transactions and singular outputs. He argues rather that public management has considerable gains to make by a consideration instead of the services management literature (as discussed below) with its focus upon on-going relationships and service outcomes. This paper takes this argument forward and argues that our understanding of co-production is enhanced by this integration of insights from the services management and public administration literatures.

It must be emphasized also that this is not a paper about the public policy formulation process. Rather it is one about the implementation of public policy through public service design and planning and the public service delivery process – what Scott & Baehler (2011) call the ‘responsive’ and ‘operational’ levels of public policy. In this paper we denote these two domains the ‘strategic’ and ‘operational’ respectively. Consequently, the paper commences by exploring the place of co-production within the public administration and services management literatures. It then considers how the insights from these literatures may be integrated to present a more nuanced understanding of co-production. It concludes by drawing out the conceptual and policy and practice implications of this approach.

It is important here to clarify some of the limitations of this paper. If the paper has an empirical context, it is grounded in the experience of public services delivery in the nations of the UK. Its import though, we would argue, is not bounded by this geographic locus but has implications for public services delivery across the globe. By *public services* we are referring to services that are created through the public policy process and regulated by (central or local) government – but which can be provided by a range of *Public Service Organisations* (PSOs) in the public, third and private sectors. These latter

bodies are simply organisations engaged in delivery public services to local people and communities. Drawing upon Bovaird (2007, p. 847), *co-production* is defined as ‘regular, long-term relationships between professionalized service providers (in any sector) and service users or other members of the community, where all parties make substantial resource contributions’. Beneath this over-arching definition, though, lie differing discourses of co-production in the public administration and services literature. The negotiation of these differing discourses is at the heart of this paper.

### **Co-production: the public administration perspective**

This paper is not concerned with the public administration literature that explores ‘upstream’ public policy formulation, with its focus on the work of government ministers and civil servants and their interactions with citizens (e.g. Scott & Baehler 2011). Rather it is concerned with the implementation of public policy and most specifically with the design, reform and delivery of public services (as a means through which to enact public policies agreed ‘upstream’ at the purely political level). There is a strong and highly influential implementation literature on co-production that originates from the work of Ostrom (1972) in the US. She contended that PSOs depended as much upon the community for policy implementation and service delivery as the community depended upon them. This was the genesis of the concept of co-production in public administration.

The public administration co-production literature subsequently developed predominantly in the United States, Europe and Australia (Sharp, 1980; Whitaker, 1980; Parks et al, 1981; Levine and Fisher, 1984; Rosentraub, 1981; Brudney and England, 1983; Frederickson 1996, Alford 1998, 2002, Evers 2006, Brandsen and Pestoff 2006, Pestoff, 2006, Bovaird 2007, Bovaird & Loeffler 2009). Inevitably the idea evolved as public administration theory itself evolved – from the focus on policy implementation and the administration of services (‘traditional’ public administration), through the managerial and consumerist concerns of the ‘New Public Management’ (NPM) era of the 1980s and 1990s and into the more recent concerns of ‘digital governance’ and the ‘New Public Governance’ . Each of these approaches to the delivery of public services had its own preoccupation: traditional public administration emphasized the separation of politics and

administration, with the latter focusing upon the relationship between citizens and public services and their mediation through professionals (Lynn 2001). Often in this approach public administrators were seen as ‘nefarious’ (Lipsky 1968), thwarting the will of citizens for greater influence upon the design and delivery of public services (Vroom & Yetton 1973, Kristov & Rosenbloom 1981) Co-production (Ostrom 1972) was articulated as a way through which public services could be delivered with ‘the maximum feasible participation of residents of the areas and members of the groups served. (Judd, 1979, p. 303). In the US this linked into the development of the New Public Administration movement (LaPorte 1971), whilst in the UK it was most associated with the idea of the ‘public service orientation’ (Stewart & Clarke 1987).

The NPM, by contrast, emphasized 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 initially concerned primarily with adopting a managerial approach both to the allocation of scarce public resources and to public services delivery the NPM subsequently came to be associated (in Anglo-American countries at least) with the concern to use competitive markets to reform the delivery of public services and it re-cast the role of the citizen in public services delivery as that of the self-interested consumer (Roberts 2004, Alford & Hughes 2008). In this context, co-production became associated primarily, and controversially, with the concept of ‘consumerism’ and with contrasting views upon its effectiveness (Potter 1994, Barnes 1995).

Latterly the frameworks of digital governance and the New Public Governance have reformulated public services delivery in an ‘open systems’ context (Scott 1992). On the one hand, it is no longer a case of exploring the top-down relationship between public policy, PSOs and the recipients of public services. Emerging new technology has offered service users potential routes to wrest (some) control over public services from the policy, administrative and managerial structures (Dunleavy et al 2006, Bekkers et al 2011). On the other hand, the fragmentation of public services delivery in the post-modern state has put an emphasis upon inter-, rather than intra-, organizational

relationships for public services delivery (Haveri 2006, Osborne 2010). The New Public Governance replaces public service organisations with public service delivery systems, where the interaction of a multiplicity of actors is required to achieve societal goals and to deliver public services – with the emphasis being upon partnership and collaboration<sup>1</sup> as being, variously, an effective means with which to lever new resources into the delivery of public services, a holistic way in which to address complex social needs and an instrument for social inclusion (Osborne 2010). In context, co-production has again been re-formulated, this time as a core element of the production of precisely such holistic and ‘joined up’ public services.

This evolution of public administration has had import for the expectations, and conceptualization, of service users in the planning and delivery of public services. It has not been a ‘steady state’ concept but has evolved, portraying service users as co-producers in different guises - as citizens/clients, consumers, customers – and latterly simply as ‘co-producers’. Thus, from being a contested and fluid element of public administration, co-production has now moved to occupy a central position in it (Bovaird 2007, Alford 2009). It is this latter conception of co-production within public administration that is of concern here.

Within the current discourse of public administration, co-production challenges its traditional orthodoxy where “public officials are exclusively charged with responsibility for designing and providing services to citizens, who in turn *only* demand, consume and evaluate them” (Pestoff 2006, p. 506; our emphasis). This public administration literature on co-production subsequently discusses the ways in which service user participation can be ‘added into’ the process of service planning and production to improve the quality of these services. This latter day public administration discourse (itself increasingly reformulated as ‘public management’) still conceives of public services as ‘goods’ to be designed, planned and produced primarily by service professionals – but where services users can be invited into the process by these professionals, even if these public goods

---

<sup>1</sup> One recent study estimated that approximately 95% on federal public services are delivered through partnership arrangements (Salamon 2002)

are still consumed (relatively) passively by service users. Co-production thus does challenge the basic premises of public administration, but this can only occur at the behest of, and controlled by, service professionals (Brandsen & Pestoff 2006).

Co-production in this discourse is significantly dissimilar conceptually (and in practice) from its 'sister' (or cousin?) within the services management literature, below. The emphasis in public administration is on joint working between two parties that typically operate from different places in the production process. One party is the professional service delivery staff within government departments and/or PSOs. Traditionally, of course, the design and planning and the delivery of public services would have been vertically integrated within a government department, though sometimes with third sector involvement (Parks et al 1981). Increasingly though the impact of both of the NPM and the New Public Governance has been to separate design and planning (usually undertaken by central or local government) from delivery by PSOs within the public, private or third sectors. Thus the role of the individual service user is simply to subsequently consume the public service, unless invited into the service planning process. In this model, co-production is a design element to be 'added on' to service delivery, and which may enhance its design and planning by accessing the knowledge and experiences of service users or improve the effective delivery of the service (Pestoff 2006). The central point in this model is that co-production is something external to the delivery of a public service and that needs to be designed into these services in order to achieve specified desired outcomes.

The most developed recent approach to co-production in public administration theory are twofold. Bovaird (2007) posits a range of relationships between service users and PSOs, depending upon the respective role of each in the planning and delivery of public services. This is a significant conceptual development for co-production within public administration for it clearly explicates the range of roles and experiences service users might inhabit – though only at the behest of service professionals. Alford (2009, 2011) has also usefully explored the contingencies of co-production in public services, in terms of the inducements and sanctions used by public services professionals to enable the



process. For all this, both maintain the enduring perspective of public administration upon co-production as an optional element of the service delivery process, arguing that ‘service users and their communities can — and often should — be part of service planning and delivery’ (Bovaird, 2007, p. 846). From this perspective, co-production is seen as a normative, voluntary, good that should add value to the public service production process, but that is not intrinsic to it. As will be seen below, this is a qualitatively different discourse to that within the services management field.

Such normative conceptualizations of co-production have often been associated with efforts to improve democracy by placing service users and communities at the heart of service delivery decision-making processes, as discussed above ( see also Alford 2002, Bovaird & Loeffler 2009). However, negative aspects of it have also been discussed in the public administration literature. Public service providers, for example, can consider co-production as time consuming and resource intensive, diverting attention from the ‘real’ task of effective service delivery, whilst concerns have also been raised that including more participants in the process of planning and delivering services will not necessarily lead to a consensus and will make it more difficult for appointed professionals to provide leadership (Levine and Fisher 1984). Finally, service users need an appetite to co-produce which, from the public administration perspective, requires that they dedicate personal time and energy to service production. A debate exists as to whether they have either the time or inclination for this (Osborne et al 2002).

If it has its limitations, nonetheless what this public administration discourse on co-production does articulate most strongly is a space for the role of service users in the planning and design of public services. Again, both Bovaird (2007) and Alford (2011) are important in the most recent discussions of this, which have moved the debate considerably from initial concerns of writers such as Ostrom (1972) and Sharp (1980). Yet even so, this important work still maintains a view of co-production as something to be consciously built into public services. This basic assumption is challenged, however, when one explores the conceptualization of co-production within the services management literature.

### **Co-production: the service management perspective**

as discussed above, the re-casting of public administration as ‘public management’ in the 1980s and beyond, as part of the NPM movement, was predicated upon assumption that public services delivery was not so much a process of the administration of the rule of law but rather one of the allocation of scarce economic resources to meet societal needs. What is curious is that, in addressing these managerial rather than administrative concerns, politicians, practitioners, and researchers alike turned to managerial theory derived primarily from the manufacturing sector and ignored the dedicated theory and literature on services management – despite the fact that this may well have unique insights to offer to the understanding of public *services* management (XXXX et al 2013). It is true that the ‘consumerism’ movement in public services delivery of the 1990s drew heavily upon some elements of services management theory. However, as others have argued, this approach was a partial one that has sought to extract ‘the consumer’ from the overall service delivery process and that failed to understand the totality and logic of this process – and its implications for public services delivery (Jung 2010, Powell et al 2010).

We argue here that this services management literature can add valuable insights into our understanding of co-production, because of the central role that this latter concept plays within this literature. Consequently, it arguably provides a more accurate starting point for theorising about public service production - and in combination with the public administration literature it can stretch our understanding of co-production. Crucially, the services management literature is not concerned with how to ‘enable’ or ‘build in’ co-production to the service delivery process. *Its basic premise is that co-production is an essential and inalienable core component of service delivery: you cannot have (public) service delivery without co-production.* It is the essential and intrinsic process of interaction between any service organization and the consumer at the point of production of a service - what Normann (1991) has termed ‘the moment of truth’ in services provision.

Briefly<sup>2</sup>, services management theory stems from tripartite notions of inseparability,

---

<sup>2</sup> A more detailed exposition of services theory and its application to public administration and public

intangibility and co-production (Gronroos 2007). The production and consumption of services are *inseparable* because they are produced and consumed simultaneously – rather than with production and consumption being temporally and spatially separated as in the case of manufactured goods (Johnston & Clark 2008). Thus, whilst manufactured goods are produced in one place (for example, a factory), sold somewhere else (a shop) and then consumed at a third site (perhaps in someone’s home), the production and business logic for services is entirely different. Production and consumption occur at the same time and often in the same place, with *service* being their defining feature. It is not the provision of a standardized and pre-packaged product but rather a value based interaction (Vargo et al 2008). A theatrical experience, legal consultation and a hotel stay are examples of such simultaneous inseparability of production and consumption.

Services are also *intangible*. They are not concrete goods that that can be physically moved and/or consumed at a time of the consumer’s choosing (such as a washing machine). Rather they are *intangible processes*, with the issue of the subjective experience of the service delivery process by the consumer being a key determinant of the quality of the service (Van Looy et al 2003). The service experience of a business consultancy, for example, is at least as important in its ‘performance’ as is the quality of the advice offered – indeed some have even modeled this as a dramaturgical process (Clark & Salaman 1998, Kipping & Engwall 2005).

Finally, and most significant in the context of this paper, services are unavoidably *co-produced* by the service staff and the consumer. The experience of a service process is shaped primarily by the expectations of the consumer, their active role in the service delivery process and their subsequent experience of the process, as by service staff themselves. Service organisations can only ‘promise’ a certain process or experience – the actuality is dependent upon the Normann’s (1991) ‘moment of truth’, where customer expectations of a service collide with their experience of it (Magnusson 2003, Venetis & Ghauri 2004). A classic example of this would be the experience of residential care by the interaction of staff and service users in a residential home. The expectations and

---

management is found in XXXX et al 2013.

personal characteristics and actions of the residents of a residential home produce the experience of that home as much as do the actions of its staff.

In reality, of course, such elements are more of a continuum than a steady state. Services such as residential care and education are clearly instances where they are high, owing to the fact that consumption and production take place both at the same point in time and the same place, and with direct face to face contact between the service user and the service provider. By contrast, they are rather lower for electronic financial services, because production and consumption occur through the medium of an electronic interface that does not have the inter-personal immediacy of face-to-face contact – indeed key elements of services theory have been challenged by the virtual rather than real time relationships of e-services (Gummerus 2010). Yet even such services do still exhibit co-production – even if the co-production of a financial service is essentially passive (inputting financial data on yourself or choosing from a list of pre-set options) or mediated through a virtual interface.

Unlike much current public administration and management literature, therefore, the services management literature emphasizes the interaction between the service producer and the service user and the interdependency between these two at the operational level. The user's contribution as a co-producer during service production is not only unavoidable but is also crucial to the impact of the service upon them<sup>3</sup>. It is important to note that this approach to co-production does not *necessarily* require user involvement in the service planning process. However this can occur and is often termed 'co-creation' and is linked to the service innovation process. This is discussed further below, when considering how to integrate the public administration and services management perspectives.

If services theory has insights to offer to our understanding of co-production, it also has its limitations. Services theory has no real understanding of the political and policy

context of public services, nor of service production where ‘who the user is’ of a service is contested (as in the case of the criminal justice system, for example) or where the desired outcomes of a service are multiple and/or contested - as can be the case in a range of child care services (XXXX 2010). However, a novel conceptual combination of the public administration and the services perspectives has the potential to further our understanding of the nature, process and limitations of the co-production of public services. This is the intent of the next part of the paper.

### **Integrating the public administration and services management perspectives**

Table 1 draws together the discourses on co-production from the services management and the public administration perspectives to produce three modes of co-production. The first two take an operational and strategic focus respectively to clarify their differing contributions to our understanding of co-production in public services. The third mode integrates insights from both to create a new ‘enhanced’ mode of co-production. This approach acknowledges the balance between co-production in the strategic planning and management of public services noted by Bovaird (2007) above whilst also accepting, from the services literature, the inalienable role of co-production in the delivery of public services at the operational level. We denote these three modes as *consumer co-production* (based in services management), *participative co-production* (rooted in public administration and public management) and *enhanced co-production* (that combines element of the two previous modes).

***Consumer co-production.*** As has been argued previously, in services theory, the role of the consumer in a service is multiple: to contribute to the production process, to simultaneously consume that service, and to evaluate the quality of the service. The act of service consumption is the cornerstone of co-production, as it is this action that results in the consumers’ contribution to production at the operational level - their expectations and experiences are central to effective service delivery and to the outcomes of the service.

---

<sup>3</sup> To be clear, services theory certainly does not say that service outcomes are unimportant. This would be ridiculous. But it does argue that, on a continuum, these outcomes are as much a product of the co-

Table 1 *A continuum of modes of co-production* (adapted from XXXX 2009)

<b>Consumer co-production</b>	<b>Participative co-production</b>	<b>Enhanced co-production</b>
Consumer co-production results from the inseparability of production and consumption during the service encounter and focuses upon the engagement of the consumer at the operational stage of the service production process in order to balance their expectations and experience of the service. The aim is <i>user empowerment</i> .	Participative co-production results from the intention to improve the quality of public services through participative mechanisms at the strategic planning and design stage of the service production process, such as user consultation, and participative planning mechanisms. The aim is <i>user participation</i> .	Enhanced co-production results from combining the previous operational and strategic modes of co-production in order to change the paradigm of service delivery. The aim is the <i>user-led innovation</i> – between users and services providers – of new forms of public service.

This first mode, therefore, focuses upon the operational level of public services delivery, and conceptualises co-production as an inalienable component of public services production. This acknowledges that it is *involuntary and unavoidable* on the part of both the service user and the PSO. From this perspective, therefore, co-production is not an issue of choice and design, but rather of the management, at the operational level, of the relationships between the PSO and the service user. Co-production is a core element of the effective management of public services on a day-to-day, operational, basis. It must be emphasized that this goes beyond ‘simple’ consumerism, as discussed above, and towards a more sophisticated understanding of a public service as *a service delivery system* (Vargo et al 2008). In this mode therefore, co-production becomes a restatement

---

production of the service by its users as it is of professional or staff expertise (Lengnick-Hall et al 2000)

of the public service management task as an interactive and systemic one where experience and outcomes are negotiated between the service user the service delivery professional rather than one dominated by these latter professionals alone. Such *user empowerment* has of course been an aspiration of public services reform for several decades (Skelcher 1993, XXXX 1994). Consumer co-production reformulates this intention in a manner both that understands it as a natural part of the service production process and that offers concrete approaches to its achievement. This is, we believe, a qualitative step forward in making the aspirations for user empowerment a reality in public services by drawing on the lessons from services management. What consumer co-production does not do, however, is to affect public services at the strategic planning level.

***Participative co-production.*** In the second mode, co-production is conceptualized not in the consumption logic of operational service delivery but rather at the strategic level of service planning. Such co-production does not necessarily change the nature of operational service delivery, as Bovaird (2007) has noted, but rather their design and planning at the strategic level. The question is thus not ‘how can a public service ensure that a user’s expectations of that service are met by their experience of it’, but rather ‘how can the experience of a public service by its users be utilized to design and plan them for the future’? We should emphasise that we do not argue that the public administration discourse has been solely concerned with this strategic level over the decades. This is not the case. But rather that it is the strategic element of this discourse that has most to offer to a holistic model of the co-production of public services.

A key element of such strategic co-production is *user participation* (Simmons & Birchall 2005). Thus whilst consumer co-production seeks to acknowledge, and enhance, the power that a service user has in the operational production of a service, participative co-production seeks to ensure the participation of the service user in the service design process in order to improve the planning (and hence effectiveness) of public services.

Arnstein's (1969; see also Havassy and Yanay 1990) 'ladder' of citizen participation is one approach that might be used to explore the actuality of this mode of participative co-production although it is not without its critics (Tritter and McCallum 2006). It recognizes that participation in planning can in reality range from cosmetic and limited forms of co-production (such as public consultations where there is no commitment to act) to forms where service users can have a direct effect upon the direction of service development (such as through being an active member of a service partnership). This point has been pursued further by Bovaird (2007) in his work.

A key distinction to be made here is between user empowerment and user participation. Both have been longtime goals of public services, though with only limited achievement. User empowerment is concerned with the ability of service users to control their experience of a public service and contribute to their own desired outcomes. User participation by contrast is concerned with the role of the service user in participating in the public service planning process in order that the public service system can address the needs of future service users – which may or may not include themselves. It is also seen as a route to other desirable social outcomes, such as social inclusion (Beresford 2001). Inevitably these two concepts do overlap. User participation in public service planning can be enabled by user empowerment, whilst user empowerment at the operational level can flow from planning initiatives initiated by user participation at the strategic level (XXXX et al 2002). What our approach here achieves is to uncover and distinguish the differing logics of these two processes. Only by such conceptual clarity can we fully understand both their integrity - and their possible integration. This latter point is returned to in the next section.

***Enhanced co-production.*** The previous two modes are, in a sense, a reformulation of the potential contributions of the public administration and services management perspectives to a holistic understanding of co-production, albeit within a relational framework. Enhanced co-production is, though, a genuine conceptual advance. In this third mode, consumer based mechanisms in operational delivery of public services are combined with participative ones at the strategic planning level to produce a



transformational effect upon the public services delivery system as a whole – *user-led innovation* of new forms of public service delivery. This is not about user empowerment within current service paradigms or their participation in the planning of future services within this paradigm. Rather it is about the transformation of the service paradigm itself. User-led innovation explicitly formulates the role of the service user as a driving force for transformational innovation. Neither of the previous modes of co-production above implies such transformational innovation. They are essentially ways to provide existing service models more effectively. Enhanced co-production goes beyond this by integrating co-production at the operational and strategic levels to transform service delivery and co-create new processes and forms of public services.

User-led innovation draws on significant literatures in the public administration and services management fields. The public administration discourse has a long history of proposing ‘co-production’ as the solution to the need for ‘social innovation’ in public services delivery as part of the reform process of these services (Joyce 1998, Dibben & Bartlett 2001, Hartley 2005). However Mulgan, though himself a proponent of such an approach, has argued that the ‘absence of sustained and systematic analysis [on user-led innovation] is holding back the practice of social innovation’ (Mulgan 2006, p. 159). Similarly Osborne & Brown (2011) have called for greater conceptual clarity on the nature and process of such user-led innovation if we are to drive forward the process of innovation in public services. In the services management field, Von Hippel (for example, 1994, 2005) has made a veritable career out of evaluating and prescribing co-production as a core source of vital user-led innovation in the services field (see also, Barras 1986, Sundbo & Gallouj 2000, Van der Aa & Elfring 2002, Alam 2006). Importantly, though, Kristensson et al (2008) make clear that all forms of co-production produce such effective user-led innovation. *Customization*, for example, can improve the ‘operational fit’ of a service to the individual needs of a service user, but it does not transform the service overall. *User-led innovation*, however, is dependent upon bringing the operational and strategic levels together to unlock Von Hippel’s ‘sticky’, or tacit, knowledge that service users possess in order to transform the service (Von Hippel 1994,). Here, the service organization is proactively seeking to uncover, understand and

satisfy ‘latent (or future) needs’, rather than simply reacting to (existing) expressed needs (Ordanini & Pasini 2008, Vargo & Lusch 2008).

The role of ICT and digital technology are of particular consequence in relation to enhanced co-production (Moller et al 2008, Enkel et al 2009). At a theoretical level this has led to the influential concept of ‘open innovation. In a public service context, their potential to support the development of new forms of co-production (as discussed below in relation to the custodial treatment of offenders) and to enable service users to take an active role in enhanced co-production has been recognized by a number of writers (for example Kinder 2000, Pascu & Van Lieshout 2009). Dunleavy et al (2006; see also Bovaird & Loeffler 2009) have argued subsequently that what they term digital era governance (DEG) offers the basis for ‘self-sustaining change’ in public services. Dunleavy and his colleagues are at pains to point out that DEG is no guarantor of co-production, of any form, and that professionals might yet utilize the technology to buttress their own roles at the cost of genuine co-production. Moreover if the impact of DEG is actually to lead to greater fragmentation of the public services delivery system, by encouraging a multitude of voices, then the cost of this may be greatly increased inefficiencies on the delivery of public services (Peters & Pierre 2000). Nonetheless, DEG does offer the potential of enhanced co-production and co-creation by enabling more equal access to essential information about social and economic needs and the performance of public services. Bekkers et al (2011), for example, have demonstrated how ICT and digital technology have enabled individual service users and communities to take a more equal role in the policy planning and implementation process, and sometimes seizing the agenda, precisely by allowing them access to information previously in the domain of the professionals alone. In such a digital era, a more nuanced understanding of the nature of co-production and its interaction with these emerging technologies will be essential to both understanding and governing the process of public services delivery and renewal.

Enhanced co-production therefore is an important conceptual development that can enable us to address Mulgan's call (above) for 'sustained and systematic analysis' in understanding the contribution of public service users to innovation in public services. The framework presented here, we argue, makes extant the dimensions of this mode of co-production and its relationship to the two existing modes of consumer co-production and participative co-production.

Unsurprisingly, given its potential as a powerful engine of public services reform and innovation, there are also barriers to the potential of such enhanced co-production and user-led innovation. First, PSOs are typically highly professionalized and may be resistant to accepting the actual premise of enhanced co-production or its challenges to their own professionalism (XXXX 1994, Bovaird and Loffler 2003). Second, simply establishing mechanisms through which to involve service users in service planning and production does not guarantee the enhanced mode of co-production. A PSO can take an active, passive or even tokenistic approach to responding to these mechanisms (Sinclair 2004). Both these issues can limit the innovative potential of PSOs.

Finally there are also limits to the positive potential of innovation through co-production. As discussed above, providing individuals with too much power in the production of public services has been argued to lead to inefficiencies in public spending (Peters and Pierre 2000), whilst Alam (2006) argues that over-customization in service innovation leads to service fragmentation and inefficiency.

### **Discussion and limitations**

To date the three modes of individual co-production detailed here have not been made explicit or clearly differentiated in the discussion about the planning and delivery of public services. Our contention here is that the appreciation of co-production, and its potential benefits in this context is improved significantly by their differentiation. We also argue that combining the insights for public administration and services management has produced powerful new concepts to help us analyse and evaluate this phenomenon.

Inevitably, any such conceptual approach is subject to its own limitations. We have already discussed the specific barriers to user-led innovation above. In addition we would argue that there are four broader limitations to co-production that must be taken into account in considering the implementation issues of these three modes of co-production. First, just as service users bring important expertise to co-production so too do service professionals. Co-production is not about the replacement of the role of professionals by service users (as in some of the more naïve versions of public services consumerism discussed by Powell et al, 2010 and Jung, 2010). Rather it is about bringing these different forms of expertise together. To take a simple example, one would not want to replace the role of the surgeon by the patient in the co-production of oncology services – their professional expertise is vital here. However the research has also indicated the significance to clinical outcomes of the co-production of the overall treatment plan between health professionals and patients (Katz et al 2005; see also Guadagnoli & Ward 1998).

Second there are inevitably cases where the user of a public service is an unwilling or coerced user. The prison service is a classic example here. In this context the professionals of the prison service have a custodial function that it is hard to co-produce. Even here, though, it has been argued that the electronic tagging of convicted criminal within the community is a form of co-produced custody that negotiates the coercive element (Corcoran 2011). Margetts (2009) goes further with this argument, too, suggesting that ICT and web-enabled technologies may be a new incentive and technology to embrace co-production – reinforcing the argument that community-based custodial options may be one area ripe for such innovation.

Third, co-production is particularly fraught where public services, as is often the case, can have multiple and perhaps conflictual users. In the above case of custodial prison services for example, it is a moot point who the actual service user is – the convicted criminal themselves, or the court, victims of crime, or society more broadly. This dilemma is highlighted particularly by Bovaird (2005). Such contestation is not a reason to limit the role of co-production in public services, but rather it is a reason perhaps to acknowledge its greater complexity in public services than in the business sector. Tools

to negotiate such conflictual situations in public services do exist, such as stakeholder approaches (e.g. Bryson 2004).

Finally, substantive empowerment, participation and user-led innovation through co-production are all reliant on the presence of *trust* in the service relationship - because the process of co-production can be risky, uncertain, time-consuming and costly for PSOs (Yang 2006). Service professionals and planners must trust that they will receive some return from co-production, whilst service users must trust that their contributions will be recognised, valued and acted upon.

Developing such trust has of course been a substantive challenge for PSOs for many decades (Van de Walle & Bouckaert 2003). Tools to assist in the process of this development do exist in the services management literature, however, such as relationship marketing (Sheth 2000) and some have already explored their application to public services (McLaughlin et al 2009). Without such application, the risks of co-production may undermine the trust essential to its enactment – and ultimately counter its benefits in the implementation process.

## **Conclusions**

This paper has contributed to the theoretical debate around the nature of co-production in public services by integrating insights from two distinct theoretical perspective (public administration and services management), that have previously existed in isolation, in order to enhance the clarity of our awareness of co-production. This has allowed the evolution of an important conceptual development in our understanding of co-production – a framework of three modes of co-production. This framework allows for much greater clarity in discussing the co-production of public services and has enabled its disaggregation from one larger, somewhat vague concept, into separate conceptually rigorous elements. It has also allowed us to discuss some of the limitations and barriers to the achievement of co-production in practice, as well as suggesting some approaches to the resolution of these issues.

The services management perspective improves our understanding of the nature of the co-production of public services by individual service users, by providing a more accurate description of the service production process at an operational level. It helps us to understand the inherent role of co-production in the delivery of any service - public or private, and its links to user empowerment. The public administration literature, by contrast, provides insight into co-production at the strategic, service planning, level. It helps understand how this can be linked to individual and community participation in the planning of public services (and its limitations). Finally, this paper has taken the analysis a step further by integrating the insights from these two perspectives in order to advance the concept of enhanced co-production. This new conceptual category draws on both the above perspectives and provides insights into the processes and contingencies of user-led innovation as a process of public services innovation and reform.

As it stands this framework is, we believe, an important contribution to theory. As with all good public administration and public management theory, though, it is one with the potential to make a significant contribution to practice (Andrews et al 2010, Head 2010). The next challenge is for empirical research in order to test and refine this framework and its contribution to public administration and public management theory. A range of methodologies exist that can drive forward this empirical testing and refinement including experimentation (Margetts 2011), the analysis of administrative data (Andrews & Boyne 2011), ethnographic study (Huby et al 2011) and longitudinal research (Wond & Macaulay 2011). Only then will the utility and limitations of this new framework be clearly elucidated.

## **References**

Alam, I. (2006) 'Removing the fuzziness from the fuzzy front-end of service innovations through consumer interactions', *Industrial Marketing Management*, 35, pp. 468-480.

Alford, J. (1998) 'A Public Management Road Less Traveled: Clients as Co - producers of Public Services' in *Australian Journal of Public Administration* (57, 4) pp. 128-137.

Alford, J. (2002) 'Why Do Public-Sector Clients Coproduce?' *Administration and Society*, 34, 1, pp.32-56.

Alford (2011)

Andrews and Boyne (2011)

Andrews et al (2010)

Arnstein, S. A. (1969) 'A ladder of citizen participation?', *Journal of the American Institute of Planners*, 35, 2, pp. 216-224.

Bekkers et al (2011)

Beresford (2001)

Bovaird, T. (2005) 'Public governance: balancing stakeholder power in a network society', *International Review of Administrative Sciences*, 71, 2, pp. 217-228

Bovaird, T. (2007) 'Beyond engagement and participation – user and community co-production of public services', *Public Administration Review* 67, pp. 846-860

Bovaird, T. and Löffler, E. (2003) 'Understanding public management and governance', in Bovaird, T. and Löffler, E. (eds) *Public Management and Governance*, London: Routledge.

Bovaird, T & Loeffler E (2009) 'User and Community Co-Production of Public Services and Public Policies through Collective Decision-Making: the Role of Emerging Technologies ' in (eds) Brandsen, T. & Holzer, M. *The Future of Governance* (NCP, New Jersey)

Brandsen, T. and Pestoff, V. (2006) 'Co-production, the third sector and the delivery of public services', *Public Management Review*, 8, 4, pp. 493-501.

Brudney, J.L. and England, R.E. (1983) 'Toward a definition of the co-production concept', *Public Administration Review*, January/February: pp. 59-65.

Bryson, J. (2004) 'What to do when stakeholders matter. Stakeholder identification and analysis techniques', *Public Management Review*, 6, 1, pp. 21-53.

Clark, T. and Salaman, G (1998) 'Creating the 'Right' Impression: Towards a Dramaturgy of Management Consultancy' *The Service Industries Journal*, 18, 1, pp. 18-38

Corcoran, M. (2011) 'Dilemmas of institutionalization in the penal voluntary sector' in *Critical Social Policy*, 31, 1, pp. 30-52.

Dunleavy, P., Margetts, H., Bastow, S. and Tinkler, J. (2006) *Digital Era Governance*, Oxford: Oxford University Press

Evers, A. (2006) *Current strands in debating user involvement in social services* (Council of Europe, Strasbourg)

Frederickson, H. (1996) 'Comparing the reinventing government movement with the new public administration', *Public Administration Review*, 43, pp. 263-270.

Gronroos, C. (2007) *Service management and marketing: customer management in service competition*, Chichester: John Wiley & Sons.

Gummerus, J. (2010) 'E-services as resources in customer value creation: A service logic approach', *Managing Service Quality*, 20, 5, pp.425 - 439

Havassy, H.M. and Yanay, U. (1990) 'Bridging between local needs and centralised services: Co-optation or co-production', *Community Development Journal*, 23, 3, pp. 213-234.



Haveri, A. (2006). 'Complexity in Local Government Change: Limits to Rational Reforming', *Public Management Review*, 1, 8, pp. 31-46.

Haugh, H. and Kitson, M. (2007) 'The third way and the third sector: New Labour's economic policy and the social economy', *Cambridge Journal of Economics*, 31, pp. 973-994

Head (2010)

Huby, G., Harris, J. & Grant, S. (2011) 'Contributions Of Ethnography To The Study Of Public Services Management' *Public Management Review*, 13, 2, pp. 209-225

Johnston, R. and Clark, G. (2008) *Service Operations Management: Improving Service Delivery*, Harlow: Prentice Hall.

Jung, T. (2010) 'Citizens, co-producers, customers, clients, captives? A critical review of consumerism and public services', *Public Management Review*, 12, 3, pp. 439-446

Katz, S., Lantz, P., Janz, N., Fagerlin, A., Schwartz, K., Liu, L., Deapen, D., Salem, B., Lakhani, I. & Morrow, M. (2005) 'Patient involvement in surgery treatment decisions for breast cancer', *Journal of Clinical Oncology*, 23, 24, pp. 5526-5533

Kipping and Engwall (2005)

Kristensson, P., Matthing, J. and Johansson, N. (2008) 'Key strategies for the successful involvement of customers in the co-creation of new technology-based services', *International Journal of Service Industry Management*, 19, 4, pp. 474-491.

Levine, C. and Fisher, G. (1984) 'Citizenship and service delivery: The promise of co-production', *Public Administration Review*, 44, pp. 178-189.

Lynn, L.E. (2001) The Myth of the Bureaucratic Paradigm: What Traditional Public Administration Really Stood For, *Public Administration Review*, 61, 2, pp. 144–160.

Magnusson, P. (2003) 'Benefits of involving service users in innovation', *European Journal of Innovation Management*, 6, 4, pp. 228-238.

Margetts, H. (2009) 'The Internet and public policy' in *Policy and Internet*, 1, pp. 1-21

Margetts, H. (2011)

Moller K, Rajala R & M Weserlund (2008) 'Service innovation myopia? A new recipe for client-provider value creation' in *California Management Review* (50, 3) pp. 31-48

Mulgan, G.P. (2006) 'The Process of Social Innovation', *Innovations*, Spring, pp. 145-162.

Normann, R. (1991) *Service management: strategy and leadership in service business*, Chichester: John Wiley and Sons.

Ordanini, A. and Pasini, P. (2008) 'Service co-production and value co-creation: the case for a service-orientated architecture (SOA)', *European Management Journal*, 26, pp. 289 – 297.

Osborne S (2010) 'Delivering public services: time for a new theory?' *Public Management Review*, 12, 1, 1-10

Osborne, S., Beattie, R & Williamson, A. (2002) *Community involvement in rural regeneration partnerships in the UK*, Bristol: Policy Press.

Osborne, S. and Brown, L. (2011)

Ostrom, E. (1972) 'Metropolitan Reform: Propositions Derived from two traditions', *Social Science Quarterly*, 53, pp. 474-493.

Parks, R.B., Baker, P.C., Kiser, L., Oakerson, R., Ostrom, E., Ostrom, V., Percy, S.L., Vandivort, M.B., Whitaker, G.P. and Wilson, R. (1981) 'Consumers as co-producers of public services: some economic and institutional considerations', *Policy Studies Journal*, 9, 7, pp. 1001-1011.

Pestoff, V. (2006) 'Citizens and co-production of welfare services' *Public Management Review*, 8, 4, pp. 503-519

Pestoff, V., Osborne, S.P. and Brandsen, T. (2006) 'Patterns of co-production in public services', *Public Management Review*, 8, 4, pp. 591-595

Peters, B.G. and Pierre, J. (2000) 'Citizens versus the new public manager: the problem of mutual empowerment', *Administration and Society*, 32, 1, pp. 9-28.

Powell, M., Greener, I., Szmigin, I., Doheny, S. & Mills, N. (2010) 'Broadening the focus of public service consumerism', *Public Management Review*, 12, 3, pp. 323-340

Prahalad, C & Ramaswamy, V (2004) 'Co-creating unique value with customers' in *Strategy & Leadership*, 32, 3, pp. 4-9

Rosentraub M and Warren R (1987) 'Citizen participation in the production of urban services', *Public Productivity Review*, 10, 3, pp.75-89.

Scott, C. & Baehler, K. (2011) *Adding Value to Policy Analysis and Advice* (UNSW Press, Sydney)

Sheth (2000)

Simmons, R. and Birchall, J. (2005) 'A Joined-up Approach to User Participation in Public Services: Strengthening the Participation Chain' *Social Policy & Administration* 39, 3, pp. 260–283.

Sinclair, R. (2004) 'Participation in practice: making it meaningful, effective and sustainable', *Children and Society*, 18, pp. 106-118.

Skelcher, C. (1993) 'Involvement and empowerment in local public services', *Public Money and Management*, 13, 3, pp. 13-20.

Spohrer J & Maglio P (2008) 'The Emergence of Service Science: Toward Systematic Service Innovations to Accelerate Co-Creation of Value', *Production and Operations Management*, 17, 3, pp. 238-246,

Tritter, J.Q. and McCallum, A. (2006) 'The snakes and ladders of user involvement: moving beyond Arnstein', *Health Policy*, 76, pp. 156-168.

Vargo, S.L., Maglio, P.P. and Archpru Akaka, M. (2008) 'On value and value co-creation: a service systems and service logic perspective', *European Journal of Management*, 26, pp. 145-152.

Venetis, K. and Ghauri, P. (2004) 'Service quality and customer retention', *European Journal of Marketing*, 38, 11/12, pp. 1577-1598.

Van de Walle and Bockaert (2003)

Vargo, S.L. and Lusch, R.F. (2008a) Service-dominant logic: Continuing the evolution, *Journey of the Academy of Marketing Science*, 36, pp. 1-10.

Von Hippel, E. (1994) 'Sticky information and the locus of problem solving: implications for innovation', *Management Science*, 40, 4, pp. 429-439.

Von Hippel, E. (2005) *Democratizing Innovation*, Cambridge, MIT Press.

Whitaker, G.P. (1980) 'Co-production: Citizen participation in service delivery', *Public Administration Review*, May/June, pp. 240-246.

Wond and Macaulay (2011)

Yang, K. (2006) 'Trust and citizen involvement decisions: trust in citizens, trust in institutions, and propensity to trust', *Administration and Society*, 38, 5, pp. 573-595.

