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## **Citizens and Co-Production of Welfare Services: Childcare in Eight European Countries<sup>1</sup>**

By Victor Pestoff

### **A. Introduction**

What role should the state and market play in the provision of welfare services? Should the state provide most welfare services, as today in universal or Social Democratic welfare states in Scandinavia, or should services be privatized and provided by the market, as proposed by neo-liberals? This is a hotly debated issue in all European countries and one of the main, if not the main question posed to the voters in all European elections in the last 20 – 25 years. As hotly debated as it is, it fails to consider the potential role of civil society, or the third sector and citizens. What role should the third sector play in providing welfare services, and what role should citizens have in producing such services? Answers to the latter question reflect different perspectives on citizens and different views of citizenship. Are citizens merely passive consumers of welfare services that are provided either by the state or market, or can they play an active role in producing some kinds of welfare services? Is citizenship restricted to voting in general elections, consuming goods and

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services, paying taxes and abiding by the laws of the land, or does it imply both rights and responsibilities that go beyond this limited view of citizenship?

Co-production or citizen involvement in the provision of public services generated a flurry of interest among public administration scholars in America in the 1970s and the 1980s (see Parks, *et al.* for a good overview). The concept was originally developed by the Workshop in Political Theory and Policy Analysis at Indiana University. During the 1970s they struggled with the dominant theories of urban governance underlying policy recommendations of massive centralization. Scholars and public officials argued that citizens as clients would receive more effective and efficient services delivered by professional staff employed by a large bureaucratic agency. But, they found no empirical support for claims promoting centralization (Ostrom, 1999, p. 358).

However, they stumbled on several myths of public production. One was the notion of a single producer being responsible for urban services within each jurisdiction. In fact, they normally found several agencies, as well as private firms, producing services. More important, they also realized that the production of a service, as contrasted to a good, was difficult without the active participation of those receiving the service. They developed the term *co-production* to describe the potential relationship that could exist between the “regular” producer (street-level police officers, schoolteachers, or health workers) and “clients” who want to be transformed by the service into safer, better-educated or healthier persons. Co-production is one way that synergy can occur between what a government does and what citizens do (*ibid.*).

The concept of co-production could prove highly relevant to proposals for democratic and welfare state reforms. Co-production provides a missing piece of the puzzle for reforming democracy and the welfare state. It contributes a view and understanding of conditions at the micro-level or the site of production of welfare services. This perspective is often missing in many of the more macro oriented perspectives that follow. More than 20 years ago Barber (1984) compared weak democracy to strong democracy and proposed a more active role for citizens. Walzer (1988) argued for “more participative and decentralized forms for service provision” – that make room for self-help and local initiative. He contrasted earlier calls to nationalize the means of production of goods with today’s need to socialize the means of distribution of welfare services. This needed to be actively supported by a state-sponsored socialization, i.e., the democratic transformation of state agencies at the local level or the transfer of authority and resources to voluntary organizations (*ibid.*, p. 21). Most important was to increase the number of distributors who are also recipients or

potential recipients of welfare services. Only then would they have a greater say in welfare management. He argued that greater recipient involvement can be worked out within a democratized system of state supervision or through the activities of voluntary organizations (*ibid.*, p. 22).

He proposed several ways of recruiting more distributors of welfare services, including paying a nominal wage to volunteers and instituting a new national service for providing welfare services (*ibid.*, p. 22). In post-industrial societies a growing number of civil servants work in welfare services. But, they do not have a natural monopoly on helping, even if they are professional helpers. The welfare state co-exists with a welfare society, even if the latter is relatively weak today and requires the continued and sustained support of the former (*ibid.*, p. 25). Walzer noted that his suggestion requires a major reform of local democracy and also an effort to extend the reach of voluntary organizations. At the same time the state needs to be strong enough to superintend and subsidize the work of citizens and volunteers. A lively and supportive welfare society framed, but not controlled, by a strong welfare state would represent a fundamental transformation in the relations of distribution or service provision (*ibid.*, p. 26) and also a reform of the relations between ‘the rulers and the ruled’.

Hirst (1994) argued that liberal representative democracy is over extended today. Democracy is stretched to its limits, due to the growth of the modern welfare state, and cannot function as intended – to control the public administration. Associative democracy calls for a much more active role for the third sector and citizens in providing goods and services, in order to return democracy to what it once was - the will of the people. He suggested that many major policy networks be extended to include all the governed. Associative democracy means devolving as many of the functions of the state as possible to civil society, while retaining public funding, and democratizing as many as possible of the organizations of civil society (*ibid.*). This should not simply be seen as nostalgia for returning to a lost ‘golden age’, but rather as a way of developing and renewing democracy, as well as a means for curbing the growth and dominance of big organizations, both in business and government.

In a lucid analysis of power Galbraith (1984 & 1986) spoke of the ‘Age of Organizations’. Conditional power gains its influence by persuasion and changing beliefs. It stems from organizations, mostly big organizations regardless of sector, i.e., public or private. More recently in a discussion of “democracy and governance” Hirst (2002) contrasts an “organizational society”, with its large public and private bureaucracies to the normally smaller organizations found in civil

society. He called for large-scale institutional reform of both state and social institutions. The aim of these reforms is to restore limited government by involving civil society in the functions of the state and to transform the organizations of the latter from top-down bureaucracies into constitutionally ordered democratically self-governing associations (*ibid.*, p. 28). However, associative self-government would supplement and extend representative government, not replace it. Democracy at the national level would be strengthened and made more viable by democratizing civil society. Governments' principal task would, therefore, be to raise and distribute revenue to associations and the provision of a constitutional ordering and supervision of the institutions of civil society (*ibid.*, p. 30).

What does greater citizen participation in the provision of welfare services, or co-production, imply for the development and renewal of democracy today? In what ways can and do citizens participate in the provision of public services? How do differences in citizen participation relate to the development and renewal of democracy? Co-production will first be considered from a theoretical perspective below and then illustrated by the involvement of parents in childcare services in Europe. Materials for this study come from the TSFEPS Project, Changing Family Structures & Social Policy: Childcare Services as Sources of Social Cohesion, a comparative European study between 2002 and 2005 of childcare services in eight European nations<sup>2</sup>. They are Belgium, Bulgaria, England, France, Germany, Italy, Spain and Sweden. Thus, this paper merges two strands of thought or two types of questions concerning citizen participation. First it addresses the theoretical literature on co-production of public services. Second, it explores citizen participation in childcare services in eight European countries. Finally, it reaches some conclusions about the role of co-production in developing and renewing democracy and the welfare state.

## **B. Co-Production**

There are numerous important issues for understanding citizen involvement in the production of public services. A review of the literature provides a good starting point for identifying some of the most relevant issues. Co-production differs notably from the traditional model of public service production in which public officials are exclusively charged with responsibility for designing and providing services to citizens, who in turn only demand, consume and evaluate them. The dominant model of public service production, according to Sharp (1980), is based on two distinct spheres: one of regular (public) producers and a second sphere of goods and service consuming clients or

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<sup>2</sup> See [www.emes.net](http://www.emes.net) for more details and the country reports.

citizens, interest groups, etc. Feedback between these spheres can be problematic. By contrast, the co-production model is based on the assumption of an active, participative populace of consumer producers. When the two spheres overlap to a greater or lesser degree the feedback between them becomes an internal process. Service delivery is a joint venture involving both citizens and government agents (Whitaker, 1980). Thus, co-production implies citizen participation in the execution or implementation of public policies.

Co-production is, therefore, noted by the mix of activities that both public service agents and citizens contribute to the provision of public services. The former are involved as professionals or “regular producers”, while “citizen production” is based on voluntary efforts of individuals or groups to enhance the quality and/or quantity of services they receive (Parks, *et al.*, 1981 & 1999; Brudney & England, 1983; Ostrom, 1999). In complex societies there is a division of labor and most persons are engaged in full-time production of goods and services as regular producers. However, individual consumers or groups of consumers may also contribute to the production of goods and services, as consumer producers. This mixing may occur directly or indirectly.

If co-production occurs, it takes place as a result of technological, economic and institutional or political influences (Parks, *et al.*, 1981 & 1999). Technology determines whether there are production functions for a service where both regular and consumer producer activities contribute to the output. Economic considerations determine whether it is efficient to mix regular and consumer producer activities to produce the service. Institutional considerations determine whether appropriate mixing is permitted in situations where co-production is technically feasible and economically efficient, and whether mixing is discouraged where it is inefficient (*ibid.*, p. 1002).

Technical relationships among regular and consumer producers are crucial and can either result in a situation where their inputs are substitutes for each other, or they are interdependent of each other. An economic mix depends on the substitutability or interdependence of producing a particular service and the relative wages and opportunity costs for regular and consumer producers. If it is a case of interdependence there are likely to be both regular and consumer production inputs. Neither the regular nor consumer producers can supply the service alone: inputs from both are necessary. Still institutional incentives are necessary for co-production to exist (*ibid.*, pp. 1002-06).

Percy (1984) notes that co-production occurs when *both* consumers and regular producers undertake efforts to produce the *same* goods or services. There is no requirement that their efforts be taken through direct interactions, but only that they be undertaken more or less simultaneously. In addition, Rich (1981) identifies other vital dimensions of co-production. He distinguishes

between positive and negative, cooperative and compliant, active and passive as well as individual and collective co-production. Co-production does not require the formal organization of citizens, but organizations are also a critical variable, since they can enhance the levels of co-production and may facilitate the coordination between citizens and public agencies (*ibid.*).

However, Warren *et al.* (1982) and Rosentraub and Warren (1987), warned against too broad a definition. They argued that by narrowing the concept one also excludes civic activities normally associated with citizenship, termed ancillary or auxiliary production, and actions taken totally separately from regular service agents, known as parallel production. Ancillary actions are expected forms of behavior for citizens, such as obeying the law and following regulations or reporting crime. Parallel production involves services similar to those provided by public agencies, but produced by individuals without contact or cooperation with public agencies.

Co-production is often seen as an approach to the enhancement of municipal productivity. Warren *et al.* (1982) maintain that co-production can lead to cost reductions, higher service quality and expanded opportunities for citizens to participate in decisions concerning public services. The latter can result in greater satisfaction with and support for public services. Thus, co-production becomes an important means of enhancing both the quality and quantity of public services. However, savings to the public budget from co-production are constrained by the amount of substitution that can effectively be undertaken between citizens and service agents or public employees (Brudrey, 1984). Citizens normally lack the training and experience to perform services requiring specialized training. Moreover, substituting paid personnel with voluntary efforts means that some of the costs are transferred to the co-producers themselves. The costs are not eliminated, merely shifted to the citizens.

Percy (1984) maintained that the scope of the benefits resulting from co-productive efforts may affect a citizen's decision about the types and frequency of co-production undertaken. Where the benefits of the citizens' efforts go primarily to the citizen-producers themselves, co-production is likely to be greatest. There is a direct correspondence between resources committed and benefits received. However, where the benefits are more broadly scattered among the population in general, citizens' co-productive actions are less frequent (*ibid.*). Here there is a "free-rider" problem that needs to be identified and analyzed.

Rich (1981) notes that citizens may consider the net benefits of their voluntary efforts in terms of fellowship, self-esteem or other intangible benefits stemming from them. He emphasized the interface between the government and voluntary sectors and noted the importance of recognizing

that voluntary action always takes place in a political context. The individual cost/benefit analysis and the decision to cooperate with voluntary efforts, as well as the effectiveness of these efforts, can be conditioned by the structure of political institutions. Centralized service delivery tends to make articulation of demands more costly for citizens and to inhibit governmental responsiveness, while citizen participation seems to fare better in decentralized service delivery (Ostrom, 1975).

Moreover, Percy (1984) also stated that organizational arrangements could facilitate or hinder co-production. In particular, resistance to co-production strategies may be encountered in public service agencies. Service workers and public administrators may see themselves as trained workers and therefore resent or resist the intrusion of untrained and inexperienced workers. Without the tacit support of public employees, the involvement of citizens in production activities might create more problems than it solves (Rosentraub & Warren, 1987). Typical examples of co-production found in the early literature on the USA include public safety and security, education, fire protection, recreation and even solid waste collection and disposal (Percy, 1984).

While co-production initially attracted a lot of attention in the USA in the 1970s and 1980s, since then involving people and groups outside the government in producing public services has received more sporadic interest. Ostrom (1999) analyzed co-production in developing countries. Here she focused on suburban water supply in Brazil and primary education in Nigeria. According to her all public goods and services are potentially produced by the regular producer and by those who are frequently referred to as the client. However, the term client is a passive term; indicating that they are acted upon. Co-production, by contrast, implies that citizens can play an active role in producing public goods and services of consequence to them (*ibid.*, p. 347).

She points out that, on the one hand, no market can survive without extensive public goods provided by governmental agencies, but, on the other hand, that no government can be efficient and equitable without considerable input from citizens. "Co-production of many goods and services, normally considered to be public goods by government agencies and [by] citizens organized into polycentric systems, is crucial for achieving higher levels of welfare in developing countries, particularly those that are poor." (*ibid.*). Her perspective could, of course, be extended to cover welfare services in many developed countries. Co-production is also essential for sustaining current levels of welfare service provision in European welfare systems facing sharp budget constraints, the crunch of globalization and losing jobs to low wage countries.

Renewed academic interest in co-production recognizes that in many important areas of government activity it is impossible to deliver services without the contributions of time and effort

by clients. Today there is a growing interest in understanding co-production or greater citizen participation in the production of public services. Alford (2002) distinguished between three sources of motivation for citizen participation in public sector services: material, solidarity and expressive incentives. He examined four cases of participation in public sector services in Australia ranging from simple to complex: the use of post codes in postal services, participation by long term unemployed in training programs, maintenance activities by tenants in public high-rise housing complexes and taxpayer collaboration with income tax requirements (*ibid.*).

He noted that government reformers often urge the adoption of a private-sector-style “customer focus”, but critics see it as inappropriate, in particular because it diminishes citizenship. He argued that interactions between most public sector organizations and their clients differ in several fundamental ways from the private sector customer transactions. From a social exchange perspective government organizations need some things from service recipients – such as their cooperation and compliance – which are essential for effective organizational performance. Eliciting those things requires not only meeting the material needs of citizens, but also their symbolic or normative expectations. Thus, involving citizen co-production is consistent with an active model of citizenship (*ibid.*).

In addition to the basic exchange where services are exchanged for money, there is also an exchange of the client’s time and efforts for heightening the value the client perceives in certain situations. However, material rewards and sanctions are ineffective in eliciting the requisite client contributions of time and effort in all but the most simple of tasks. Rather, many clients are motivated by more complex nonmaterial incentives, such as intrinsic rewards or social, solidarity and expressive values. These different motivators elicit co-production in different contextual circumstances. The more public the value consumed by clients, the more complex the motivations for them to co-produce. He concludes that “...eliciting co-production is a matter of heightening the value that clients receive from the services by making more explicit its nonmaterial aspects through intrinsic rewards, solidarity incentives or normative appeal.”(*ibid.*).

In Scandinavia the idea of enhancing the role of citizens in providing welfare services seldom gains attention from scholars and politicians. However, citizens currently contribute much of their time and effort to the production of welfare services, both as parents in relation to childcare or youth sports activities and sports clubs, as well as relatives in terms of eldercare. Thus, they directly contribute to the realization of the final value of good quality childcare, healthful youth sports activities, and/or good quality eldercare, although such services are primarily financed by taxes. A

recent report to the Swedish parliamentary committee, *Ansvarskommittén*, calls for a greater role for citizen participation and direct democracy in continued reforms of the Swedish welfare state (Häggroth, 2005). In order to come to grips with the growing democracy deficit and to renew the legitimacy of the welfare state, citizens should play a greater role in the delivery of welfare services the report concludes.

In a Scandinavian context important public services where co-production might be promoted include welfare services, like childcare, elementary and higher education, health care, eldercare, handicap care, leisure activities, etc. In a universal, tax-financed welfare state like that found in the Scandinavian countries the consumer is a citizen, while the buyer or purchaser of services may be a public body, unless vouchers are used, and finally the provider of such services is often a municipal or private body. Although the services can be financed by taxes, fees or both; they may also require that the consumer of the services contribute some of his/her time to realize the full value of the service. Many welfare services also build on enduring relations between the consumer and providers of such services rather than on one-time relations of an *ad hoc* nature. Pestoff (1998 & 1999) explores both parent and staff participation in parent co-ops, worker co-ops and voluntary organizations providing childcare services for preschool children in Sweden and contrasts them with the services provided by the public sector (*ibid.*).

He shows that the motives of parents for choosing one type of childcare facility or another express the values they hope to promote by becoming co-producers. Their motives can either be instrumental or expressive, but most parents combine both, similar to the pattern found by Alford (2002). Co-production and the work obligation associated with many alternative providers of preschool services in Sweden help to eliminate uncertainty in the relationship between producers and consumers of these services. It provides parents with greater insights into the quality of the services and gives them influence on decisions of how to run the childcare facility. Moreover, the provision of welfare services through social enterprises that facilitate co-production alters the relationship between the state and citizens in a fundamental way. Citizens are no longer passive consumers of public services who are defined mainly by their roles as tax payers and voters who exercise their political rights every second, third, fourth or fifth year. Rather they become active participants in the production of important welfare services they demand themselves (*ibid.*).

Peters (1994 & 1996) discussed four emerging models of public sector provision of goods and services. He regards the participatory model as an alternative to both the old bureaucratic one and to New Public Management. A participatory state depends upon both its citizens and front-line staff

becoming involved in making some choices about policy and social services. Similar to the market model, a participatory model would also give citizens more choice and direct control over the providers of various goods and services. But the manner in which these choices would be exercised in a participatory state would be much more overtly political. Rather than voting with their feet, through vouchers or their Euros, dollars, crowns or yen, citizens would vote through some sort of political process. They might participate in referenda of local policy or in local representative structures, like parent involvement in school committees (*ibid.*, p. 15). Alternatively, participation can take place in non-representative, but nevertheless democratic structures for providing welfare services, like cooperative childcare in Sweden (Pestoff, 1998 & 1999). The important point however is that citizens become involved in the co-production of the services that they both need and demand.

Co-production will be illustrated by parents' participation in childcare services. Materials for this study come from the TSFEPS Project, Changing Family Structures & Social Policy: Childcare Services as Sources of Social Cohesion, a comparative European study between 2002 and 2005 of childcare services in eight European nations. They are Belgium, Bulgaria, England, France, Germany, Italy, Spain and Sweden. Case studies of different providers of childcare in two cities<sup>3</sup> per country contributed the empirical materials for the discussion of parent participation in childcare.

### **C. Participation in Childcare Services in Eight European Countries**

Participation in childcare services takes different forms in different countries in the TSFEPS project. It ranges from high to low and can be found at different levels of analysis, both at the aggregate or citywide level and at the individual childcare center. Participation involves different dimensions or aspects, such as economic, political, pedagogical and social participation. It also involves different groups or stakeholders, like the parents, staff and public authorities responsible for providing and funding preschool services, and in some cases third sector organizations, TSOs, and even a few for-profit firms that provide such services. We begin our discussion with economic participation, then consider political, pedagogic and finally social participation by parents.

Economic participation in childcare services can either involve the contribution of money, in-kind donations or time by parents. Parent fees are found in most countries and they represent one

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<sup>3</sup> Only one city was included in England.

kind of economic participation. However, they are normally limited by law to a certain proportion of the total costs for providing such services, and not set by market circumstances related to supply and demand. Parents normally do not gain additional benefits from greater economic participation. But, parents are also expected to make contributions in-kind for the running of childcare services in some countries. This is particularly striking in the former socialist countries where the state or local authorities often lack the funds necessary to maintain reasonable material standards in childcare facilities. Here parents feel obliged to contribute both their time and various material things necessary for keeping the services running, in addition to regular parent fees. But some type of economic contribution in-kind can also be found to a lesser degree in countries with less developed systems of childcare provision and in services arranged or initiated by parents themselves.

By contrast, contributions of time in most EU countries are normally associated with parental participation in the running and management of childcare facilities, like those found in France, Germany and Sweden (Fraisie & Bucolo, 2003; Evers & Reidel, 2003; Strandbrink & Pestoff, 2003). In parent cooperative or parent initiative services there is often a work obligation, which excludes many parents who do not have flexible working conditions that permit them to make such contributions in time. In particular, single parent families find it difficult to meet the extra time demands of such services in most facilities included here (*ibid.*).

Political participation by parents can either take indirect, representative or corporatist forms in sector-wide municipal decision-making bodies or it can involve direct parental participation in decision-making bodies at the level of individual childcare centers or site of service production. Small parent-run and managed childcare services often depend on the efforts of all the parents, not only a few elected representatives. Participation can also take the form of elected parental representation in the consultative committees found in public services in many countries, often stipulated by law. However, they tend to be restricted to consultations with parents rather than to involve them in decision-making.

Pedagogical participation by parents is both a natural and highly disputed phenomenon at the same time. Parents and the home are a natural part of children's growth and development and this argues for involving parents more actively in childcare facilities. The English report in the TSFEPS Project emphasizes the pedagogical philosophy of early excellence centers (EECs) that try to involve parents in the daily activities of childcare facilities and the Belgium report refers to policies to mobilize parents. Such pedagogical efforts are related to special social goals of integrating and empowering resource weak groups of parents in these two countries.

Parent associations, initiatives and cooperatives in France, Germany and Sweden are both managed and maintained by the parents themselves. But very few examples exist of direct, systematic parent involvement in the pedagogical aspects of childcare in such facilities. Rather parents provide a necessary complement to the professional staff. Parents can substitute for professional staff when the latter are absent due to sickness or relieve them for other reasons, such as attending training courses, etc. The presence of parents at a childcare facility can also enrich the environment of childcare facilities. In particular, the presence of fathers, in an otherwise heavily female dominated occupation group is positive both for young boys and girls. However, parent involvement in parent run facilities is normally confined to performing non-professional tasks related to running and managing the facility, the maintenance and repairs, keeping the books, contacts with the authorities, and cooking occasionally. Thus, there is little risk that non-professional parents will permanently substitute and finally replace professional staff in parent associations, initiatives and cooperatives. Rather there is a clear division of labor between the staff and parents.

Social participation can take several forms. Regular meetings of parents can facilitate the creation of parent networks. Parents can be charged with helping to organize or arranging various social events, like the Christmas party, the end of the year party in June, etc. Such events can either be limited to those directly associated with the childcare facility, i.e., the staff, parents and children; or they can be open to residents of the neighborhood where the childcare center is located. In the latter case they also involve the childcare center's social relations in the neighborhood. Some country reports stress that municipal childcare services prefer to limit parties and festivals to the children, staff and parents of the facility, while parent initiatives and cooperatives prefer to see childcare as a way of integrating families into the social life of the neighborhood (Lhuiller, 2003; Fraisse & Bucolo, 2003; Evers & Reidel, 2003).

The case studies analyzed here demonstrate a wide range of patterns of parent participation. At the aggregate level, participation can either be *ad hoc* or it can take more corporatist forms of representation of various stakeholders in citywide consultative bodies charged with developing childcare services. The latter is normally the case when a variety of different stakeholders exist in the same geographical context, the welfare mix is accepted by most actors and no single form of production dominates the provision of childcare services. Some cities included in our eight country study demonstrated a form of corporatist representation in permanent consultative bodies for all major providers of childcare services, while others did not. Institutions for regular citywide consultation between various service providers may be seen as the co-management of a sector.

Regular consultation with most or all of the providers may also be prescribed by law, as seen in some of the TSFEPS countries (Lhuiller, 2003; Fraisse & Bucolo, 2003; Evers & Reidel, 2003). *Ad hoc* consultations may take place in a city where the municipal government normally dominates the provision of such services. Once the number of non-municipal providers grows beyond a certain level they may be consulted in an *ad hoc* fashion. This is illustrated in Sweden by the existence of such consultations in Stockholm and Gothenburg, but not Östersund. However, such consultations are not required by law (Strandbrink & Pestoff, 2004).

Turning to the level of the individual childcare services, participation took quite different forms. Most childcare services studied here fall into the top-down category in terms of style of service provision. There are few possibilities for parents to directly influence decision-making in such services. This normally includes both municipal childcare services and for-profit firms providing childcare services in the countries studied here. Perhaps this is logical from the perspective of municipal governments. They are, after all, representative institutions, chosen by the voters in elections. They might consider direct client or user participation in the running of public services for a particular group, like parents, a threat both to the representative democracy they institutionalize and to their power. It could be argued that direct participation for a particular group would thereby provide them with a veto right or a second vote at the service level. There may also be professional considerations for resisting parent involvement and participation.

The logic of direct participation is also foreign to private for-profit providers. Exit, rather than voice provide the medium of communication in markets, where parents are seen as consumers. This logic excludes any form of indirect or direct representation. Only the parent associations, initiatives and cooperatives noted in some country reports clearly fall into the bottom-up category. Here we find the clearest examples of self-government and direct democracy. Parents are directly involved in the running of their daughter and/or son's childcare center in terms of being responsible for the maintenance, management, etc. of the childcare facility. They also participate in the decision-making of the facility, as members and owners of the facility.

#### **D. Summary and conclusions about co-production of childcare**

I will now consider the implications of these findings for the development of the concept co-production and then discuss their implications for the contribution of co-production to the development and renewal of democracy and the welfare state. We find an attempt to identify various types of citizen participation in terms of co-production resulted in examples of direct contributions in economic, political, pedagogical and social terms by parents to the value created by

childcare facilities throughout Europe. However, some forms of participation seem more germane than others in terms of co-production. Some of the activities mentioned above could perhaps better be classified as auxiliary or ancillary activities, rather than co-production. In particular many of the pedagogical and social activities appear to be of this nature. They are normally part of collective childcare regardless of the country or provider. However, both the economic activities found in Bulgaria, as well as the management and decision-making activities by parents found in parent associations, initiatives and cooperatives in France, Germany and Sweden, qualify as co-production. However, we should consider whether they might possibly be classified as parallel production.

The main reason for not classifying them as parallel production is that these childcare services are financed by public funds. Moreover, the parent associations, initiatives and cooperatives found in France, Germany and Sweden are contributing to the fulfillment of public goals of providing childcare services to as many parents as possible and in a form that parents not only approve, but are willing to contribute with their time and effort. In Sweden childcare is now an entitlement for all children between the ages of 1 and 6 years old. If the parents did not make contributions of their time and effort to alternative providers or if the latter did not exist, then these same parents would demand public services. The public authorities would be obliged to provide them; but they might be hard pressed to do so. Thus, although alternative services are provided by separate organizations, they are both financed by public funds and they contribute to fulfilling public policy goals in this area.

Ostrom's discussion of co-production in terms of production functions notes that it may involve strictly substitutable or complementary processes. Substitution would imply parallel production and involve parent participation in all areas of preschool, including pedagogical activities, not just in some tasks. Parent participation, primarily in the maintenance and management of childcare facilities, comprise complementary activities that create synergies based on a clear division of labor between the professionals and parents. Here the parents take over the secondary activities, while the professionals can concentrate on their core ones, the pedagogy of preschool learning.

Alternative provision of childcare for preschool children comprises an interesting example of co-production in France, Germany and Sweden. Public financing is available to all types of childcare providers in Sweden; e.g., public, private for-profit and third sector childcare. However, only the latter appear to facilitate extensive parent participation. Today approximately 15 per cent of all preschool aged children are enrolled in third sector childcare in Sweden.

Moreover, co-production appears to change its form with changed conditions. Initially co-production referred to the degree of overlap between two sets of participants in the service production process – regular producers and consumers. The resulting overlap represents the joint effort of these two groups, both public professionals and citizens, in the provision of public services. It was not necessary that they be organized in the same organization. However, with today's system of contracting out and the growing welfare mix, we need to recognize that citizens can participate in various ways. They can participate on either an individual or organized basis in the provision of neighborhood safety in the USA, or in permanent organized groups of users at third sector organizations providing welfare services in Europe. The latter would include participation in parent associations, initiatives and cooperative childcare services found in France, Germany and Sweden. In the former case users are clearly a complement to professional public providers of neighborhood safety, i.e., the police. In the latter case citizens take over the management of welfare services, but the public sector still finances and supervises the provision. This would imply an extension of the concept of co-production to include collective efforts to provide public financed services produced by third sector providers. The two main requirements for co-production are the continued public financing of such services and the participation of consumer producers or citizens in their provision.

Finally, the term co-production needs to be distinguished from similar, but different phenomena of co-management and co-governance. The growing welfare mix and diversity of providers not only implies greater citizen involvement in the provision of some public financed services, but it also becomes necessary to manage and govern this growing diversity. Co-management refers to the growing diversity or hybridization of providers of welfare services, typically found in situations where NPOs and/or FPOs participate in the provision of public financed services (Brandsen, 2004), with or without greater citizen involvement at the site of production. Co-governance refers to attempts to manage this growing diversity in a more democratic fashion through the creation of citywide, provincial and/or national bodies where various providers are represented and given a voice in governing the development of a sector. The appropriate site for co-governance structures will depend, of course, on constitutional differences between various welfare states. We found some examples of this in the childcare sector in France and Germany, but not Sweden, in spite of the growing diversity of providers of such services in all three countries. However, here we must also distinguish between consultations, no matter how frequent or structured, and decision-making. Organizational participation in consultations may or may not lead to mutual adjustment, but this differs greatly from participation in binding decisions. Co-governance requires real input and

influence in the development of a sector or provision of welfare services. This may be difficult to achieve without the existence of necessary intermediate structures among various providers of welfare services. This is particularly important for small third sector providers, who may find it hard to organize themselves.

In conclusion, I will turn my attention to the implications of co-production for the development and renewal of democracy and the welfare state. Co-production provides a necessary conceptual tool for understanding citizen participation at the micro-level or site of production of welfare services. It gives us a missing piece of the puzzle of democratic reform. It also underlines the importance of motivating and involving both the citizens and professionals in the process of institutional change. At the same time the political process is very important. Without the necessary political support and proper institutional structures little progress will be made.

However, we found that some dimensions of co-production in childcare appear more germane to the development and renewal of democracy and the welfare state than others. In particular the contribution of time by parents to the political dimension, noted earlier, promote these goals more clearly than the economic, pedagogical or social dimensions. New ways need to be developed to encourage the participation of several different stakeholders in the provision of childcare services, not just a single one, as today. The staff, parents and financiers of childcare services need to form multi-stakeholder organizations at the site of service production. Also institutions should be created by the authorities to promote greater participation by alternative or third sector providers in the citywide management of childcare services. This would, of course, require a change in the laws of most European countries. However, participation in childcare services should not be seen as a “zero-sum” game or winner-take-all situation, but rather one where various stakeholders can make a contribution to better quality childcare through dialogue and cooperation with each other. Therefore they all deserve recognition of their potential contribution to a common goal. This recognition needs to be accompanied by providing them with ways and means for gaining influence in the day-to-day decisions of a childcare facility and the overall running of such services and the management of such services, both at the site of production and citywide level.

This corresponds with calls by Barber (1984), Walzer (1988) and Hirst (1994), along with many others for developing and renewing democracy and the welfare state. In particular, they call for providing welfare services through greater citizen involvement and a greater role for the third sector. The state has grown rapidly in recent decades and become part of an organizational society, where large organizations dominate both in the public and private sectors. However, they do not see

this as contradictory with democracy or simply as calling for the withdrawal of the state. Rather they see it as enhancing the role of the state, by concentrating on financing and regulation of the provision of welfare services. Walzer notes the need for a strong state that can superintend and subsidize the work of its citizens, volunteers and third sector organizations that provide welfare services. Hirst's Associative Democracy means devolving as many functions of the state as possible to the organizations of civil society in order to develop and renew democracy and curb the growth and dominance of big organizations, both in business and government.

However, without a clear idea of how to involve citizens in these sweeping reforms little progress can be made. Co-production provides a focus on citizens participation at the level of local production of welfare services or the site of production. Co-production opens up possibilities for better understanding the importance of obtaining the consent and support of all three major stakeholders in such reforms, i.e., the citizens, the professional providers of welfare services and the politicians. However, without a clear vision of a 'good society', or at least a better society than today, it will be very difficult to promote such sweeping reforms. Co-production provides a missing piece of the puzzle for developing and renewing democracy and the welfare state.

Various aspects of co-production were explored and illustrated by childcare here, but it can also be found in other areas of welfare services. It exists today in different areas like education, eldercare, handicap care and health and medical care. Parent run and managed elementary and high schools are found in many countries, sometimes in combination with a special pedagogical approach, like Waldorf or Montessori, and sometimes when public provision fails. Third sector eldercare and other support groups provide alternatives in a rapidly growing field. Here children and relatives can become co-producers of some of the services provided to their parents and loved-ones (Dahlberg, 2004). The Independent Living movement is spreading in many countries and provides much greater influence for families and handicapped persons than either public or private-for-profit services (Westin, 2006). Self-help groups in areas like diabetes and HIV/AIDS are a good example of co-production in health care (Söderholm Werkö, 2006; Walden Laing, 2001). Health care co-ops in Japan and elsewhere illustrate the possibility for informed and active members who want to maintain their health and avoid becoming passive patients in traditional public health systems (Pestoff, 2006). Thus, the concept of co-production provides us with a better understanding of fundamental relations at the site of production of welfare services and a clearer comprehension of the dynamics of developing and renewing democracy and the welfare state.

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### **Abstract:**

What role should the state and market play in the provision of welfare services? What role should the third sector play in providing welfare services, and what role should citizens have in producing such services? A growing number of scholars question the viability of liberal representative democracy and the welfare state in an ‘Age of Organizations’, dominated by the big organizations found in both the public and private sector. The state is over extended and democracy is stretched to its limits, they argue. Therefore, Walzer proposes to socialize the means of distributing welfare services through greater involvement of the recipients of such services, and Hirst calls for devolving as many of the functions of the state as possible to civil society, while retaining public funding. But, how and where do citizens come into the picture? Missing from these macro proposals is the micro perspective of the role of citizens provided by the concept co-production.

The first part of this presentation introduces the concept of co-production, found in public administration literature. The focus here is on greater citizen participation in the provision of public services. A review of the literature demonstrates several advantages of co-production, but also some major hurdles that need to be overcome. The second part ties the concept of co-production to a discussion of parents’ participation in the provision of childcare services in Europe. Different aspects of participation include economic, political, pedagogical and social involvement by parents. The concept of co-production appears relevant for some aspects of parent participation and some forms of providing services, but not for all kinds of participation or forms of provision.

Finally, the importance of co-production for promoting the development and renewal of democracy and the welfare state is discussed. It also calls attention to differences between co-production, co-management and co-governance in terms of citizen participation.

## **Citizens and Co-Production of Welfare Services: Childcare in Eight European Countries.**

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