



# CO-PRODUCTION THE PUBLIC SERVICE – A PARTNERSHIP STRATEGY FOR QUALITY INCREASE

Daniela-Tatiana AGHEORGHIESEI (CORODEANU)\*

**Abstract:** *The concept of co-production of the public service caught the attention of public authorities starting with the 80s when the paradigm of the new public management was extended. This notion involves the participation of citizens together with competent authorities in the entire process entailed by the public service: from planning to implementation and feedback. Thus, the citizen becomes a co-producer or even producer of added value.*

*This article reviews how this concept has been approached in the scholarly literature until now, the mechanisms involved, its advantages and disadvantages, especially in the public sector. The theoretical approach is supported by several examples from practice.*

**Keywords:** *co-production, co-production process, citizen, consumer, public services*

**JEL Classification:** *H83, M30*

## 1 INTRODUCTION

### 1.1 A Short Definition

The term of service co-production indicates by itself the involvement of multiple partners and the common effort necessary for its producing, as well as for its sustainability for the sake of its beneficiaries. Co-production is, instead, a closer concept, which according is defined as: „a form of cooperation in production which is established between governments or enterprises in different countries in order to manufacture together a product (DEXonline, coproductie)” and the best known form of co-production is that of cinema production.

---

\* Daniela-Tatiana AGHEORGHIESEI (CORODEANU), Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Bdul Carol I, nr. 22, Iași, birou B601, tel. 0040232 201445, dtc@uaic.ro

## **1.2 Co-Production of Products and Services. Examples for Understanding its Process**

In everyday life, we find ourselves in diverse, formal or informal situations as citizens or co-producers: for example, we embrace our duty as a tenant to sweep the snow in front of our block of flats; we involve ourselves personally or our own children in voluntary activities to reforest the devastated regions around towns. In other words, we respond to the needs of the community we live in, spurred on by the appeals of the public authorities who offer us the chance to voluntarily take part in their roles and responsibilities for our common good. This is a form of rendering the costs as efficiently as possible by their partial transfer to citizens, or as the case may be, to the client (the latter accepts and takes on the required tasks voluntarily, committing him/herself in this way to a decision taken according to his/her preferences, cf. Etgar, 2008). Nevertheless, this involvement of the citizen or client is supervised by the authorities who control, delineate and manage the framework for the development of the entire process (the creation and maintenance of the partnership, its unfolding, and output evaluation). At the same time, there is a reshaping of social roles, the beneficiary being empowered to participate in the co-production or co-execution of public services on the basis of an implicit recognition of his/her competences which are required in this context.

Lately, this form of public government (in the public sector), as well as an innovative and efficient strategy of attracting business clients has been used in many instances:

In Spain, a restaurant supports the unemployed by offering them a free meal in exchange for an hour of work. Clients can take part in customer serving, dish washing or cleaning ([www.adevarul.es](http://www.adevarul.es), Andrieş, 2013). Apart from straightforward effects – covering their food needs, this type of initiative contributes to the improvement of the psychological state of the unemployed involved in service co-production, making them more confident, optimist and helping them to in touch with people who share their burden. The restaurant, part of a social organization, provides these social services (half of the tables are reserved for the unemployed) based on a “work exchange program”, a partnership with other thirty charitable organizations and with the local council.

In the Romanian health care system, the co-payment system is also an example of service co-production (albeit forced as it is imposed by law) that helps

the system to function for the benefit of all citizens and it means “the contribution of the insured to the health system, collected additionally compared to the one funded by the common national fund of health insurance”. Due to lack of funds, some Romanian hospitals collect fees (receipt-based) from patients to maintain the wards clean.

Another example in Romania is the involvement of citizens in the issue of stray dogs maintenance. On one side, the authorities have let these dogs free on the streets, after these have been castrated and ear tagged, counting on the support of the citizens in areas where dogs have been kept to be fed. Co-production is in this case is implicit (informal and steeped into ethical interrogations) because citizen were not officially invited to participate in providing the public service that should have been provided by local authorities who have the necessary funds; on the contrary, the authorities counted on feelings of pity and good will of citizens towards animals. The call of authorities to citizens to adopt dogs (take them home or pay for their expenses and upkeep in the specially made paddocks) is part of a process of co-production the public service in which the citizen becomes an active partner in the management of this issue.

Other examples can be found in the Romanian education: class fund collection in primary, secondary schools and even high schools, through which pupils (through their parents) contribute with funds to the upgrade of classrooms as to provide a better environment for delivering educational services. Likewise, the students’ involvement in research projects and their presentation in class (at the initiative and under the supervision of their professor) is another example of educational service co-production. Waste collection voluntary programs in some regions in which pupils and students are involved is also a form of “co-production” of environmental protection service.

Moreover, we can also include here people who are on social benefits and who have to provide community services for free. These not only provide the service and also benefit from these services as community members.

But this practice is not limited to the public sector.

Another restaurant also from Spain, for example, provides to clients the opportunity to pay for the services as much as they like, according to their ability (and integrity) to estimate the cost of service (www.adevarul.es, Gherman, 2009). Besides the marketing strategy of the restaurant owner, through which he tried to

save his business from failure during recession, this case illustrates the co-production of a service where the consumer is an expert in establishing the price of the menu.

The retail field provides many similar examples, for example, “Carrefour” involved its clients in testing its products: “Inspired, tested and approved by Carrefour’s clients®”, according to the principle “those willing, from the most diverse social categories, can become involved directly by suggesting new products or, on the contrary, by improving those that already exist” ([www.brandprivat.ro](http://www.brandprivat.ro), 2013). The company gets new ideas for new products or eliminates those that are not seen as being efficient. The involved client will be more tempted to buy the “created” product, and, on the other hand, the retailer will have more chances to have faithful clients.

### **1.3 The New Paradigm**

The co-production is the new paradigm of the private sector (a source of inspiration also for the public sector) that ensures the interaction between companies and their clients. The paradigm functions on the service-dominance logic (Casia&Magno, 2009) whereby the consumer is the creator of value precisely because the company provides to him necessary resources for this kind of creation. But sometimes the company has the opportunity to become a value co-creator, along with the client (*idem*).

This strategy has multiple advantages: it diminishes the risk of selling unwanted products, and implicitly, the decreases the costs (on one hand, the specialists who provide free ideas are the clients, and on the other hand, no product is left on the shelf that would not be sold instead of products demanded by the market). A supermarket or hypermarket consumer is also a part of a service co-production process when, in order to recover the coin inserted in a trolley, he/she must take it to its initially allotted place. Naturally, this should be done by an employee paid by the store. Nevertheless, this practice constitutes an advantage for the consumer by disciplining him/her and by offering the possibility for other consumers to enjoy a better service and find more easily a shopping trolley. On the other hand, trolleys are not abandoned in the parking lot, which would cause great discomfort and potential danger for consumers who are trying to park their cars. Other examples of service co-production appear when we ourselves weigh the

products in the supermarket (usually fruits and vegetables, but not only these), or when we ourselves fuel our cars in the gas station.

A tourist in a guest house can be a co-producer if he/she gets involved in the menu preparations for the tourists that are lodged there, and that would benefit both him and the owner.

This article will refer to what is called the “institutionalized” co-production of public service, a method proved to be functional and very useful for providing public service at the highest standards of quality.

A definition of service co-production displaying a certain degree of adaptability to all fields of activity (public and private) is suggested in the works of Michael Etgar (2009). The author applies this concept to marketing and defines it as the participation of the consumer in all value creating activities carried out to obtain high quality products and services. These activities include processes of production and distribution that sustain product manufacturing and service delivery for the target segments of consumers. More precisely, these activities range from intellectual work needed to start and design the process, accumulation of resources, processing that lead to out-puts that later would provide the basis for delivering value “used/consumed later” by clients, up to providing the consumption *per se* (Etgar, 2008, p. 98).

Although, the authors (Vargo& Lush, 2008) make a distinction between the concept of value co-creation (taking place at the final stage of service use/consumption) and that of co-production, which is a component of the first (an intermediary stage within the process), our analysis will disregard this aspect and will focus on co-production.

## **2 CO-PRODUCTION OF THE PUBLIC SERVICE – THE CONCEPT, PRINCIPLES AND ADVANTAGES**

### **2.1 Co-Production of the Public Service – a Partnership with the Citizen**

The concept of public services co-production means the contribution of service user, beneficiary to the process of its delivery (Bovaird&Löffler, 2012).

Public service co-production includes a wide range of options – from the involvement of the consumer/citizen into service planning, design, effective implementation and control over service delivery results to voluntary work.

In order to avoid any controversy tied to philosophy of this process, it should be underlined that public service co-production does not mean to transfer the entire process unto the shoulders of the citizen, who just a user or beneficiary; on the contrary, it means an effective co-working of the two partners – the citizen and public authorities so as to offer a better service, more adapted and in tune with the demands of the community. The citizen is a consumer, but also a participant in service delivery. The consumer is highly valued and is a partner with public service provider due to the fact that the consumer possesses knowledge that professionals lacks, the former being in this way an innovator; the consumer also influences the efficiency of service through the way in which he relates to demands and their monitoring (it is a key factor of success), provides resources on time, information and financial data to increase the quality of his own life and of the others (being a resource); the consumer offers his abilities and talents to professionals (being an asset holder) and finally, the consumer is involved in collaborative relations with the staff or personnel, other users and other citizens (being a community developer) (Bovaird&Löffler, 2012).

The principles (Löffler, Governance International, 2009) on which stands the co-production process confer to the citizen/service the quality of being a holder of assets and not a passive consumer; this should have collaborative, not paternal, relationships with the personnel. The focus should be on results and not on the “service” *per se*.

A paraphrase of the well-known slogan “Our client is our master” becomes an undisputable reality due to the fact that the involvement of the citizen leads to the improvement of public service quality through his expertise; differentiated and diverse services can provide more choices, force public service providers to be more open to the demands of citizens and lead to cost cuts (Bovaird&Löffler, 2012).

Stephen Buetow (1998) investigates medical service co-production through the involvement of patients in the check-ups with the health care using their rights, responsibilities and preferences. In his view, medical service and check-ups co-production takes place because “the recognition, problems and needs management require both contribution of the patient and the health care professional at the same time”. The patient comes with “the manner and attitude, information and preference”, and the professional with the technical knowledge. The partnership between patients and professionals consists in “their reciprocal participation,

responsibilities and decision-making sharing”. The patient has both rights, but also responsibilities (protection the rights of other of others and taking responsibility for the level and nature of involvement).

This form of co-production in the health care system transforms the medical service consumers from “outsiders”, who traditionally took part through their choices of medical service and by voicing their own opinions, and generally by having a “voice” with regard to the priorities, the development and the quality of the service in question (Dunston & al, 2013, p. 46). The consumers become “insiders” enter into the space of medical service production, space that in the past belonged exclusively to professionals. Co-production introduces another type of engagement between the medical service consumer and the health care system, it changes “its location, status, and role [...] during the process of product/service development” (Dunston & al, 2013, p. 46): it is, therefore, another form of partnership – a partnership of dialogue and learning (idem).

Studies show that this process positively influences the consumer’s satisfaction by his perceived control over the process (Araujo Pachéco, Lunardo and Pizzutti dos Santos, 2013). This is mainly an effect of the principle of “service-dominance logic”.

However, the highest risk (or the highest responsibility) is taken by public authorities having the mission to manage the co-production process: to identify services which can be included in this process, to prepare categories of citizens who would be able to get involved, to set skills, limitations of these interventions, feedback, to take responsibility for the results and to design corrective measures.

Joshi and Moore (2004) introduce the concept of institutionalized co-production which, unlike the simple, generally used term, means a long-term, regulated partnership between state agencies and organized groups of citizens for the well functioning of public services, each of the partners “contributing with important resources” (p. 40). The emphasis is places on long-term partnership that can also unfold on the basis of certain informal, undefined arrangements, and which are negotiable “almost continuously”. In their analyses regarding the institutionalized co-production services in poor countries, the above mentioned authors (pp. 31-49) underline that power, authority and the control of resources become shared between state authorities and groups of citizens which participate in the co-production process; this sharing is not necessarily equal, but “interdependent

and ambiguous”. Although seemingly negative, this situation represents the only solution for providing the public service. For the two authors, co-production is the result of “the imperfections and incompleteness of the state” and there are two important factors that can engender it: “governance”, that is the governmental inability to run efficiently the service for certain categories of citizens; and “logistics” (p. 41), that is the fact that state agencies can not provide the service because of certain factors that may be considered “natural”, of a variable and complex environment (for example, the physical distance which is too long for arriving to certain country-side regions and the huge costs required for rendering the service to numerous poor households).

## **2.2 The Advantages of Public Service co-Production**

The general advantages of this strategy for providing public services are multiple and worthy to be taken into consideration:

- Authorities are forced to take into account the reaction of citizens to changes and transformations, a citizen who is more educated, more demanding, full of various expectations, aware of his/her worth and of the power of his/her “voice”;
- The message that the authorities address to the citizen is that “we care about you” or “we are a team”, message that indicates the moral values which should be fundamental for providing public services;
- An intense closeness and empathy towards certain categories of citizens (co-producers) through a dialogue focused on their needs, on the elimination of barriers between the establishment and the co-producer;
- A realist intervention of authorities according to needs of the citizen, avoiding thus potential critics for a service which might have been perceived by the citizen as disproportional, not useful, efficient,, or even non-viable and, therefore, discarded;
- Increase of the degree of efficiency, obtained through distribution of (financial, human) resources, efforts, competences, time needed for solving a particular problem (needs);
- A clear improvement of the service through new ideas, new services identified by co-producers;
- Creation of a long term partnership which can save resources in solving similar problems (gain of experience);

- Impelling the co-production citizen to participate in the decision-taking process along with authorities, any time this kind of need arises;
- Gaining stronger involvement of the co-production citizen in the decisions made by authorities through his/her involvement in the decision making process, and increase of the citizens' trust in authorities;
- Avoidance of enacting other laws and the application of those laws which refer to the consultation and involvement of the citizen;
- Improving the image of public authorities due to promotion of participative leadership;
- Creation of certain "social clusters" which stock the potentially creative and innovative energies of citizens that increase their quality of life by means of physical and psychological recovery, increased self-confidence and usefulness to society.
- Obtaining a real feedback, in real time, from beneficiaries of service and the community in general;
- Prevention of "social accidents" among citizens, as for example suicide among the unemployed, drugs consumption among youngsters, etc. by offering them the opportunity to understand it, the risks and by giving them the chance to improve their self-confidence etc.

### **3 KEY STAGES IN THE IMPLEMENTATION OF PUBLIC SERVICES CO-PRODUCTION PROCESS**

The model of the co-production process developed by Michael Etgar (2008), who takes into account the differences between the concept of value co-creation and value co-production, presents multiple stages: *providing of certain a priori established conditions* (macro-environment conditions, cultural preconditions, technological changes, consumer-related factors, product-related factors, situational factors); *the development of factors that generate the consumers' motivation to engage onto the process* (economic factors, the degree of personalization and differentiation of their preferences, psychological motivations, social benefits); *the estimation of necessary costs and cost-benefits ratio of the co-production process* (economic and non-economic costs); *activation* (the consumer's choice of the level or the stage of the process in which he/she wishes to take part – consumption, distribution and logistics, set up, production/construction,

design, initiation); *out-put generation* (benefits gained by users) *and the evaluation of results.*

1. The correct and deep analysis of services which can be “co-produced”, the analysis of reactions, of the level of understanding for the service need by the citizen invited to take part in this service (avoidance of the feeling that the citizen has over-debts, that on his shoulders lands a heavy weight placed there by authorities because the latter do not have the necessary resources or are simply incompetent)
2. Seeking for allies and forming key-partnerships that will support the co-production process (including administrative partnerships which will manage the resources)
3. Creation of mechanisms necessary for the co-production process (setting up communication channels, specific organizing structures, allocation of resources)
4. Education the citizen by raising his/her awareness that he can participate in the entire process by providing information on the advantages
5. Changing the reactive attitude of the obeying citizen, who waits for things to be done by others, into an active attitude of a citizen who has the legal right but also the moral obligation to intervene
6. Analysis of the advantages, qualities, competences that can be offered by each participant to the co-production process
7. Clear presentation of competences that should be offered, as well as their limitations, and negotiation of risks between partners (with the aid of specialists)
8. The authorities should undertake the role of a leader, who provides expertise, moral and operational example, resources, guidance support, and monitoring
9. Continuous evaluation by the authorities of the results obtained in the process of public services co-production
10. Creation of a culture of the co-production process (the promotion of a set of values, norms, symbols, slogans, ceremonies/events)
11. Rewards for participation (recognition of the merit of the co-producer-citizen, dissemination of the process and results)

#### **4 CONCLUSIONS**

Co-production of services is inherent in countries that still undergo reforms of consolidation of public administration in order to improve services and increase the degree of satisfaction of its citizens. Numerous factors determine and encourage the implementation of this strategy (Löffler, Governance International,

2009, pp. 2-3): the technical innovations that provide the service user with a greater power of control; the change of their attitude and behavior due to rapid, deep and important changes in the values of modern societies; demographic changes which show that the elderly incline to get involved in the unfolding of public services once the demand for social services starts to grow; the fiscal constraints that become stronger and stronger and the orientation towards results shown by public agencies in some countries (as for example, in the UK).

The concept of public services co-production is not new, and still it is not largely implemented in the public sector of many countries, at least, in Eastern Europe, and implicitly in Romania, where it is even less spread. And this situation tends to persist even though the beneficial effects of this strategy have already been proven in time by modern administrations that have used it intensely in order to improve the quality of their services.

Obviously to be put into practice, the co-production process needs a subsidiary one which sustain its promotion and efficiency. On the one hand, there is a need for the consolidation of a supportive, legislative framework which would regulate the participation of service users under conditions of efficiency and minimization of all risks, creation and maintenance of partnerships, allocation of public resources, along with legislation that would allow citizens to get involved in the decision-making process of authorities.

On the other hand, it is necessary to produce the institutionalization and the creation of a real culture of participation of citizens, their “education”, so as to develop their active attitude, and make them participate more in the unfolding of the public service that concerns them. Citizens should be encouraged, institutions should help them in establishing a feeling of trust and a conviction that they are really taken into consideration, that public services can be personalized or adapted to their preferences on the basis of their direct contribution, and that their abilities, knowledge and time are valued, appreciated and used in their own interest.

Any co-production process brings advantages, disadvantages and risks that must be made known to the potential partners-beneficiaries, in order to gain their trusting participation, to convince them to be part of the “institutionalized co-production networks”, but also to stimulate their creative potential and their involvement in the discovering of new areas or solutions of improvement of the public service quality.

A fundamental question is whether there is an organizational culture inductive to this kind of strategy in the public administration of Romania that would support the co-production processes and be based on vision and be open to treat the citizen/the service user as an able partner, with full rights in the decision-making process and be managed by authentic leaders, capable of identifying the right opportunities, innovators and endowed with solid management skills in coordinating an institutionalized network. The public authorities should, in their turn, have a developed awareness about the issues involved, be shaped by specialists and encouraged to initiate the co-production process as a support strategy for the improvement of the quality of their activities. And finally, there is a need for sufficient and responsibly-allocated resources.

On the whole, this overall picture demands from authorities to have a strong vision, be oriented towards quality and satisfaction, build trust, communication, time, specific skills, good will but also create a certain equality of roles, reciprocity in taking risks and responsibilities, without any harmful division of roles between leaders and those who obey or with no paternal relationships, as the co-production of the public service could be thought of instead as a partnership based on equality of ideas, efforts, shared results and with the involvement of all partners.

## REFERENCES

1. Araujo Pachéco, Natália, Lunardo, Renaud and Pizzutti dos Santos, Cristiane (2013), "A Perceived-Control Based Model to Understanding the Effects of Co-Production on Satisfaction", *Brazilian Administration Review* BAR, Rio de Janeiro, v. 10, n. 2, art. 6, pp. 219-238, available online at [http://www.anpad.org.br/periodicos/-arq\\_pdf/a\\_1391.pdf](http://www.anpad.org.br/periodicos/-arq_pdf/a_1391.pdf), [Accessed 1.09.2014].
2. Bovaird , Tony, Loeffler, Elke (2012), "From Engagement to Co-production: The Contribution of Users and Communities to Outcomes and Public Value", International Society for Third-Sector Research and The Johns Hopkins University, Voluntas, Springer
3. Bovaird , Tony, Loeffler, Elke (2012), We're all in this together: User and community co-production of public outcomes, University of Birmingham, Institute of Local Government Studies Third Sector Research Centre, A discussion paper, available online at <http://www.birmingham.ac.uk/Documents/college-social-sciences/government-society/inlogov/discussion-papers/inlogov-co-production-chapter.pdf>, [Accessed 13.10.2013].
4. Buetow, Stephen A. (1998), "The scope for the involvement preferences of patients responsibilities and professionals: rights, consultations with health of patients in their preferences of patients", *J Med Ethics*, 24: 243-247.

5. Cassia, Fabio, Magno, Francesca (2009), "Public services co-production: exploring the role of citizen orientation", *International Journal of Quality and Service Sciences*, 1.3: 334-343.
6. Dunston, Roger, Lee, Alison, Boud, David, Brodie, Pat, Chiarella, Mary (2008), "Co-Production and Health System Reform – From Re-Imagining To Re-Making", *The Australian Journal of Public Administration*, vol. 68, no. 1, pp. 39–52, p. 46.
7. Etgar, Michael (2009), "Ways of Engaging Consumers in Co-Production", *Tehnology Innovation Management Review*, available online at <http://timreview.ca/article/307>, [Accessed 7.08.2014].
8. Etgar, Michael (2008), "A descriptive model of the consumer co-production process", *J. of the Acad. Mark. Sci.*, 36:97–108.
9. Joshi, Anuradha, Moore, Mick (2004), "Institutionalised Co-production: Unorthodox Public Service Delivery in Challenging Environments", *The Journal of Development Studies*, Vol.40, No.4, pp.31 – 49.
10. Löffler, Elke, Governance International (2009), "Why co-production is an important topic for local government", available online at [http://www.govint.org/-fileadmin/user\\_upload/publications/coproduction\\_why\\_it\\_is\\_important.pdf](http://www.govint.org/-fileadmin/user_upload/publications/coproduction_why_it_is_important.pdf), [Accessed 13.02.2014].
11. Social Care Institute for Excellence (SCIE) (2013), "Co-Production In Health And Social Care, What It Is And How To Do It", available online at <http://www.scie.org.uk/publications/guides/guide51/files/guide51.pdf>, [Accessed 25.02.2014].
12. Vargo, Stephen L., Lusch, Robert F. (2008), "Service-dominant logic: continuing the evolution", *J. of the Acad. Mark. Sci.*, 36: 1–10.

#### **Internet addresses**

1. Adevărul.es, Andrieș, Bianca (2013), "Un restaurant din Spania oferă soluții pentru șomeri: mâncare gratis în schimbul orelor de muncă voluntară", 23 mai 2013, <http://www.adevarul.es/stiri/social/un-restaurant-spania-ofera-solutii-someri-mancare-gratis-schimbul-orelor-munca-voluntara>, [Accessed 21.10.2013].
2. Adevărul.es, Gherman, Adelina (2009), *Clienții plătesc cât doresc la un restaurant spaniol*, <http://www.adevarul.es/stiri/social/clientii-platesc-doresc-un-restaurant-spaniol>, [Accessed 21.10.2013].
3. Brandprivat.ro (2013), "Campanie outdoor pentru Panel Test-ul Carrefour", <http://www.brandprivat.ro/ro/noutati/Campanie-outdoor-pentru-Panel-Test-ul-Carrefour.html>, [Accessed 20.10.2013].
4. DexOnline, <http://www.dexonline.news20.ro/cuvant/coproductie.html>.