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A theoretical framework for studying the co-creation of innovative solutions and public value

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Abstract:

The expansion of the scope and significance of co-creation in public policy and governance prompts the integration of different theoretical strands that together can help us illuminating the antecedent conditions, the processes of multi-actor collaboration, the creation of innovative solutions, and the assessment of their public value. Exploring the affinities and complementarities of relevant perspectives such as theories of co-creation, public value management, public innovation, collaborative governance, network governance, strategic management and digital era governance may foster a more comprehensive framework for studying the co-creation of public value outcomes such as needs-based services, effective governance and democratic legitimacy. This introduction seeks to explain why we must transform the public sector in order to spur co-creation, how strategic management and digital platforms can support this transformation, and why we must bring together and synthesize different bodies of theory when studying the complex processes of co-creation and their drivers, barriers and outcomes.

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A theoretical framework for studying the co-creation of innovative solutions and public value

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This special issue explores the role of strategic management and digitalisation in the public sector for spurring networked processes of co-creation that may foster innovative solutions aspiring to produce public value outcomes. While there are many important factors such as societal context, stakeholder capacity, administrative traditions and forms of organisation that affect the creation of innovative public value outcomes, we have chosen to focus on the impact of strategic management and digitalisation, which proactive and design-focussed public managers can influence more easily than the basic structural conditions (see Barzelay, 2019).

The contributions are theoretical articles that review, discuss, and seek to integrate different theories, but the arguments are illustrated by empirical studies. The first paper, by Christopher Ansell and Jacob Torfing, draws a conceptual distinction between co-production and co-creation and shows how the latter both builds on and extends the concept of collaborative governance and how it may be supported by generative governance that seeks to create physical and digital platforms for co-creation. The second paper, by Albert Meijer and Wouter Boon, continues this line of thinking by developing a theoretical model linking technology, governance, users, and societal outcomes, which leads to a configurational understanding of digital platforms for public sector co-creation. The third paper, by Nicolette van Gestel and Sanne Grotenbreg, combines theoretical and empirical analysis to explore the barriers that may prevent networked co-creation from producing innovative solutions to wicked problems. The fourth paper, by Eva Sørensen, John Bryson, and Barbara Crosby, explores the contribution of new leadership theories to understanding how elected politicians and public managers can stimulate and support the co-creation of public value. The fifth paper, by Edoardo Ongaro and Alessandro Sancino, combines strategic management literature and theories of co-creation to advance an integrated framework for understanding the drivers and
managerial issues to be considered by public organisations aiming to expand the use of co-creation.

The final paper, by Ewan Ferlie, wraps up the special issue by drawing together lessons from the theoretical insights and empirical findings advanced by the various papers.

Our motivation to bring together this diverse group of scholars in a joint discussion of how to initiate and support the co-creation of innovation and public value stems from rapid and important changes in the public sector. At all levels of government, a shift seems to be occurring towards increased focus on co-creation as a core principle of public governance. Hence, the active involvement of users and citizens is gradually moving from rather mundane forms of co-production (pupils doing their homework, patients doing post-operation exercises for swift recovery, taxpayers filling out tax-return schemes, and citizens acting as the eyes and ears of local police) and occasional attempts to mobilise competent and assertive citizens in the face of crisis and the risk of conflict (volunteer firefighters, citizens building dikes to prevent flooding, and town-hall meetings about new policy and planning initiatives) to a systematic involvement of relevant and affected actors in the co-creation of new public services and delivery systems (living labs), innovative solutions to complex problems (collaborative climate partnerships), and public policies and regulations (interactive political leadership in the field of transport policy, preventive health care and work safety) that produce value for citizens, commercial enterprises, as well as society at large.

The co-creation concept has played a significant role in service management and marketing, where the active involvement of consumers and other relevant actors in producing service value in networked ecosystems provides an important tool for enhancing customer satisfaction, service demand, and profitability (Lusch and Vargo, 2006, 2011). The service-centric character of the public sector has stimulated the interest in co-production and co-creation in public administration research (Alford, 1998, 2009, 2016; Osborne et al, 2013; Osborne et al, 2016; Brandsen et al, 2018). Here, the focus is not only on the involvement of individual users in the co-production of their own
service but also on the involvement of a broader group of citizens and organized stakeholders in the
co-creation of new services, entire service systems, and public planning solutions (Osborne and
Strokosch, 2013). The research on co-creation in the public sector draws on the pioneering work of
Ostrom (1973, 1990 and 1996) in arguing that co-creation can also be used to deal with complex
societal problems and challenges in policy fields such as policing, urban sanitation, primary
education, and natural resource management. New studies indicate that both elected politicians and
public administrators may benefit from co-creation in the formulation and implementation of public
policy (Ansell et al, 2017; Ansell and Torfing, 2017; Sørensen, 2020). In sum, the use of co-
creation has expanded from the production of individual public services (co-creation was initially
coterminous with co-production), via the re-design of entire service systems, to public planning,
problemsolving, and policymaking. This development has elevated co-creation to a general tool for
the production of public value that is often a result of step-change innovation (Stoker, 2006; Alford,

Unlike collaborative governance, which mostly includes organised stakeholders and tends to pay
little attention to innovation, co-creation involves both organised stakeholders and lay actors (e.g.,
users, citizens and local communities) in fostering innovative solutions to complex problems. Co-
creation represents an attractive strategy for public leaders and employees since – under ideal
conditions – it may help them to understand and meet unfulfilled social needs, mobilise societal
resources, expand the reach of public organisations to social domains where they have no leverage,
facilitate integrated service delivery and coordinated governance, stimulate public innovation, build
joint ownership over public policy solutions, and increase democratic legitimacy (Ansell and
Torfing, 2021). Hence, from a public sector perspective, co-creation can be seen as a response to
fiscal constraints, the distribution of resources and competences across levels, agencies and sectors,
societal turbulence caused by new technologies, planetary limitations and continued globalisation, and the growing distrust in public leaders and government institutions.

The heightened public interest in co-creation is apparently matched by growing interest among societal actors in participating in collaborative governance. Private firms display increasing interest in Corporate Social Responsibility that stimulates public–private collaboration (Avina, 2011).

Social entrepreneurs aim to develop innovative service solutions through collaborative interaction with local governments (Windrum et al, 2016). Finally, citizens are becoming less allegiant and more assertive (Dalton and Welzel, 2014), many wanting to be more actively and directly involved in public decision-making than the classical institutions of representative democracy permit (Bang and Sørensen, 2001; Smith, 2009; Neblo et al, 2018). In a societal perspective, the expansion of co-creation is an attractive scenario because it permits citizens and private stakeholders to influence decisions that affect their living conditions while enhancing the ownership over and compliance with these decisions.

Despite the potentially dark side of co-creation – which includes the co-destruction of value due to ignorance, negligence and incompetence, selective participation biases allowing well-educated citizens to set the agenda, stigmatization of non-contributors, limited transparency and accountability, growing administrative costs, the risk of government overload, and the limited possibility for central planning and holistic coordination (Brandsen et al, 2018) – there are strong public and private motives behind the current endeavours to advance the use of co-creation as a governance tool (Ansell and Torfing, 2021). Consequently, the role ascribed to the public sector seems to change. In the post-war era, the public sector was perceived as an almighty ‘legal authority’, solidly anchored in representative government and bureaucratic rule. In the 1980s, New Public Management (NPM) re-envisioned the public sector as an efficient ‘service provider’ operating in public–private service markets and subjecting its agencies to new forms of
performance management. Today, the public sector is gradually being recast as an ‘arena for co-creation’ that invites elected politicians, relevant public agencies and private actors and affected citizens to contribute to public service production and societal problemsolving (Torfing et al., 2019).

While the exercise of public authority and efficient service provision will be necessary in the future, co-creation may come to constitute a core governance tool even in these fields. For example, the Danish national police has officially adopted co-creation as a method for solving complex problems such as crime prevention (Degnegaard et al., 2015), and many hospitals supplement their trained staff with volunteers and involve patient organisations in the design of new, user-friendly hospitals and treatment processes (Palumbo, 2017. While co-creation has yet to become a mainstream governance practice in the public sector, cutting-edge transformations in leading countries, sectors, and jurisdictions are bringing us closer (Brandsen et al., 2018).

This development challenges the traditional faith in much public administration and public management literature, whereby public policies, solutions, and services are designed and implemented by relatively insulated public agencies and controlled and monitored through bureaucratic forms of top-down regulation, control, and accountability (Osborne et al., 2013).

Contrastingly, co-creation involves a plethora of public and private actors in cross-boundary collaboration that seeks to solve public problems and tasks based on resource exchange, mutual learning, innovation, and continuous adaptation.

Co-creation offers an alternative to both bureaucratic rule based on imperative command and recent experiments with market-driven governance aimed at transforming public organisations into business-like corporations competing with private service-providers for contracts and customers.

Although the focus on collaborative problemsolving does have a certain affinity with classical corporatist governance arrangements, co-creation is less elitist and less preoccupied with interest mediation, as it involves a broad range of lay actors in creative problemsolving and public value
production. Compared to collaborative governance arrangements, co-creation also tends to be less
agency-centric and more distributive, as both the initiation and leadership of collaboration may be a
joint endeavour (Ansell and Torfing, 2021).

We claim that the scope and significance of co-creation are expanding, which prompts us to further
develop and consolidate the theoretical tools enabling us to shed light on the growing embrace of
co-creation in public governance and analyse the associated problems and merits. This theoretical
endeavour calls for the integration of complementary research strands, which together can help us
to illuminate different aspects of the ongoing transformations in and around the public sector.

Exploring the affinities and complementarities of relevant theoretical perspectives, such as theories
of co-creation, public value management, public innovation, collaborative governance, network
governance, strategic management, and digital era governance, may over time foster a more
comprehensive framework for understanding the drivers, barriers, and potential risks and benefits of
coop-creation.

This introduction further explains why transformative changes in the public sector may be required
to spur the co-creation of innovative public value outcomes, how this transformation can be
supported by strategic management and the development of digital platforms, and why we must
bring together and synthesise different theoretical strands to better understand the current shift
towards co-creation as a core principle of governance.

**New focus on co-creation**

Since the 1980s, there has been fierce neo-liberal criticism of the public sector for ineffectiveness
and inefficiency due to the increasing ossification of public bureaucracy and the lack of
competition, entrepreneurship, and strategic leadership (Osborne and Gaebler, 1992). In response to
this criticism, governments around the world embraced reform ideas associated with NPM (Hood, 1991; Pollitt and Bouckaert, 2017), which called for the efficiency-enhancing marketisation of public service production and the introduction of a strict performance management regime focused on results rather than rule compliance. NPM advocates argued that the public sector should be run like a private business.

Today, the critique of the problems and limitations of NPM is well known (McLaughlin et al, 2002; Hood and Dixon, 2015; Christensen and Lægreid, 2017), and the perception of the public sector is changing in light of the growing recognition among researchers and practitioners that the public sector is not merely squandering values extracted from the private sector, but rather that it makes its own distinctive contribution to the production of public value, defined as policies and services that have value for the public and that the public values (Moore, 1995; Benington and Moore, 2010).

While in our view, the original formulation of the public value perspective (Moore, 1995) was too narrow in viewing proactive and public-spirited public managers as the restless heroic entrepreneurs of public value production, we suggest that the concept of public value is a game changer that allows us to appreciate the contributions of a wide range of public and private actors to public value production (Sørensen and Torfing, 2019). As such, public value tends to result from co-creation, defined as the process through which two or more public and private actors collaborate – ideally on equal footing – to define common problems and designing and implementing new and better solutions (Stoker, 2006; Alford, 2010; Bryson et al, 2017; Crosby et al, 2017). Co-creation may enhance the production of public value partly by mobilising and exploiting the input from manifold actors and partly by facilitating mutual and transformative learning that spurs innovation. At the same time, public value provides a boundary object that facilitate the collaboration of a plethora of public and private actors. Indeed, co-creation and public value are mutually reinforcing.
As mentioned above, there are many propositions that provide plausible reasons for the public sector to spur the co-creation of public value outcomes. First, PSOs rely on a combination of centralized rule-governing and decentralised mobilisation of the norms and expertise of professionally trained public employees (Torfing et al, 2020). Both bureaucratic and professional rule tend to ignore the changing wants and needs of the service users that are often sacrificed in favour of systemic concerns for compliance with formal rules and professional norms (Le Grand, 2003). The creation of quasi-markets in which public and private contractors compete for customers is supposed to solve this problem by letting the users ‘vote with their feet’ when leaving one service provider for another if they are dissatisfied. However, the possibility for service users to use the exit option is not an effective way of communicating the shortcomings of existing services vis-à-vis the needs of the target group. A service user might have a thousand reasons for switching to another provider and information about these are lost when they leave. Co-creation offers a welcome alternative as it allows users, citizens, and other stakeholders to participate in collaborative design processes that begin by empathically identifying and exploring the unmet social needs and then proceeding to design and test prototypes for new and better service solutions. When it comes to aligning service solutions with social needs, voice and dialogue are more efficient than exit, although the possibility to opt out of a particular service provider may help further spur the voice-based dialogue between service users and service providers (Hirschman, 1971; Pierre and Røiseland, 2016).

Second, the public sector is caught in a crossfire between citizens’ growing expectations to its ability to provide high quality services and solve pressing societal problems and the scarcity of public funding. For many years, the public sector has aimed to escape this predicament by exploiting the available public resources more efficiently. Rationalisation campaigns, across-the-board cuts, and the use of lean technologies have been used frequently in the pursuit of productivity
gains. However, the limitations to this strategy become clear when, over time, the gains become meagre, public employees begin falling to stress, and the service users complain that services have become so poor that they hardly meet the needs (Osborne and Radnor, 2013). Co-creation may provide a way out of this impasse by mobilising and harnessing societal resources. Service users, voluntary organisations, social entrepreneurs, local communities, organised stakeholders, private firms, academic experts, and so forth all possess valuable resources that public organisations may plug into to enhance the range and quality of public service solutions. Hence, co-creation enhances the amount of resources available for solving public problems and tasks as well as bringing new, complementary resources to the table that allow public organisations to do things they cannot do on their own (Huxham and Vangen, 2013; Brandsen et al, 2018).

Third, there are many pressing societal problems that the public sector cannot really solve on its own due to its lack of reach. To illustrate, fighting obesity amongst children requires the ability to influence their everyday lives; here, public organisations have a limited presence. Partnering up with local communities, organisations, business firms, social entrepreneurs, and other intermediaries in a co-created effort to change daily norms, values, and routines may extend their reach. In liberal democracies, there are limits on how much public authorities can and should assert their presence in the private realm and seek to govern the lives of citizens. Co-creation solves this problem by providing an indirect way of shaping the norms and practices of civil society and economic life by means of involving intermediaries and target groups in the co-creation of public value outcomes, such as healthy living (Etz et al, 2008).

Fourth, there is widespread recognition of the increasingly complex and fragmented character of public governance that takes place within and between administrative silos, involves public agencies at different levels and in different jurisdictions, and encompasses a broad array of private actors from the economy and civil society. The distributed character of authority, power, and
relevant resources calls for attempts to integrate services and cut across existing boundaries to produce more coherent and holistic governance solutions. The co-creation of public solutions in a power-shared world brings distributed actors together in an effort to benefit from ‘collaborative advantage’ (Crosby and Bryson, 2005; Huxham and Vangen, 2013).

Fifth, the last decade has seen growing interest in public innovation (Borins, 2014; Bason, 2010). Growing political and professional ambitions, fiscal constraints, and the pervasiveness of wicked problems that cannot be solved by the available standard solutions call for new, creative solutions that disrupt existing practices and conventional wisdom, thereby creating an innovative step-change (Hartley, 2015). Co-creation stimulates innovation, as it brings together public and private actors with different experiences, perspectives, and forms of knowledge in a problem- or task-focused process. The actors will most likely challenge and test each other’s ideas about the problem and the possible solutions, thus giving rise to mutual, expansive, and transformative learning. Co-creation also ensures a coordinated effort to implement the new and promising solutions that are generated through mutual learning, creative problem-solving, and the testing of prototypes (Torfing, 2016). In short, co-creation can be seen as shorthand for collaborative innovation.

Sixth, co-creation helps build joint ownership over new and bold solutions, thus promoting their implementation in an otherwise risk-averse and change-resistant public sector. The problem is not that the public sector fails to produce promising, new solutions aiming to produce continuous improvement or disruptive change, but rather that many of these solutions are never implemented due to either flawed designs that make the solutions difficult to implement or outright resistance, opposition, or sabotage by public delivery agencies or target groups (Ansell et al, 2017). Co-creation may alleviate this problem, since learning-based dialogue will greatly improve the quality and feasibility of public solutions and the participating actors will generate a sense of ownership to the co-created solutions even if they only have had marginal influence.
Finally, the rise of right-wing populism is largely a reaction to the growing distrust in elected politicians and government institutions (Mudde, 2004; Stoker, 2019). Elected politicians are increasingly portrayed as self-serving, mudslinging elites who have no real dialogue with the population and fail to respond to pressing societal problems experienced by ordinary people. Government institutions are criticised for being technocratic, opaque, and unaccountable. They are supposedly captured by special interest organisations and blind to the needs of the people, who are considered more an object of regulation than a competent, resourceful partner. Distrust in elected government and administrative leaders often generates support for strong, charismatic leaders who promise to confront the ruling elite and other enemies of the people and to advance the interests of the common man. While populist political leaders such as US President Donald Trump prefer to speak ‘for’ rather than ‘with’ the people, co-creation offers an alternative way of addressing the growing distrust in elected government. Instead of attacking the political and administrative elites in the name of the people, it aims to ‘bring politics out to the people’ and ‘the people into politics’ (Stoker, 2016). Co-creation brings together relevant and affected actors from the public and private sector around pressing problems and ambitious endeavours, seeking to combine the knowledge and ideas of lay actors with government expertise and organisational capacity. The collaborative innovation process enhances both political inclusion and the chance that policy solutions hit their target and solve the problems at hand. The combination of enhanced participation and effective problemsolving enhances input and output legitimacy, thereby augmenting trust in politics and government.

The many plausible reasons to promote co-creation as an integral part of public governance have already been duly noted by international organisations such as the EU, the OECD, and the World Bank, which increasingly recommend the co-creation of public solutions as a way of enhancing effective and democratic governance. Even the UN is recommending co-creation as a core
governance tool. Hence, the global Sustainable Development Goals to be realised by 2030 come with instructions, since the 17th SDG is the achievement of the first 16 SDGs via co-creation in local networks and partnerships.

The co-creation conception as governance tool points to the close theoretical affinity between co-creation and collaborative governance. Collaborative governance theory draws our attention to the processes and arenas of public policy-making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private, and civic spheres in order to carry out a public purpose that could not otherwise be accomplished (Emerson et al, 2012). It studies the context and drivers of collaborative dynamics based on principled engagement, shared motivation, and joint capacities, and it analyses the production of collaborative outputs and outcomes and the need to adapt them to actual and emerging conditions. Co-creation can be viewed as a subset of collaborative governance emphasising the problem-focused and distributed collaboration between a diverse set of actors and the attempt to foster an innovative solution that disrupts the context in which the problem is identified. Collaborative governance may include relatively permanent arenas for joint decision-making, forums for dialogue and consultation, and court-like institutions for arbitration (Crosby and Bryson, 2005). However, it may also include purpose-built, ad hoc arenas for joint exploration and exploitation that facilitate the co-creation of innovative public value outcomes. Collaborative governance perspective draws attention to the institutional support for co-creation.

Collaborative governance takes place in networks and partnerships; hence, the structure of interaction in co-creation arenas assumes the form of networks consisting of ties and non-ties between a plethora of public and private actors that constitute the nodes in the network. There is a burgeoning literature on governance networks (Marsh and Rhodes, 1992; Scharpf, 1994; Kickert et al, 1997; Sørensen and Torfing, 2007; Klijn and Koppenjan, 2015), and parts of this literature
emphasise civic engagement in networks (Yang and Bergrud, 2008) and the role of governance networks in spurring and diffusing innovation (Hartley, 2005; Hale, 2011). Theories of network governance build on a crucial insight that is central to the mobilisation and sustained interaction of public and private actors in co-creation processes. As such, it argues that networks are formed between social and political actors who recognise their mutual dependence vis-à-vis a common problem or challenge and thus the need to exchange or pool resources (Klijn and Koppenjan, 2015). Clarifying, strengthening, and even constructing interdependency is a critical task for those in charge of leading networked co-creation processes. Leaders and managers of collaborative networks may also reflect on how structural barriers to co-creation emanating from entrenched policy traditions, political and administrative institutions, and socioeconomic resource allocations can be overcome.

As a reflection on the underpinnings of networked forms of co-creation, one might argue that the ideational basis of co-creation may be traced back to the philosophical strand of ‘personalism’ associated with philosophers such as Emmanuel Mounier and Jacques Maritain, who wrote in the first half of the 20th century. Personalism adopts an inherently relational conception of humanity: it is only in the relations with others and in the belonging to multiple and multi-level communities of persons that individuals can accomplish themselves. As such, personalism has a relational and dynamic – rather than atomistic and static – conception of human beings. Such a perspective is miles away from the NPM notions of economic man and may provide an ontological underpinning of co-creation. Hence, seen from the personalism perspective, the main ‘quality’ of public governance is not to ensure that individual needs are satisfied or social expectations met, but rather to facilitate the flourishing of persons through their interaction (Ongaro, 2017, chapter 5). This outcome may occur, at least to some extent, if public governance and services are co-created. Hence, in this sense, personalism may be viewed as a precursor to contemporary ideas about co-
production, co-innovation, co-governance (Bovaird and Löffler, 2017) and the notion of co-creation under examination in this special issue.

This section has demonstrated the linkages between the concept of co-creation and theories of public value management, public innovation, collaborative governance, and governance networks. Co-creation is argued to be a type of collaborative governance aimed at producing innovative public value outcomes by bringing interdependent actors together in networks and partnerships. The next section considers how strategic management and digitalisation can stimulate the gradual expansion of co-creation as a core principle of public governance.

**Spurring co-created governance solutions – the role of strategic management and digitalisation**

Strategic management and digitalisation may provide key levers for transforming the public sector from a traditional, mechanistic bureaucracy complemented by private market actors to an incubator of collaborative innovation through which interdependent actors engage in creative problem-solving that produces public value outcomes.

*Strategic Management.* Despite the potential benefits that may be generated by a turn to co-creation, it will not come by itself. Strong path-dependencies based on institutional inertia and positive feedback loops between the existing ‘hardware’ and ‘software’ work to preserve the status quo. Hence, transformative change aiming to replace inward-looking forms of bureaucratic and market-based governance requires the exercise of strategic management, which at a very basic level can be defined as the attempt of situated actors to transform the *modus operandi* of their organisation by formulating and implementing major goals, strategies, and plans based on analysis of the internal and external environment (Nag et al, 2007).
Public bureaucracy has many virtues (Du Gay, 2005) but tends to pay scant attention to the need for strategic reflection, leadership, and change. Top-level managers should follow the political cues provided by their elected principals, while hierarchical steering, rule-following, and top-down control place severe limitations on operational autonomy and strategic renewal at the lower levels of the public sector. Finally, a low tolerance for uncertainty and risk tends to crowd-out entrepreneurial behaviour (Ferlie and Ongaro, 2015: 4). These inherent constraints of bureaucratic governance explain why the introduction of strategic management in the public sector – historically triggered by NPM reforms – took inspiration from the private sector, where strategic management has had considerable impact (Pettigrew et al., 2001; Mintzberg, 2009). Only later on, when strategic management as an academic field developed beyond its original roots in industrial economics and increasingly drew on a wide spectrum of social science theories, did strategic management knowledge become more apt for application to PSOs (Ferlie and Ongaro, 2015, chapter 1).

The contemporary field of strategic management contains numerous schools of thought (Ferlie and Ongaro, 2015), some of which are helpful for envisioning the process, content, and dynamics of a strategic transition to co-creation. The *strategic planning school* recommends that the strategic leadership group clarifies the overall mission and goals of the organisation, formulates a strategic plan that is both technically feasible and politically acceptable, and implements the plan guided by an organisational vision of future achievements together with ongoing dialogue with internal and external stakeholders. The success of this approach to spurring co-creation depends on the ability of the strategic planning group to create a meaningful and implementable plan with broad-based organisational ownership.

The *emergent strategy school* tends to view strategy as a pattern in a stream of decisions at all levels of the organisation. Strategy emerges as a result of processes of organisational learning that blur the formulation–implementation distinction. The role of leadership is to manage strategic learning to
allow new strategies to emerge and flourish (Ferlie and Ongaro, 2015: 32). From this perspective, a
strategic embrace of co-creation would emerge incrementally from the recognition of the failure of
bureaucratic and market-led governance strategies to mobilise resources in the face of growing
expectations to public performance, supplemented by positive experiences with collaborative
innovation and joint value production.

The entrepreneurial school moves further away from top-down management by highlighting the
proactive role of middle managers in creating alternative practices in local settings that are later
imitated by other institutions in the same field (Sarason, 1976; Pettigrew, 1979). Hence, the
entrepreneurial school would perceive the transition to co-creation as resulting from the bold and
visionary action of distributed public entrepreneurs who, acting as strategists, disrupt their
organizations in order to benefit from the collaborative advantage implicit in co-creation (Huxham
and Vangen, 2013).

The strategy as practice school further decentres strategic management by emphasising ‘the
detailed processes and practices which constitute the day to day activities of organisational life and
which relate to strategic outcomes’ (Johnson et al, 2003: 3). The focus is on micro-activities that are
often invisible to traditional strategic management research but may still have important
consequences for organisations and their modus operandi. The strategy as practice perspective is
concerned with the ‘doing of strategy’ by a broad range of actors, including middle managers,
employees, private stakeholders, and consultancy firms. This focus allows us to observe the local-
level strategic mutation resulting from networked interactions between public and private actors
aiming to co-create public value outcomes.

Finally, the public value management school (Moore, 1995) emphasises the role of elected
politicians in authorising the value-creating strategies formulated by public managers, the role of
public employees in using their skills and competences to support the implementation of new strategies, and the role of users in co-producing outcomes at the bottom of the value chain. The role of strategic managers is not only to initiate and drive change strategies but also to create alignment between the different parts of the value chain and encourage resource mobilization.

There is a striking complementarity between these different strategic management schools that tend to focus on strategic work undertaken by different groups of actors operating on different organisational levels. Elected politicians, top-level strategic managers, middle managers, organisational entrepreneurs, public employees, private stakeholders, consultancy firms, and service users may all play a role in the strategic re-orientation of public organisations. In a public sector pervaded by conflicts and power struggles, strategic management requires the construction of broad-change coalitions that can ensure strategic alignment, facilitate coordinated change, and create synergistic outcomes. It must also reflect on positive and negative experiences with new patterns of interaction to consolidate what works in practice and to adapt strategies that fail to produce the expected results.

Digitalisation. Strategic management aiming to spur the co-creation of innovative public value outcomes in networks and partnerships may benefit from the construction of physical and digital platforms that enable the formation of arenas for co-creation. Co-creation processes cannot emerge spontaneously; government must play an orchestration role and construct meeting places where relevant and affected actors can come together, become acquainted with each other, and initiate and pursue trust-based, problem-focused collaboration (Janssen and Estevez, 2013). These meeting places might be physical spaces providing meeting rooms and other supportive facilities in public libraries, cultural centres, volunteer hubs, or specially organised living labs. Since co-creation often involves distributed actors who are distant from one another both geographically as well as socio-culturally, digital platforms may help facilitate matchmaking, all-to-all communication, knowledge-
sharing, idea exchange, and the co-creation of outputs and outcomes (O’Reilly, 2011; Meijer, 2012; Margetts and Naumann, 2017). The COVID-19 pandemic has accelerated the use of digital means for online communication across organisations and sectors, while simultaneously revealing the importance of face-to-face communication when developing, critically scrutinising, and testing new ideas. Hence, combining digital and physical platforms seems important for advancing co-creation.

Since co-creation processes are interactive and emergent, it is important to reflect on how they can be stimulated and supported without trying to predetermine their form, content, and outcome (Kornberger, 2017). This explains the importance of platforms. The platform concept comes from computer science, where it refers to digital technologies that allow users to find and process resources and data easily and to create their own websites and communication structures. Thus, the digital platforms created by the likes of Google, Apple, and other large tech corporations are opportunity structures that enable users to build an application drawing on the resources of the platform and which carries traces of it without being either prompted or determined by it. Similarly, platforms for collaborative governance and co-creation aim to facilitate the creation, adaptation, and multiplication of collaborative arenas without defining their content (Ansell and Gash, 2017). Co-creation platforms are generic structures that provide values and storylines that help attract relevant and affected actors, a communication system facilitating interaction, organisational templates rendering it easy to form a collaborative arena, access to substantive and process-related knowledge and advice, and perhaps also seed money and the professional facilitation of meetings, which reduce the transaction costs of collaborating. Some digital platforms facilitate the formation of different co-creation arenas with shifting constellations of actors, whereas others are tailored to support particular types of virtual teams that co-create public solutions. Further research on digital platforms is needed since most studies tend to focus on physical platforms such as living labs. Interestingly,
there are a growing number of digital co-creation platforms developed by private companies, but
their usage is not free of charge.

The construction of co-creation platforms is part of a new type of generative governance that
facilitates and enables the emergence of productive interaction among distributed actors (Ansell and
Torfing, 2021). Generative governance (O’Reilly, 2011) supports the shift from the classical view
that the public sector should primarily deploy its own resources in the production of public value to
a new conception of the public sector as a platform that invites and engages a broad range of actors
in the collaborative innovation of new and better solutions that the public sector could not have
produced by itself.

Towards an integrated framework for studying co-creation in public governance

The current transformations of the public sector triggered by the embrace and advancement of co-
creation as a core principle of governance call for the development of a more coherent and unified
theoretical framework that combines insights from related, but relatively separate, academic
literatures. As hinted above, this special issue aims to take the first steps towards combining and
integrating central insights from recently developed theories of co-creation, public value
management, public innovation, collaborative governance, governance network theory, strategic
management, and digital era governance.

Let us briefly describe the core ideas of each of these theoretical contributions and reflect on their
possible contribution to the study of co-creation in the public sector.

Theories of co-creation emphasise the active involvement of non-government actors, such as
service users, voluntary groups and organisations, and private stakeholders in the design and
delivery of public services and the formulation, implementation, and adaptation of public policies.
and governance (Parks et al, 1981; Ostrom, 1996). The discretionary and intangible character of public services and the simultaneous production and consumption process gives service users a central role in co-producing service outcomes (Osborne et al, 2013). Voluntary groups and organisations may also participate in the co-production of public services, and their active role herein may include the co-design, co-financing, co-management, and co-assessment of service solutions (Brandsen and Pestoff, 2006; Bovaird and Loeffler, 2012). As the volume of co-production increases and the scope expands, we rapidly move into the conceptual territory of co-creation, defined as the process through which manifold public and private actors actively engage in the definition of the problem and challenges as well as the design and implementation of solutions (Torfing et al, 2019). The co-creation literature not only focuses on the benefits in terms of resource mobilisation, innovation, and joint ownership, but also on the barriers including the political and administrative reluctance to ‘lose control’, the risk aversion of the participants, and problems with estimating the overall impact (Bovaird and Loeffler, 2012). Recent research also focusses on the new roles of public and private actors in co-creation arenas (Torfing et al, 2019) and aims to shed light on the dark side of co-creation (Brandsen et al, 2018).

Public value management assumes that public organisations are not producing private value for shareholders, but public value for service users, citizens, and society as a whole (Moore, 1995, 2000). The public value concept captures the positive impact that public interventions may have on societal problems and social needs. The original formulation of the public value perspective was conceived by Moore (1995), who focused on strategic management in PSOs. Moore was primarily interested in how entrepreneurial public managers formulate public value propositions, secure political support for these propositions from elected politicians, interest organisations and others in their authorising environment, and finally trim their organisation so that it can produce public value in an efficient and effective manner. Bozeman (2007) and Bozeman and Jørgensen (2002, 2007)
later used the term ‘public value’ in its plural form as ‘public values’, as they examined the
empirical presence and impact of different public sector values. A third and more recent application
of the public value perspective is found in the work of John Bryson, Barbara Crosby, and their
colleagues, who aim to synthesise the two previous approaches into a broader notion of ‘public
value governance’ emphasising the role of cross-sector collaboration for the co-creation of public
value (see Bryson et al., 2015).

Public innovation is a relatively new research area. While innovation in the private sector is
considered a key driver of growth and prosperity, public innovation has been regarded as an
oxymoron due to bureaucratic red tape, centralised control, and the lack of competition and
entrepreneurship. Fortunately, new research (Mazzucato, 2013) demonstrates that the public sector
is much more dynamic and innovative than its reputation. Indeed, the combination of citizens’
growing expectations, complex policy problems, fiscal constraints, and competitive pressures from
ongoing globalisation has stimulated the search for innovation, defined as the development and
implementation of promising new ideas that disrupt the habitual practices and their cognitive
foundation in a particular context (Mulgan and Albury, 2003; Torfing, 2016). Although both
hierarchy and markets may help foster innovation, recent research has shown how all of the phases
in innovation may benefit from multi-actor collaboration (Roberts, 2000; Hartley, 2005; Bommert,
2010; Ansell and Torfing, 2014; Torfing, 2016). Hence, interaction between public and private
actors with different backgrounds, ideas, and resources tend to redefine problems, expand the
solution space, stimulate learning, generate support, ensure coordinated implementation, and
facilitate collaborative adaptation. New research reflects on both the positive impact of
collaboration on innovation and the tension between collaborative endeavours that thrive on
cultural, socioeconomic, and cognitive similarity versus innovation that is predicated on the
diversity of the participating actors (Page and Kern, 2016; Torfing, 2019). There has also been
growing interest in public innovation leadership (Bason, 2010) and the institutional and cultural conditions for spurring public innovation (Dobni, 2008).

**Collaborative governance** has a broader scope than collaborative innovation, as it aims to involve public and private actors in collaborative processes aiming to enhance, make, implement, manage, coordinate, monitor, and revise public policies, programmes, plans, and strategies (Ansell and Gash, 2008; Emerson et al, 2012). Governance can be defined as the formulation and achievement of common goals, and collaborative governance is when governance results from cross-boundary collaboration. Collaborative governance can be traced to inter-governmental and inter-agency cooperation (Agranoff and McGuire, 2003; O’Leary and Bingham, 2009) and common pool resource management (Ostrom, 1990) but is also rooted in theories of deliberative democracy and civic participation (Fung and Wright, 2001; Sirianni, 2010). The research on collaborative governances focuses on the initial conditions, barriers and drivers, the dynamic of collaborative interaction, the measurement of results and impacts, and the role of integrative, horizontal, and distributive leadership (Gray, 1989; Ansell and Gash, 2012; Morse, 2010; Emerson et al, 2012). All of this is relevant to studying co-creation that can be seen as a particular sub-set of collaborative governance.

**Governance network theory** tends to view resource interdependence as a key driver of the formation of cross-boundary networks that construct strong or weak ties between actors who are affected by a particular problem and/or possess resources relevant for its solution. Governance networks are often described as relatively self-regulating mechanisms for knowledge-sharing, coordination, and decision-making (Sørensen and Torfing, 2007; Klijn and Koppenjan, 2015). There has been growing interest in networks as governance mechanisms because they help counter the increasingly complex, fragmented, and multi-layered character of modern society (Kooiman, 1993, 2003) and provide a welcome alternative to hierarchies and markets that fail to exploit the collaborative
advantage of pluri-centric networks (Huxham, 1996). In reality, however, governance networks may not deliver on the theoretical promises either due to process-related problems with recruiting and aligning actors or the creation of solutions that are unambitious, muddy, expensive, or in conflict with government priorities. To prevent or mitigate such problems, it is argued that the relatively self-governing governance networks must be metagoverned (Jessop 2002; Kooiman 2003; Sørensen and Torfing, 2007, 2009). Metagovernance is an attempt to influence the processes and outcomes of governance networks without reverting too much to traditional forms of hierarchical command and control that undermine the self-governing capacity of networks (Peters, 2010; Torfing et al, 2012). Metagoverning co-creation calls for a special attention to design, frame, manage collaborative engagement aiming to spur innovation (Sørensen and Torfing, 2017).

Strategic management theories provide an intellectual vantage point for reflecting on how to advance co-creation as a core governance tool. Following the cues of Mintzberg et al. (2009) and Ferlie and Ongaro (2015), strategic management is defined not merely as a formal plan or executive strategy but more broadly in sociological terms as a ‘consistent pattern of decisions’ and in cultural terms as ‘a particular way of doing things’. Hence, strategic management enables a deeper understanding of how strategic change is brought about in and among public organisations aiming to spur co-creation. Most strategic management theories discuss the form and content of strategies, the making and implementation of strategies, and the actors involved in this process (Ferlie and Ongaro, 2015). Of particular relevance for managing the transition to co-creation strategically is the role played by competing and co-existing governance paradigms, such as Classical Bureaucratic Administration (Du Gay, 2005), New Public Management (Hood, 1991), the neo-Weberian State (Pollitt and Bouckaert, 2017), and New Public Governance (Osborne, 2006, 2010), which seem to create different conditions for advancing co-creation as an integral part of public governance. Hence, their conception of the need to involve external actors tends to vary (Torfing et al, 2020).
Digital era governance is the name of a new research programme seeking to explore the profound changes in public governance resulting from the rapid development of digital technologies. The core argument is that digitalisation will change the public sector and its interface with the public just as much as it has changed economic and social life. The seminal work of Dunleavy et al. (2006) focused on the impact of digitalisation on public service delivery. Three new mega-trends are detected: 1) ‘Reintegration’, meaning that the public sector’s operations will become reintegrated based on digital solutions after years of organisational fragmentation under NPM; 2) ‘needs-based holism’, meaning that it becomes much more possible to organise service delivery around citizens’ individual needs than previously, because data is available and retrievable in real time; and 3) ‘digitalisation’, meaning that previously analogue services become digital and new digital services become available. The revised and expanded version of the first formulation of the theory of digital era governance studies the impact of big data and social media (Dunleavy et al, 2013). Both big data and social media can be used to spur co-creation by giving non-government actors access to data that may inspire the co-creation of new, smart solutions and by facilitating easy, low-cost communication that facilitates matchmaking and the mobilisation of relevant and affected actors. Recent research on digital era governance further develops the concept of ‘government as a platform’ originally conceived by O’Reilly (2011, who defined it as ‘the use of technology to better solve collective problems’ (2010: 37). The analysis of frontrunner experience with digitalisation in Estonia shows how open and secure access to data and digital platforms greatly enhances the citizen–public authority interaction and thus paves the way for co-creation (Margetts and Naumann, 2017).
Concluding remarks

This special issue strives to explore productive complementarities, affinities, and mutual implications between different theoretical perspectives in order to facilitate and initiate theory-building. It will compare and seek to integrate the abovementioned theories based on systematic literature reviews that have been conducted as part of the EU-financed COGOV project.

Our hope is that this special issue will further stimulate the combination of relevant theories into comprehensive theoretical frameworks and fresh research programmes aiming to conceptualise different forms of co-creation, analyse the collaborative processes of creative problemsolving in networks and partnerships, and study the role of strategic management, digitalisation, and generative platforms for spurring the co-creation of innovative public value outcomes. The practices of public governance are rapidly changing, as must the theoretical frameworks for understanding the creation of efficient, effective, and democratic governance solutions.

The theoretical strands brought together here in a fruitful encounter provide important building blocks, but they must be complemented with other theories to fully capture the ongoing transition to co-creation as a mode of governance. In this sense, while this special issue is merely a work in progress, we believe that we have laid out important steppingstones for the development of new research in the years to come.
References


