



NEW PERSPECTIVES IN THE CO-PRODUCTION OF PUBLIC POLICIES, PUBLIC SERVICES AND COMMON GOODS

**by Philippe BANCE,
Marie J. BOUCHARD &
Dorothea GREILING (eds)**

CIRIEC STUDIES SERIES- 3- 2022

Philippe BANCE, Marie-J. BOUCHARD and Dorothea GREILING (eds)

**New perspectives in the co-production of
public policies, public services and common goods**

CIRIEC Studies Series – No. 3

CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy) is a non-governmental international scientific organization.

Its objectives are to undertake and promote the collection of information, scientific research, and the publication of works on economic sectors and activities oriented towards the service of the general and collective interest: action by the State and the local and regional public authorities in economic fields (economic policy, regulation); public utilities; public and mixed enterprises at the national, regional and local levels; the so-called “social economy” (not-for-profit economy, cooperatives, mutuals, and non-profit organizations); etc.

In these fields CIRIEC seeks to offer information and opportunities for mutual enrichment to practitioners and academics and to promote international reflection and action.

CIRIEC activities, publications and researches are realized with the support of the University of Liège, the Walloon-Brussels Federation, the Walloon Region and the Belgian National Lottery.



This publication has been peer-reviewed.

No part of this book may be reproduced in any form, by print, photocopy, microfilm or any other means, without prior written permission from the publisher. All rights reserved.

© CIRIEC aisbl, 2022

Université de Liège - HEC

Bâtiment N3a

Rue Saint-Gilles, 199

BE-4000 Liège (Belgium)

ciriec@uliege.be; <https://www.ciriec.uliege.be>

ISSN 2795-8825 (epdf)

ISBN 978-2-931051-55-9 (epdf) • February 2022 • 279 pages

EAN 9782931051559

<https://doi.org/10.25518/ciriec.css3book>

This publication is indexed and available in RePEc

Contents

Acknowledgements	5
Foreword	7
Introduction	9
<i>Philippe Bance</i>	

Part I. Deployment and diversity of collective interest partnerships

Combating Child Poverty at the Local Government Level in Austria and Belgium / Chapter 1	19
<i>Dorothea Greiling & Melanie Schinnerl</i>	
Collective innovation and living labs of real estate: an institutionalization of citizen participation? / Chapter 2	43
<i>Benjamin Fragny & Cathy Zadra-Veil</i>	
The resilience of public–social economy partnerships for food justice: a case study / Chapter 3	59
<i>Alexandrine Lapoutte & Georges Alakpa</i>	
Big Business in the Social Commons: The Example of the Carrefour Vărăști Agricultural Cooperative in Romania / Chapter 4.....	81
<i>Gheorghe Ciascai & Hervé Defalvard</i>	

Part II. Co-production of public goods

Co-production paradigm: Threat or Opportunity for Social Economy? / Chapter 5	99
<i>Andrea Bassi & Alessandro Fabbri</i>	
Co-production of Public Goods in Shrinking Rural Regions in Germany: Why Does Public Action Still Matter? / Chapter 6.....	125
<i>Benjamin Friedländer & Christina Schaefer</i>	
Co-production of public goods in Slovakia / Chapter 7	143
<i>Maria Murray Svidroňová, Juraj Nemec & Gabriela Vaceková</i>	

Part III. Mutations of the collective action paradigm

After the Keynesian paradigm and the paradigm of economic liberalism, a new paradigm based on "values"? / Chapter 8	167
<i>Pierre Bauby</i>	
Renewal of Public Action: Co-Production and Financial Regulation / Chapter 9	181
<i>Faruk Ülgen</i>	
Social and solidarity economy and the co-construction of a new field of local public policies in France / Chapter 10	207
<i>Laurent Fraisse</i>	
Comparative analysis of Public-Social and Solidarity Economy Partnerships (PSSEPs) in the French Regions after the Hamon and NOTRé Laws / Chapter 11	227
<i>Philippe Bance & Angélique Chassy</i>	
Conclusions and Directions for further Research	259
<i>Philippe Bance, Marie-J. Bouchard & Dorothea Greiling</i>	
Presentation of the Authors	275

Acknowledgements

We address our gratitude to all the contributors for the wealth of their analyses and their availability.

The book benefited from the active support of CIRIEC's International Secretariat team, for launching the program and ensuring its operational implementation, but also for the publication process. Thanks in particular to Carmela de Cicco for her important editorial work, to Lia Caponetti for her valuable support in the follow-up process, to Coline Compère for the literature and references verifications and, finally, to Prof. Roger Spear (Open University, UK), Prof. David Heald (University of Glasgow, UK) and Joy, his research-assistant, for their considerable and much appreciated work in the English editing process.

Each paper of the book was moreover subject to a double or triple evaluation, and after that to numerous interactions with contributors. Our sincere thanks also go to the anonymous referees.

Philippe Bance, Marie-J. Bouchard and Dorothea Greiling

Foreword

This book features the output of the transversal working group in public and social economy set up under the auspices of CIRIEC's International Scientific Council. It prolongs the book *Providing public goods and Commons, Towards coproduction and new forms of governance for a revival of public action* (<https://www.ciriec.uliege.be/publications/ouvrages/providing-public-goods-and-commons/>).

It is the result of a call for contributions launched in 2019 with a selection process of responses, and then to a collegial process of coordination and interactive progress of the work.

The book is the third one of the online collection *CIRIEC Studies Series*. It is in accordance with CIRIEC's vocation to develop scientific analysis on the potentialities and action of public economy and social economy organizations in the implementation of general interest.

The book combines analyses of academics and researchers, specialists of social and solidarity economy organizations and public policies. Their scientific expertise and their territorial knowledge bring a varied and detailed light to showcase profound transformations on a planetary scale which are part of a new paradigm of public action.

Philippe Bance, Marie-J. Bouchard and Dorothea Greiling

Introduction

Philippe BANCE*

In the recent decades, partnerships between public, SSE organizations and public authorities have multiplied across the world to produce public goods and commons. Their methods of implementation as well as the scope and limits of this cooperation have been analysed in a book published in 2018 by CIRIEC International entitled “Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action”. The object of this new book is to prolong these analyses.

What were the main results of the CIRIEC last publication on partnerships between public, SSE organizations and public authorities? It demonstrated that this type of cooperation is the result of a profound transformation of ways of implementing policies of general interest. Driven by new public management and new forms of networks, public economy and social economy organizations are increasingly producing commons and public goods through their joint action. The 2018 publication also revealed the potential of these partnerships for the future. Several types of salient socioeconomic effects have been highlighted in various countries:

1. Blurring boundaries between public economy and social economy sectors

Traditionally the bearers of common interests, SSE organizations are increasingly involved in public service and general interest activities. That results in a shifting of boundaries between public economy and social economy. New public management brought along a strong focus towards efficiency while seeking to benefit from an additional dynamism for the realization of the general interest.

2. The development of social innovations in state, regional and local entities

Social economy organizations, through their proximity to stakeholders and their organizational culture centred on the common interest, may contribute to the development of social innovation and to objectives of general interest on territorial ecosystems. There is a revival of the idea that social economy organisations are innovations drivers for social changes.

* Professor, LC2S UMR CNRS-University of the French Antilles (France) (philippe.bance@univ-antilles.fr).

3. Tangible changes in the behavior of public organizations with regards to the social economy

New public management submits the providers of public services to the tension between financing constraints and the rise of market logics. That often results in a refocusing of public economy organizations in order to serve their own interests to the detriment of balanced cooperation with partners. The opportunities offered by the combination of multi-actor and participatory governance are thus sometimes called into question by the development of opportunistic behaviors that are detrimental to the conduct of projects of collective interest.

4. A deployment of new modes of multi-actor governance, raising the question of the co-construction of policies in the general interest

Cooperation between the public economy and the social economy offers major opportunities through the complementarity of their stakeholders. The co-construction of collective action can however be hampered by conflicts of interest between salient stakeholders which limit partnerships and therefore the joint production of public goods and commons. A democratic co-construction of public action may be a source of development of partnerships by mobilizing the various stakeholders in a balanced manner with a view to promoting the general interest.

5. New perspectives for a paradigm shift of collective action opened up by the deployment of partnerships and new governance

The new governances at work are a part of a process of profound redefinition of collective action. They have potential effects on the emergence of a new paradigm of collective action, remaining however uncertain.

Based on these observations, the present book builds on the 2018-research, in particular concerning:

- The role played by public and social economy organisations/enterprises in the joint production¹ and co-production² of public goods and commons in those new collective action processes, and the impact of those new multi-partner governance forms with respect to sustainable development at local regional, national or global levels.
- Possible complementarities and synergies between public and social economy organisations, in a perspective of co-construction of collective action according to new logics of general interest and sustainable development.

¹ i.e. by nature of simultaneous production of goods considering their proper characteristics.

² i.e. of desired collaborations by stakeholders in the framework of certain production processes.

- Public policies to stimulate or facilitate the joint action of public and/or social economy organisations/enterprises in the production of common and public goods, and the possible emergence of a new paradigm of collective action based on those partnerships.
- The alternative between either the co-construction of public policies or the joint production of public goods and commons.

The book comes in three parts. The first part highlights the variety of partnership forms and institutional arrangements that are deployed in the renewed framework of expression of collective interest established over the past decades. The second part focuses on analysing the process of co-production of public goods and commons that has thus unfolded. The third part is dedicated to the analysis of the transformations at work in the collective action paradigm in order to draw current lessons and future prospects.

* * *

The four chapters of the **first part** show a variety of forms of partnerships that characterize the cooperation of actors in a view to satisfying the collective interest.

The diversity is first of all perceptible in the contrasts of institutional arrangements at work from one territorial space to another. This is what Dorothea Greiling and Melanie Schinnerl show, by a comparative analysis in chapter 1, *“Combating Child Poverty at the Local Government Level in Austria and Belgium”*. The comparison between these two European countries is enlightening in similar intrinsic characteristics in their objective to fight against children poverty and with rates of poverty of 20% or more. Nevertheless, local collaborations of public, social and solidarity economy partners in the policy design and the service provision level largely differ. Four cities are studied: Antwerp, Ghent, Linz, Vienna. The discrepancies begin with vertical political decision-making competencies. While the vertical policy making competencies in the two Flemish cities are higher, only Ghent has a local anti-poverty plan. On the service provision level, the Flemish cities have established professional service provider networks to combat child poverty and therefore put more resources in a collaborative approach and common actions. In the two Austrian cities service provision is more fragmented among the public and the social and solidarity economy partners and service provision covers to a greater all age groups.

In France, partnerships established at the local level to serve the collective interest are based on the creation of specific structures which have the advantage of closely involving stakeholders. Benjamin Fragny and Cathy Zadra-Veil thus show in chapter 2, *“Collective innovation and living labs of real estate: an institutionalization of citizen participation?”*, that living labs located in cities in the South of France, like Bordeaux, Lyon and Marseille, and specialized in real estate are relevant cooperation structures to contribute to the urban sustainable development. These living labs were indeed winners of calls for projects of the Industrial Demonstrators of the Sustainable City (DIVD). The study of their governance highlights the importance of institutional stakeholders but however a mitigate citizen participation.

The last two chapters of this first part highlight other forms of deployment of partnerships of collective interest which underline the multiple innovations. Alexandrine Lapoutte and Georges Alakpa, specify in chapter 3, *“The resilience of public–social economy partnerships for food justice: a case study”*, how recent partnerships bring together public and non-governmental stakeholders around local food governance. They question the organizational resilience of such institutional arrangement analysing the strengths and weaknesses in the case of a local Food Policy Council, i.e. the Lyon Sustainable Food Council. The findings reveal a high capacity to absorb shocks, a moderate capacity for renewing and a relatively low capacity for learning. Lapoutte and Alakpa regard this type of partnership as an innovative approach for food justice that appears to avoid market isomorphism, but presents a risk in terms of balancing stakeholders.

In chapter 4, titled *“Big Business in the Social Commons: The Example of the Carrefour Vărăști Agricultural Cooperative in Romania”*, Gheorghe Ciascai and Hervé Defalvard analyse an interesting institutional arrangement in a producer cooperative created in 2017 in Romania. They expose how a cooperation between a very large private group (here the Romanian branch of Carrefour), small producers and public actors (Romanian legislation and local municipality) can become a social common. Although large groups may be seen as antinomic to the concept of commons, Ciascai and Defalvard show that, when being involved in the well-being of the local community, they can have a central role in a social community. That is the case in the region of Vărăști where Carrefour operates a translocalism of a common by linking it to extra-local, national and global scales.

* * *

The **second part** of the book is dedicated to an analysis of co-production of public goods with its forms of expression in Italy, Germany and Slovakia.

In chapter 5, *“Co-production paradigm: Threat or Opportunity for Social Economy?”*, Andrea Bassi and Alessandro Fabbri make a review of the literature analysing the co-production concept itself and all the related concepts, such as co-creation, co-design, co-governance. In their review they are also focusing on the cooperation between public services and their users, and its connections with the role of the social economy organisations or civil society organisations. The review also includes an analysis of negative effects and implications, such as the risk of neglecting the importance of the Public Administration professionals’ contribution, and the under-estimation of the Civil Society (primary stakeholders, especially in Europe). Joint Production is defined as a strong collaboration between Public Administration and third sector organisations. Two empirical case studies of joint production in the Italian context show that this collaboration has strongly contributed to the high performance of the Italian health care system. Bassi and Fabbri also identify factors which are boosting the joint production.

The 6th chapter, by Benjamin Friedländer and Christina Schaefer, *“Co-production of Public Goods in Shrinking Rural Regions in Germany: Why Does Public Action Still Matter?”*, shows that co-production is a vital coping strategy for ensuring equivalent living conditions in rural regions in Germany. New forms of co-production networks have emerged to deal with the particular challenges of shrinking rural regions, a challenge many countries across the globe face. Municipal-owned corporations interact in complex and diverse networks with (private and social economy) actors for enabling a local service provision. Based on a literature review, trends, characteristics, advantages and challenges of co-production are identified. Co-production networks are quite complex and diverse, leading to complex network governance requirements. A special focus is put on the impact of these new forms of co-production on municipal-owned enterprises. The chapter also demonstrates the complementary role co-production networks have for re-enabling regional development, and the innovation potential such co-production networks offer in shrinking rural regions.

In the last chapter of the second part, entitled *“Co-production of public goods in Slovakia”*, Maria Murray Svidroňová, Juraj Nemec and Gabriela Vaceková, show the growing role played by public and social economy organisations in Slovakia. In particular, they study 2 types of co-production of public goods and common goods at the local level. They show that this phenomenon concerns in Slovakia various actors, not only officially registered social enterprises, but also organisations of various legal forms. The authors also map various organizations that participate in the co-production and bring social innovations at the local level. These authors contribute to the existing literature on economic organizations in one of the post-communist countries concerning the transformation of the "socialist" social enterprise sector into a social economy. The text also highlights the potential of economic organizations

to promote innovations through partnerships (with the public sector, non-governmental organizations, citizens) and by co-production.

* * *

The **third part** of the book deals with the mutations of the collective action paradigm associated to the transformations outlined above. The analysis is conducted in several perspectives: from a general point of view, by a sectorial approach concerning financial regulation, by a conceptual analysis concerning public policies co-construction, and finally by a comparative approach between new regional policies.

In chapter 8, *“After the Keynesian paradigm and the paradigm of economic liberalism, a new paradigm based on “values”?”*, Pierre Bauby analyses the transformations and crises of the past paradigms of collective action. He exposes the main characteristics of the Keynesian and economic neoliberalism paradigms in terms of collective action, and their respective crises. He thus brings out the need to found a new paradigm based on “values” and permitting opportunities: One is to co-construct with all the actors concerned an approach which takes into account the specific contexts, responding to the new challenges of globalization. Another is to rebuild public services as well as the social and cooperative economy, and, more generally of public action. He considers that such a dynamic is at work in the European Union today through its social model, common values and fundamental rights.

Faruk Ülgen, in chapter 9, *“Renewal of Public Action: Co-Production and Financial Regulation”*, studies the major problems raised by the current paradigm of collective action by focusing more specifically on the systemic instability resulting from the financial system. He therefore calls to strengthen the stability of financial systems in an institutionalist perspective, based upon Polanyi’s analysis. Ülgen considers that the monetary and financial systems, as well as public service activity, require specific public actions. He argues that financial stability, as a public good, cannot be ensured through liberalized market mechanisms and privatized self-regulation modes. The relevance and the feasibility of financial co-regulation is seen by Ülgen as a possible alternative that could rest on a composite micro-macro regulation. He argues that, whatever the preferred model of regulation and regardless of the degree of inclusion of stakeholders in regulatory mechanisms, financial regulation must be organized under the supervision of independent public authorities. The effectiveness of financial regulation however requires public supervision that should be organized with stakeholders, outside market mechanisms.

Laurent Fraisse's chapter 10, *"Social and solidarity economy and the co-construction of a new field of local public policies in France"*, takes place in a complementary analytic perspective: the opportunities offered today of co-construction of collective action by new forms of partnerships associated with the deployment of social and solidarity economy action. He analyses how coalitions of elected representatives, technicians, social entrepreneurs, heads of local networks, and local managers of support and financing structures have participated in the consolidation of the "social and solidarity economy". In France, new thematic and specific support instruments were then put in place without reference to the normative framework was put in place in July 2014, the SSE Act. Since then, SSE programs have been implemented in tension between a policy of recognition through new instruments, and the will to act transversally on the main challenges faced at local and regional levels (housing, employment, mobility, social cohesion, culture, sustainable development, etc.). Finally, the chapter focusses on how elected representatives and actors of local SSE policies have claimed and experimented processes of co-construction of public action.

The 11th and last chapter of the book, by Philippe Bance and Angélique Chassy, *"Comparative analysis of Public-Social and Solidarity Economy Partnerships (PSSEPs) in the French Regions after the Hamon and NOTRé Laws"*, follows a comparative approach similar to that of the first chapter, while prolonging the analysis of the previous chapter on the transformations of the collective action paradigm in France. It analyses how the deployment of regional policies are increasingly relying on social and solidarity economy organisations to carry out collective action. Interviews of representatives of influent structures (from public and SSE sectors) in two regions (Grand-Est and Normandy) and a textual analysis of their discourses show similarities but mainly important differences of approaches (role of SSE sector, citizen participation, influence of actors in the co-construction of regional public action and its territorial anchoring). The important gaps highlighted in the deployment of the regional policies and the PSSEPs could so lead in the future to the emergence of alternative regional models: by a yardstick competition between regional models and a process of creative destruction of collective action.

Part I.

Deployment and diversity of collective interest partnerships

Combating Child Poverty at the Local Government Level in Austria and Belgium* / Chapter 1

Dorothea GREILING** and Melanie SCHINNERL***

Abstract

In line with the social investment paradigm and the European Pillar of Social Rights combating child poverty is an ongoing topic in the European Union. Belgium and Austria have child poverty rates of more than 20%. Both countries share that they are federal states with a corporatist welfare state tradition. In the fight of breaking the cycle of disadvantages for children, local governments are increasingly involved in combating child poverty in a multi-level governance context. Against this background, the paper compares the local collaborations of public, social and solidarity economy partners on the policy design and the service provision level to combat child poverty in four cities (Antwerp, Ghent, Linz, Vienna).

Our findings show that the discrepancies already begin with vertical political decision-making competencies. While the vertical policy making competencies in the two Flemish cities are higher, only Ghent has a local anti-poverty plan. Social and solidarity economy partners are asked to provide an input. On the service provision level, the Flemish cities have established professional service provider networks to combat child poverty and therefore put more resources in a collaborative approach and common actions. In the two Austrian cities service provision is more fragmented among the public and the social and solidarity economy partners. On a positive note, service provision in the two Austrian cities covers to a greater all age groups (pre-school children, school children and disadvantaged teenagers/young adults in the challenging transition to the labour market).

Keywords: child poverty, rescaling of social policies, social investment, social and solidarity economy, policy design level, service provision level

JEL-Codes: H75, I24, I28, I30, O57

Disclosure Statement: The research was supported by funds of the Oesterreichische Nationalbank (Austrian Central Bank, Anniversary Fund, project number: 17648).

* An extended version was published in 2020 as a CIRIEC working paper WP20/10 by the same authors. The title of the working paper is "Local Civil Regimes for Combating Child Poverty: Insights from the Austrian and Belgian Corporatist Welfare States".

** Full Professor at the Faculty of Social Sciences, Economics and Business Administration, Institute for Management Accounting, Johannes Kepler University in Linz (Austria) (dorothea.greiling@jku.at).

*** PhD Student at the Institute of Sociology and Research Assistant at the Institute for Management Accounting, Johannes Kepler University Linz (Austria) (melanie.schinnerl@jku.at).

1. Motivation and Research Questions

Back in 2010, the EU (European Union) member states committed themselves to reducing poverty by 20 million people, by 2020 to 96.1 million EU citizens, a target the member states failed to reach. The Corona pandemic made this ambition aim even more unrealistic. Among the poverty risks, child poverty is a pressing issue in the European Union. Recent statistics show that in 2018, 23.8% of children (0 to 16 years) in the EU-27 countries were at risk of poverty or social exclusion (Eurostat, 2019). Austria and Belgium are two states of the European Union, where the Gross National Product (GDP) is well above the EU-average, but they are also countries where poverty rates in cities are consistently higher than in rural areas (Eurostat, 2019). In the two focus countries, Austria (AT) and Belgium (BE), the current child poverty rates are 21.2% (AT) and 23.2% (BE) (Eurostat, 2019). Child poverty means that the children live in households which are at risk of poverty or social exclusion. Statistical data show that children of such households have a much higher risk of being poor later in life, suffer from a poorer health status or have fewer chances of educational success. Concerning the design and delivery of social service policies, *two inter-twinned developments* can be observed. The first is that EU social policies are guided more and more by the idea of the social investment state. In the mid-1990s, the social investment idea gained popularity and was put on the agenda by researchers (Esping-Andersen et al., 2002; Giddens, 1998; Morel et al., 2012; Vandenbroucke et al., 2011) as well as politicians and international organisations (European Commission, 2013a, 2019b; OECD, 2012). In 2013, the European Commission (2013b) issued a recommendation to the member states entitled “Investing in children: Breaking the cycle of disadvantage” which was target at reducing child poverty. The second development is a rescaling of social policies and, along with that, also a localization of welfare state arrangements (Kazepov, 2008, 2010; Andreotti et al., 2012; Martinelli et al., 2017). Under rescaling aspects, the welfare state is viewed as a multi-governance system (in terms of regulation, governance mechanisms, policy-making and policy-implementing competences). Local governments are increasingly confronted with having to deal with complex social problems, among them, the fight against child poverty. Andreotti et al. (2012, p. 1934) introduced the concept of the local welfare system, referring to the welfare system in a municipal territory or metropolitan area. On the local level, a variety of institutionalised public, non-profit, or for-profit actors as well as citizens interact in a dynamic way in the fields of social policies. The localization of welfare state arrangements is advocated with the following main arguments: Firstly, it is regarded as more effective because “in complex societies individual needs are met with higher accuracy by welfare policies which are tailored more closely to their specific context” (Andreotti et al., 2012, p. 1926). Secondly, the local provisions are regarded as more participatory and thirdly, mobilizing resources for welfare needs from local economic actors and social groups are considered to be easier (Andreotti et al., 2012).

Under rescaling and localization aspects, Austria and Belgium are both countries with a three-tier governmental system. Both states also share a corporatist welfare state tradition. While there is a broad body of literature evaluating national policies in various fields of social policies, the impacts of the rescaling of social policies down to the local government level is much less studied (Andreotti et al., 2012; Arvidson et al., 2018). Austrian and Belgian municipal governments are confronted with the implementation of nationally and regionally designed anti-poverty policies. On the local level, social services to combat (child) poverty are provided in close collaboration with various local actors, most prominently non-profit service providers. Here, the idea of co-production or collective service provision comes into play (Lapoutte, 2018; Bance, 2018; Greiling and Schinnerl, 2018). In the area of local anti-poverty services for combating child poverty, co-production networks between local governments and non-profit service providers or, as Bance et al. name it, Public and Social and Solidarity Economy Partnerships (PSSEPs) (Bance, 2018; CIRIEC and Bance, 2018) are gaining importance. Against this background the paper focuses on the following research questions:

1. How is the local collaboration of local public, social and solidarity economy partners in Austrian and Belgian municipalities organised in the fight against child poverty on the *policy design level*?
2. How is the collaboration of local public partners with the social and solidarity economy partners in Austrian and Belgian municipalities organised in the fight against child poverty on the *service provision level*?

To address the research questions, the paper provides in section two an overview of the idea of the social investment state, followed by the European Commission recommendation to combat child poverty (EC, 2013b). Also, a brief introduction of governance modes for PSSEPs is provided. In section three, the methodology is described. Method-wise, the paper is based on a comparative case study approach with interviews and documentary analysis (both academic and non-academic). Concerning the empirical findings, firstly, the implementation of the EU social investment recommendations for combating child poverty in the national multi-level governance context is evaluated. Secondly, the result section reports on municipal approaches for combating child poverty in two Austrian and two Belgian cities. Although similar in the welfare state tradition and the governance levels, the study identifies local variations in the implementation of policies to combat child poverty, in particular on the service delivery level. Section five discusses the results with respect to similarities and differences. This section also includes the answers to the research questions, policy conclusions and directions for further research.

2. The Social Investment State and Governance Modes for PSSEPs

2.1. Social investment state: the theoretical approach

In social policy there has been a paradigm shift leading which brought along the social investment idea which heavily influenced EU policies to combat child poverty. Anthony Giddens (1998) put the social investment state in the context of a Third Way between Neo-Liberalism and Keynesianism. This means that the social investment state is supposed to replace spending on social transfers by investment in human capital – e.g., education, to break the intergenerational transmission of poverty and social exclusion. With his Third Way Giddens (1998) asks for more decentralization and advocated, in line with New Public Management, a new division of labour within the PSSEP, which sees the state in a commissioning role for a private provision of social services. In contrast to Giddens, other authors such as Gøsta Esping-Andersen et al. (2002) have distanced themselves from neoliberal ideas making the social investment idea much more compatible with the Scandinavian welfare state tradition. Esping-Andersen et al. (2002) focus on the new social risks and therefore, their point of departure is the financial stability of the pension scheme, which is to be achieved through early investment in children's human capital and greater participation of women and the unemployed in the labour market. While Giddens (1998) talks about reduced benefits, private provision and decentralization, Esping-Andersen et al. (2002) try to combine benefits and activating measures to combat poverty and social exclusion. The provision need not to be by non-governmental actors. Investments in the next generation are particularly promising, according to Olk (2007), as investing in the human capital of children promises the highest benefit in the future. Therefore, children are a crucial target group of social investment policies. Investments in early childhood education (and care) moves to the centre of family policy approaches in the sense of starting early with interventions for a sustainable promotion of "human capital" and "employability". Esping-Andersen's child-centred focus aims at universal high-quality services for all children. With his child-centred investment strategy, the modern welfare state tries not only to counteracting the inheritance of social inequality and exclusion, but also uses preventive strategies to ensure the future viability of its society and thus increase the life chances of its citizens (Ferrera, 2010).

2.2. The European Commission concept of the social investment state for breaking the cycle of disadvantage for children

The 2013 recommendation of the European Commission (2013b) regards policies and services for breaking the cycle of disadvantage for children as a crucial investment in the future of Europe. In economic terms, children are the target group in the fight against poverty. The 2013 recommendation stresses the importance of a children's rights-based approach with a focus on promoting equal opportunities so that

all children can realise their full potential (European Commission, 2013b). This includes an integrated strategy with a strong preventive approach and, therefore, policies that go well beyond ensuring children's material security. EU-member states are urged to develop strategies based on the following three pillars, displayed in table 1 (European Commission, 2013b).

Table 1: Key elements of the EC recommendations: Investing in children

Pillars	Actions
One: access to adequate resources	Support parents' employment Provide adequate living standards through a combination of benefits
Two: access to affordable quality services	Improve early childhood education and care (ECEC) Improve education system's impact on equal opportunities Improve the responsiveness of the health system to address the needs of disadvantaged children Provide children with a safe, adequate housing and living environment Enhance family support and quality of alternative care settings
Three: children's right to participate	Support the participation of all children in play, recreation, sport, and cultural activities Put in place a mechanism to promote children's participation in decision-making that affects their lives

Source: authors' own compilation based on European Commission 2013b and Daly 2019, p. 7

Concerning the understanding of childhood, the 2013 recommendation focused on toddlers, pre-school children, school children and the first integration of school leavers into the labour market. Unlike Sen's ethical approach who sees poverty as a capability deprivation (Sen, 1999) and stresses the lack of freedom of choice, the EC 2013 recommendation puts the fight against child poverty much more in the context of a barrier for economic growth, caused by social exclusion.

Within the social policy for reducing poverty, many European member states have focused on the so-called NEETs (teenagers and young adults under 25 who are Not in Education, Employment or Training). The EU labour ministers introduced in 2013 a Youth Guarantee. A European Child Guarantee, as called for by the European Parliament in a resolution of 25 November 2015, also directs the spotlight on the poorest children. The Child Guarantee includes free access to quality early childhood care and education, health services, education at school age, decent housing, and adequate nutrition for every child in poverty (Daly, 2019).

A 2019 evaluation for the European Parliament comes to the conclusion that only a minority of the member states have a comprehensive strategy so far and identifies the importance of financial transfers and tax benefits, the importance of labour market integration of parents and the anti-poverty effect of ECEC and family services as important areas for improvement (Daly, 2019).

That there is still a lot to do on the part of the EU member states, in order to break the vicious cycle of child poverty, shows a 2019 report by Eurochild, an umbrella origination of non-governmental organisations engaged in this field. Eurochild (2019)

published a report on “New opportunities for investing in children”, as an input for the official 2019 European Semester Report. Again, the focus was on national approaches. The report urges to improve the efforts to reduce child poverty and demands that it should be made as an urgent priority within Europe.

2.3. Governance modes

Looking at the various governance modes for organising collaboration in PSSEPs, we see that the oldest is the bureaucratic model, which relied on the logic of appropriateness and compliance with rules and regulations. In many European welfare states, provision of social services was dominated by a few privileged large non-profit organisations (Andreotti et al., 2012; for Austria: Greiling and Stoetzer, 2015). The infusion of New Public Management and its focus on the logic of the market and the logic of consequences for the provision of social services, resulted in changes in the relationship between the public sector actors and the non-profits (Greiling and Schinnerl, 2018). For public action this meant a top-down conception of public action with the national, regional and local governments or governmental (single-purpose) agencies imposing their performance criteria on the non-profits (Bance, 2018).

Moving on to the Public Governance approach with its idea of co-creation, the idea of a partnership for organising collective action was re-discovered. Additional to institutionalised actors, the role of citizens as co-producers has been gaining relevance for the local welfare provision. While the involvement of citizens as co-producers of common goods is much better addressed in research (e.g., Brandsen et al., 2018), there is a lack of international comparative papers, which focus on the co-production of institutionalised actors, in particular on PSSEPs, on the local level for combating poverty.

According to Bance (2018), PSSEPs again offer opportunities for the co-construction of collective actions. For the design and implementation of social policies to combat child poverty, this results in a rediscovery of a more collaborative approach with a reliance on trusting relationships and co-creation capabilities (Lapoutte, 2018). Joint problem-solving of complex societal problems, which is based on a dialogical sense-making process, and takes into account the specific resources and co-production potentials of the partners, are ideal-type elements of such a collective action, which leads to a deliberate co-creation (Lapoutte, 2018). The Public Governance approach for organising public action relies on the resources of public, non-profit and private (for-profit enterprises and citizens) actors.

For organising the collaboration between the non-profit organisations as important service providers and the public sector in PSSEPs, the academic literature on network governance offers various models. This paper uses models by Provan and Kenis (2008) who distinguish between three types of governance models in networks with a public partner involvement, namely a participant-governed network, a lead-governance network and a network administrative organisation. For Provan and Kenis (2008, p. 230), governance is “the use of institutions and structures of authority and collaboration to allocate resources and to coordinate and control joint actions across the network as a whole”.

The *participant-governed network* is the one which is most in line with Lapoutte's ideas for organising common actions. The decision-making power is equally distributed among the network partners and decisions have to be approved by all network partners. The power distribution is more or less symmetrical, although administrative and coordinative tasks can be performed by a subset of the full network (Provan and Kenis, 2008). For the design and delivery of local policies to combat child poverty this would mean that a local anti-child poverty plan is designed by a multiple local actor network. Regarding service provision, in participant-governed networks, this would mean that the service provision is also collectively organised and coordinated by all network partners.

In a *lead-organisation network* a partner exists, which takes charge and governs the collaboration between the network partners (Vermeiren et al., 2018). All major network activities and key decisions are coordinated by a single member, resulting in a centralised network and an asymmetrical distribution of power (Provan and Kenis, 2008). In the fight against child poverty, the public partner often has the role of the lead organisation. On the local level, this can be either a local government administration or a local government agency. In Belgium local public welfare authorities may serve as an example. In Austria, the local social administration or the local administration for children and youth are examples of such lead organisations.

In the case of a *network administrative organisation* (NAO) an entity exists which has the exclusive task of coordinating and sustaining the network as a network broker. The network is externally governed by the NAO which is a service provider for the network and does not produce a social service (Provan and Kenis, 2008). For the local actions to combat child poverty this means that the network administrative organisation acts as a broker between the different network partners (Vermeiren, 2018). This approach is only suitable for the service-delivery part of local anti-child poverty networks. For designing local social policies, this model is not appropriate, as the network administrative organisation lacks the decision-making power.

3. Methodology and Sample

In order to get an in-depth insight into local government practices, the paper uses a case-study approach. The paper employs a multi-method research design (interviews and documentary analysis). In line with a qualitative research approach, individual municipal approaches are compared, based on both, deductively and inductively identified criteria. The Austrian findings are based on 53 interviews with politicians, local administration staff, managers of local public enterprises plus representatives from non-profit service organisations and non-governmental organisations. The Belgian findings are based on 19 interviews. All the interviews were transcribed and coded. In addition, the interview partners provided us with written material and for each city, complemented by an analysis of publicly available documents. At first local government and local administration representatives were contacted in all four cities. They were asked about good practices in the cities' fight against poverty. Then the

mentioned non-profit entities were contacted for gaining a deeper insight into the good practices.

To get an idea how the social investment paradigm is adopted at the local level and for evaluating similarities and differences the approaches in four cities are compared. The Belgian cities (Antwerp and Ghent) are both located in Flanders, which has a long tradition in initiatives to fight child poverty (Vermeiren et al., 2018). Based on a special analysis of 2014 regional EU-SILC data, Guio and Vandenbroucke (2019) position Flanders in the group of best-performing regions (together with Luxembourg, Slovenia and Switzerland and the four Nordic countries) with respect to fighting against child poverty.

The four cities were chosen because they all have an explicit focus on reducing child poverty. Linz and Vienna are the two Austrian cities where the Austrian interview partners provided us with good practices for reducing child poverty. Linz is the regional capital of Upper Austria and the third biggest city in Austria. According to the statistics of the Austrian Staedtebund (2018), 24% of the children in Linz lived in poverty or at risk of poverty and in Vienna 25% in 2018. There are no comparable statistics available in Belgium.

Antwerp is the capital of Antwerp province in the Flemish Region. At the time of the interviews in early 2019, the Flemish nationalist party was part of the city government. According to our interview partners, child poverty in Antwerp is higher than in Ghent. The Flemish statistics only account children under three on the local level: In 2017, 29.6% of the children under the age of 3 grew up in poverty in Antwerp (Vermeiren, 2018, p. 116). Ghent is, with its 262.291 inhabitants in 2019, the second largest city in Flanders. The interview partners stressed long social democratic and green tradition in the fight against child poverty, which was guided by a rights-based approach. Based on the Belgium EU-SILC statistics, the local administration estimated, in an interview in 2019, that the child poverty rate in Ghent is around 18%.

4. Findings

The presentation of the findings is structured as follows: Firstly, the fight against child poverty is analysed in a vertical multi-governance context. That part also includes an evaluation of the progress in Austria and Belgium concerning the implementing of the 2013 social investment concept. A second subsection focuses on the policy approaches and good practices in the four focus cities. In line with the above-presented governance modes, the PSSEPs will be evaluated on the policy-making level, in particular whether there are local anti-child poverty plans and who designs and evaluates them. The localization of the service provision of the EU social investment state will also be presented. Here, a special focus will be again on PSSEPs.

4.1. Combating child poverty as a hierarchical multi-level governance approach in Austria and Belgium

4.1.1. Austria

As regard *national and regional plans to reduce child poverty*, Austria has neither a national anti-child poverty plan nor have the regional states such plans. With respect to the policy-making competences on the multi-governance level, there is a lack of hierarchical coordination. The fragmentation already starts at the federal level. Here, the competencies to combat child poverty are divided between various federal ministries with the Ministry for Families and Youth in a coordination role. On the regional state and the municipal levels, the fragmentation of policy designing competencies, which potentially concern child poverty and child well-being, continues. Fink and Muerzl (2017) conclude that decision-making is rather fragmented and does not follow a common understanding of children's well-being. It is dominated by an "incremental adoption according to logic and particular interests in the different policy areas" (Fink and Muerzl, 2017, p. 4).

With respect to *legislative and policy design competencies*, it was a re-occurring topic in the Austrian interviews that the cities are the last in the line of decision-making and are, therefore, often reduced to carrying out policy programmes designed elsewhere, that means the higher-up levels of government are more powerful.

Regarding the three pillars of the 2013 European Commission's ideas for breaking the cycle of disadvantage for children, the evaluations for Austria show for *pillar one* (access to adequate resources) that a challenge exists with respect to the labour market integration of mothers (Buber-Ennsner, 2015; Fink and Muerzl, 2017). The penalty of motherhood is high in Austria when it comes to full-time labour market integration.

An adequate provision of *institutionalised affordable childcare facilities* is a precondition for the labour market integration of families in poverty. The quantity of institutionalised childcare facilities is smaller than in Belgium. Furthermore, in Belgium institutionalized childcare starts earlier. 54% of the children between 0 and 3 attend an institutionalized childcare facility versus 20,0% in Austria (Eurostat, 2019). Moving on to the *child benefit system* we see that the universal system is not means-tested. The level of additional means-tested child benefits varies across the nine regional states in Austria.

Concerning *pillar two*, the main responsibility for *ECEC* rests with the nine regional states. The decentralised responsibility for ECEC across the nine regional states poses a great challenge, leading to quality variations between the nine regional states (Charlotte Buehler Institute, 2016). The responsibilities are fragmented as different administrations are responsible for school and pre-school children on the level of the regional states. For Austria, an innovative element is the fact that in the last year before school starts, a free of charge kindergarten year is obligatory (16 to 20 hours per week on four days). The obligatory kindergarten year is part of the Austrian Lifelong Learning Strategy (Charlotte Buehler Institute, 2016). Since 2012,

an agreement between the federal government and the nine regional states has existed, which puts an emphasis on language learning support for 3 to 6-year-old children with insufficient knowledge of German. Pre-school children are tested in their German language proficiency. Although the programme is targeted at all kindergarten children, the programme aims, above all, at improving the German language skills of kindergarten children with a non-German speaking background which face a particular poverty risk.

As regards initiatives for *early school leavers*, Austria has, like many other European countries, implemented programmes for NEETs in order to foster labour market inclusion. Low educational achievements, a lack of training and low work intensity are factors which significantly increase the risk of being poor. Austria introduced compulsory education and training up to the age of 18 back in 2016, much later than Belgium. Education and training are defined in a broad sense and includes internships and vocational trainings organised by the Austrian Federal Employment Agency (AMS), apprenticeships, internships, employability courses and further schooling. The Corona pandemic led to a step increase of youth unemployment.

Concerning *pillar three*, the Eurochild Report (2019) criticises that Austria discontinued its efforts for a national action plan for children's rights in 2004. Fink and Muerzl (2017) conclude that Austria has no tradition of any pro-active involvement of children in decision-making.

4.1.2. Belgium

Belgium is the country which used its 2010 EU presidency to put the fight against poverty on the European agenda. In line with that, the fight against child poverty is a key dimension of the Belgian Europe 2020 strategy (Schepers and Nicaise, 2017). Budgetary considerations have slowed down activities.

Unlike in Austria, family-related policy-making competencies are shared between the federal, regional and local governments in Belgium. The latter have gained competencies in anti-poverty policies, which are in line with the growing importance of a localization of welfare policies (Vermeiren et al., 2018). Compared to Austria, the Belgian regions have had much more competencies for designing their own social investment policies (such as child benefits and active labour market policies) since 2011 (Schepers and Nicaise, 2017).

Unlike Austria, Belgium has a tradition of national *action plans to combat poverty* (Schepers and Nicaise, 2017) since 2013. The national action plans are developed in close consultation with the three regional states, public welfare agencies and non-profit organisations (Schepers and Nicaise, 2017) and always included the fight against child poverty. The federated entities also have *regional anti-poverty plans* (for the three regions see Schepers and Nicaise, 2017). Within Belgian regions, Flanders has the longest tradition of combating child poverty.

Moving on to the evaluation of the three pillars of the 2013 EU recommendation on child poverty, Belgium has a persistent challenge due to the high percentage of poor children living in low work-intensive or quasi-jobless households (Schepers and Nicaise, 2017). With respect to *pillar one*, the 2019 EC Progress Report criticises that

the disincentives to increase their work intensity are still too high for the *quasi-jobless households* (EC, 2019a). The Belgium *labour market* is highly segregated. There are high barriers for poorly educated persons and migrants. The language competencies expected of labour market candidates are specially challenging in the capital region of Brussels, which has a persistent child poverty rate of around 40%. Like Austria, Belgium offers universal and means-tested child benefits. Typical for corporatist welfare states there are regional variations.

As regards the *quantity of institutionalised childcare* for poor children, Belgium performs much better than Austria, especially for the group of under three-year-old children. With 54% (in 2018) of children under three visiting institutional childcare facilities Belgian performs much better than Austria where only 20% of the children under three attended institutionalized childcare facilities in 2018. Since 2014, institutionalised pre-school childcare can only be provided in Flanders by licensed facilities, and up to 2017, 2,000 new places were created in Flanders (Schepers and Nicaise, 2017). To get a license, private childcare providers had to switch from (semi-)commercial fees to means-tested fees with the result that in 2016 74% of the parents paid means-tested fees. Means-tested fees help to make professional childcare more accessible for poor families.

In order to improve collaboration in PSSEPs, the federal government also launched a pilot project *Children First* back in 2011. The programme financed the creation of 57 local platforms that unite different initiatives and organisations in the (preventive) detection and fight against child poverty. (Schepers and Nicaise, 2017).

Regarding *pillar two*, Belgium and Austria are both countries, where children from academic households have better chances to successfully complete secondary education. For Belgium, Schepers and Nicaise (2017) conclude that social and ethnic inequalities in education remain extremely high. Regarding ECEC, the EC Country Report of 2019 (EC, 2019a, p. 38) mentions Flanders as a positive example as Flanders “has enhanced the staff-to-child ratio and supports increased enrolment and attendance by granting a premium to schools for each child of non-Dutch speaking parents to improve the child’s language skills. It also trains future pre-primary teachers in how to deal with deprivation and diversity”. The progress is less pronounced in the French-speaking communities, according to the 2019 Country Report by the EC (2019a).

Moving on to *family services* the Flemish ‘Houses of the Child’ offer a universal service for young families since 2003. Consultations for children “are free and open to any parent with children aged 0 to 6 years” (Nicaise and Schepers, 2015, p. 9).

Concerning *early school leavers*, Belgium has made some progress, but the EC 2019 Semester Country Progress Report diagnoses regional disparities. While Flanders with a rate of 7.2% was below the Belgium 2020 goal of 9.5% of early school leavers, Wallonia with 10.5% and the Brussels capital region with 12.9% of early school leavers in 2017 still have a lot to do (EC, 2019a, p. 38). The early school leavers’ rate is “particularly high for non-EU born young people (16.7%), and for young men in cities (14.4%)” (EC, 2019a, p. 38). In 2018 the percentage of NEETs was 9.3% and therefore below the EU-average (EC, 2019a, p. 71). The efforts towards improving literacy

among children with a problematic school career, and the full rollout of a dual vocational and training system in 2019 are seen as positive steps by the European Commission. To increase the effectiveness, Flanders has reformed its temporary work experience scheme for job seekers (with a lack of skills or no recent work experience). In Belgium *pillar three* has attracted significantly less attention, according to Schepers and Nicaise (2017) although Belgium has a strong commitment to a rights-based approach to combat child poverty.

4.2. City policies and services

4.2.1. Linz

In our interviews, child poverty was put into the context of *inherited poverty*. Family structures (multi-person households, single parents' households) were seen as poverty increasing factors as well as having a non-German speaking migration background. Better labour market integration was regarded as a very important driver out of poverty. The anti-poverty policy in Linz is characterized by a prevention strategy in the sense that the anti-poverty prevention programmes should start as early as possible. On the political level, combating child and teenager poverty belongs to a strong commitment to a social policy focusing on children.

Despite this strong commitment to the social investment idea on the policy level, Linz has neither a local anti-poverty plan nor a formalised social investment strategy for children. An overall city-coordinated policy approach across the various administrations dealing with the complex issue of child poverty, is lacking. There are no forms of institutionalised policy design partnerships with non-profits and other local actors to jointly develop such a strategy, nor is there any collaborative evaluation of the success of the city-wide local anti-child poverty policies. The limited policy-making competencies as a city in combination with a tight city budget were a reoccurring challenge mentioned by our interview partners.

Within the local administration, various administrative departments are involved. Institutionalised cross-departmental co-operations are occasion-driven (e.g., potential loss of home, child abuse). The administrative sectoral separation extends to the collaboration with the socio-economic actors at the level of service provision.

Looking at the target groups, initiatives cover all age groups (pre-school, school children and school leavers).

Concerning *institutionalised childcare*, the situation for pre-school children is much better in Linz than in the rest of Upper Austria. After the regional state of Upper Austria limited the free-of charge kindergarten to morning hours, Linz implemented its own tariff-system for the afternoon hours. What parents pay depends on their income. The target group-specific element comes in via socially adjusted tariffs. The rising need of pre-school childcare places is an ongoing challenge for the financially strained municipal budget. It is also not easy to find enough kindergarten teachers. Regarding ECEC, Linz puts a special focus on improving the language skills of pre-school children in institutionalised childcare facilities. This is complemented by a variety of universal early help options, which are open to all parents and start when

the children are babies (*"Gut begleitet von Anfang an! Fruehe Hilfen - Well accompanied from the beginning! Early help or Haus für Mütter und Kind- (Home for mother and Child"*) which are both organized as PSSEPs. Linz also offers specialized services for poor children and their families with a migrant background (*HIPPY - Home Instructions for parents of preschool Youngsters'* and service called *'Nachbarinnen - neighbours'* target at migrant mothers with young children).

Regarding school children, the legal competencies of the city are scanty. Our municipal interview partners stressed the need to increase the places of institutionalised care, improve (free of charge) offers for pupils with learning difficulties and to invest more in school social work as a universal service. The provision of after-school care is open to all families and, therefore, a step to enable parents, irrespective of their socio-economic status, to improve their labour market integration. Tariffs are also socially adjusted. Special services are provided for poor school children in two projects, namely *'Lerncafes (learning cafe)'* and a project *'Schule im Park (school in the park)'* which has Roma children as a target group.

With respect to the group of young people searching for their first employment, Linz engages itself in offering education and training places as well as counselling and coaching for teenagers and young adults to improve the transition from school to the labour market. The list of best practices, identified by our interview partners, include *Learn* which is targeted at teenagers and young adults with an interrupted school career as well as *Learn fit* which prepares disadvantaged youngsters for their first job. Already back in 1997, the city of Linz founded a municipal association (*'Production school Factory'*) to train and coach disadvantaged young persons in the transition period from school to employment. With the exception of labour market counselling (*'Kick' and the AMS*), the city has a clear focus on teenagers and young adults in poverty. With *'Jobimpuls'* the City of Linz runs its own program for including young minimum income beneficiaries temporally in the provision of child and youth welfare services.

4.2.2. Vienna

The status of Vienna as the capital city and as a regional state has consequences for Vienna's decision-making competencies for fighting poverty. Vienna is a city with a long tradition of social-democratic governments and pursues an anti-poverty policy that addresses all major poverty risk groups. Vienna is proud of its long engagement in combating poverty. Poverty is seen as a violation of a life in dignity. Financial assistance and special services have to go hand in hand with a preventive approach. Combating child poverty is one of the key focus areas. Like Linz, Vienna focuses on all age groups of children, teenagers and young adults in poverty. Concerning child poverty, single parent families, and poverty risks in multi-person households as well as inherited poverty were interview topics. Additionally, the situation of homeless children was addressed. Migrant women with dependent children and a low level of education were regarded as a particularly challenging group. Children, young adults and non-EU citizens have the highest poverty risks in Vienna.

With respect to collaborative policy-making to reduce child poverty, Vienna has no local poverty plan. In 2019, Vienna made a special commitment to the Principle 11 “ECEC” of the European Pillar of Social rights which shows the strong focus on affordable and high-quality childhood education. Unlike other Austrian cities Vienna offers 28,000 places for children under three, adding up to a coverage rate of nearly 50% (Stadt Wien, 2019).

The administrative responsibilities rests mainly with the Executive Councillor for Education Integrations, Youth and Personal. A prominent role in the city’s policy to reduce poverty has also the Executive City Councillor for Social Affairs, Public Health and Sports. Intra-administrative collaboration is very good, according to our interview partners. The Viennese municipal enterprises see themselves as strong partners of the city administration and collaborate in accordance with their specific mandates. Both, the public and the non-profit interview partners, stressed that there are good, long-established working relationships. The city of Vienna is also well-connected to other civil society actors and acts as an agenda setter in social policy networks. As a good practice example for *joint strategic planning* the ‘qualification plan 2030’ was mentioned which was co-designed by the Employment Agency, the federal Social Ministry, and the Viennese employee supporting fund (WAFF), the city of Vienna and the social partners.

Institutionalised childcare is free for all pre-school children and the current Viennese major, Michael Ludwig, announced in 2020 that there will also be free after-school facilities in the near future. Free of charge institutionalised childcare was described as being particularly advantageous for children from deprived families by our interview partners, but additionally it was seen as a precondition for increasing labour market integration, in particular of mothers.

The list of best social services mentioned by our Viennese interview partners as best practice examples includes as in Linz ‘HIPP’. With ‘HIPPY Plus’ the service is extended to the end of primary schooling. Financial Aid is provided for poor families when schools start again after the summer break ‘*Aktion Schulanfang - School starter package*’. The project ‘*Lernen mit leerem Bauch (learning with an empty stomach)*’ provides cold meals and basic housekeeping training for school children. Vienna also participates in ‘*Nightingale*’, an international mentoring programme for migrant school children. Students act as mentors.

Concerning early school leavers, Vienna offers two programmes to empower young minimum income recipients ‘*Back to the Future*’ and ‘*Job NAVI*’ with the later one exclusively targeted at young mothers. These two services are complemented by a programme called ‘*Jugend College (Youth College)*’ which is a large-scale programme provided courses for early school leavers in order to empower them to return to school or start working, capacity. Like in Linz, programmes for poor teenagers and young adults are seen as the backbone of an anti-poverty prevention strategy. Education is regarded as the most sustainable key to ending poverty.

Homeless families with dependent children are also in the focus of the Viennese municipal decision-makers. A change of approaches for combating homelessness occurred in recent years. While in the past family shelters were provided,

today's approach is to get homeless families into housing and set up case management. Vienna also has programs for homeless teenagers. For this age group special case management is offered.

4.2.3. Antwerp

Flanders has a long tradition in making the fight against child poverty a top priority. The Flemish decree on local social policy considers the local governments as the main coordinating actors in the local welfare landscape. More specifically, local governments oversee the coordination of local needs and supply in the social sector. The responsibility for detecting gaps and overlaps in welfare service provision rests with the Flemish local governments. Together with the local PCSWs, the local governments are supposed to provide and offer well-functioning and accessible services to their citizens.

As already mentioned, in 2011 the Belgium state started to support the formation of local service networks with the local welfare agency as a lead organisation. In both focus cities local service provision networks to reduce child poverty exist with the PCSWs as the lead organisations. The local PCSWs are responsible for the implementation of the Right of Social Integration.

For the coordination within these PSSEPs, the lead organisation appoints a network coordinator who acts as a broker between the lead organisation and the other participants (Vermeiren et al., 2018).

With regard to the local context, in Antwerp the problem of child poverty is strongly linked to the unemployment of parents, according to our municipal interview partners. The child poverty rate is particularly high in the quasi-jobless households. Another challenge of Antwerp is that 25% of all (non-EU) migrants in Belgium come to Antwerp. The labour market integration of early school leavers also presents a challenge. Our interview partners regarded education as the key to getting children out of poverty.

According to our interview partners from the city of Antwerp, there is no local anti-poverty plan.

Since the 1990s regular welfare meetings have been held in various districts of Antwerp to improve the coordination among social service providers. As a network analysis of Raeymaeckers and Kenis (2016) of three district networks shows, these included organisations offering services targeted at vulnerable families. Participation in these networks is voluntary. In all networks the local PCSW is involved as a central organisation. The aim of the networks is to provide better service for the multiple problems of their clients (Raeymaeckers and Kenis, 2016). Beyond exchanging information, the networks aim at improving the collaboration between the providers and to overcome the danger that social service organisations live on isolated islands (Raeymaeckers and Kenis, 2016, p. 413).

The list of good practices mentioned by our interview partners from Antwerp in 2018/2019 included services for pre-school children (*'Gezinscoaches03 - Family Coaches 03, Spring Mee! and Instapje'*). The focus of all these as PSSEPs organized services is on vulnerable families with small children. Vermeiren (2018) characterises

the '*Family Coaches*' as follows: "Family Coaches is a network among generalist and specialist service providers that focuses on preventive, generalist and accessible counselling for deprived families with small children. The main strength of this project is the connection that is made between generalist and specialist services and the link that these professionals maintain with their own organisations" (Vermeiren, 2018, p. 117). '*Spring Mee!*' offers an intensive coaching for parents with toddlers for one year. The service focuses on vulnerable families. *Instapje* provides for the same target group support for parents and children before the kindergarten starts.

Antwerp has 14 *Houses of the Child* which provide services accessible for all families with children under three. The 'Houses of the Child' are physical meeting places, which provide a variety of services, starting with pregnant women and health services for new-born children. This is complemented by leisure time activities for children and meeting opportunities for parents as well as financial assistance for families (Vermeiren et al., 2018). Additionally, they are a low-threshold opportunity for families in poverty to contact a variety of social service providers (Vermeiren et al., 2018; Dierckx et al., 2019). Compared to the 'Family Coaches', the access point via the 'Houses of the Child' requires more self-organisation from the vulnerable families.

Moving on to school children, the city of Antwerp has a '*Child poverty fund*' which provides a financial support (maximum € 300 per child) for poor children for school-related expenses. The *Buddy project* is a mentoring project targeted youngsters between 17 and 25 years. NEETs between 18 and 26 are the target groups of the '*Experience project*' which focuses on volunteering as a possible step into work.

4.2.4. Ghent

According to our interview partners in the city of Ghent, poverty is a multi-dimensional challenge, affecting a variety of life domains. Families with children, single-parents and young adults aged 18 to 24 are the main risk groups. The municipalities estimated that around 9,000 children live in poverty. Housing costs are another driver of poverty in Ghent. Poverty rates in the historical part of the city are particularly high and territorial segregation is also an issue in Ghent.

Policy-wise, the municipal interview partners stressed that there is a strong focus on young adults in addition to children. Above all, the aim is to have a profound long-term impact and to ensure that the spiral of poverty is broken inter-generationally. The municipal approach is driven by progressive universalism providing more support for those who need more. As in the other cities, education is seen as a key to getting children and young adults out of poverty. Most of the money for combating poverty comes from federal or regional funds but the city of Ghent also uses local taxes to provide financial assistance in urgent cases.

Ghent has a *local anti-poverty action plan*, and one of the 15 domains focuses on child poverty. The local action plan has been developed in cooperation between municipal actors, social service non-profits and a non-profit formed by persons who have experienced poverty. The PSSEPs were involved in a counselling role at a later stage. The local PCSW plays a key role in designing the local poverty plan. Furthermore, the city of Ghent has a strategy regarding children and adolescents

under the title 'Ghent: a child and youth-friendly city' (CYFC). With the action plan, Ghent intends to be the most child- and youth-friendly city in Flanders. A further ambition of this strategy is combating child poverty and youth unemployment, and focusing on accessible, affordable and high-quality childcare. There are fourteen main goals, most of them having a universal orientation.

In the city of Ghent, a *voluntary network against poverty* exists with the municipality and service non-profits as the main stakeholders. Once a year, an extended group of stakeholders, including representatives from schools and the local public health organisation, come together. Furthermore, once a year there is a dialogue between those who live in poverty and local policy makers.

Concerning the provision of social services, Ghent has a municipal director of policy who is responsible for all poverty reduction programmes. Within the city administration he coordinates all intra-organisational collaboration in the areas of minimum income benefits and social rights. Another central coordination actor is the local PCSW, the lead organisation in local service provision networks for combating (child) poverty in line with the local anti-poverty plan.

Ghent also had Family Coaches, which have been replaced by a Flanders-wide '*One Family – One Plan*'. According to our interview partners, '*One Family - One plan*' is again an initiative by the Flemish government aiming at empowering poor families to get out of poverty. The plan should be tailor-made to the special needs of each family and aims to overcome the fragmented service provision. By now this policy is also implemented. The local welfare (PCSW) authority is expected to mobilise all the professional services needed by each family.

The city does not have the same number of '*Houses of the Child*' as Antwerp. Compared to Antwerp, Ghent makes more use of district social centres. The list of best practices mentioned by our interview partners also included the action of social workers in deprived school districts. To deal with the specific challenges for vulnerable young adults, the local PCSW has specialised social worker for this age group in every district. The main aim is to get the young adults in training and education. At the time of the interview in 2019, 750 young adults received financial assistance in the form of minimum income benefits enabling them to continue their education.

5. Discussion and Conclusions

A comparison of the challenges along the three pillars of the 2013 EC social investment recommendations for combating child poverty shows that the two countries have overlapping but also different challenges in *pillar one (access to adequate resources)*. Belgium faces persistent challenges regarding the labour market integration of low-work intensive households with low secondary education or a migrant background. The exclusion already starts at the type of secondary school children attend. Austria is one of the countries where the penalty of motherhood is particularly high, irrespective of the education level. Both countries have invested a lot in the quantity and accessibility of institutionalised childcare. Belgium has a much longer tradition in institutionalised childcare facilities for children aged 0 to 3 years.

Both countries share challenges in the enrolment and attendance rate of children from poor families, despite their efforts with respect to means-tested tariffs. Both countries have universal child benefit systems above the EU average.

With respect to *pillar two (access to affordable quality services)* both countries have made progress regarding the ECEC, with the challenge to reach children from low income or migrant families remaining hard to meet. While in Austria a compulsory free of charge kindergarten year exists for the five-to six-year-old children (Austria-wide for the morning hours), Belgium does not provide free of charge kindergarten services. Compared to Austria, Belgian local service provision for reducing child poverty are to a higher degree family-centred.

With respect to *pillar three (children's right to participate)* both countries have some homework to do to promote participatory decision-making involving children, irrespective of the children's socio-economic status.

With respect to research question one (*'How is the local collaboration of local public, social and solidarity economy partners in Austrian and Belgian municipalities organised in the fight against child poverty on the policy design level?'*) discrepancies start already with the vertical policy-making competencies. The level of vertical decentralisation of policy-making competencies to the local level is higher in the two Belgian cities.

Unlike in Austria, Belgium has national and regional anti-poverty plans. These plans are developed in collaboration with PSSEPs. The final decision-making power rests with the public partners. Therefore, the decision-making powers are not symmetrical and not in line with a fully participatory governance model. Reducing child poverty has been a long-term strategic goal in Belgium at all government levels.

Regarding the local level we see that Ghent is the only city which has a local anti-poverty plan. The lead organisation for designing such a plan is the local PCSW. The PSSEPs are asked at a later stage to provide an input. The local anti-poverty plan is, like the regional and the national one, an example of joint action with the PCSW as the lead organisation. This has to do with the fact that the final political responsibility cannot be shared. An innovative approach in Ghent is that people who have experienced poverty are also involved in developing the local anti-poverty plan. In the area of designing local policies for combating child poverty Ghent has the most structured and coordinated approach. In Antwerp and Linz no explicit anti-child poverty plan exists, Vienna has formalised elements with its pledge to the principle 11 of the European Pillar of Social Rights and the 'qualification plan 2030', which was co-designed by municipal, regional and federal public partners as well as the chamber of labour and the chamber of commerce, who are also non-profits but do not specialise in programmes for combating child poverty. To include the so-called social partners in the political decision-making, has a long tradition in Austria.

All four cities lack any form of institutionalised PSSEPs for joint evaluation of their efforts in combating child poverty.

Regarding research question two (*'How is the collaboration of local public partners with the social and solidary economy partners in Austrian and Belgian municipalities organised in the fight against child poverty on the service provision level?'*),

both Belgian cities have established service-provider networks. In Antwerp and in Ghent the network approach is a precondition for addressing the challenge of family poverty less fragmented than in Austria. Only in Antwerp has participant-governed networks are established at the district level to bring a variety of non-profit organisations and public partners together with the aim of better inter-organisational collaboration in order to increase the effectiveness for their clients. Participation is voluntary and the PSSEPs offer a huge range of services. The Antwerp examples all have central players, among them the local PCSWs and for children's health related issues the organisation "Child & Family".

The second type of service provision networks in Antwerp and Ghent consists of professionals coming from various non-profits and municipal organisations, providing specialised or generalist services for combating child poverty and related parenting services (Vermeiren et al., 2018). Only in that case, the local PCSW is the lead organisation. The network partners are accountable to the local PCSW. For better co-ordination and, therefore, for providing an integrated service, each of these networks has a paid network-coordinator who acts as a broker between the service providers and the local PCSW. The network approach also results in a life domain focus which sees children and parents together and, as a result, it is more family-centred and not predominately child-centred.

A notable difference between the Austrian and the Belgian cities is, that the service provision in Linz and Vienna is pre-dominantly either in the hands of a municipal partner or a non-profit organisation. Therefore, both partners provide complementary services. To identify the level of collaboration in PSSEPs to combat child poverty, one has to move to the meso level and evaluate how the various organisation-specific services add up on the municipal level. Therefore, the service delivery in the two Austrian cities is far less integrated.

On a more positive note, the good practices in Linz and Vienna cover all age groups to a higher degree, from new-born children to young adults, addressed in the 2013 EC recommendation. Comparing services in Linz and Vienna, the number of good practices for school children was higher in Vienna. The Viennese good practices are more focused on minimum income recipients. With respect to early school leavers and young adults, the two Austrian cities presented more good practices, in the majority target group-specific services. Vienna is the only city with a specialised programme for young mothers receiving minimum income benefits.

Comparing the good practices across the four cities, we see that all cities provide a mixture of target-group specific and universal services. In all four cities, the target-group specific focus comes along with socially adjusted tariffs. Here the two Austrian cities perform better as they have a higher amount of free of charge services for institutionalised childcare.

Evaluating the results with respect to common actions, Ghent has the most advanced approach because local PSSEPs exist in both areas (policy-making and service provision). In Antwerp, such PSSEPs exist only in the form of service provision networks. In the two Austrian cities, a more fragmented approach prevails, which leads to complementary service provision for addressing various aspects of

child poverty. For the local welfare system, the different approaches result in differences as to how much money and time is spent on providing a life domain-centred joint service provision and how tight the network ties and the network density are.

To provide such an in-depth analysis of the localisation of the welfare state, the study focused on four cities. With two Flemish cities the study is concentrated on the Belgium region with the lowest child poverty rates. This is a limitation. Further research could increase the number of cities included. Country-wise it would be interesting to add German cities as a third central European country which has a corporatist welfare state tradition. Under the aspect of common goods provided by PSSEPs, it would also be interesting to see whether in Belgium the higher degree of collaborative policy-making and service provision is filled with life in other fields of care work, for example in the care for the elderly.

References

- ANDREOTTI, A., MINGIONE, E., and POLIZZI, E. (2012). Local Welfare Systems. A Challenge for Social Cohesion. *Urban Studies*, 49 (9), 1925–1940.
- ARVIDSON, M., JOHANSSON, H., JOHANSSON, S. and NORDFELDT, M. (2018). Local civil society regimes: liberal, corporatist and social democratic civil society regimes in Swedish metropolitan cities. *Voluntary Sector Review*, (1), 3–20.
- BANCE, P. (2018). “Conclusion. Public - Social and Solidarity Economy Partnerships (PSSEPs) and collective action paradigm”. In: CIRIEC, and BANCE, P. (Eds.), *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*. CIRIEC Studies Series - 1, 301–312.
- BRANDSEN, T., STEEN, T., and VERSCHUERE, B. (Eds.) (2018). *Co-Production and Co-Creation. Engaging Citizens in Public Services*. New York and Milton Park: Routledge.
- BUBER-ENNSER, I. (2015). Childbearing in Austria. Work and Family Roles. *Journal of Research in Gender Studies*, 5 (2), 121–146.
- Charlotte Buehler Institute (2016). OECD Thematic Review of policies on the transition between ECEC and primary Education. Vienna.
- CIRIEC, and BANCE, P. (Eds.) (2018). *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*. CIRIEC Studies Series - 1, Liège: CIRIEC.
- DALY, M. (2019). Fighting Child poverty. The Child Guarantee, Briefing for the European Parliament, September 2019, PE638.429. Brussels.
- DIERCKX, M., DEVLIEGHERE, J., and VANDENBROECK, M. (2019). Proportionate universalism in child and family social work. *Child & Family Social Work*.
<https://doi.org/10.1111/cfs.12689>
- ESPING-ANDERSEN, G., GALLIE, D., HEMERIJCK, A., and MYLES, J. (2002). *Why we need a new welfare state*. Oxford: Oxford University Press.
- Eurochild (2019). New Opportunities for investing in children. Eurochild Report on the European Semester. Brussels. Available from:
https://www.cnape.fr/documents/eurochild_-rapport-2019-sur-le-semestre-europeen/
- European Commission (2019a). Country Report Belgium, 2019 European Semester. Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011. Brussels.
- European Commission (2019b). Smarter, greener, more inclusive? Indicators to support the Europe 2020 Strategy, 2018 edition. Brussels.
- European Commission (2013a). Mitteilung der Kommission an das Europäische Parlament, den Rat, den Europäischen Wirtschafts- und Sozialausschuss und den Ausschuss der Regionen: Sozialinvestitionen für Wachstum und sozialen Zusammenhalt - einschließlich Durchführung des Europäischen Sozialfonds 2014-2020. Brüssel: Europäische Kommission.

- European Commission (2013b). Commission Recommendation of 20 February 2013. Investing in children: breaking the cycle of disadvantage, 2013/112/EU. Brussels.
- Eurostat (2019). People at risk of poverty or social exclusion. Available from: [https://ec.europa.eu/eurostat/statistics-explained/index.php/People at risk of poverty or social exclusion](https://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion)
- FERRERA, M. (2010). From the Welfare State to the Social Investment State. *Centro Einaudi*, 1. *Working Paper*.
- FINK, M., and MUERZL, E. (2017). ESPN Thematic Report on progress in the implementation of the 2013 EU Recommendation on Investing in children: Breaking the cycle of disadvantage. Austria/Brussels.
- GIDDENS, A. (1998). *The Third Way. The Renewal of Social Democracy*. Cambridge: Polity Press.
- GREILING, D., and SCHINNERL, M. (2018). Soziale Non-profit-Organisationen im Kontext unterschiedlicher Staatsleitbilder. In: Gmuer, M., Andessner, R., Greiling, D. (Eds.), *Wohin entwickelt sich der Dritte Sektor? Konzeptionelle und empirische Beiträge aus der Forschung*. Freiburg: VMI, 49–65.
- GREILING, D. and STOETZER, S. (2015). Performance Accountability as a Driver for Changes in Non-profit-Government Relationships. An Empirical Insight from Austria. *Voluntas*, 26 (5), 1690–1717.
- GUIO, A.-C., and VANDENBROUCKE, F. I. G. (2019). Poverty and child deprivation in Belgium. A comparison of risk factors in the three Regions and neighbouring countries. Amsterdam/Brussels: University of Amsterdam on behalf of King Baudouin Foundation.
- KAZEPOV, Y. (2008). The Subsidiarization of Social Policies. Actors, Processes and Impacts. *European Societies*, 10 (2), 247–274.
- KAZEPOV, Y. (2010). *Rescaling Social Policies. Towards Multilevel Governance in Europe*. Surrey: Ashgate.
- LAPOUTTE, A. (2018). “Multi-stakeholder governance of the commons, a pragmatic approach”. In: CIRIEC, and Bance, P. (Eds.), *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*. CIRIEC Studies Series - 1, 251–264. <http://doi.org/10.25518/ciriec.css1chap12>
- MARTINELLI, F., ANTTONEN, A., and MAETZKE, M. (2017). *Social Services Disrupted. Changes, Challenges and Policy Implications for Europe in Times of Austerity*. Cheltenham: Edward Elgar.
- MOREL, N., PALIER, B., and PALME, J. (Hg.) (2012). *Towards a Social Investment State? Ideas, Policies and Challenges*. Bristol: Polity Press.
- OECD (2012). *Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies*. Paris: OECD.
- OLK, T. (2007). Kinder im „Sozialinvestitionsstaat“. *Zeitschrift für Soziologie der Erziehung und Sozialisation*, 27 (1), 43–57.
- PROVAN, K. G., and KENIS, P. (2008). Modes of Network Governance. Structure, Management, and Effectiveness. *Journal of Public Administration Research and Theory*, 18 (2), 229–252.

- RAEYMAECKERS, P., and KENIS, P. (2016). The Influence of Shared Participant Governance on the Integration of Service Networks. A Comparative Social Network Analysis. *International Public Management Journal*, 19 (3), 397–426.
- SCHEPERS, W. V., and NICAISE, I. (2017). Investing in Children: Breaking the cycle of disadvantage. Social Investment Belgium. Leuven/Brussels: KU Leuven.
- SCHINNERL, M., and GREILING, D. (2020). Local Civil Regimes for Combating Child Poverty: Insights from the Austrian and Belgian Corporatist Welfare States. CIRIEC working papers, 10/20. Available from: <http://www.ciriec.uliege.be/en/publications/wp/>
- SEN, A. K. (1999). Development as Freedom. New York: Alfred A. Knopf.
- Stadt Wien (2019). Vienna Pledge to the European Pillar of Social Rights. Available from: http://nws.eurocities.eu/MediaShell/media/Vienna_pledge_2_-_principle_11_19.pdf
- Staedtebund (2018). Oestereischische Staedte in Zahlen. Wien.
- VANDENBROUCKE, F., HEMERIJCK, A., and PALIER, B. (2011). The EU needs a Social Investment Pact. Observatoire Social European: opinion paper.
- VERMEIREN, C. (2018). The Governance of Local Networks in the Fight against Child Poverty, Doctoral Thesis. Antwerp: University of Antwerp.
- VERMEIREN, C., RAEYMAECKERS, P., NOËL, C., DIERCKX, D., Van HAUTE, D., ROETS, G., VANDENBROECK, M., JACQUET, N., and NISEN, L. (2018). Integrated networks to combat child poverty. A mixed methods research on network governance and perspectives of policy makers, social workers and families in poverty, final report. Brussels: Belgian Science Policy office.

Collective innovation and living labs of real estate: an institutionalization of citizen participation? / Chapter 2

Benjamin FRAGNY* and Cathy ZADRA-VEIL**

Abstract

This paper studies living labs located in cities in the South of France (Bordeaux, Lyon and Marseille) and specialized in real estate. These living labs are winners of the call for projects of the Industrial Demonstrators of the Sustainable City (DIVD).

We study their governance to highlight the place of the citizen in the co-construction process. We mobilise the theoretical frameworks of the commons and knowledge commons (Zadra-Veil, Fragny, 2018). By using Arnstein's grid (Arnstein, 1969) and the Pisano and Verganti matrix (Pisano and Verganti, 2008), we show the importance of institutional stakeholders and the mitigate citizen participation.

Keywords: Living Lab, Knowledge commons, Real estate, Cities, Citizen participation

JEL-Codes: O35, O36, R00

* Researcher, ESPI- Ecole Supérieure des Professions Immobilières, Paris (France) (b.fragny@groupe-espi.fr).

** Researcher, ESPI-Ecole Supérieure des Professions Immobilières, Paris; Associate Researcher, IRG-Institut de Recherche en Gestion, Université Gustave Eiffel, Paris (France) (c.veil@groupe-espi.fr).

This paper studies living labs located in cities in the South of France (Bordeaux, Lyon and Marseille) and specialized in real estate. Living Labs are designed to carry out projects through the collaboration of various stakeholders. These living labs were chosen because the first three we studied were winners of the call for projects of the Industrial Demonstrators of the Sustainable City (DIVD¹). The three real estate living labs winners of the DIVD were presented during the Forum of June 14, 2017 at the General Stores in Pantin, in the North-East of Paris.

Some of these living labs persist in time, or even become instituted, like the TUBÀ² in the city of Lyon (a living lab and a Stakeholder of the DIVD project of Lyon Confluence), and others do not perpetuate themselves, like EMULE Marseille. An interesting element of living labs is that citizens can have a more or less prominent place. However, the extent of the place left to the citizen is diverse. It can range from simple consultation with the crowd to gather information to genuine dialogue, in a spirit of democracy and co-creation, between stakeholders who have become specialists of the subject. But what happens to citizen participation as the living lab is instituted, i.e. becomes permanent, established, recognized as a major player? Are we going towards a decision-making closer to participatory democracy or is there a risk of creating an institution with significant inertia that relegates the role of the citizen to mere consultation, instead of creating real tools of co-creation and co-decision?

From a methodological point of view, given the youth of the living labs studied and the long time taken to complete the projects, this paper is part of an exploratory perspective and continues work begun earlier on the considered living labs (Zadra-Veil, Fragny, 2018). The anchoring of this work is first and foremost an empirical one and focuses on the observation of the emergence of new ways of co-creating and interacting between stakeholders. To do this, we mobilize various materials in order to perform a qualitative study based on primary data (interviews, living labs' productions, websites of private and public organizations involved in projects, legal documents such as statutes, contracts, charters) and secondary one's (press articles).

The analysis is enlightened by the mobilization of various theories related to commons and knowledge commons, creative communities, forms of organization and governance, and citizen participation.

¹ In french: Démonstrateurs Industriels de la Ville Durable.

² Le tube à expérimentations urbaines / urban experiment tube.

I. Living labs and knowledge commons

1. The governance of knowledge commons

Elinor Ostrom (1990) defines commons as "resources shared by a group of people", with bundles of rights, property rights, rules, and ownership. The commons is also "a human artefact that can be both tangible and intangible, while generally being a non-rival, non-exhaustible and measurable good" (Hess, 2015, 260). The knowledge commons are not comparable to "global commons", or pools of resources. Knowledge has different attributes from natural resources. However, according to Charlotte Hess, all the commons are knowledge commons (Hess, 2015).

The formation of commons is based on the construction of an institutional system and a governance system (Orsi, 2015). Self-governance and self-organization of collective action underlie the success of the management of commons. Nevertheless, it may fail when the collective benefits obtained are too small from the point of view of the participants (Ostrom, 1990; 2010, 41). Institutional performance of Commons management is determined by the capacity of each participant to be able to modify institutions and rules in place.

Knowledge commons refers to all intelligible ideas, informations, and data in whatever form in which it is expressed or obtained. The principle of subtractability, substitute of the reversibility principle, permits that the use of one person does not prevent the use of the same good by another person. The example of the Free and Open Source Software (FOSS) is the most adapted and illustrated the strength of the open source concept.

2. The nature of the living labs

Living lab is a new, collective, creative methodology mainly based on the openness of the user involvement and the adopted platform technology (Dell'Era, Landoni, 2014). Different forms of living lab exist and are identified (Leminen, Westerlund, 2016; Leminen, Rajahonka, Westerlund, 2017). The oldest form is the user-centred open innovation ecosystem (Chesbrough, 2003, 2006) operated in a real context, often with a territorial dimension (cities, region...), integrating concurrent researches and innovation processes within different stakeholders (Pallot, 2009).

Different approaches are developed and highlight the interest about stakeholders' multiplicity in innovation process: three, four (Carayannis, Campbell, 2012) helices (public, private, universities, people) of the innovation are the basis of the knowledge societies where all of the stakeholders make the dynamic and the sense of the collective action.

In the definition of Steen and Van Bueren (2017, 23) we can identify different heterogeneous stakeholders private, public, civil society, users-citizens, research institute-universities, who can take part in the decision-making process. The living lab is in a real context of use, such as a territory or a defined area with a co-creation activity (Feurstein et al., 2008). All actors are involved in all stages of the project and aims at co-design innovation and formal learning for replicability. The living lab can develop in an iterative process (feedback, evaluation, improvement) a product, such as a good, an innovation process, a test or an experiment of service.

The living lab is an innovation intermediary that orchestrates an ecosystem of actors in a specific physical area. Its goal is to co-design products and services, iteratively, with key stakeholders in a public-private partnership and in a real-life environment (Mastelic, 2019). To achieve its objectives, the living lab mobilizes existing innovation tools or develops new ones. A result of this co-design process is the creation of social value (Mastelic, 2019).

Therefore, iteration is an important feature of the living lab innovation process. Thus, the question of the perennality of the living lab is paramount. When a living lab is formed for a single, specific project, the iterative process may not occur because the living lab disappear when the project is completed. On the contrary, when a living lab is instituted, dedicated to a type of project, even if there is no iterative process for a particular project, the iterative process can take a global dimension. Thus, the experience of the stakeholders and the living lab itself as well as the tools can be mobilized on other projects because the living lab can capitalize. As a result, the instituted living lab is an effective way to create an adapted ecosystem. Indeed, an ecosystem requires lasting relationships, trust and a shared vision. Then, an established living lab is a way to build citizen-user confidence and to build a lasting relationship with them, that goes beyond simple consultation, in particular by recognizing some form of expertise in the areas that interest them. "The user is not simply a source of information or evaluator of the final product, but an active contributor of design ideas and a decision maker in the process often referred to as "co-creator" or "co-designer"" (Sanders and Stappers, 2008).

II. User and co-creation

1. The position of the user

Leminen, Rajahonka and Westerlund consider that there have been several generations of living lab (Leminen, Rajahonka and Westerlund, 2017). First generation of living lab focused on landscape as real-life environments intertwined with users and stakeholders; Second generation of living lab were oriented on methods and methodologies as a part of innovation activities; Third generation consider different modes of collaborative innovation with crucial roles for users, stakeholders

with platforms. These different generations of Living lab are in concordance with the user new position in the process. In the first generation, the user like the consumer can be associated at the product improvement but not at the design of the product. Then in the second generation, the user is involved in the process more and more upstream, i.e. from the design stage. Methods of multi-stakeholders involvement change and evolve and become more inclusive. However, the degree of the citizen participation and the tools used for the co-construction determine the forms and the intensity of the relationship but they do not define the decision power of citizen in the whole process.

Thus, user is the cornerstone of the co-creation methodology which so rely on the space left to the user. The definition of the users' needs is central in the innovation process because users contribute at different steps, from a user-centred approach to a participatory one.

In their study of urban living labs, Steen and Van Bueren (2017) notice an absence of characteristics related to development and co-creation process. The grid established by Arnstein in 1969 identifies nine levels of citizen participation and non-participation in determining programs and projects. Her analysis is based on three examples of federal programs: urban renewal, anti-poverty and Model Cities.

Table 1: Rungs on a Ladder of Citizen Participation

Associated Activities	Rungs of citizen participation	Ladder of citizen participation
Co-creation Building of community Bottom-up	Citizen control	Effective citizen power
	Delegated Power	
	Partnership	
Information Stakeholders identification listens to stakeholders	Placation	Degrees of tokenism
	Consultation	
	Information	
Top-down	Therapy	Non-participation
	Manipulation	

Source: modified by us according to the figure n°2 in Arnstein, 1969, 217.

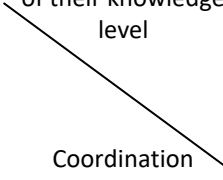
The design of the rules is also an important level of citizen participation. Elinor Ostrom considers that there are three levels of implicit or explicit rules that can be identified (Ostrom, 2010, 69-70):

- The operational rules, which govern the rights of access and use relating to resources, directly influence the daily choices.

- The rules of "collective choice", determine the rights to participate in the collective management of the common. Individuals interact to create rules at the operational level.
- The "constitutional" rules of operation of the collective "affect the activities and operational results by their effects on the determination of those who are eligible, and the specific rules used to develop the set of rules of collective choices [...]" (Ostrom, 2010, 70).

The potential for citizen involvement in rule-making differs greatly depending on the level of knowledge available. We consider here that the intersection of the level of interaction and the knowledge level of the citizen can explain the place that can potentially be left to him (Table 2).

Table 2: Level of interaction according to the level of knowledge of citizens

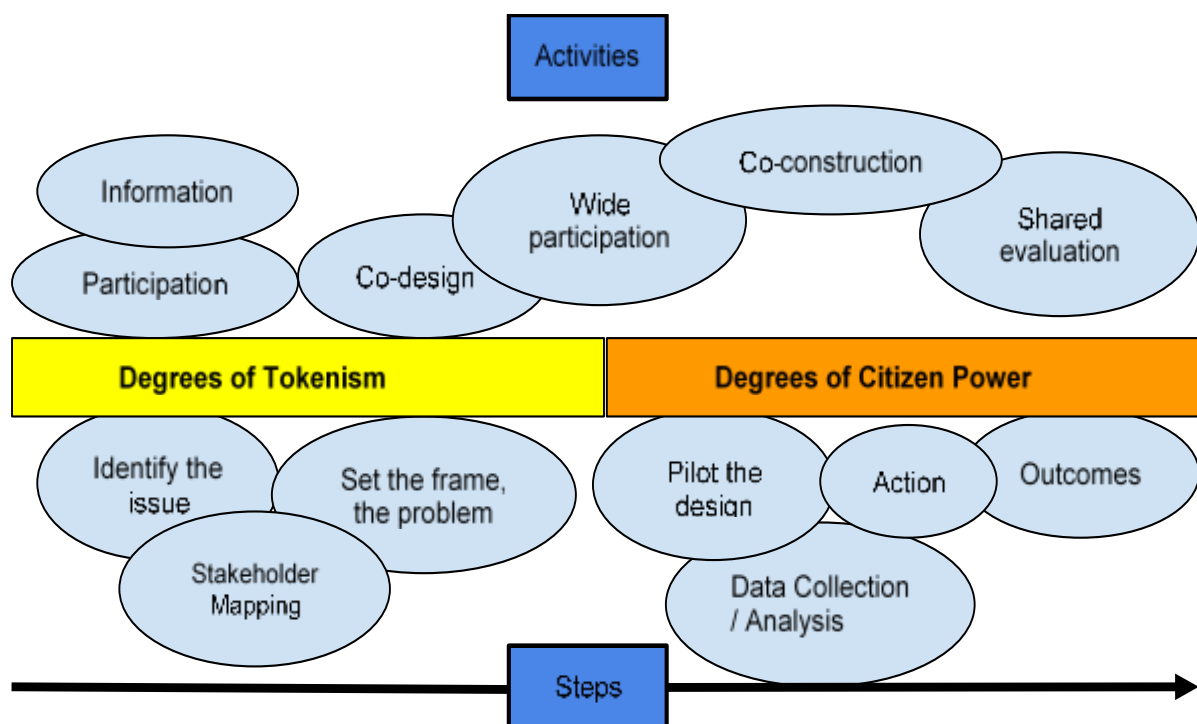
<div> Citizens, function of their knowledge level  </div> <div> Coordination and interaction level </div>	Crowd	Lead users	Expert users
Relations between Stakeholders	Vertical/Top-down.	Vertical/Top-down; Vertical/Bottom-up.	Vertical and horizontal.
Coordination	Market.	Hierarchical.	Democratic coordination (representative or participatory).
Projects	Information and symbolic validation Predetermined space.	Ideas integration according to their coherence with the objective of the project Symbolic cooperation.	Co-conception Co-development Co-construction Co-production.
Activities	Information collective Consultation of crowd.	Workshops, work meetings Collection of information Targeted consultation.	Co-creation Shared and accessible information.
Rules design	Imposed; No interaction possible.	Known and shared rules Adaptation at operational level.	Known and shared rules Adaptation at the operational level and possible reorientations.

2. The reality of co-creation

The idea that the co-created good is a knowledge commons (Hess, Ostrom, 2007) stems from the observation that in the collective process of co-creation, each stakeholder must withdraw from his/ her individual goal to join the collective. The co-created object becomes common because its property rights are minored (Ostrom, 1990). The living lab is a place of open innovation (Leminen, Rajahonka, Westerlund, 2017) where a good can be taken over, improved and spread by all.

To manage the commons or the knowledge commons, each interested stakeholder must have the same decision-making powers as the others. So, it's the same in a Living lab. Each member of the living lab should have the same decision-making power although the role of each member can be distinguished according to the stages of the project. For example, in the implementation phase, private and/or public companies will be much more involved than citizens. It is in the project-design step that co-creation can be significant, as it is undoubtedly at this key *ex ante* stage that the value created collectively is most important. However, for that to be real and complete co-creation, it is necessary that citizens are fully involved in all phases, especially those in which decisions are made and assessments made. Figure 1 schematizes the degree of citizen power, represented by the last two echelons of the Arnstein scale (1969), according to the stages of innovation and co-creation activities of the living lab.

Figure 1: Degree of citizen power according to stages of innovation and co-creation activities



Co-creation needs some elements. First, a space where controversies emerge. It is achieved by a long process of learning with different stakeholders. Some authors describe places in which a co-creative process can be implemented. These are hybrid forums (Callon, Lascoumes, Barthe, 2001), open spaces, like the living lab, where some groups can be mobilised to debate on choices which engage the collective. The dialogical space of hybrid forums leads to the view of controversies as an exploration of actors and ideas and a learning between the knowledge of specialists and laypersons. A common world tends to emerge due to these socio-technical controversies, by trial and error, by progressive reconfigurations of problems (Callon, Lascoumes, Barthe, 2001). Second, it is necessary to consider long-term relationships in order to benefit from learning effects and thus to create fertile ground for innovation. Third, a common purpose and a common interest are necessary. The living lab can be considered as a creative community (Cohendet, Simon, 2006, 1; 2015) with multiple stakeholders with different cultures and sometimes divergent views. The community builds a common purpose which permits to overcome these individual dimensions for the benefit of all. The sharing of knowledge and the belonging to a community, here the living lab, constitute intrinsic motivations (von Krogh, 2003).

In real estate living labs, rules are present at all the aforementioned levels. Thus, operational rules are often explicitly laid down: making available by the members of the living lab of their tools, definition of the roles of each such as the designation of the project manager, the developer, the pilot(s). Constitutional rules, which will define collective choices, can also be established. This is the case of Bordeaux Euratlantique, which oversees its project by the obligation to respect a consultation charter in addition to the general rules of French law. The rules making up the charter are then rules for the collective choice of the project. However, if these rules exist, it is rare for citizens to participate in their definition. They are generally present *ex ante* and there is often one (or more) dominant actor, public or private, at the origin of the project, which drives it and fixes the constitutional framework and the rules of collective choice.

With regard to coordination, several modes can be identified from the analysis of our real estate living labs (Table n° 2). Within the living lab, the relationships between the different stakeholders can be either "top-down" with market coordination (Ménard, 2010). They can also be, "top-down" or "bottom-up", as in the case of crowdsourcing (Howe, 2006; Burger-Helmchen, Pénin, 2011), with hierarchical coordination, when the stakeholders are fewer and the citizens involved as main users (Schuurman, 2015). And they become horizontal when citizens have acquired experience and are considered knowledgeable. It is in this latter case that we can say that the living lab is a hybrid organization, with shared and democratic governance. It is also important to note that citizens can acquire knowledge and become "experts" in the same way as all other stakeholders. Learning and repeating experiences are necessary to arrive at a true co-construction. However, many obstacles exist, cultural or cognitive, and depend on the complexity of the projects and their constraints. In fact, co-design and

co-construction have only been observed in workshops at the TUBÀ with citizens who already have experience in this type of exercise and who are identified as such by the living lab. The Living lab of Bordeaux Euratlantique also seems to have set up co-creation mechanisms but only with a very limited panel of previously trained citizens. Cooperation with citizens thus remains globally at the symbolic stage (Arnstein, 1969) within the living labs, and reaches at best the level of partnership (Table n° 1), the lowest stage at which co-construction is possible. The levels of delegated power and citizen control are not reached, which has the effect of restricting the effective power of citizens.

III. The role of the living lab as an institution

1. Instituted Living Lab as guarantor of rules

Elinor Ostrom's (1990) definition of democratic and shared governance establishes the need for co-decision in the establishment of rules as a basis for the governance of the commons and their long-term preservation. Learning about collective management is a long process in which each stakeholder must be involved and the structure in which this collective expression materializes must be sustainable in order to ensure trust and thus foster co-creation.

The living lab can therefore be analysed as an institution (North, 1990), which becomes an essential actor in democratic coordination. "An institution is defined as a set of rules, stable, abstract and impersonal, inscribed in the long term, embedded in laws, traditions or customs, and associated with mechanisms designed to establish and implement patterns of behaviour governing relations between agents or groups of agents." (Ménard, 2010, 11). The living lab is therefore an institution if it respects a certain number of characteristics: existence of rules, associated governance between agents and a long-term relationship.

The living lab can, as long as its existence is not limited to a particular project, take an instituted form, as in the case of the TUBÀ in Lyon. In the particular case of an instituted living lab, it is the living lab itself, as a particular organization, that defines the rules to which the participants will adhere according to the project's purpose. All interested stakeholders can then participate as long as they adhere to the predefined framework. In practice, the stakeholders therefore have no scope to actually define the rules. Often, only rules at the operational level can be defined collegially in collaboration with the citizen during co-construction, on condition that his or her level of knowledge is considered sufficient by the other stakeholders. Moreover, the TUBÀ tries to formalise in order to guide the processes but, apart from the guiding rules, the rules are not often transcribed in a formal way. They are rather informal, and it is the role of the living lab to maintain the initial orientations, to aim at the

general interest, sometimes by refocusing the major actors such as companies or the metropolis.

Co-creation and innovation between different stakeholders with different modes of operation impose the existence of implicit and explicit contracts, rules and more or less long periods of consultation, and collectively shared knowledge. Depending on the type of participation, open or closed (Schuurman et al., 2016), the formalisation of the use and property rights associated with the co-created good may be different, but it must be clearly defined from the outset. Pisano and Verganti (2008) approach this point by the need to establish processes and rules that will lead teams to work together. In the living lab, trust becomes the central lever for all stages of co-construction. The asymmetry of information must be reduced by sharing, which helps to avoid opportunistic behavior (Williamson, 1985) such as the appropriation of the collectively co-created object. A living lab instituted like the TUBÀ in Lyon has an important role to play here as a particular institution of reference for all stakeholders. Indeed, the expertise it has accumulated over time through its project management allows it to determine the contractual and co-creation tools, as well as the most appropriate processes for each project.

It is at this level that we do not find all the necessary conditions for shared collective management with democratic governance. Indeed, in the case of living labs, the evaluation and even possible sanctions related to free rider behavior are not put in place. For the time being, relations remain short term, except in the case of established living labs. The importance of institutional innovation, rules and sanctions is therefore insufficient. According to Ostrom, "in all known regimes of self-governance of common resources that have survived for several generations, participants have invested resources in monitoring and sanctioning each other's actions in order to reduce the likelihood of free riding" (Ostrom, 1990). The living lab must implement monitoring and evaluation and the burden of monitoring must be borne by the actors themselves. In this way, monitoring activities themselves become a public good. It is the actors themselves who carry out the monitoring, not a third party such as the state. Here again, the instituted living lab can be a solution by ensuring the monitoring of the stakeholders - who constitute its members - and the sustainability of the objective pursued. In this way, the TUBÀ will specify the rules from the outset and will play the role of regulator in the face of actors with significant weight who could try to divert the project to their advantage. In the same way, as we have already mentioned previously, it is the instituted living lab that will decide from the outset on the formal and informal contractual rules according to the actor at the origin of the project and the objective pursued: citizens (through voting), association, private company, public actor, or the living lab itself. The living lab defines from the outset whether the project to be co-constructed is of a private nature or whether it is open source and aimed at the general interest.

2. The instituted living lab guarantees a higher level of co-creation

In terms of activities and participation, Schuurman et al. (2016) show that living lab projects share open and closed characteristics: at some stages of research, an open call is made to users - for example through surveys - while at other stages, specific user profiles are recruited for participation, for example in co-creation sessions. We find these elements in our studied living labs. As a first example, Bordeaux Euratlantique carries out consultations with the population (the crowd), or even permanent consultations, characteristic of an open call, for example to decide on the names of new streets. At the same time, this living lab sets up a panel of about twenty citizens for one year, which it trains in urban planning and mobilises more particularly to co-create. The second example is the TUBA, the living lab that we consider to have been instituted, which also makes use of both open and closed calls depending on the project being mobilised. It is the living lab that seeks to mobilise the most relevant profiles according to the projects and types of partners. Some partners do not control anything, others control everything, depending on the culture of the actor in question and the specifications. This living lab also sets up study cycles. The people who come to the place where the living lab is located vote for the themes to be studied, for example "education", "circular economy" or "nature in the city". We see here the example of an open call by which the general public is consulted in order to build the future programming.

Pisano and Verganti (2008) establish a matrix that highlights the situations that emerge from the intersection of closed or open participation on the one hand and hierarchical or flat governance on the other (Figure 2).

Figure 2: Modes of collaboration from Pisano and Verganti (2008)

GOVERNANCE			
Hierarchical	Flat		
Innovation mall A place where a company can post a problem, anyone can propose solutions and the company chooses the solutions it like best.	Innovation community A network where anybody can propose problems, offer solutions, and decide which solution to use.	Open	PARTICIPATION
Elite circle A select group of participants chosen by a company that also defines the problem and pick solutions.	Consortium A private group of participants that jointly select problems, decide how to conduct work, and choose solutions.	Closed	

Source: Pisano, Verganti, 2008, 6.

The south-western location of the matrix, called "Elite Circle" is the most limited version of a living lab. It corresponds to test labs where participants have to give their opinion or to living labs that only involve knowledgeable people. The hierarchical governance and closed participation of this configuration leaves no room for the citizen as an actor. In spite of attempts at communication, this usually remains to the empty ritual of participation (Arnstein, 1969), with the citizen having no opportunity to evaluate and participate in the choices. Indeed, in the case of hierarchical governance, the pilot(s) control the direction of innovation and aim to capture the value created (Pisano and Verganti, 2008).

Most real estate living labs implement a combination in terms of governance and participation corresponding to the South-East quadrant of the Pisano and Verganti matrix (Figure 2). Whether the living labs, intended for a particular project, in Lyon Confluence, Bordeaux Euratlantique or Marseille, they are all run by a consortium made up of major public and private players. Their actions fall within the legal framework of public policies for regional development and the strengthening of links between public (e.g. Public Planning Establishment of Bordeaux Euratlantique) and private (e.g. major real estate developers) actors to build regional development. Citizen participation here varies according to the living lab. When participation is closed, solutions come from the best experts in the selected field. As Pisano and Verganti show, the challenge then lies in the ability to identify areas of knowledge and mobilize the right teams. A living lab can transform citizens into experts in a specific field, as Bordeaux Euratlantique is trying to do with its panel of experts. However, if citizens participate in the co-construction of solutions, they are not really interested in the decision making itself, nor in the evaluation. Indeed, the actor who chooses one of the solutions simply has to justify his choice. Moreover, in the other living labs mentioned, the citizen is often only consulted, without really co-constructing the solutions.

An instituted living lab as the TUBA is rather in the North-West quadrant of the Pisano and Verganti matrix (Figure 2), and to a lesser extent in the North-East one. The fact of being instituted allows the living lab to benefit from the fruits of perennity, particularly in terms of capitalization of tools, sustaining a community and gains in terms of notoriety. Such a living lab can thus behave in different ways, adapting to the situations and people who consult it. For example, the stakeholders who adhere to the living lab can consult it for solutions. In that case the living lab behaves effectively as an innovation mall. A public or private actor comes to propose a problem to be studied, the living lab determines the most suitable tools and builds groups to work on it in workshops. The citizens are mobilized by the living lab according to their interest in the subject under discussion. Some citizens then become specialists, knowing that they have accumulated co-creation experiences within the living lab. In this way, the established Living lab, thanks to its perennial existence that transcends projects, can make it possible to determine the most suitable tools and to identify the best contributors.

At the TUBÀ, ideas for workshops can also be proposed by all the actors often considered as minors, notably associations or citizens. In this case, the established living lab becomes a perennial place, which materializes a creative community and allows it to benefit from its expertise in terms of tools and co-construction methodologies. This constitutes a materialization, in the field of living labs, of the North-East quadrant of the Pisano and Verganti matrix (Figure 2). Flat governance is similar to democratic governance: the partners are equal in the process and share the power to decide on key issues. This configuration, known as community innovation, is the most suitable configuration for new modalities of collective innovation but also the most complex to implement. On the benefits side, the openness of participation ensures that a wide range of interesting ideas is received, and shared governance allows the weight of innovation to be shared. However, openness implies the ability to attract participants and to be able to examine and test their ideas at a low cost. Shared governance, on the other hand, requires stakeholders to converge towards a solution that will achieve the common goal. The innovation community can, if these advantages and constraints are properly taken into account, play the role of middleground, an idea broker between the underground and the upperground (Simon, 2009).

Conclusion

The living lab is a place where people with and without knowledge (public organizations, private companies, non-profit organizations, citizens...) exchange and develop collective solutions for the city and the territory. The rules and modalities of these exchanges and the use of these solutions vary in the living labs studied, ranging from simple consultation to co-construction and co-creation. Some living labs are trained for a dedicated object: the project. Others are called instituted because they are sustainable, allow the accumulation and sharing of common knowledge and become actors recognized by the stakeholders in the construction of the territory.

In living labs, the evaluation stage of the co-creation methodology carried out remains fragmented or even non-existent. However, this pitfall is not specific to real estate living labs. Yet the evaluation is an important step in the iterative process of any living lab. It is absolutely essential to improve citizen participation at all stages of the decision-making process and requires transparency of information and rules, a clear sharing of roles, governance and operating procedures for the co-created object.

The instituted living lab is better able to set up a democratic and shared governance because such a process is built over time. On the contrary, in a living lab based on the management of a single project, learning is absent because exchanges are insufficient and do not allow the emergence of solutions to controversies. Thus, the living lab-project is hardly likely to improve, whereas an established living lab is part of a continuous process. However, the ability of such a living lab to move towards the

constitution of an innovation community strongly depends on its ability to federate, enlist, and on its internal governance.

However, our work is primarily exploratory. Indeed, the living labs studied are young and the projects they are working on are spread over a long period of time. This implies that we will have to continue monitoring them to understand their evolution and to confirm or temper our first results. Secondly, our results need to be reinforced by the analysis of a greater number of living labs and, in particular the analysis of living labs that fall within our definition of an instituted living lab. Finally, the study of instituted living labs and living labs dedicated to a single project in other sectors, such as health³, would allow to deepen the analysis.

References

- ARNSTEIN, S. R. (1969), "A ladder of citizen participation." *Journal of the American Institute of planners*, 35(4), p. 216-224.
- BURGER-HELMCHEN, T., & PÉNIN, J. (2011), Crowdsourcing : définition, enjeux, typologie. *Management & Avenir*, (1), 254-269.
- CALLON, M., LASCOUMES, P., BARTHE, Y. (2001), *Agir dans un monde incertain : essai sur la démocratie technique*. Seuil, 2001.
- CARAYANNIS, E. G., CAMPBELL, D. F. J. (2012), *Mode 3 Knowledge Production in Quadruple Helix Innovation Systems*. New York, NY: Springer New York.
- CHESBROUGH, H. W. (2003), *Open Innovation: The new imperative for creating and profiting from technology*. Boston: Harvard Business School Press.
- CHESBROUGH, H. W. (2006), The era of open innovation. *Managing innovation and change*, 127(3), 34-41.
- COHENDET, P., & SIMON, L. (2006), Knowledge intensive firms, communities and creative cities, Draft paper for the DIME Conference on Communities of Practice, Durham, October 27-28, 2006. DOI:10.1093/acprof:oso/9780199545490.003.0010
- COHENDET, P., & SIMON, L. (2015), "Introduction to the Special Issue on Creativity in Innovation". *Technology Innovation Management Review*, 5(7): p. 5-13.
<http://timreview.ca/article/909>
- CORIAT, B. (2015) (eds), *Le retour des communs. La crise de l'idéologie propriétaire*. Les Liens qui Libèrent.
- DELL'ERA, C., LANDONI, P. (2014), "Living Lab: A Methodology between User-Centred Design and Participatory Design". *Creativity and Innovation Management*, 23(2), p. 137-154.
- FASSHAUER, I., FRAGNY, B., ZADRA-VEIL, C. (2020), *forthcoming and in press* « Les living labs à la recherche de l'exemplarité démocratique », dans Combes-Joret M., Lethielleux L., (dir.), *L'exemplarité dans l'économie sociale et solidaire : initiatives inspirantes et modèles novateurs*, EPURE, ISBN : 978-2-37496-104-0.

³ We have made a first analysis of citizen participation in several living labs from different sectors, including health, in book's chapter (Fasshauer, Fragny, Zadra-Veil, 2020).

- FEURSTEIN, K., HESMER, A., HRIBERNIK, K. A., THOBEN, K. D., & SCHUMACHER, J. (2008), "Living Labs: A New Development Strategy". In Schumacher, J. and Nitamo, V.-P. (eds.), *European Living Labs – A New Approach for Human Centric Regional Innovation*, Wissenschaftlicher Verlag Berlin, Berlin, pp. 1-14.
- HESS, C. (2015), « Communs de la connaissance, communs globaux et connaissance des communs », in Coriat, B. (2015), (eds), *Le retour des communs. La crise de l'idéologie propriétaire*. Les Liens qui Libèrent, p. 259-274.
- HOWE, J. (2006), "The Rise of Crowdsourcing", Wired. <http://www.wired.com/wired/archive/14.06/crowds.html> [Accessed on 30 June 2019].
- LEMENIN, S., & WESTERLUND, M. (2016), "A Framework for Understanding the Different Research Avenues of Living Labs". *International Journal of Technology Marketing*, 11(4): 399–420. <http://dx.doi.org/10.1504/IJTMKT.2016.079731>
- LEMENIN, S., RAJAHONKA, M., WESTERLUND, M. (2017), "Towards Third-Generation Living Lab Networks in Cities." *Technology Innovation Management Review*, 7 (11), p. 21-35.
- MASTELIC, J. (2019), Stakeholders' engagement in the co-design of energy conservation interventions: The case of the Energy Living Lab, Doctoral Thesis, University of Lausanne.
- MÉNARD, C. (2010), "Hybrid Organizations", in Klein, P. and Sykuta, M. (eds.), *The Elgar Companion to Transaction Cost Economics*, Cheltenham: Edward Elgar, chap. 18, pp. 176–184.
- MÉNARD, C. (2018), "Research frontiers of new institutional economics". *RAUSP Management Journal*, 2018, vol. 53, no 1, p. 3-10.
- NORTH D. (1990), *Institutions, Institutional Change and Economic Performance*. Cambridge, Cambridge University Press.
- ORSI, F. (2015), « Revisiter la propriété pour construire les communs ». in Coriat, B. (2015), (eds), *Le retour des communs. La crise de l'idéologie propriétaire*. Les Liens qui Libèrent.
- OSTROM, E. (1990), *Governing the commons. The Evolution of Institutions for Collective Action*. Cambridge University Press.
- OSTROM, E., HESS, C. (2007), *Understanding Knowledge as a Commons: From Theory to Practice*. The MIT PRESS.
- PALLOT, M. (2009), The living lab approach: A user centred open innovation ecosystem. Webergence Blog, 2010.
- PISANO, G. P., VERGANTI, R. (2008), "Which Kind of Collaboration Is Right for You?". *Harvard Business Review*, 86(12): 78-86.
- SANDERS, E. B. N., & STAPPERS, P. J. (2008), Co-creation and the new landscapes of design. *CoDesign*, 4(1).
- SCHUURMAN, D. (2015), Bridging the gap between Open and User Innovation? : exploring the value of Living Labs as a means to structure user contribution and manage distributed innovation. Ghent University. Faculty of Political and Social Sciences ; Vrije Universiteit Brussel. Faculty of Economic and Social Sciences, Ghent ; Brussels, Belgium. Consultation at the following address: <http://hdl.handle.net/1854/LU-5931264>

- SCHUURMAN, D., De MAREZ, L., & BALLON, P. (2016), "The Impact of Living Lab Methodology on Open Innovation Contributions and Outcomes". *Technology Innovation Management Review*, 6(1): 7-16. <http://doi.org/10.22215/timreview/956>
- SIMON, L. (2009), "Underground, upperground et middle-ground: les collectifs créatifs et la capacité créative de la ville". *Management international*, 13, p. 37-51.
- STEEN, K., & van BUEREN, E. (2017), "The defining characteristics of urban living labs". *Technology Innovation Management Review*, 7(7).
- VERGANTI, R., and PISANO, G. P. (2008), "Which Kind of Collaboration Is Right for You?". *Harvard Business Review* 86, no. 12.
- von HIPPEL, E. (2005), *Democratizing Innovation*. Cambridge, MA: MIT Press.
- von KROGH, G. (2003), "Open-source software development". *MIT Sloan Management Review*, 44(3), 14-18.
- WESTERLUND, M., LEMINEN, S., RAJAHONKA, M. (2018), "A Topic Modelling Analysis of Living Labs Research". *Technology Innovation Management Review*, 8(7).
- WILLIAMSON O. (1985), *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: Free Press.
- ZADRA-VEIL, C., FRAGNY, B. (2018), Gouvernance des communs & innovation collective dans les Living labs immobiliers, 38e Journées de l'Association d'économie sociale. L'économie sociale en quête de ressources, 5-7 sept. 2018 Lyon (France), In J. Blanc, E. Lanciano et D. Sauze, *Tensions sur les ressources. L'économie sociale en recomposition*, XXXVIIIes Journées de l'Association d'économie sociale. Hors-Série n°8.

The resilience of public–social economy partnerships for food justice: a case study / Chapter 3

Alexandrine LAPOUTTE* and Georges ALAKPA**

Abstract

The aim of this study is to investigate the organizational resilience of recent partnerships that bring together public and non-governmental stakeholders around local food governance. To examine the organizational resilience of these partnerships, we conducted a qualitative case study on the Lyon Sustainable Food Council, in Lyon, France. The findings revealed the strengths and weaknesses of this organization in terms of resilience: it shows a high capacity to absorb shocks, a moderate capacity for renewing and a relatively low capacity for learning. Results that can shed light more broadly on the governance of public sector and social economy partnerships (PSEPs). We found that the partnership has an innovative approach to food justice and appears to avoid market isomorphism, but there is a risk for the balance of stakeholders.

Keywords: local governance, organizational resilience, social economy, public partnerships, food justice

JEL-Codes: D7, H4, L3, Q18

* Assistant Professor in Management, COACTIS (EA 461), University of Lyon 2 (France) (alexandrine.lapoutte@univ-lyon2.fr).

** Research Assistant, COACTIS, University of Lyon 2 (France) (alakpageorges@gmail.com).

INTRODUCTION

In recent decades, serious health crises in the food sector have led to growing consumer concern about the quality of the products they eat. This increased awareness has led in France to a belief that government must help to solve food issues. As a result, a number of public initiatives to this end have been launched at various scales, based on informal or formal rules and procedures that are in the process of development. Typically, at a local level, all the stakeholders concerned (public and private) participate in decision-making and the implementation of collective actions around the food issue (from production to consumption). This dynamic is closely followed by researchers, and a proliferation of studies have emerged that focus on food justice – i.e. the “fair sharing of risks and benefits concerning where, what and how food is produced and processed, transported and distributed, accessed and eaten” (Gottlieb, Joshi, 2010). This view considers food as a commons (Bouré, 2017), beyond a simple commodity (Vivero-Pol, 2017; De Schutter et al., 2019).

In this context, food councils have been developing since the 1990s in North America and, more recently, in France. Local food projects are part of this trend. Arising in France after the 2014 Law for the Future of Agriculture, their objective is to relocate agriculture and food production more locally by supporting local small farmers, promoting ‘buy local’ initiatives or encouraging local products in school or workplace canteens. The common objective of all these projects is to enable cities to be self-sufficient in food needs – in other words, achieving food resilience.

Local food governance can be defined as “processes for coordinating food stakeholders at the regional level to promote their organization and limit the fragmentation of initiatives affecting food systems” (Billion et al., 2016, p. 348). The goal is to build systems based on “collective learning and institutional and organizational reconfigurations/innovations within regions” (Rey-Valette et al., 2011, p. 2). This can be complex, particularly with regard to the scope of these actions (non-profit, public, for-profit) and the need for multi-stakeholder cooperation. Several studies in France have noted that the relationship between social economy organizations and governmental agencies is marked by specific tensions (Gazley and Brudney, 2007; Frémeaux, 2011) as well as by a trend for co-construction (Vaillancourt, 2009; Bance, 2018).

In addition, there can be difficulties linked to the political context (e.g. various levels of government, the electoral calendar) and problems related to the non-profit environment, including the risk of competition between different organizations – mainly for access to resources – fragility of economic models, and implementation capacity. These aspects make coordination more difficult and entail a risk of certain stakeholders leaving. Faced with these challenges, organizations may be more or less able to resist and continue a common project. The concept of resilience, which refers

to the capacity of an organization to overcome shocks, seems an appropriate way to explore the governance of these projects. Studies have shown that the capacity for resilience plays a significant role in organizational performance and innovation (Camisón and Villar-López, 2014; Ali et al., 2016). Thus, local food governance bodies, as innovative partnerships with a purpose of social transformation, would benefit from a capacity for resilience. Our study is based on the work of Weick (1993), which aims to extend and generalize the concept of resilience from the individual to the organizational level: in our case, specifically applied to a partnership. While an increasing number of studies focus on local food governance, few if any approach this from the angle of organizational resilience, despite the fact that the very notion of resilience is at the heart of food policy projects. Moreover, this concept is still little applied to social economy organizations, although these are intended to be vehicles for resilience. Thus, we adopted this as a research question to investigate the resilience of a specific public–social economy partnership involved in local food governance.

To this end, we chose the case of a local food council based on a public–social economy partnership in the French city of Lyon: the Lyon Sustainable Food Council (*Conseil Lyonnais de l’Alimentation Durable*, or CLAD). Only a few cities in France have so far set up a food council of this type, in the framework of an initiative promoted since 2016 by the national government for metropolitan areas to implement food projects. We studied this case using an analytical framework based on the concept of organizational resilience, allowing us to identify the links between the partnership’s resilience and its capacity for transformation.

I. CONTEXT: PUBLIC–SOCIAL ECONOMY PARTNERSHIPS FOR FOOD JUSTICE

The emergence of local food governance

Studies in English-speaking countries were the first to analyse the renewed interest in food issues at the local level, likely due to the degree of disconnection between production and consumption that is more pronounced in these countries (Steel, 2016). This interest also stems more broadly from a critical view of the multiple economic, health and ecological dysfunctions of the dominant agro-industrial food system (Marsden, 2013): for example, malnutrition, food waste and the ecological footprint. Increased awareness is gradually leading to the design of more holistic food policies, which lie at the crossroads of various issues (Morgan, 2015; Lang et al., 2009) and take a systemic approach (based on a global vision of food systems). This perspective no longer considers food solely through the prism of food security, but includes the concept of food justice based on three fundamental pillars: accessibility,

food security and social justice (Hochedez, Le Gall, 2016; Lanciano, Lapoutte, Saleilles, 2019).

In this view, food is considered as a commons (Bouré, 2017; Vivero-Pol, 2017; De Schutter et al., 2019), a renaissance of the concept that has two distinct antecedents (De Schutter et al., 2019). One source is the practices that have developed in traditional communities and been maintained as forms of governance of natural resources (fisheries, forests, land), resisting their commodification. The second source is more recent, involving social innovations that have emerged, often initiated by upper-middle-class urban activists (cooperative supermarkets, farm-to-table strategies, etc.). Studies have pointed out the limitations of both the commodification of food and government bureaucracy and have suggested a commons approach as an alternative. This involves redefining the relationships between the public sector, civil society and the market to create the necessary space to develop commons practices.

In this context, several types of organizations have emerged to address the issue of food justice. At the local level, there are innovative new 'agri-food' initiatives (Bonnefoy and Brand, 2014) that seek to bring together stakeholders around food issues in an inclusive manner. These new mechanisms are indicative of the changes taking place in food governance and its gradual 'relocation' closer to consumers, innovating to address societal needs. They take different forms: they may be created solely by stakeholders, often non-profit groups, in order to pool their resources and carry out joint projects. They are often supported by local governments at different levels. In this way they are an example of the co-production of public goods or the commons in the domain of food.

Of these new organizations, food policy councils (FPCs) are community-based coalitions that aim to promote more sustainable food systems and more resilient food governance. Toronto established its first FPC in 1993, and the number of FPCs worldwide has grown rapidly since the 2000s. In the United States and Canada, there were 236 FPCs in 2016 (Sussman and Bassarab, 2016). These councils bring together the different stakeholders involved in local food issues; the members often represent a broad spectrum of people that depends on the purpose of the FPC. The FPC also has relationships with public sector stakeholders: for example, through the allocation of financial resources or premises.

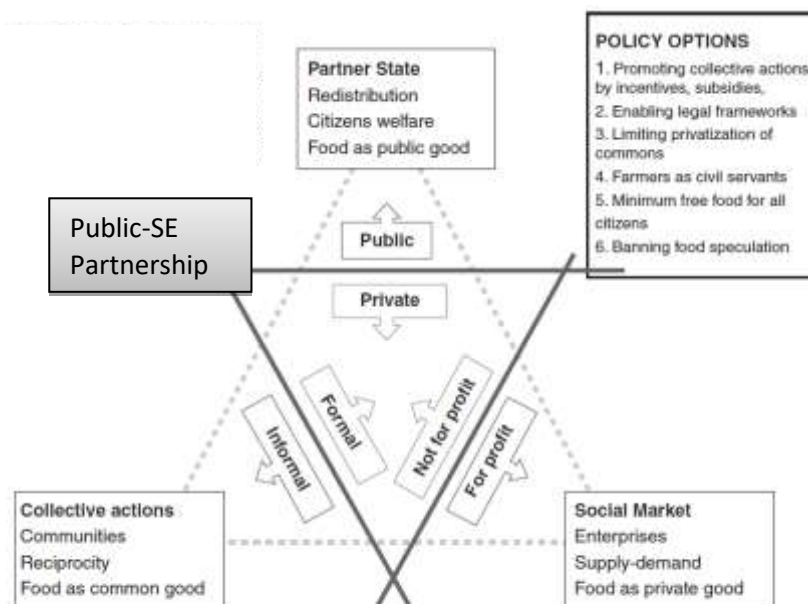
In France, the structure of local governments creates several levels of representation between the central government and citizens. These overlapping levels can make it more difficult to organize local food governance and actions (Perrin and Soulard, 2014). For example, city governments do not have the specific authority or expertise to create food policy, which is mainly the scope of the national and European governments. However, more recently, new metropolitan areas (recently created administrative areas that incorporate several nearby urban areas) do have the means to make food policy, bringing back some local control over food. This has led

to innovative partnership-based forms of local governance of food systems with the goal of the co-production of public goods.

Public–social economy partnerships: a bi-centric system of governance

This partnership dynamic is in line with a new paradigm in running public service organizations (Bance, 2018). New Public Management (NPM) is an approach that encourages public administrators to delegate outside the state sector instead of intervening directly, to support innovation and to measure results according to methods largely inspired by the private sector. One of its tools, public–private partnerships (PPPs), have been deployed throughout the world to reduce public spending while better meeting citizens’ expectations. A number of studies have identified their strengths as well as their limitations: asymmetrical information, incomplete contracts, and transaction costs, among others (Marty, Trosa and Voisin, 2006). Partnerships can also risk a loss of identity for stakeholders, via a phenomenon of trivialization often approached from the angle of institutional isomorphism. Market logic exerts a powerful isomorphism that can threaten to unbalance partnerships. Public–social economy partnerships (PSEPs) are an interesting way to avoid this pressure. They reflect the increasing involvement of social economy organizations in public policymaking: an extension of the scope of the commons and a less centralized and more democratic approach to public administration (Gazley and Brudney, 2007; Bance, 2018).

Figure 1: Governance of a partnership for food as a commons



Source: Based on Vivero-Pol (2017) in De Schutter *et al.* (2019), p. 386.

Different approaches between public and social economy (SE) stakeholders can generate specific risks. Frémeaux (2011) identifies four of the possible relationship risks. (1) 'Integration', in which SE stakeholders are integrated into the public institution but tend to be subordinate to public policy objectives, with the risk of being co-opted and used to achieve these ends. (2) 'Recognition', based on legal recognition of the SE groups by the public institution, also presents a risk of invisibility of the SE stakeholders if they are too integrated. (3) The 'disengagement' of public officials can lead to the risk of degeneration of SE organizations. And lastly (4) 'autonomy', in which SE organizations distance themselves from public authorities because they seek another form of economy or society, leading to the risk of confrontation with public institutions and affecting the sustainability and development of projects.

In response to this, today new types of partnerships are being developed, built by and for the stakeholders who must make them their own (Leloup, Moyart & Pecqueur, 2005).

Resilience as a key issue in partnerships

Local food governance involves public and private stakeholders, including many SE non-profit organizations. Coordination often takes place through stakeholder networks, in an organizational model linking stakeholders and resources for better management. It is therefore a form of governing through partnership, bringing together stakeholders whose interests may differ. Of course, aligning decisions solely with the interests of stakeholders is no guarantee of the sustainability of an organization, and partnership governance can also raise the issue of arbitration between potentially antagonistic interests and therefore issues of legitimacy and conflict resolution (Clarkson, 1995). According to neo-institutional theory, the survival of an organization depends on its legitimacy, i.e. the consideration by the broad public that it is a legitimate entity deserving of the support of stakeholders (Di Maggio and Powell, 1983; Suchman, 1995).

Partnership governance can involve various degrees of commitment, ranging from informal cooperation to true collaboration, which can be described in four stages according to the Austin continuum of collaboration (Austin, 2000; Austin, Seitanidi, 2012). The first is (i) the philanthropic stage, involving a low level of ad hoc commitment; the next is (ii) the transactional stage, or the beginning of a collaborative relationship; followed by (iii) the integrative stage, in which collaboration to work towards real collective action is established; and finally (iv) the transformational stage, which involves a high degree of commitment with a defined common goal. This last stage is when we can speak about the true collective action that corresponds to social innovation.

As mentioned, several risks can weaken partnerships between public and SE stakeholders and make coordination more difficult (the political context, the competition between non-profit organizations, the weakness of their business models for example). Moreover, the forms of partnership are diverse: within the same locality, mixed forms of governance are observed, ranging from cooperation to competition (Demoustier, 2010). In a study focusing specifically on food governance, Billion (2017) highlighted strong tensions between the different levels of public administration, turning food strategy into a power issue. Several authors have observed other difficulties: “non-existent exchanges between different agencies of the same institution”; “the partial representation that public authorities may have of food systems and the stakeholders that make them up” (Billion, 2017) – which may lead to bias in the creation and representativeness of groups of stakeholders in projects; the distribution of expertise between different institutional levels – which influences the intervention of authorities (Capt *et al.*, 2014) with some “going beyond their legitimate field of action” (Bonnefoy and Brand, 2014); and finally the few connections established with certain stakeholders, in particular in food distribution and logistics (Billion, 2017: 14).

Faced with these challenges, a project promoting the food commons may prove to be more or less the concept of resilience, which refers to the capacity of organisations to overcome shocks, therefore seems appropriate for understanding the governance of these organisations and their capacity to carry out their project over the long term. Furthermore, the literature establishes a link between resilience and innovation: the capacity for resilience plays a significant role in organisational performance and innovation (Camisón and Villar-López, 2014; Ali et al., 2016). Thus, the food commons, as an innovative partnership at the service of a social transformation project, should pay particular attention to their resilience capacity.

While these new governance bodies are highly innovative, they are also subject to multiple disruptions; to examine this potential fragility, we chose the conceptual framework of organizational resilience.

II. THEORETICAL FRAMEWORK: ORGANIZATIONAL RESILIENCE

The concept of organizational resilience

Resilience (related to the concept of absorptive capacity, or ACAP) has been a topic of scientific research for some years now. The English philosopher Francis Bacon first introduced the term in its scientific context in 1626, defining it as the action of ‘rebounding’ or ‘springing back’. In the physical sciences, it refers to measuring the capacity of an object to return to its initial state after a shock or continuous pressure (Dauphiné et al., 2007). It has subsequently been adopted in the field of psychology as well as extended to other fields such as sociology and medicine: it is

generally defined as “the capacity of an individual or group to project itself into the future despite destabilizing events, difficult living conditions and sometimes severe trauma” (Koninckx and Teneau, 2010). In the sense of being able to adjust to a rapidly changing environment, the UN and the OECD have recommended that resilience be taken into account to improve development, crisis management (Dauphiné et al., 2007) and territorial governance (Juffé, 2013).

In management science, the concept of organizational resilience first appeared in the context of research on crisis management and high reliability organizations. The analysis then broadened from the individual to the collective level to focus on “the mechanisms that make a group less vulnerable to sensemaking disruptions” (Weick, 1993, p. 628): that is, the capacity of a firm to absorb, respond to and capitalize on disruptions resulting from changes in the environment (Lengnick-Hall and Beck, 2005). An unexpected event, situation or organizational change can be destabilizing or threatening not only to an individual, but to an organization. These changes can be experienced in different ways, potentially reaching a crisis and affecting organizational identity (Koninckx and Teneau, 2010). Organizational resilience refers to the organization’s ability to counteract this and bounce back – to recognize the value of new information, to assimilate it and to apply it for business purposes (Cohen and Levinthal, 1990). Weick (2003) defines it as a capacity to avoid organizational shocks by constructing systems of continuous actions and interactions designed to preserve the anticipated actions of different individuals in relation to each other.

Research has shown that resilience plays a significant role in organizational performance and innovation (Camisón and Villar-López, 2014; Ali et al., 2016), and that organizations engaged in innovation should pay particular attention to their resilience capacity. This holds true for local food governance bodies, which are innovative partnerships that aim to effect social transformation.

Weick (1993) identifies four sources or mechanisms of resilience (Kammoun and Boutiba, 2015): (i) improvisation (finding new solutions), (ii) virtual role systems (changing roles when necessary), (iii) an attitude of wisdom (avoiding overconfidence, cultivating appreciation, openness and communication) and (iv) respectful interaction (maintaining mutual relationships of trust between the members of an organization). For Weick and Sutcliffe (2007), organizational resilience consists of three stages: shock absorption, renewing, and learning.

Absorptive capacity refers to the ability of an organization to absorb shocks (financial or other) while avoiding collapse. This requires the existence of resources, whether immediately available in the form of organizational slack, or that can potentially be enlisted from external sources (support, loans, assistance, alliances, etc.). In addition to resources, there must also be willingness to provide leadership continuity. A partnership, which provides access to a variety of resources, could be helpful in all these respects; however, the unstable, temporary nature of the commitment of the

various partners can equally be a brake on the longer-term sustainability of the group.

The ability to renew requires thinking about new strategies that break with the usual approach. Beyond absorbing shocks, a resilient structure must be capable of showing ingenuity, curiosity and innovation. It must be able to react and adjust by imagining new solutions to unusual situations (Lengnick-Hall and Beck, 2005; Hamel and Välikangas, 2003). To this end, the diversity of members can be a source of dynamism and creativity.

A resilient organization also has the ability to learn lessons from the situation: to take stock and “be able to learn from the shocks it has faced in order to emerge stronger” (Christianson et al., 2009, p. 131). This stage is the most difficult to observe, especially as there is a time lag between the events and self-reflection (Bégin and Chabaud, 2010). Learning and resilience are inseparable. Learning requires drawing on experience, having an optimistic vision, actively responding to the crisis and deriving both cognitive and organizational benefits from it. Dialogue between partners can be conducive to learning, especially in conditions in which all the participants feel able to express themselves freely in a spirit of equal collaboration. On the other hand, learning can be impeded by unicentric control or power relationships that bias the exchanges.

Based on these concepts, we created a framework of organizational resilience (Table 1) in order to analyse our case study, a local sustainable food council with multi-stakeholder partnership governance.

Table 1: Organizational resilience framework

Concept	Stage	Characteristics
Organizational resilience	Shock absorption	Immediately available or enlistable resources Leadership continuity
	Renewing	Diversification of activities Imagining new solutions
	Learning	Learning lessons from the situation Self-reflection and discussion to emerge stronger

Methodology

The case study is based on a structure in which we have been involved as researchers in the framework of intervention research aimed at supporting the governance of the organization. Our longitudinal case study on organizational resilience took place over a two-year period (2016–18). We acknowledge that there may be limited possibility of generalizing the results, but it offers an in-depth analysis of the organization and

takes its context into account (Yin, 2014). The structure is the Lyon Sustainable Food Council (*Conseil Lyonnais de l'Alimentation Durable*, or CLAD), which brings together some 20 stakeholders around the issue of sustainable food, including representatives from the social economy, researchers and representatives of the Lyon municipal council.

Data collection was based on semi-structured interviews with various CLAD members. The interviews investigated the resilience of the organization through questions about its origins, activities, operations and perspectives. The interviews were transcribed in full and subjected to content analysis following Miles and Huberman: "Examining a series of field notes, transmitted or summarized, and intelligently dissecting them, while retaining the relationships between data segments, is the core of the analysis" (Miles and Huberman, 2003: 112). The coding first analysed the three stages of resilience and then supplemented this with notes and metacodes (Miles and Huberman, 2003) that go beyond descriptions to identify more general or conceptual elements. The citations presented in this paper are left anonymous to avoid potentially sensitive situations. In addition to the interviews, we made observations as participants in CLAD meetings and events. We were also in frequent contact with stakeholders in another Lyon-based non-profit group working on food issues (Le Bol), which gave us access to another voice in a relatively free and informal capacity.

III. THE CASE STUDY: THE LYON SUSTAINABLE FOOD COUNCIL (CLAD)

Emergence: the European URBACT programme

The context of the creation of the food council was the European Union URBACT programme, whose aim is to encourage sustainable urban development in cities in the EU. It is funded by the European Regional Development Fund (ERDF) and the EU member states as an instrument for regional cohesion and cooperation. It fosters exchanges and learning between cities in order to develop sustainable solutions that integrate economic, social and environmental aspects of urban development. The city of Lyon first participated in URBACT II 'Sustainable food in urban communities'. Today, the metropolis of greater Lyon is participating in URBACT III. The URBACT project involves bringing together stakeholders and taking part in study visits to other European cities. The approach is based on the concept of 'free-range civil servants', with public officials encouraged to work more in the field and in contact with citizens in an approach of more open governance. In Lyon, the URBACT programme is led by a city official financed by European funds. The stakeholders expressed appreciation of his capacity of coordination, his proximity and his commitment to the project: "He has much more know-how in terms of participatory work – he taught me a lot. In half-day meetings we managed to come up with concrete results such as the documents we produced." "He was very good at coordinating the network, sending emails almost

every week, and his tone, language and editorial style were just right”. The project meetings were held at locations in the social economy network (a restaurant, farm, etc.).

Within the framework of the URBACT programme, in 2015 a plan for about 50 actions was drawn up with the goal of developing sustainable food in Lyon. One of these actions was to set up the Lyon Sustainable Food Council (CLAD), a body based on local governance that was initially intended “to pilot this action plan”, with the aim of “building a network of relationships and supporting the emergence of collective projects adapted to the needs of the locality”. This would be done by bringing together different stakeholder members to share knowledge, analyse the situation, raise issues, and find solutions or avenues for improvement, taking into account feedback from peers. The intended partners would include those already involved in sustainable food issues as well as those open to developing their practices in targeted areas.

Establishment: the launch of CLAD

In 2016, the idea for CLAD was transferred from the ending URBACT programme and the city official responsible for it to another department of the Lyon city council in charge of the Social and Solidarity Economy. The city set up a sustainable food council, piloted by the elected representative of the department and bringing together around 20 local stakeholders in the social economy (small farmer organizations, food coops, etc.), municipal agencies and researchers concerned about sustainable food issues. The first official meeting of CLAD was held in March 2016 at the Lyon City Hall, a more formal setting than the pre-CLAD meetings in the context of the URBACT programme.

The new council had no legal status – an informal structure was chosen as it was considered risky and politically undesirable “to institutionalize a structure that gives the city a somewhat hegemonic position in the organization of this partnership”. Moreover, “The city does not have the flexibility for this type of organization, so it is simpler to be informal than to set up an ad hoc legal structure, especially since the advantage of a legal structure would be to raise funds and that is not part of our mandate.”

As soon as CLAD was established, its first action was to produce a citizen’s call to politicians to take account of the issue of sustainable food. Public policy advocacy, which includes lobbying, is one of the key activities of food councils. Concretely, a text was drafted and proposed by the elected representative at the first CLAD meeting, discussed and then modified following the meeting, and the final version was signed by CLAD’s 26 members. The advocacy document was then sent to the candidates for the 2017 French presidential and legislative elections. The document appears to have at least in part achieved its goal, as various candidates expressed

their willingness to take into account the issue of sustainable food, but when questioned about this, the stakeholders did not seem to be aware of this result.

Concrete projects: La Fabrique à Manger

In 2018, CLAD's objective was to become more operational by moving on to concrete activities. There was a concern not to waste time in meetings with the partner organizations, who are often volunteers: "The elected representative did not want to bring people together for the sake of getting together," given that "time is precious for volunteers and employees in these organizations, which are sometimes struggling or very fragile."

At the same time, the local food association Le Bol emerged, whose aim is to facilitate cooperation and pooling between social economy organizations involved in food in the Lyon region. This "relieved CLAD of some of its coordination activities" and meant that CLAD needed to position itself between Le Bol, which has a strong collective dynamic, and the municipal government, which is responsible for the local food project.

As a concrete action, the elected representative proposed using the remaining budget to organize a series of actions under the theme La Fabrique à Manger (FAM), neighbourhood events in which community organizations involved in sustainable food would promote their activities and raise awareness of healthy, environmentally sound eating. The initiative was presented as follows: "The idea is not to reach people who have already started changing their practices and simply want to continue on this path. The idea is to go and find the people you might not expect to be interested and meet them where they are ... working-class families, enlisting people from community centres, nursery schools, communal gardens, sports clubs, neighbourhood associations, etc. – to be completely integrated in the local fabric so that those involved take up the issue of sustainable food."

In this objective of raising awareness in local communities on the issue of sustainable food, the first FAM was held in Lyon's 8th arrondissement on Saturday, 2 June, the day of the annual neighbourhood party. With the watchword "Making makes a difference", FAM encourages citizens to cook collectively, make compost, cultivate plants – to get involved in the issue concretely, in the neighbourhood, at home. The event included several activities: preparing and sharing a community meal, composting, creating a neighbourhood recipe booklet, and ended with a concert. Following this first event, the city launched a second FAM, on 15 October in Lyon's 4th arrondissement, during the annual Heritage Day. The two selected districts are priority districts in terms of urban development policy.

The activities organized by CLAD (meetings, FAM events, etc.) are financed by the city, which leads the project. The preparatory meetings bring together different social economy organizations (such as Eurequa, Epicentre, La Légumerie,

Centre Social la Sauvegarde, la Miécyclette) in a collective approach which is “essential if we want to advance the goal of sustainable food”.

According to interviews with those involved in CLAD from public agencies, the food council’s prospects depend on the next elections. They envisage two possible paths: either the government will take the decision to place sustainable development issues at the heart of public policy and give it adequate support, in which case there will be a major momentum for events such as FAMs; or there will be a political shift away from this and a focus on austerity and budget cuts, concentrating food issues in the hands of the major food-processing and distribution groups and lobbies. In the latter case, the question will arise as to whether food justice will remain an issue for the municipal government. The other non-governmental members of the organization did not mention their opinion of the prospects for the future of CLAD.

CLAD’S ORGANIZATIONAL RESILIENCE

Based on our observations of CLAD over the two-year period 2016–18, we analysed its capacity for resilience in terms of shock absorption, adaptation and learning.

A proven capacity for shock absorption

The main shock to CLAD occurred at the time it was officially established, bringing to a halt the dynamic that existed during the URBACT programme. When support from this programme ended, the new structure found itself without the funding to run its activities. Added to this was an unfavourable regional political context for funding non-profit organizations, which directly weakened certain member groups. Unlike the URBACT programme, CLAD did not have dedicated human resources to carry out its missions. Faced with this financial shock, CLAD called on the Lyon municipal government for funding from the social economy budget. To absorb the impact in terms of human resources, CLAD enlisted help from a member organization, La Légumerie, which took over the coordination of the Fabrique à Manger events in conjunction with the elected representative and quickly set up a meeting bringing together several CLAD actors. This shift in organization was confusing for some CLAD members: “The CLAD meeting was introduced by X; I sometimes find it difficult to differentiate between La Légumerie and CLAD.” This reveals both the advantages of the network strategy and its disadvantages in terms of a lack of clarity for certain stakeholders.

These shocks led to the depart of some stakeholders, particularly non-profit organizations, which were disappointed by the lack of continuity with URBACT. However, from the outset, CLAD was conceived as ad hoc rather than continuous, with its “aim to meet once a year”, so as not to waste stakeholders’ time. This indicates a possible lack of common perception about CLAD’s positioning. While

CLAD risked “premature death” as a result of the end of URBACT support, without funding and human resources, its institutional leadership (Kraatz, 2009; Michel, 2015), consisting of the elected representative and the partnership-based governance, favoured agility and improved its shock absorption capacity.

Table 2: CLAD shock absorption capacity

Strengths	Limitations
<ul style="list-style-type: none"> – Enlisting the services of the elected representative (project manager and secretary) – Requesting funding from the Lyon municipal council social economy budget – Institutional leadership of the elected representative – Rapid reset of the project based on co-steering between the municipal government and the non-profit La Légumerie; bringing together CLAD and network stakeholders 	<ul style="list-style-type: none"> – Stakeholder confusion about the organizational shift post-URBACT – Loss of momentum and commitment of stakeholders

A medium capacity for renewing

Following the reset of CLAD, two concrete actions were devised and implemented: public policy advocacy and La Fabrique à Manger. This indicates that the organization was able to effectively diversify its activities. However, while partnership governance made it possible to quickly implement actions, the initiative came more from the city than from a collective impetus. Some stakeholders were also unhappy that the action plan drawn up during URBACT was not sufficiently drawn upon. The projects were restricted, in particular by having to coordinate different levels and departments of public administration. Cooperation and discussion were also limited due to the financial dependence of the non-profit organizations on the city.

Table 3: CLAD renewing capacity

Strengths	Limitations
<ul style="list-style-type: none"> – Diversification of activities: public policy advocacy, neighbourhood food events 	<ul style="list-style-type: none"> – Lack of organizational memory – No actions carried out in certain areas initially planned (e.g. canteens)

Limited capacity for learning

The stage of resilience involving learning lessons and assimilating these is still ongoing, which limits the analysis. One goal is to transform FAM into a call for projects, which would make the events more sustainable. As far as we are aware, no assessment of the various actions has yet been made: the collective has not embarked on a phase of reflection conducive to learning. The political context is a risk for the future of CLAD, which prevents the stakeholders from making projections into the future, affecting their capacity for resilience. Although the stakeholders sometimes express doubt about the real usefulness of the food council, they nevertheless show an attachment to it (“it’s good that it exists”), indicating that they think it is important symbolically, politically and cognitively that such a space exists. Moreover, its existence is valued both internally (within the city or the larger metropolitan area) and externally (by national and international authorities). However, some stakeholders regard this as “a passive and free appropriation of their activism”.

Table 4: CLAD learning capacity

Strengths	Limitations
<ul style="list-style-type: none">– Willingness to continue an action– A recognition by stakeholders of the importance of the organization’s existence	<ul style="list-style-type: none">– Reservations expressed by the stakeholders about the usefulness of the organization– No assessment, little reflection– Uncertainty about the political environment, difficulty in projecting into the future– Limited cooperation due to the financial dependence of non-governmental partners on the city

IV. GOVERNANCE OF A PUBLIC–SOCIAL ECONOMY PARTNESRSHIP

A logic of food justice

The innovative governance of CLAD allows co-produced actions between public and social economy stakeholders in a perspective of food justice, which considers food beyond its attribute as a market commodity. A vision of food as a public good and as a commons are both reflected in the governance structure. The public officials have a strategy of benefiting the public good by targeting actions in priority neighbourhoods of the city to ensure access to quality food for all. The non-governmental organizations promote mutual aid and food independence, using their expertise to carry out actions to raise awareness and help citizens take more control of their food in a collective approach (communal cooking, composting, sharing recipes, etc.).

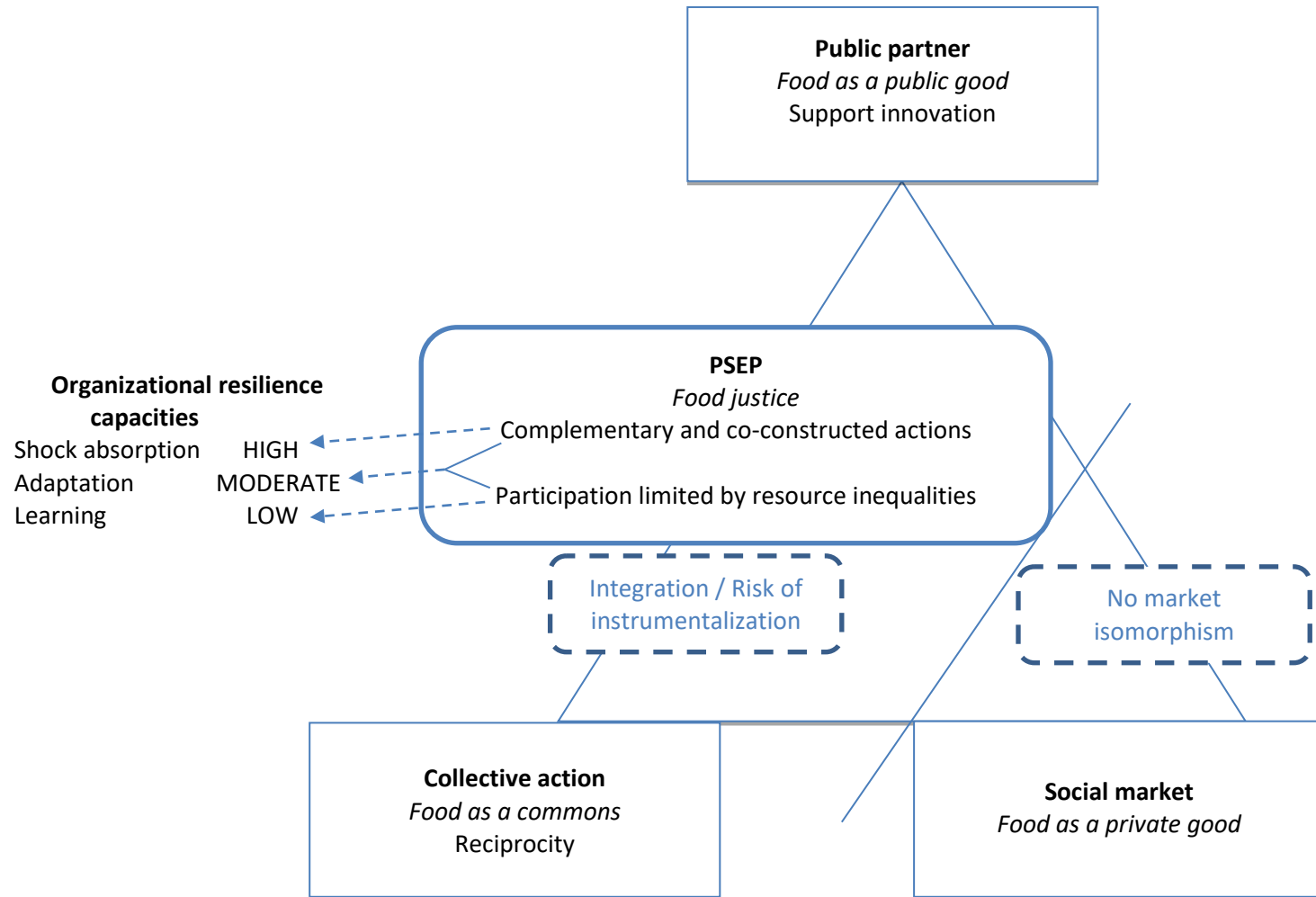
The actions of the partnership reflect a three-dimensional approach to food justice (Hochedez, Le Gall, 2016), both in its public policy advocacy and in the FAM events. CLAD plays a political role in the emancipatory project of making healthy food accessible to all: giving consumers access to quality products close to where they live; promoting sustainable and ecological food and supporting its producers; and finally, educating citizens about food issues in order to reduce inequality.

In this way, CLAD is an illustrative example of the capacity of public and social economy stakeholders to co-construct projects in a shared strategy of food justice. Its relatively informal, community-based structure, quite rare in a public-authority led project, is an innovative approach that shows promise. In this specific case, as food is not considered as a profit-making commodity, the choice to exclude private sector, for-profit stakeholders was explicit, consistent with the aim of social transformation. While this deprives the PSEP of an additional capacity for action and distribution that could be part of a social, non-profit maximizing strategy, it limits the constraints of isomorphism.

Resilience of the PSEP

A transformational partnership, according to Austin and Seitanidi (2012), corresponds to cooperation in the strict sense, i.e. a collective action towards a common goal. It is marked by the co-creation of a change at the societal level. In the case of CLAD, the partners do share a common goal (food justice) and co-create actions to achieve this. This seems to make the partnership transformational, although the predominance of the public stakeholder could limit its scope. Although the shared aim of food justice cements the partnership, various factors limit the capacity of co-construction: lack of organizational memory, lack of reflection that would enable learning, weak co-operation dynamics, and issues of access to resources. There is a risk of reducing the partnership to exchanges of resources and skills (financing versus project management), more along the lines of a transactional partnership.

Figure 2: Resilience of CLAD as a PSEP



However, the interactions within CLAD remain marked by power relationships and the financial dependence of the non-governmental organizations on the public authorities. There is a certain caution on the part of the stakeholders, visible in the fairly formal, consensual exchanges, and even a passivity with regard to allowing the city to steer the partnership. This reveals the challenges of partnerships led by public authorities to achieve more cooperative governance led by civil society stakeholders. This limits the organization's capacity for resilience, alongside other challenges summarized below (Table 5).

Table 5: PSEP resilience

Resilience	Strengths	Weaknesses
Shock absorption Immediately available or enlistable resources Leadership continuity	Complementarity of stakeholders Improvisation	Inequality of resources
Adaptation Diversification of activities Imagining new solutions	Complementarity of stakeholders Improvisation	Objectives need to clarified Lack of organizational memory
Learning Learning lessons from the situation Self-reflection and discussion to emerge stronger	Wisdom Strong cognitive legitimacy	Insufficient reflection Insufficient horizontal governance

While the agri-food sphere (Bonneyoy and Brand, 2014) exists as a political space in Lyon, it requires further investment. In this ecosystem, Le Bol is a more representative example of a strategy of cooperation: it is a long-term project based on a collective approach and has inclusive shared round-table governance and relationship charters. This shows that there are different spheres of action and possible partnerships in the area of food systems.

While CLAD is a real example of a co-construction approach, it is also marked by a certain tension between public authorities and social economy stakeholders (Frémeaux, 2011). The integration of social economy initiatives into public policy left some stakeholders with the feeling that these were being 'instrumentalized' to legitimize politicians. The risk of institutionalization of the social economy within

a political body is however limited in this case, as CLAD is informal, which makes it an unusual configuration and different from most PSEPs. This is likely to protect the autonomy of the stakeholders, but the consequence is a governance strongly marked by issues of access to resources.

CONCLUSION

This study focused on the resilience capacity of a local food council. Based on an innovative public–social economy partnership, the organization showed varying resilience, with a good capacity to absorb shocks thanks to the complementarity between public and civil society groups and effective leadership. However, its capacity for adaptation and learning were mixed, in part due to the political environment.

As the results pertain to a specific case study, it would be valuable to confirm them on a broader scale. Another limitation of the study is that it did not analyse the effect of the PSEP on the resilience of the local food system, which is one of the aims of food councils. This was not the focus of this study, but would be a useful extension. Overall, this analysis indicates some ways that PSEPs might improve their organizational resilience and in turn strengthen their collective action in favour of a social transformation project.

References

- ALI, M., KAN, K.A.S. and SARSTEDT, M. (2016), Direct and configurational paths of absorptive capacity and organizational innovation to successful organizational performance, *Journal of Business Research*, no. 69, p. 5317–5323.
- AUSTIN, J.E. (2000), Strategic Collaboration Between Nonprofits and Businesses, *Nonprofit and Voluntary Sector Quarterly*, vol. 29, no. 1, p. 69–97.
- AUSTIN, J.E. and SEITANIDI, M.M. (2012), Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part I. Value Creation Spectrum and Collaboration Stages, *Nonprofit and Voluntary Sector Quarterly*, vol. 41, no. 5, p. 726–58.
- BÉGIN, L. and CHABAUD, D. (2010), La résilience des organisations. Le cas d'une entreprise familiale, *Revue française de gestion*, no. 200, p. 127–142.
- BILLION, C. (2017), La gouvernance alimentaire territoriale au prisme de l'analyse de trois démarches en France, *Géocarrefour* [En ligne], 91/4.
- BILLION, C., BARITAUX, V., LARDON, S., LOUDIYI, S. (2016), Les acteurs de la distribution. Quel rôle dans la gouvernance alimentaire territoriale? In MUNDLER P., ROUCHIER J. (coord.), *Alimentation et proximités. Jeux d'acteurs et territoires*, Dijon, Educagri Editions, p. 345–363.

- BONNEFOY, S. and BRAND, C. (2014), « Régulation politique et territorialisation du fait alimentaire : de l'agriculture à l'agri-alimentaire », *Géocarrefour*, vol. 89, no 1-2, p. 95-103.
- BOURÉ, M. (2017), Réappropriation des systèmes alimentaires par les citoyens : une logique de Communs urbains, *Netcom* [En ligne], 31-1/2.
- BOUTIBA, R. and KAMMOUN, M. (2015), Malgré l'effondrement du sens dans les organisations, échapper à l'emprise comportementale grâce à la résilience. Quelles sources de résilience? *Revue Internationale de Psychosociologie et de Gestion des Comportements Organisationnels (RIPCO)*, vol. XXI, no. 52, p. 235–254.
- CAMISÓN, C., & VILLAR-LÓPEZ, A. (2014), Organizational innovation as an enabler of technological innovation capabilities and firm performance, *Journal of Business Research*, vol. 67, no. 1, p. 2891–2902.
- CAPT, D., LEPICIER, D., LESEIGNEUR, A. (2014), Le rôle des territoires de projets infra-régionaux sur l'agriculture et l'alimentation. Le cas du développement des circuits de proximité, *Géocarrefour*, vol. 89, n° 1-2, p. 105-113.
- CIRIEC and BANCE, P. (dir.) (2018), Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action, Liège: CIRIEC, CIRIEC Studies Series; 1.
- CHRISTIANSON, M.K., FARKAS, M.T., SUTCLIFFE, K.M., and WEICK, K.E. (2009), Learning through rare events: significant interruptions at the Baltimore & Ohio Railroad Museum, *Organization Science*, vol. 20, no. 5, p. 846–860.
- CLARKSON, M.B.E. (1995), A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance, *Academy of Management Review*, vol. 20, no. 1, p. 92–117.
- COHEN, W.M., & LEVINTHAL, D.A. (1990), Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35: 128-152.
- DAUPHINÉ, A. and PROVITOLO, D. (2007), La résilience : un concept pour la gestion des risques, *Annales de géographie*, vol. 654, no. 2, p. 115–125.
- DEMOUSTIER, D. (2010), Économie sociale et solidaire et régulation territoriale: Étude sur quatre zones d'emploi en Rhône-Alpes, *Géographie, économie, société*, vol. 1, no. 1, p. 89-109.
- DE SCHUTTER, O., MATTEI, U., VIVERO-POL, J.L. and FERRANDO, T. (2019), Food as commons. Towards a new relationship between the public, the civic and the private, in *Routledge Handbook of Food as a Commons*, Routledge: London and New York.
- Di MAGGIO, P.J., and POWELL, W.W. (1983), The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields, *American Sociological Review*, vol. 48, no. 2, p. 147–60.
- ENJOLRAS, B. (2005), Economie sociale et solidaire et régimes de gouvernance, *RECMA – Revue internationale de l'économie sociale*, no. 296.
- FRÉMEAUX, P. (2011), La nouvelle alternative: enquête sur l'économie sociale et solidaire. Paris: Petits matins: Alternatives économiques, 2011.
- GAZLEY, B. and BRUDNEY, J.L. (2007), The Purpose (and Perils) of Government-Nonprofit Partnership, *Nonprofit and Voluntary Sector Quarterly*, Vol. 36, no. 3, p. 389–415.

- GOTTLIEB, R. and JOSHI, A. (2010), *Food justice*, Cambridge, MA: MIT Press.
- HAMEL, G. and VALIKANGAS, L. (2003), The quest for resilience, *Harvard Business Review*, vol. 81, no. 9, p. 52–63.
- HOCHEDÉZ, C. and LE GALL, J. (2016), Justice alimentaire et agriculture, *justice spatiale | spatial justice*, n° 9.
- JUFFÉ, M. (2013), La résilience: de quoi, à quoi et pour quoi? *Annales des Mines - Responsabilité et environnement*, vol. 72, no. 4, p. 7–11.
- KONINCKX, G. and TENEAU, G. (2010), *Résilience organisationnelle. Rebondir face aux turbulences*, De Boeck Supérieur, p. 20–59.
- KRAATZ, M.S. (2009), Leadership as institutional work: A bridge to the other side. In T. Lawrence, R. Suddaby, & B. Leca (Eds.), *Institutional work: Actors and agency in institutional studies of organizations* (pp. 59–91), Cambridge: Cambridge University Press.
- LANCIANO, E., LAPOUTTE, A., SALEILLES, S. (2019), What business models for food justice, *Systèmes Alimentaires*, no. 4, p. 159–183.
- LANG, T., BARLING, D. and CARAHER, M. (2009), *Food Policy: Integrating Health, Environment and Society*, Oxford: Oxford University Press.
- LELOUP, F., MOYART, L. and PECQUEUR, B. (2005), La gouvernance territoriale comme nouveau mode de coordination territoriale? *Géographie, économie, société*, vol. 7, no. 4, p. 321–332.
- LENGNICK-HALL, C. and BECK, T.E. (2005), Adaptive fit versus robust transformation: how organizations respond to environmental change, *Journal of Management*, vol. 31, no. 5, p. 738–757.
- MARTY, F., TROSA, S., VOISIN, A., *Les partenariats public-privé*, Collection Repères, La Découverte, 2006.
- MARSDEN, T. (2013), From post-productionism to reflexive governance: Contested transitions in securing more sustainable food futures, *Journal of Rural Studies*, vol. 29, p. 123–134.
- MICHEL, S. (2015), Les mécanismes à l'origine de la reconstruction de la légitimité. Le cas d'un grossiste en fruits et légumes, *Revue française de gestion*, vol. 3, no. 248, p. 171–185.
- MILES, M.B. and HUBERMAN, M.A. (2003), *Analyse des données qualitatives*, De Boeck.
- MORGAN, K. (2015), Nourishing the city: The rise of the urban food question in the Global North, *Urban Studies*, vol. 52, no. 8, p. 1379–1394.
- PERRIN, C. and SOULARD, C. (2014), Vers une gouvernance alimentaire locale reliant ville et agriculture. Le cas de Perpignan, *Géocarrefour*, vol. 89, no. 1-2, p. 125–134.
- REY-VALETTE, H., PINTO, M., MAUREL, P., CHIA, E., GUIHÉNEUF, P.-Y., MICHEL, L., NOUGARÈDES, B., SOULARD, C., JARRIGE, F., GUILLEMOT, S., CUNNAC, M., MATHÉ S., BARBE, E., OLLAGNON, M., DELORME, G., PROUHÈZE, N., LAURENT, A., SUITA, L.A., BERTRAND, J., DIEUDONNÉ, C., MORVAN, R., CHAMPRIGAUD, A. (2011), Guide pour la mise en œuvre de la gouvernance en appui au développement durable des territoires, © Cemagref, CNRS, Geyser, Inra, Supagro, Université Montpellier 1. Diffusion INRA-Montpellier, 155 pages.

- STEEL, C. (2008, 2016), *Ville affamée. Comment l'alimentation façonne nos vies ?* Rue de l'Échiquier, 2016, Traduction de *Hungry City : How Food Shapes our Lives* (Chatto & Windus, 2008) par Marianne Bouvier.
- SUCHMAN, M.C. (1995), Managing legitimacy: Strategic and institutional approaches, *Academy of Management Review*, vol. 20, no. 3, p. 571–610.
- SUSSMAN, L. and BASSARAB, K. (2016), *Food Policy Council Report 2016*, Johns Hopkins Center for a Livable Future, Food Policy Networks.
- VAILLANCOURT, Y. (2009), Social Economy in the Co-construction of Public Policy, *Annals of Public and Cooperative Economics*, vol. 80, no. 2, p. 275–313.
- VIVERO POL, J.L. (2017), *How Do People Value Food? Systematic, Heuristic and Normative Approaches to Narratives of Transition in Food Systems*. PhD Thesis. October 2017. Faculty of Bioengineers. Université Catholique de Louvain, Belgium.
- WEICK, K.E. (1993), "The collapse of sensemaking in organizations: the Mann Gulch Disaster", *Administrative Science Quarterly*, vol. 38, p. 628-652.
- WEICK, K. and SUTCLIFFE, K. (2007), *Managing the Unexpected, Resilient Performance in an Age of Uncertainty*, Jossey-Bass.
- WEICK, K.E., SUTCLIFFE, K.M. (2007), *Managing the Unexpected. Resilient performance in an age of uncertainty*, 2nd edition, John Wiley & Sons, Inc., Hoboken, NJ.
- YIN, R.K. (2014), *Case Study Research*, 5th ed., Sage, Thousand Oaks, CA.

Big Business in the Social Commons: The Example of the Carrefour Vărăști Agricultural Cooperative in Romania* / Chapter 4

Gheorghe CIASCAI** and Hervé DEFALVARD***

Abstract

If the commons were the subject of a revival with an explosion of their studies especially after the Nobel Prize in Economics awarded to Elinor Ostrom in 2009, few of them approached them from the point of view of big business. The reason for this absence is undoubtedly due to the fact that many commons develop against big business, as an alternative model. However, with the new age of the commons, which sees them extend to all the dimensions of social life, this paradoxical encounter begins to take place. The first part of this paper deals with it from a theoretical point of view starting from the model of the social commons. The latter makes it possible to highlight two specificities of the social commons related to the big enterprise: their polycentrism, on the one hand, and their translocalism, on the other hand. The second part deals with a special case of social commons with a large company: the Carrefour cooperative in Varast, Romania. Its study first shows that this case responds well to the characteristics of any common social. It then indicates the specificities of such a social common in which the intervention of the large enterprise confers on the common a translocal structure. Finally, it concludes on the ambiguity of the encounter between the commons and the big company: between potential recovery of the commons by the logic of profit for the shareholder or, on the contrary, evolution of the large company towards a new logic of value in the territories.

Keywords: Cooperative, Food short circuits, Social commons, Translocalism

JEL-Codes: P13, P32, Q13

* The authors thank the reviewers for comments, as they have helped to improve the paper by highlighting some very useful points.

** Associate Professor, Faculty of Communication Sciences, “Dimitrie Cantemir” Christian University of Bucharest (Romania) (gheorghe.ciascai@ucdc.ro).

*** Lecturer in Economics, member of the Erudite Economics Laboratory and Head of the Social and Solidarity Economy Chair at Gustave Eiffel University (France) (herve.defalvard@univ-eiffel.fr).

Introduction

Our work is part of the vast stream of research on the commons which has been boosted in France since 2009 when the Nobel Prize in economics was awarded to Elinor Ostrom for her work on this topic¹. Recent collective publications include *The Dictionary of Common Goods* (2017), *Towards a Republic of Commons* (2018) and *The Alternative of the Commons* (2019). More specifically, our research contributes to work addressing the commons from the perspective of the social and solidarity economy. This term, that emerged in France at the beginning of the 21st century, designates social realities that include players historically involved in the non-profit economy (associations, mutuals, cooperatives, foundations), but goes beyond this definition in two significant ways. Indeed, since the law on the social and solidarity economy of July 2014, its definition is extended to companies that would not normally be covered by these statutes in the past, companies that pursue a social goal in addition to profit, that have democratic or participatory governance and that limit their profitability. This law has broadened the definition of SSE beyond a particular way of doing business to associate it with a mode of economic development. This expansion is of interest to us in that it opens up the possibility of another type of economy based on the local development of territories in a way that is both sustainable and inclusive. In order to provide a theoretical perspective to this definition associating the social and solidarity economy with a mode of local, inclusive and sustainable development, we have developed the model of the social commons (Defalvard, 2017).

In this study, we explore a dimension often ignored in the commons, that of big business. The commons, in line with the viewpoint of Ostrom (1990), is presented as a different mode of allocation of resources from that of the market or of the state. Independent of the market and the state, the commons implies self-governance of a community that ensures sustainability of resources for its members through a system of rules and rights. Big business generally does not intervene here even though it is a key player in global markets and is often linked to the state through public contracts, such as in the water sector with the involvement of Suez and Véolia. To go further, the commons are often considered to be an alternative to global markets and to state control (cf. Rendueles, Subirats, 2019). By examining an example of the commons in which big business plays an essential role, our research highlights a kind of paradox for the commons.

After outlining the model of the social commons in the first part, we will discuss an example of a social commons in which a large company, Carrefour, plays a structuring

¹ The Nobel Prize in Economics, created in 1969, is funded by Bank of Sweden and is awarded in memory of Alfred Nobel. Elinor Ostrom, who did her thesis in political science after her subject was refused in economics (Fontaine, 2019), is the first female laureate.

role, in the second part. We will show what makes the Carrefour Vărăști agricultural cooperative in Romania a commons for the food resource and examine the role played by this large company. Finally, in the third part, we will explain the particular characteristic that participation by a large company confers on a social commons. This characteristic refers to the translocalism of the territorial commons. Thus, via the large Carrefour company, the Vărăști community of actors involved in the cooperative, is connected at extra-local scales, not only to consumers in Carrefour stores in Bucharest as well as in other parts of Romania, but through the multinational dimension of the CSR of Carrefour, to a global arena. This is the paradox of the role of big business in a commons which we will discuss in our conclusions.

1. Social Commons and Big Business

Based on the hypothesis that there are some similarities between the realities of the social and solidarity economy and the commons, we propose to develop a model of social commons to explore the relevance of these parallels.

1.1. The Model of Social Commons

Following the Ostrom tradition, it has become customary to define the commons as the combination of three criteria. In this way, a commons is 1) the pooling or joint production of a resource 2) managed by a system of rules and rights in which the right of use of or access to the resource by members of the common is fundamental or priority 3) and self-governed by a community which defines its own methods of control and conflict management. This definition makes it possible to give the commons a basic structure, which avoids allowing it to fall into a catch-all category while also distinguishing it from the concept of the common good. This basic structure does not prevent the realities that are relevant to each commons from being unique to them.

The model of the social commons adds other features borrowed from the theory of justice of Amartya Sen (2010) to this basic structure. The first added feature is that these resources are linked to a universal right of access. Thus, the resources of the social commons come close to the definition of social commons that we find in the Italian tradition of *beni comuni* which describes the basic goods necessary to lead a good life (Barsani, 2011). Education, health, culture, housing, sustainable energy, food, employment and mobility are all resources to which the social commons attach a universal right of access.

The second characteristic is that the social commons transforms this universal right into a real, concrete right through a democratic conversion. The way in which people collectively construct the possibility of using the resource requires a voice from each and every member of the commons. It is obvious then that all commons that respect

the first three criteria are not necessarily social commons, either because they do not uphold universality of rights, in particular with regard to the right to use a certain resource, or because they are not based on local democratic governance which is the only way the universal right of use can be democratically transformed into a concrete right. This last point calls for a new institutional construction of law (Gutwirth, 2018) of which municipalism is a prime example (Rendueles and Subirats, 2019).

Some of the realities of the social and solidarity economy are more or less similar to our normative model of social commons (Defalvard, 2020). While the social commons is most frequently a set of realities backed by a local community based on mutual knowledge, this is not the sole expression possible. This is the case when the resource at stake is knowledge, as in the example of Wikipedia. In this example, the Wikipedia France association, by organising a virtual community of contributors who make knowledge universally available, is present in the global village. For some of them, digital commons have the other particularity of involving large companies in their operations: thus the Linux kernel is a code written by employees of large companies in the digital economy: Intel, Samsung, Google, etc. (Broca, Moreau, 2017).

1.2. What is the role of big business in the social commons?

In a previous article (Defalvard, Fontaine, 2018), we addressed the question of the role of local authorities in the social commons by considering *Pôles Territoriaux de Coopération Economique* (Territorial Poles for Economic Cooperation) (PTCE). These were established by the SSE law of July 2014 as partnerships between actors in the social and solidarity economy, traditional businesses and other actors in the territory in order to develop shared strategies for local and sustainable development. As part of a new model of local development, the PTCE naturally include local authorities among their members. From this point of view, cooperative societies serving the collective interest allow local authorities to be stakeholders in the capital and governance of the cooperative and provide a sound legal vehicle for this alliance between local authorities and the social and solidarity economy for sustainable and united development of the territories (Draperi and Margado, 2016). But what about the role of large companies in the social commons?

We must begin by pointing out that the social commons and big business often find themselves in opposition. Thus, in two examples of a social commons, the platform of associations for short-supply-chain agricultural exchange in the Hautes-Alpes² and the solidarity wind farm in Béganne in Brittany³, they emerged in opposition to big business. In the case of the first, it was a defence against the multinational Nestlé which buys milk at 29 euro cents per litre, thereby preventing farmers from making

² "Echanges Paysans Hautes-Alpes" is an association created in 2014 that foreshadows a cooperative society of collective interest: <https://www.echanges-paysans.fr/>

³ "Energies citoyennes en Pays de Vilaine" is an association created in 2003: <https://www.enr-citoyennes.fr/>

a living from their activity. In the second case, it was against the public company, EDF and its monopoly on nuclear energy.

In the Ostrom's model of the commons, the notion of the polycentric institution is a first approach to exploring the possibility for large companies to participate in a commons. In her lecture given at the presentation of her Nobel Prize and subsequently revised, Ostrom (2011) emphasises the aspect of a complex system covered by the commons. Criticising the unifying ideological models of both the market and the state, analysis of the commons should, according to her, lead us to "ask ourselves how polycentric institutions can encourage or discourage innovation, learning, adaptation, reliability, the level of cooperation of participants, and the achievement of more effective, equitable and sustainable results at multiple scales." (p. 59-60). The participation of big business in a commons complicates its architecture because it adds a decision-making centre which is itself caught up in a complex system and opens it up to very large scales. This complexity, as Ostrom notes, comes from the different scales at which a common can be connected through embedded commons.

Another way of examining the role of big business in the social commons is through analysis of the translocalism of the latter. This translocalism is a characteristic of the social commons that is the linking up of the local solidarity networks that they have built around access to a resource at extra-local scales of solidarity, up to and including global scales. This translocal structure of social commons is now supported by digital, ecological and democratic vectors (Defalvard, 2020). By virtue of its multi-scale structure, big business, when participating in a social commons, is likely to instigate a movement towards a translocal structure. For us, this is a way of tackling the paradox arising from the conjunction of social commons with big business while considering its capabilities and potential, as we are going to do in this case study of the Carrefour multinational.

2. A social commons in the Carrefour Vărăști cooperative in Romania

Our example transports us to the social context of Romania marked by a renewal of the social economy around social entrepreneurship. This renewal was also reflected in a law on the social economy adopted in July 2015 after much debate (Dragan, 2016). But this regeneration occurs against the backdrop of the rejection of certain forms of the social and solidarity economy and, in particular, of agricultural cooperatives which, today, are still tainted by the memory of the cooperatives imposed by force by the communist regime through the double phenomenon of expropriation and collectivisation. Most of the Romanian agricultural cooperatives did not survive the shock of post-communism in the face of the resentment of farmers who wanted to recover the losses they had suffered during collectivisation. This is why the recent creation of the Carrefour Vărăști agricultural cooperative is an unusual phenomenon for two reasons: firstly, because it brings into the present day a past reality that is still roundly disparaged, and secondly, because it connects small producers from

Vărăști to Carrefour Romania, one of the subsidiaries of the sprawling French multinational. Our objective in this second part is to show how this improbable association caused a social commons around the food resource in the territory of Vărăști to emerge.

We should first indicate that there is keen interest in Romania in the stream of research that is the commons. Ostrom's seminal book (1990) was translated into Romanian in 2007, two years before she received the Nobel Prize. Since then, the commons and Ostrom's ideas on the subject have become areas of interest in various human and social sciences in Romania thanks to the efforts of Professor Dragos Paul Aligica of the University of Bucharest, a former doctoral student of Elinor Ostrom at Bloomington University in Indiana, as well as the work of the Centre for Analysis and Institutional Development in Bucharest, whose Advisory Board counted Elinor Ostrom as a member.

We start by describing the Carrefour Vărăști agricultural cooperative and then proceed to offer an analysis from the perspective of the social commons.

2.1. The Carrefour Vărăști agricultural cooperative

The Carrefour Vărăști cooperative was created in 2017 by an association of five members contributing to its capital, four farmers from the village of Vărăști (6,081 inhabitants according to the 2011 census), located south of Bucharest in the Danube plain, and Carrefour Romania, the Romanian subsidiary of the Carrefour group. It was formed under the Romanian laws on cooperatives, Law 566/2004 on agricultural cooperatives, later supplemented by Law 164/2016. An initial presentation of the interests of its two stakeholders who came together in a David-and-Goliath type association to create this agricultural cooperative is of interest.

For the four small farmer members of Vărăști, there were several reasons for forming the cooperative, as indicated by one of them during interviews conducted at the cooperative. They mention first of all the difficulties encountered by the local producers of Vărăști with their traditional outlets, that is to say the wholesale market and the agricultural markets of Bucharest. For the second of these two, the difficulties come from the low volume of demand and the resulting variations. For the wholesale market, the problems are of a different nature because they call into question the behaviour of the former intermediary between Carrefour and local farmers, mainly concerning delayed payment for vegetables delivered and, sometimes, non-payment. Here, we find one of the three characteristics of cooperatives put forward by Charles Gide which he called economic emancipation, and which involves the elimination of intermediaries. In contrast, the advantage of the Carrefour Vărăști cooperative, at least as it has been designed, is that it gives local producers steady demand and stable income.

For Carrefour Romania, the interest of the Vărăști cooperative, as expressed by senior Carrefour officials on their website, is that it permits "a more equitable approach between these small producers and Carrefour". Here, we find an argument based on corporate social responsibility (CSR) imbued with a fair trade character. The general manager, Jean-Baptiste Dernoncourt, also mentioned the good reputation and tradition of the farmers of Vărăști who were already providing a steady supply of vegetables to Carrefour stores in Romania. He also added that this local cooperation supports the supply of local fresh products and avoids the need for imports. Finally, this senior manager of Carrefour in Romania also referred to a suitable model for the development of small agricultural businesses in Romania, based on existing models in France and Spain (S-a lansat cooperativa, 2017).

After presenting the reasons behind its inception, we explain how the cooperative of Vărăști works in practice. Fresh vegetables are brought every day to a warehouse in Vărăști, which is collectively owned by the cooperative, by 80 small farmers from the territory, including the four member owners, before leaving every morning in two or three trucks to be delivered to the Carrefour central warehouse and then to the Carrefour hypermarkets in Bucharest and the rest of the country (Carrefour Romania, 2017). The cooperative operates most of the year except for a scheduled break in February due to the low temperatures that preclude growing in unheated greenhouses. The two winters of 2018 and 2019 were mild enough that this planned closure did not have to take place. Carrefour initially forecast that 5,000 metric tons of fresh vegetables per year would be received and distributed. In the first year, 2017, the cooperative had an activity of 3,300 metric tons with a taxable turnover of 3 million euros⁴. This has doubled for the year 2018, reaching 6.5 million euros according to information given by one of the farmer members interviewed, in excess of initial forecasts⁵.

2.2. Emergence of a territorial social commons

To what extent is the Carrefour Vărăști agricultural cooperative at the heart of a social commons around the food resource?

First, it checks the primary criterion of a commons through the pooled use of the warehouse for the distribution of fresh vegetables within the agricultural cooperative. Upstream of the process, before using this shared resource, as Dorel Buturuga (Gimbășanu, 2017), one of the four member owners, explained in an interview, responsibility for production, financing, land, technology, seeds, equipment, irrigation, labour, etc., falls to the small farmers who are individual owners of their own land. The warehouse is shared through a system of distributed rights which leads us to the second criterion. One point that needs to be highlighted is that the land on which

⁴ Interview by G. Ciascai in 2018 with the farmers of Vărăști and with the administrators of the Carrefour Vărăști agricultural cooperative.

⁵ Interview by G. Ciascai in 2019 with the administrators of the cooperative.

the warehouse was built was provided by one of the four member farmers and the investment required to build the 300 m² building, which we estimate to have cost 100,000 euros was made by Carrefour.

The Carrefour Vărăști agricultural cooperative is at the centre of a system of distributed rights and duties based on the sharing of the warehouse. The five members have a right of collective ownership, management and transfer of the warehouse, while the four member owners and the 80 small Vărăști farmers who are not members have a right of access to the warehouse to transport and sell their produce. This right of access is recorded in a system of rules and duties that make these small farmers commoners. The latter have the right of access to the Carrefour Vărăști warehouse to allow them to sell their fresh vegetables according to a prior agreement (flexible, non-legal) with the cooperative. This agreement governs the quality of the fresh produce grown using traditional techniques without excessive quantities of chemical fertilisers and with an accepted level of pesticide. It also covers the quantity and type of vegetables to be supplied, which are systematically listed every two months including the following: onions, garlic, salad, courgettes, celery, dill, parsley, lovage, tomatoes, spinach, beans, aubergines, cauliflower, cabbage and radish. Agreement on quality and quantities is reached annually. Finally, under these conditions, farmers are remunerated at a price per quantity which is established weekly.

These first two criteria define a territorial commons made up of two circles, one comprising the five members of the cooperative and one with the 80 producers who grow vegetables on their 60 ha of land, including 15 ha of greenhouses, held as private property (Gimbășanu, 2017). This second circle was subsequently extended to 120 producers with over 100 ha in 2019⁶ (Ciascai, 2019).

The third criterion is that of self-governance of the commons in line with Ostrom's thinking, where neither the market nor the state sets the rules. This self-governance is carried out within the cooperative by its five members who have proposed and defined the rules. Quality control and compliance with ecological criteria are ensured by the three directors of the cooperative (two member farmers and a representative from Carrefour).

Even more than a commons in Vărăști, the ecosystem generated by the cooperative makes up a food social commons. With the universal demand for healthy food, the commons is expanding into new territory, that of consumers who shop in the Carrefour stores established in Romania. The point here is to build a territorial food system that promotes the virtues of healthy eating. We are beginning to discover a complex institution in which Carrefour plays a decisive role.

What about its democratic values? We have seen that in the basic structure of a social commons, these are manifested in the fact that it gives a voice to all members.

⁶ Idem.

Initially, this right is reserved for the five members who are the sole decision-makers. This creates a situation of undemocratic self-governance, where the undemocratic character needs to be tempered, on the one hand, because the agreement with the 80 farmers was a subject of discussion and on the other hand, because the nature of the Carrefour Vărăști cooperative shows a will to be open at two levels: to open up the membership to five additional small farmers and to open up to suppliers from other neighbouring villages⁷. (Ciascai, 2018).

3. A polycentric and translocal commons via the large Carrefour company

In this third part, we examine the role of the large Carrefour company in this territorial commons which closely resembles a social common. We do this from two different angles, taking Ostrom's view of the polycentric institution and from the perspective of the translocalism of the commons. We then consider the paradox raised by the position and role of big business in a territorial social commons by addressing the criticisms levelled at it.

3.1. The polycentric institution of the Vărăști commons

In order to consider the polycentrism in the Romanian subsidiary of Carrefour in the Vărăști commons, it is necessary to introduce a previously overlooked actor, the public authority. In this scenario, this actor takes two forms, the Romanian state and the municipality of Vărăști.

For the Romanian state, the 150/2016 law on the short-supply chain of local agricultural products played a decisive role in the emergence of the Carrefour Vărăști agricultural cooperative, as the manager of fruit and vegetable procurement for Carrefour Romania, Silviu Diaconu, recognised at the inauguration ("Premieră mondială la Carrefour", 2017). He implicitly acknowledged that the Carrefour Vărăști cooperative enabled Carrefour to be in compliance with this law. The law, it should be noted, was passed in response to a movement of unrest among Romanian agricultural producers whose access to the mass distribution network was restricted. Although the basis of the commons is indeed self-government by a community who establishes its own set of rules, this does not rule out the state having a role as long as it becomes a public partner (Bauwens, 2015). This is an essential issue for the commons given their ambition of offering an alternative way of linking up with institutions and with the State (Rendueles and Subirats, 2019).

In the polycentric Vărăști commons, the position of the Vărăști municipality is different from that of the state. While at the start, it showed a certain reticence, visible

⁷ Interview by G. Ciascai in 2018 of Vărăști farmers and with administrators of the Carrefour Vărăști agricultural cooperative.

in delays in providing the necessary authorisations for the establishment of the Carrefour warehouse in the town, it quickly became an active participant, convinced of the merits of the Carrefour Vărăști cooperative. The mayor of the town gave at least two reasons for this conversion during an interview. The first reason is an economic one linked to the added value brought to the territory by the increased and secure gains made by the Vărăști producers. It is important to underline that, according to him, tax revenues of the municipality have increased not only because the tax base is larger but also because the local producers exhibit more civic behaviour towards taxes⁸. The second reason is linked to an effect on territorial well-being, largely due to the intervention of Carrefour Romania in the region. As we have already mentioned, Carrefour's involvement in the agricultural cooperative of Vărăști is linked to its commitment to the well-being of the local community, driven in part by its CSR policy. This involvement has had an economic benefit by providing farmers with small equipment, but it also gave them the expertise to meet the requirements of the fresh produce supply chain in terms of both delivery times and the environment. There is a high level of satisfaction with the cooperative among the small producers, as twelve of them told us in an anonymous questionnaire. The second reason concerns Carrefour's social involvement in the well-being of the locality, in particular, through a philanthropic health initiative which enabled a few hundred women to benefit from a preventive breast cancer check-up conducted by a mobile medical practice funded by Carrefour (CSRMedia, 2017). The mayor of Vărăști also mentioned that another favourable development is the fact that farmers have seen an increase in their free time, allowing them to spend more time with their children.

3.2. Translocalism in the commons through big business

However, this polycentric institution in which Carrefour plays a role not only has summits that link Carrefour to the public actors, it also occurs within Carrefour's CSR space of Carrefour which is, first of all, a media space at the national level in Romania but, also and above all, at the global level of the multinational group. Symbolically, the Carrefour group's 2018 372-page annual report opens with a photo of two farmers from Vărăști surrounded by beautiful vegetables. The communication and marketing activities of Carrefour Romania were very intense for the first two years, due in large part to the former director of communication and marketing, Andreea Mihai, who was very involved in the promotion of the cooperative and in CSR activities. After his departure, Carrefour launched, in the second part of 2018, a program called "Act for food –actiuni concrete pentru ca tu sa mananci mai bine / concrete actions to eat better", in which the Carrefour Vărăști cooperative was actively involved (Puiu, 2018).

⁸ Interview by G. Ciascai in 2018 with the mayor of Vărăști.

This is a translocalism of the commons where the local commons is linked to extra-local levels via the media space in which the CSR of a large multinational group operates. It is here that we find the paradox of the involvement of big business in a local social commons. Does this represent for Carrefour, via the ecological vector, a way of making a transition in our mode of economic development by participating in a new economic model based on the commons? Or is it simply a matter of capturing the value of the commons for the sole benefit of its shareholders and senior management in an adaptation particular to capitalism (Tsing, 2017).

Finally, we add that this translocalism of the commons via big business is not limited to the area of media communication, but also depends on the development of new relationships between economic actors by contagion (links with other companies) and by spin-off (from within the same company). Concerning the contagion effect, Carrefour may not be the starting point and it is worth mentioning the partnership of the German supermarket company Kaufland with the Cooperative Tara Mea / Mon pays, of the department of Vaslui for the supply of meat, vegetables, eggs and dairy products (Rotaru, 2018). This same type of agreement is found between the large distributor, Mega Image, a member of the Belgian group Delhaize, and the agricultural cooperative Legume de Vidra near Bucharest (Institutului de Economie Socială, 2015).

3.3. The role of Carrefour in the Vărăști commons: criticisms

The role of Carrefour in the social and translocal Vărăști commons has been a source of scepticism and criticism expressed during the various conferences held to present our work. It seemed to us that these doubts and critical observations were preconceived ideas that did not take into account local realities. In our opinion, questioning of the role of big business must always remain grounded in factual analysis. At this level, the main question that these facts raise concerns the logic of the value that governs this system of complex polycentric and translocal relations: Does it follow an extractive logic, meaning that value is captured for the benefit of only a few of these members, or, on the contrary, does it adhere to a generative logic of value which seeks to maintain a sustainable living environment for all its inhabitants, both human and non-human? The fact is that at the top ranks of the Carrefour group, the general meeting of June 2018 validated a proposal by the board of directors to award a remuneration package of 7.3 million euros to its CEO, Alexandre Bompard, in addition to an allocation plan of free shares worth 3,596,428 euros (redeemable in 2022 subject to performance conditions). Given its presence in the CAC 40, there is no doubt that the Carrefour group applies an extractive logic of value. Nevertheless, this logic does not negate a generative logic of the value that the creation of the Carrefour Vărăști cooperative helps to produce in its territory by improving the living environment. Only a more in-depth study can answer the question of whether the generative logic of value triggered by the Carrefour Vărăști cooperative also nourishes the extractive logic of the multinational Carrefour and, above all, only

the future of the story will tell us if Carrefour's first steps towards a generative logic of value, constrained by Romanian law, it should be noted, are followed by other initiatives likely to effect a change in the paradigm of value.

Conclusion

In our examination of the remarkable project of the Carrefour Vărăști cooperative, which reinvigorates the image of the agricultural cooperative in Romania by associating small farmers in this territory with the Carrefour multinational, we discovered the emergence of a social commons in which big business plays a preponderant role.

First of all, the Carrefour company in Romania is a member of the Carrefour Vărăști cooperative in which it is associated with four small local farmers who are also members of the cooperative. As a contributor to the joint capital of the cooperative and a co-owner of its premises, it is a stakeholder in the first circle around the shared cooperative warehouse that distributes fresh vegetables to Carrefour stores in Romania. It also participates in the second circle of this social commons, which is extended to include 120 small producers who supply the cooperative and who have a right of access to the warehouse according to an agreement which makes them commoners and, even more, includes the local community. Through its cooperation with small local producers but also through its involvement in the well-being of the local community, Carrefour is a central player in this social commons of Vărăști. Finally, through its large-scale distribution network throughout Romania and its CSR strategy, Carrefour operates a translocalism of this commons by linking it to extra-local, national and global scales. Ultimately, Carrefour, along with the other members of the Vărăști cooperative, is at the centre of a complex and polycentric institution in which the public authorities, both the Romanian state and the municipality of Vărăști, are also stakeholders.

For our part, the translocalism of the commons is the characteristic which gives the social commons the possibility of becoming the new dominant mode of development whose basic unit is the local territory as the factory was previously for communism. With this, it is no longer a question of the internationalism of the working class, but of the globalisation of the territories where working the land and global expansion are no longer mutually exclusive. Whether big business is an ally or an obstacle in this ecological, civic and democratic transition around the new paradigm of generative value, only the future will tell.

References

- ALIX, N. et al., (2018), *Vers une République des biens communs ?*, Paris, Editions Les Liens qui Libèrent.
- BARSANI, M. (2011), *Come abbiamo vinto il referendum. Dalla battaglia per l'acqua pubblica alla democrazia dei beni comuni* – Prefazione di S. Rodotà, Roma, Edizioni Alegre.
- BAUWENS, M. (2015), « Plan de transition vers les communs : une introduction », dans Coriat, B. (sous la dir. de) 2015, *Le renouveau des communs ou la crise de l'idéologie propriétaire*, Les Liens qui Libèrent, Chap. 12, p. 275-290.
- BROCA, S., MOREAU, F. (2018), « Quels business models pour pérenniser les communs numériques ? », dans Alix, N. et al., *op. cit.*, chapitre 11, p. 155-165.
- CORNU, M. et al., (2017), *Dictionnaire des biens communs*, Paris, PUF.
- DEFALVARD, H. (2017), « Des communs sociaux à la société du commun », *Recma - Revue internationale d'économie sociale*, juillet.
- DEFALVARD, H. (2020), « L'économie sociale et solidaire à l'âge du translocalisme des communs », dans Laudier, I. et Renou, L., *Prospective et co-construction des territoires au XXI^e siècle*, Hermann, p. 187-195.
- DEFALVARD, H., FONTAINE, G., (2018), « Construire les PTCE comme des communs sociaux : quelle place pour les pouvoirs publics ? », *Recma - Revue internationale d'économie sociale*, juillet, n° 349.
- DRAGAN, A. (2016), *Emergence et structuration de l'économie sociale et solidaire en Roumanie*, Thèse de Doctorat, Université d'Angers. Available at: <https://tel.archives-ouvertes.fr/tel-01482314>
- DRAPERI, J.-F. et MARGADO, A. (2016), « Les Scic, des entreprises au service des hommes et des territoires », *Recma - Revue internationale d'économie sociale*, vol. 2, n° 340, p. 23-35.
- FONTAINE, G. (PERRIN, G.) (2019), *Les communs de capacités : une analyse des Pôles Territoriaux de Coopération Economique à partir du croisement des approches d'Ostrom et de Sen*. Thèse de Doctorat en Sciences Economiques, Université Paris Est Marne la Vallée. Français. NNT : 2019PESC2060.
- GUTWIRTH, S. (2018), « Quel(s) droit(s) pour quel(s) commun(s) ? », *Revue interdisciplinaire d'études juridiques*, vol. 81, n°2, p. 83-107.
- LAVAL, C. et al., (2019), *L'alternative du Commun*, Paris, Hermann.
- OSTROM, E. (1990), *Governing the Commons*, Cambridge, Cambridge University Press.
- OSTROM, E. (2007), *Guvernarea bunurilor comune*, Iași, Polirom.

OSTROM, E. (2011), « Par-delà les marches et les Etats. La gouvernance polycentrique des systèmes économiques complexes » (trad. Eloi Laurent), *Revue de l'OFCE*, 120, p. 15-72.

RENDUELES, C., SUBIRATS, J. (2019), *La cité en communs. Des biens communs au municipalisme*, Caen, C&F Editions.

SEN, A. (2010), *L'idée de justice*, Paris, Flammarion.

TSING, A.L., (2017), *Le champignon de la fin du monde. Sur la possibilité de vivre dans les ruines du capitalisme*, Paris, La Découverte.

Internet Sources:

Anuarul Statistic al Romaniei 2017, INS, Bucuresti, 2015.

Carrefour Roumanie lance la Coopérative Agricole Vărăști, 5 avril 2017. Available at: <http://www.carrefour.com/fr/nos-actualites/carrefour-roumanie-lance-la-cooperative-agricole-varasti> (accessed in May 2018).

CSRMedia, *Mamografii si teste Babes-Papanicolau oferite gratuit femeilor din Varasti, Giurgiu*, 7 Novembre 2017. Available at: <https://www.csrmedia.ro/carrefour-mamografii-si-teste-babes-papanicolau-oferite-gratuit-femeilor-din-varasti-judetul-giurgiu/> (accessed in May 2018).

GIMBĂȘANU, G. (2017), „Condițiile pe care trebuie să le îndeplinească fermierii care vand prin Cooperativa Carrefour”, *Agrointel*, 16 April 2017. Available at: <http://agrointel.ro/77253/conditiile-pe-care-le-au-de-indeplinit-fermierii-care-vand-prin-cooperativa-carrefour/> (accessed in May 2018).

Institutului de Economie Socială, *Studiu de caz – Cooperativa Agricolă „Legume de Vidra”*, 2015. Available at: http://www.ies.org.ro/library/files/newcrops_ro_studiu_de_caz_5_cooperativa_vidra_ro.pdf

Legea cooperăției agricole nr. 566/2004. Available at: <https://lege5.ro/Gratuit/gu3tamzq/legea-cooperatiei-agricole-nr-566-2004>

Legea nr. 21/2019 pentru modificarea si completarea Legii cooperatiei agricole nr. 566/2004. Available at: <https://lege5.ro/Gratuit/gmytkmbygyya/legea-nr-21-2019-pentru-modificarea-si-completarea-legii-cooperatiei-agricole-nr-566-2004>

“Premieră mondială la Carrefour”, *Nasul TV*, 5 April 2017. Available at: <https://www.nasul.tv/premiera-mondiala-la-carrefour-cooperativa-agricola-varasti-livreaza-direct-la-magazin-produse-100-romanesti-p/>

PUIU, A.M. (2018), „Act for food” makes life good! Programul mondial Carrefour pentru tranzație alimentară responsabilă”, *The CSR Report*, 14 September 2018. Available at: <http://www.csrreport.ro/stiri-csr-romania/act-for-food-makes-life-good-programul-mondial-carrefour-pentru-tranzatie-alimentara-responsabila.html> (accessed in April 2019).

ROTARU, R. (2018), „Cooperativa agricolă ‘Tara Mea’”, *Ziarul Financiar*, 15 February 2018. Available at: <http://www.zf.ro/companii/retail-agrobusiness/cooperativa-agricola-tara-mea-din-vaslui-care-livreaza-carne-lactate-oua-si-legume-in-kaufland-si-a-bugetat-investitii-de-9-mil-euro-in-2018-16990470> (accessed in April 2018).

„S-a lansat Cooperativa!”; Stiri Mondene, 4 April 2017. Available at: <http://www.stirimondene.eu/s-a-lansat-cooperativa-fructe-si-legume-proaspete-si-gustoase-la-care-am-visat-dintotdeauna-in-carrefour/> (accessed in May 2018).

Part II.

Co-production of public goods

Co-production paradigm: Threat or Opportunity for Social Economy?* / Chapter 5

Andrea BASSI** and Alessandro FABBRI***

Abstract

The aim of this contribution is to examine the “co-production” paradigm, focused on the cooperation between public services and their users, and its connections with the role of the social economy organizations, or Civil Society/Third Sector Organizations. Firstly, the paradigm itself and all the related concepts, such as co-creation, co-design, co-governance and so on, are deeply analyzed through a review of the scientific literature.

Secondly, the authors take into consideration the “dark side” of the paradigm, i.e. its negative effects and implications, such as the risk of neglecting the importance of the Public Administration professionals’ contribution, and the underestimation of the Civil Society/Third Sector Organizations, which instead are primary stakeholders, especially in Europe. This strong collaboration between Public Administration and Third Sector Organizations is a peculiar form of co-production called “joint production”.

Two empirical case studies of joint production are taken from the Italian context and are examined in order to identify the structural elements that can facilitate or hinder the different phases of the co-creation/co-production process. They belong to the fields of *emergency* and *healthcare services*, in both of them the Third Sector Organizations historically played a primary role and are still playing it. This collaboration has strongly contributed to the high performances of the Italian health care system.

In the final section the authors illustrate the factors that boosted the joint production of public services in these fields, either by the public sector side and by the Third Sector side.

Keywords: Co-production, Co-creation, Joint production, Public Administration, Third Sector Organizations, Civil Society, Health care, Emergency

JEL-Codes: I18

* While the contribution is the result of the joint effort of the authors, Andrea Bassi has written the Introduction and Sections 1 and 2; Alessandro Fabbri has written Sections 3, 4 and the Conclusions.

** Associate Professor of Sociology at the Department of Political and Social Sciences, University of Bologna (Italy) (andrea.bassi7@unibo.it).

*** Research Fellow and Adjunct Professor at the Department of Political and Social Sciences, University of Bologna (Italy) (alessandro.fabbri26@unibo.it).

Introduction

Recently (in the last decade) the concept of *co-production* (and related terms: co-creation; co-design; co-governance; co-planning; etc.) became a central reference of public policy reform in western societies.

The supporters of this approach claim that it has positive effects towards the planning and delivery of effective public services; particularly we mentioned: the possibility of being a response to the *democratic deficit* and a route to *active citizenship* and active communities; a means by which to reap additional resources to public services delivery. Unfortunately, very few evidence based research have been realized in order to demonstrate the above mentioned outcomes and impacts.

Adopting a more theoretical sociological approach, we argue that the concept itself is neither a positive or negative one therefore, in order to understand (measure) the real contribution that co-creation might bring about in the specific system of services delivering (field of action) it is applied, it must be contextualized and specified further. Meaning, it is necessary to clarify who are the actors implied by the “co” and what is(are) the object(s) of the “production” or “design” or “planning”.

We stress the risk linked to a naïve adoption of a co-design/co-production framework. In particular we highlight the possibility that the focus on the “activation” or “involvement” of the final users (or beneficiaries) of a service at individual level, could have the effect of “ruling out” the intermediary bodies – that historically have played a crucial “mediation role” between citizens and the public administration officers and agencies – such as social economy organizations: associations (parents; disabled; mentally ill persons; the elderly; other disadvantaged groups; etc.), social enterprises, voluntary organizations, etc.

Therefore, we opt for the term of “*joint production*” and we agreed about the proposal to move from PPP – Public-private-partnerships towards PSEP – Public-social economy partnerships (Bance, 2018), as the key aim of a new welfare policies configuration.

1. Co-production: blurring boundaries and intertwined concepts

First of all, it is necessary to clarify the meaning of the concept used, highlighting that we follow the management literature approach. However, inside this approach, there is a difference between two meanings of “co-production”.

The first one is more limiting: Osborne et al. consider co-production as “the voluntary or involuntary involvement of public services *users* in any of the design, management, delivery and/or evaluation of public services” (Osborne et al., 2016: 640).

The second one instead is more inclusive: Howlett et al. consider the definition coined by John Alford in 1998, that is, “co-production” as the “«involvement of *citizens*, clients, consumers, volunteers and/or community organizations in producing public services» in addition to consuming or otherwise benefiting from them (Alford, 1998, p. 128)” (Howlett et al., 2017: 2). Subsequently they develop their own definition:

Although co-production emerged and developed as a concept that emphasized citizens’ engagement in policy delivery, however, its meaning has evolved in recent years to include both individuals (i.e. citizens and quasi-professionals) and organizations (citizen groups, associations, non-profit organizations) collaborating with government agencies in both the design and management of services as well as their delivery (Alford 1998; Poocharoen and Ting 2015) (*ibidem*).

In greater detail, we could find in the scientific literature three main traditions of research/approaches concerning co-creation/co-production:

- a) Management literature (Osborne and Strokosch, 2013) and (Osborne, Radnor, Strokosch, 2016);
- b) Civil society, democracy, social movements studies (Pestoff, 2014);
- c) Urban renewal, local development, social planning (Brandsen et al., 2018).

A first step in defining an analytical framework in order to identify conceptual sub-dimensions of the co-production semantic field, is the typology elaborated by Brandsen and Pestoff (2006). The authors recognize three different levels of relationship between citizens and public sector: co-governance, co-management and co-production:

- *Co-governance* (macro-level) refers to an arrangement in which citizens’ associations participate in the planning and delivery of public services. The focus in co-governance is primarily on policy formulation.
- *Co-management* (meso-level) describes a configuration in which citizens’ associations produce services in collaboration with the public sector. Co-management refers primarily to interactions between organizations. Its focus is primarily on policy implementation.
- *Co-production* (micro-level) represents a situation where citizens (through associations) produce their own services at least in part. Its focus is primarily on services delivering.

Adopting a micro level of analysis, Bason (2010) analyses several examples and case studies from the private and the public sector. From this study the author identifies four distinct roles for citizens in the co-creation process:

- as *explorer*: citizens can identify, discover, and define emerging and existing problems in public services;
- as *ideator*: citizens can conceptualize novel solutions to well-defined problems in public services;

as *designer*: citizens can design and/or develop implementable solutions to well-defined problems in public services;

as *diffuser*: citizens can directly support or facilitate the adoption and diffusion of public service innovations and solutions among well-defined target populations.

Others (Voorberg et al., 2015) have described three roles of citizens in the co-creation process:

- citizen as *co-implementer* of public policy: where citizens participate in delivering a service;
- citizen as *co-designer*: often, the initiative lies within the public organisation, but citizens decide how the service delivery is to be designed;
- citizen as *co-initiator*: where the public body follows.

Taking into consideration two dimensions of the service implementation process: a) who is (what actors are) responsible for the service design; b) who is (what actors are) responsible for the service delivery, Bovaird (2007) develops a typology of co-production along two axes (see Figure 1). Depending on the extent of *professional* versus *user* involvement in planning the service and delivering the service it is possible to identify nine configurations. Moving from the top left cell of the matrix to the bottom right cell we can shift from a “pure public services model” to a “typical voluntary/community sector” model, having the highest form of co-creation and co-design in the middle of the nine cells table.

Figure 1. User and professional roles in the design and delivery of services (Boyle et al., 2009, p. 16).

Figure 1: User and professional roles in the design and delivery of services

		Responsibility for design of services		
		Professionals as sole service planner	Professionals and service users/ community as co-planners	No professional input into service planning
Responsibility for delivery of services	Professionals as sole service deliverers	Traditional professional service provision	Professional service provision but users/communities involved in planning and design	Professionals as sole service deliverers
	Professionals and users/communities as co-deliverers	User co-delivery of professionally designed services	Full co-production	User/community delivery of services with little formal/ professional
	Users/communities as sole deliverers	User/community delivery of professionally planned services	User/community delivery of co-planned or co-designed services	Self-organised community provision

Source: Adapted from Carnegie Trust (2006). 'Commission for Rural Community Development - Beyond Engagement and participation, user and community co-production of services.' By Tony Bovaird, Carnegie Trust.

In synthesis, in our opinion, it is possible to identify the following analytical distinctions of the group of policies that have been defined through the “co-” suffix.

On a first instance (at the highest level of the “abstraction ladder”) we have the term *co-creation* that encompasses all the others. It refers to an arrangement where there is a certain level of collaboration between the “producer” and the “user” of a good or service. In the field of business the phenomenon has been denominated *prosumer* meaning the crasis of producer and consumer roles.

Inside the co-creation process we can find several phases or levels (degrees) of collaboration moving from a macro to a micro level of analysis through the meso level.

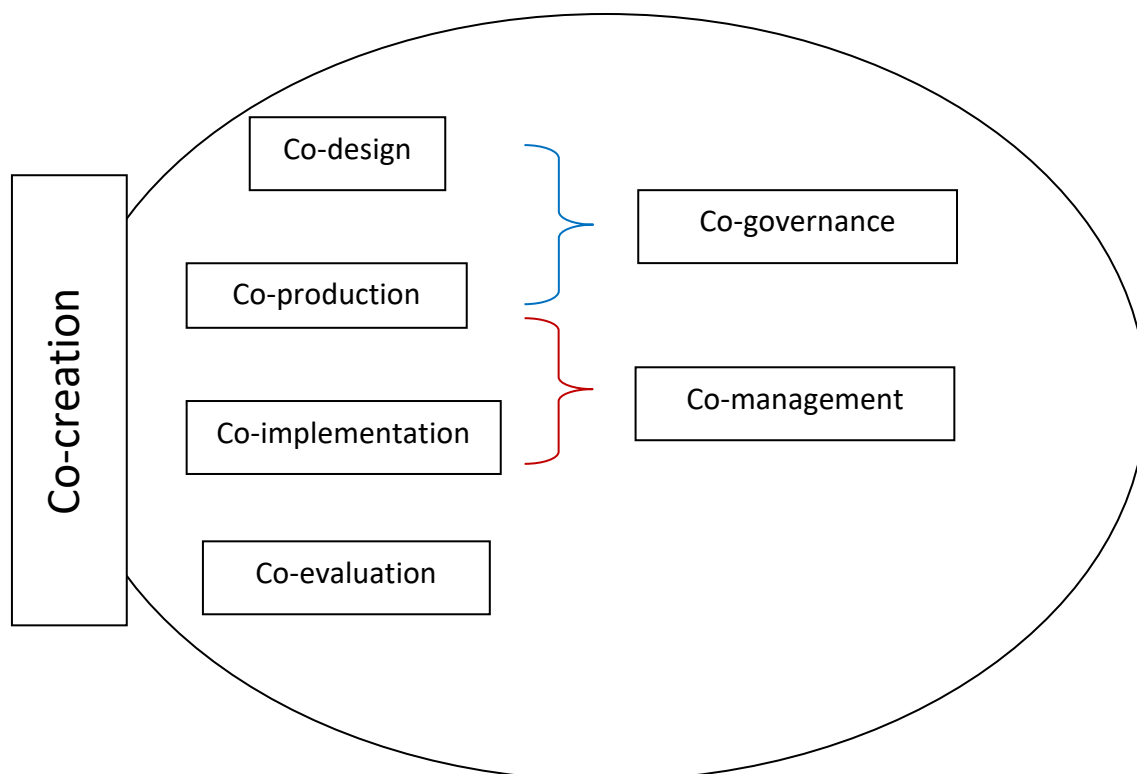
The first step is the *co-design* (or *co-governance*) phase where the professional and the beneficiaries plan together the service’s configuration.

The second step is the *co-production* phase, where the front-line professional and the users collaborate somehow in the service delivering.

The third step is the *co-implementation* (*co-management*) phase, where the professional and the users decide together how to maintain the service provision.

The fourth step is the *co-evaluation* phase, where the different stakeholders involved provide suggestions for the service’s improvement and innovation.

Figure 2. The internal dimensions of the co-creation process



Assuming the above-mentioned categorizations and typologies of the co-creation/co-production process, we will analyse two case studies in the field of *emergency* and *healthcare services*, in order to identify the structural elements that can boost or hinder the different phases of the co-creation/co-production process.

2. The dark side of co-production

Despite the fact that many of the authors underline the “positive” effects of policies fostering co-creation/co-production practices (among others: Delivering better outcomes; Preventing problems; Bringing in more human resources; Encouraging self-help and behavior change; Supporting better use of scarce resources; Growing in social networks to support resilience; Improving well-being), there are several possible “negative” (unexpected) effects to be taken into consideration.

Among these risks/backlash we can mention in first instance the recognition that the co-creation/co-production process is a high “time consuming” one. Which implies the difficulty to keep the participants (both users and professionals) involved for a long period of time. Moreover, given the fact that the users of a service change over time and it is necessary to involve the newcomers, in order to maintain a sufficient level of participation.

Secondly, often the users/clients that do participate are those in better socio-economic conditions (middle-class), with high level of education, so the co-creation/co-production process can exclude (instead of including) the so called “hard-to reach” users.

Thirdly the public administration officers are usually not very willing to adopt innovation in their working procedures, and often enact strategies in order to keep “business as usual” practices. They are well aware that any innovation entails “winners” and “losers” and in particular in a framework such as the co-creation/co-production one that implies a deep mind-set change from the professionals. So often the public administration body reacts to these policies merely in a “formal” way, adopting the rhetoric of co-production but practically trying to carry out their activities as usual.

The success or failure of a policy fostering co-creation/co-production is very hard to verify and it depends on several factors among which the most important one is the purpose of the policy. What is the main aim of the innovation? To increase the responsibility of the users/clients? Or their participation? To enhance the efficiency (cost reduction) of the public administration? Or the effectiveness (quality) of the service delivering process?

A final point on this topic concerns the complexity of the public administration system, with its hierarchical model of decision-making, and with the separation between the political role and the managerial one.

In order to be sustainable and scalable a co-creation/co-production innovation-experimentation must involve the entire public administration body, from the politicians, the top-managers and below, down until the so-called street-level professional. But needless to say that these actors (roles and positions) they all have different aims (and incentive rewards systems), so it is very difficult to find an equilibrium among the often conflicting interests. Taking into consideration that in any co-creation-co-production practice there are, at least, three conflicting logics acting in the field: a) Professional/expert logic vs. citizens/lay logic; b) Service logic vs. workers union (corporative) logic; c) Public administration logics vs. third sector/civil society logics.

2.1. Value co-creation implies a re-thinking of the relationship between the professionals and the services' beneficiaries

The scientific literature on co-creation/co-production is usually oriented to the role of users/clients in the process of service design (the first one) and service delivering *stricto sensu* (the second one). The authors (Pestoff, 2014; Brandsen et al., 2018) stress the necessity to involve the citizen as beneficiary in one or more of the several phases that characterized the co-creation/co-production process. Numerous researches identify a set of tools or mechanisms in order to promote, increase and boost the contribution of the citizen as “active co-producer” (prosumer) of the services rather than a passive recipient (Brandsen, Pestoff, 2006).

As Osborne and Strokosch state (2013) there is a systematic underestimation of the role, tasks and responsibilities of professionals in the co-creation process and even more in the co-production process. The involvement and the contribution of professionals are often “taken for granted”, and it represents, in Osborne’s view, one of the main weaknesses of the scientific studies on co-production.

As a matter of fact, the role of professionals at any Public Administration (PA) level – politicians, top-management, mid-management, low-management, front-line, street level professionals – is instead a key one, with the possibility of influencing (effecting) the success or failure of a co-creation/co-production initiative.

In fact, professionals follow standards, deontological statements/assumptions, world-wide established protocols, and are very skeptical against the introduction of any changes in their “ways of work” and procedures. The first reaction toward the innovation in PA is usually resistance or hostility versus the “new”. PA agencies, more than any other kind of organizations, manifest a very high level of *inertia*, especially towards the programs that are imposed from above, following a “top-down” logic.

This is true in all levels of PA structure and fields of activities, but it is particularly strong in some stream of services – those with a high level of technical knowledge,

such as: health, education and some kind of social services. Physicians, nurses, teachers, social workers, pedagogists, psychologists, etc. are depositary of a set of standardized knowledge that apply at each individual case. They operate following what has been defined as “inward look” (Boyle, Harris, 2009) and they have difficulties in adopting an “outward look”, meaning recognizing the “lay knowledge” and “resources” of people in caring about themselves and the others they are related with.

In order to fill this gap in the scientific literature on co-creation/co-production, there is the need to dedicate a specific attention to analyze the contribution of professionals in the realization of co-production processes, as well as new type of interactions emerging among the professionals (new professionals ties). In particular it would be very useful to highlight the structural elements that can boost or hinder the active involvement of professional in the different phases of the co-creation/co-production process. This will allow, eventually, to identify the kind of skills (Paskaleva, Cooper, 2018) professionals need to develop to guarantee a more pro-active and open-minded attitude toward the contribution of the beneficiaries in the service planning and delivering. The change of professional “mind-set” is one of the main challenges any project of co-creation/co-production has to deal with, in order to be not only successful but, even more important, sustainable in the long run.

2.2. Value co-creation implies a re-thinking of the relationship between the public administration and the third sector (civil society) organizations

The co-creation framework implies a series of challenges for the civil society organizations (CSOs). Given its stress on active direct participation of citizens as “end users” co-creation might underestimate the role and contribution of CSOs in the process of services’ implementation.

In many European countries there is a strong tradition of involvement and collaboration between the CSOs and the Public Administration Agencies – at different governance levels: local, province/district, regional, national. This collaboration is intensely visible in the planning, delivering and monitoring of public services provisions. Some authors define that as “joint production” (Bance, 2018) or partnership (Boccacin, 2014).

Therefore, it is necessary to distinguish what co-creation is and what is not. For instance, co-creation is not: information, consultation, advocacy, users’ associations lobbying, and other traditional tools and mechanisms of CSOs organizations’ influence in the decision-making process concerning welfare policies.

Since co-creation entails direct “end users” involvement on a single base, this may have significant consequences from the point of view of democracy, access, equality and equity, given the uneven distribution of skills and capabilities among the population.

In the framework of the classical “stakeholder theory (Freeman, 1984; Freeman et al., 2010)¹ the co-creation approach (or paradigm) requires a complete revision of the role of the various stakeholders involved in a service or project or program. The boundaries between what constitute the environment (external) and the core (internal) of a service provision are blurred. In a certain way the co-creation/co-production approach implies the fact that the “external” is somehow incorporated internally by the service deliverer. That process can increase, instead of decrease, the inequality among the service’ users given the unequal power of the different stakeholders involved.

Often the final beneficiaries of a welfare provision belong to marginalized groups, such as low income, underclass population, and different kinds of disadvantaged individuals. These targets are in that situation exactly because they do not have the set of resources/capabilities (cultural capital and social capital) that allow them to be fully included citizens in the social fabric. Because of this, among the dark side effects of co-creation, we mention the risk of reproducing and reinforcing the divide among the “well-off” (included) and those “in need” (excluded).

This is especially true in those fields of public service delivering where there is a huge gap in terms of knowledge between the professionals and the recipients, such as health, education and other social services (for disabled, elderly, not self-sufficient/autonomous people, multi-problematic families, adult hardship).

For these reasons the research must recognize the function, role and contribution provided by the CSOs-Third Sector Organizations in the different phases of the co-creation process: *co-design*, *co-implementation*, *co-delivering*, *co-monitoring* and eventually *co-evaluation*. Because often the “end-users” are not in the position to give an active contribution to the service planning, in order to overcome that, it is needed a direct involvement of Third Sector Organizations in creating a “sensitive” institutional environment through the settlement of a concrete *co-governance* service configuration fostering a joint-production system.

On the other hand, the co-production entails some not negligible risks for these organizations: the public sector, through its regulation, often causes typical institutional isomorphism phenomena in the CSOs, particularly of the “coercive isomorphism” typologies (DiMaggio, Powell, 1983: 150), while other “institutional-isomorphic” dynamics can be determined by imitation among CSOs, that is, “mimetic isomorphism” dynamics (ibid.: 151). These processes can be positive, if they really improve CSOs’ performances, but could also produce negative and “dark side” effects, such as bureaucratization, conformism, coercive professionalization and so on. These effects, as is known, are very dangerous for the volunteers and their dedication, that is, for the real added value of the Third Sector. Therefore, this is

¹ As it is known Freeman classical definition of stakeholder is: “any group or individual who can affect or is affected by the achievement of the organization objectives” (Freeman, 1984, p. 25).

another aspect of the co-production that social research has to take into account, as the next sections will show.

3. The *joint production* in the Italian transfusion system: a classic but involuntary example

This section describes the Italian transfusion system considering its history, its current configuration and the results achieved, in order to demonstrate that it is a classic but involuntary example of joint production, of an essential public service.

The Italian transfusion system can be considered a classic and effective example of a “joint-produced” public service. However, this is not due to precise choices made by the ruling class in distant times, but rather to a mix between the autonomous initiative of the Italian civil society and subsequent legislative interventions: this mix has created a system based on the interaction between the public sector and the nonprofit sector, with the marginalization, until now, of the for-profit sector and its entrepreneurial spirit.

To understand the current functioning of the Italian transfusion system it is necessary to summarize its evolution in the context of the Italian health system, of its historical evolution, and of its interpretation by welfare sociology. Specifically, the Italian welfare state was analyzed and ascribed to various clusters of Western countries by Italian and foreign sociologists, but it is certainly true that, at least in the health care field, and at least formally, a historical watershed between two eras was constituted by the reforms of the decade 1968-1978, and particularly by the act n. 833 of December 23, 1978, which established the Italian National Health Service, inspired by the British and Swedish models.

Before this phase, the Italian health care system was dominated by for-profit hospitals (often affiliated with health insurances), by voluntary institutions of different cultural and political inspiration, and by parastatal entities, such as the IPABs and the Italian Red Cross (CRI) (Fabbri, 2019: 165-168).

Furthermore it is necessary to consider that transfusion techniques began to develop with slow and difficult progresses at the turn of the 1st World War, and that in Italy, up until the 1920s, there was no specific legislation on this subject: blood was collected in hospitals and in some doctors’ offices, and could either be sold or donated, on an individual basis (AVIS, 1978: 7, 16-17).

Therefore, the first step towards the creation of a transfusion system was undoubtedly the foundation of the Italian Blood Volunteers Association (AVIS) in 1927, in Milan. This was due to the idea of Dr. Vittorio Formentano (1895-1977), one of the first Italian doctors specialized in hematology and transfusions (ibid.: 13-14).

He understood that the commodification of blood could have been avoided only by encouraging, promoting and even organizing a voluntary donation, free and anonymous, but also safe and planned, not dictated by the emergency of the moment (ibid.: 13, 16-17). Without rhetoric it can be said that the work of Formentano and his first 17 acolytes was egregious: AVIS donors increased along the whole country, year by year.

After the 2nd World War, the CRI began to take part more directly in the transfusion activity², but the AVIS reacted by obtaining its own legal recognition through the act n. 49 of February 20, 1950³. Of course since then the CRI has not ceased to manage directly the promotion of the blood donation and, for many years, its direct collection, having its own hospitals: blood donors were and still are one of its voluntary components, although with a reduced status (Fabbri, 2019: 231-232, 253-254).

In the following thirty years, along with scientific advances, the institutional framework was enriched and clarified. The enrichment was due to the birth of the other two nation-wide organizations that currently complete the “non-profit part” of the Italian transfusion system: the FIDAS and the Fratres.

The FIDAS, differently to AVIS, is not a single association, but a federation: the Italian Federation of Blood Donor Associations, founded in 1959⁴. Currently, as far as we know, there are neither historical studies about this TSO, nor empirical sociological studies: it is therefore impossible to make hypotheses on the causes that led to its birth, on its identity, on its peculiarity with regard to AVIS and CRI and on its relations with them.

Lastly, in 1971, twelve years later, the Fratres was born: while AVIS, CRI and FIDAS are, at least formally, apolitical and non-denominational, Fratres was and still is qualified for its denominational identity, and on its website it is proclaimed “an association of Christian inspiration (...)”⁵. Moreover, Fratres is born “by gemmation” from the Confraternities of the Misericordie, “the oldest organization of the Italian Third Sector” (Fazzi, Marocchi, 2017: 6), that operates in the fields of social assistance and health care: Fratres is still strictly bound to the Misericordie, even if it is a formally and legally autonomous organization (ibid.: 27, 48).

The clarification instead was determined from the normative point of view, because the act n. 592 of July 14, 1967, finally rearranged the transfusion sector, both at a technical and at an institutional level. This act coordinated organically the various entities that operated in the sector and began to transform them into a real system (etymologically), based, as anticipated, on the collaboration between the

² See <http://www.gazzettaufficiale.it/eli/id/1947/11/24/047U1256/sg> (last accessed: 26.09.2019).

³ See <https://www.gazzettaufficiale.it/eli/id/1950/03/11/050U0049/sg> (last accessed: 26.09.2019).

⁴ See <https://fidas.it/chi-siamo/la-storia-abbiamo-iniziato-cosi/> (last accessed: 26.09.2019).

⁵ <https://www.fratres.it/approfondimenti/la-fratres#.XR-Af1dS-1s> (last accessed: 26.09.2019).

public sector and the Third Sector. Indeed, the TSOs role was recognized (article 2) and “a Commission for the discipline and development of human blood transfusion services”⁶ was established in each Italian Province, with representatives of CRI, AVIS and FIDAS (article 3). The phenomenon of the sale of blood and blood products for profit was partially discouraged (article 12) but still tolerated: the blood sellers were institutionally recognized as “professional givers” (articles 16-19). Richard Titmuss mentioned it in his renowned study *The gift relationship* (Titmuss, 1973: 198).

The following year, the “Mariotti act” n. 132 started the hospital reform, and the creation of a universal public health service. This culminated, ten years later, in the aforementioned act n. 833, that dealt also with the transfusion system (article 4 comma 6, and article 6 comma c). For its actual implementation, on May 4, 1990, the act n. 107 was issued: it completely and organically reformed the whole sector⁷. However, this regulatory measure was not simply granted by the ruling class, but it was the outcome of long-lasting and exhausting consultations with TSOs, first of all AVIS. This was remembered, still seven years later, by many AVIS managers during an empirical study conducted by the sociologist Lucia Boccacin: “The act was wanted by AVIS who had to put a lot of pressure to have it issued” (Boccacin, Tamanza, 1997: 79; *ibid.*, 78, 80-82).

The act supported even more the cooperation between the public sector and the nonprofit sector, both by reaffirming the central role of the latter, founded on the principles of volunteering and gratuitousness (article 1, comma 2), and by forbidding once and for all the sale of blood and blood derivatives (comma 4)⁸. However, this did not mean at all an overload of the nonprofit sector: instead, the Italian National Health Service took up the exclusive task of carrying out the transfusion activity, in the strictest sense of the word (article 19) (Boccacin, Tamanza, 1997: 45, 66). The donor associations were left with the faculty to carry out the collection of donations in their own facilities and with their own staff, as is the case today. It is noteworthy that this major direct intervention of the public sector was not deprecated by the key informants interviewed seven years later: their judgments on the act were actually positive (*ibid.*: 46, 80).

A final overall reorganization of the transfusion system took place with the act n. 219 of October 21, 2005: its essential articles are 6, 7 and 12, because they reiterate the collaboration between the public sector and the nonprofit sector. Article 7 indeed reaffirms that “the State recognizes the civic and social function and the human and solidarity values that are expressed in the voluntary, periodic, responsible, anonymous and free donation of blood and its components”⁹. Article 6 is instead relevant from a practical point of view, i.e. organizational and operational, because

⁶ <https://www.gazzettaufficiale.it/eli/id/1967/07/31/067U0592/sg> (last accessed: 27.09.2019).

⁷ See <https://www.gazzettaufficiale.it/eli/id/1990/05/11/090G0150/sg> (last accessed: 27.09.2019).

⁸ See *Ibidem*.

⁹ <https://www.centronazionalesangue.it/sites/default/files/LEGGE%2021%20ottobre%202005%20n.%20219%20con%20commenti.pdf> (last accessed: 27.09.2019).

“a standard scheme is adopted for the stipulation of agreements with associations and federations of blood donors to allow their participation in transfusion activities”¹⁰. However, article 12 is even more relevant, because it establishes an authority for the coordination of the transfusion activity, the National Blood Center (CNS): it is located in Rome, but it has its own branches in each Region, namely the Regional Blood Centers (CRSes), as stated in article 6, comma 1, letter A. Although created within the Istituto Superiore di Sanità, it is not a mere emanation of the state authority, or more precisely of the Ministry of Health, but it is an institutional center in which the nonprofit sector has a concrete role: in fact, at its summit there is a Steering Committee, which also includes “a representation of associations and federations of voluntary blood donors (...)”¹¹. Finally, article 13 establishes the Technical Permanent Council for the Transfusion System: its aim is to be a technical adviser for the Ministry, and it is composed, among others, by representatives not only of the four aforementioned NPOs, but also of the associations of patients who need blood transfusion¹².

Moreover, in view of the issuing of this act and of the creation of the CNS, in March of that same year 2005, AVIS, CRI, FIDAS and Fratres established their own coordinating centre, a real “umbrella organization”: the Interassociative Committee of the Italian Volunteer of Blood, or CIVIS, embryonically founded already in 1995 and endowed with its regional and provincial articulations¹³. Unfortunately, we are not aware of the existence of empirical studies dealing with the satisfaction, the eventual criticism, or even only the impressions of the members of these TSOs for this act and for its results.

Therefore, since 2005 till now the main stakeholders of the Italian transfusion system have been the following: the national government; the Regions; the TSOs.

By the side of the public sector, the *national government* and the *Regions* agree upon a standard regulation (periodically updated) of the relationship between the same Regions and the four aforementioned TSOs for the provision of blood and blood products, and upon standard national tariffs for the reimbursement of the TSOs contribution¹⁴.

Then each Region, being autonomous in the management of its health care service, makes conventions with the TSOs, according to these standards, and fixes together with them the targets for the blood collection to reach every year. Both sides have to respect these agreements. Finally, at the local level, in each Province of the Regions

¹⁰ Ibidem.

¹¹ Ibidem.

¹² Ibidem. In 2013 this Council has been substituted by the Technical Health Committee, that encompasses a Technical Section for the Transfusion System, with the same previous members. See <https://www.centronazionalesangue.it/node/2>

¹³ See http://www.fidas.it/box_documenti/regolamento_CIVIS.pdf (last accessed: 27.09.2019).

¹⁴ Cfr. http://www.salute.gov.it/portale/news/p3_2_1_1_1.jsp?lingua=italiano&menu=notizie&p=dalministero&id=2585 (last accessed: 23.02.2020).

the single sections or committees of the TSOs interact with the single public hospital (AO) or health unit (AUSL), making further conventions.

Concretely, the TSOs can choose between sending their members to the AOs or AUSLs to donate blood (and so receiving one type of reimbursement), and collecting blood and blood products in their own facilities and sending the blood sacks to the public hospitals (and so receiving another type of reimbursement, but only AVIS has chosen this way); the CRSes supervise the good functioning of this mechanism. In some Regions only members of the TSOs are allowed to donate, while in others also non-affiliated citizens are allowed.

This complex institutional structure has recently been enriched with another component: the COBUS, “Committee for the good use of blood”. This is an entity envisaged by article 17 of the 2005 act, but it was set up only at the end of December 2017, with an agreement signed by the State-Regions Conference. Its task is precisely “To carry out control programs on the use of blood and its products (and stem cells) and to monitor transfusion requests”¹⁵. The COBUS, or the COBUSes (one for each Italian Region), are organized in two sections, dedicated to blood and stem cells. The first one includes also “a representative of the Associations / Federations of voluntary blood donors who have agreements with the Health Authority” and “a representative of patient associations”¹⁶.

In conclusion, if “effectiveness” means the “ability to produce fully the desired effect”, then it must be recognized that the Italian transfusion system, based on joint production, is fully effective with regards to the collection of whole blood, while it is remarkably but not completely effective with regards to the collection of blood products: indeed, according to CNS data, “For blood was guaranteed last year (2018) total self-sufficiency, which for plasma derivatives reaches about 70%”¹⁷. The situation was the same in 2019 and even in 2020, notwithstanding the Covid-19 pandemic. Moreover, if we consider that donors have grown globally to 1,682,724, and that “91.7% of the total is represented by donors registered with volunteer associations”¹⁸, we can have a concrete idea of the importance of the TSOs contribution to this effectiveness. Unfortunately there are no recent scientific studies on the state of satisfaction or dissatisfaction of the stakeholders concerning the functioning of this relationship. In 2018 the national government expressed great satisfaction through the Ministry of Health for the TSOs contribution to the system, and the TSOs’ presidents appreciated it, but at the various local levels it is not unlikely that there is some reciprocal discontent between public practitioners and TSOs staffs. It is certain, however, that the agreements have forced the TSOs to respect very high-quality standards: this has implied bigger expenses, the use of an increasing number

¹⁵ https://www.quotidianosanita.it/governo-e-parlamento/articolo.php?articolo_id=57304 (last accessed: 27.09.2019).

¹⁶ Ibidem.

¹⁷ <https://www.centronazionalesangue.it/node/777> (last accessed: 27.09.2019).

¹⁸ Ibidem.

of paid staff and the necessity of the volunteers' professionalization. It is thus possible to say that the structure of these TSOs, and particularly of AVIS, is resembling more and more the NHS structure, following a typical isomorphic process: therefore the risk, as usual for a TSO, is to wear out the volunteers and to lose by the roadside their precious spirit.

4. The emergency health assistance “118 Service”: an example of a successful PSEP. The public sector and the “Triple Alliance”: Italian Red Cross (CRI), Misericordie and ANPAS

Another example of successful joint production of public services is the collaboration between the public sector and the “Triple Alliance”, or, more precisely, among some branches of the State and the Italian Red Cross (CRI), the aforementioned Misericordie and the ANPAS.

The CRI was founded on June 15, 1864, in Milan, and currently is a full member of the International Red Cross and Red Crescent Movement. For most of its existence, although based on the work of volunteers, it was a public entity (“parastatale”) and became a TSO, and precisely a Voluntary Organization (OdV), only recently, with the reform started in 2012 and ended in 2017, coinciding with the TS reform (Fabbri, 2019). Nevertheless, the CRI continues to work closely with the State, particularly in the sectors of health care and humanitarian emergencies (earthquakes, floods, etc.). With regard to this, it is worth noting that until 1911 the Statute of the CRI forbade strictly any involvement in activities of health care or social assistance in time of peace: the staff, the volunteers and the resources of the CRI had to be preserved for exclusive wartime use, as it was for all the Red Cross national societies. However a huge debate arose at the turn of the XX century about this topic, so some circumscribed activities were authorized: their success and popularity definitely persuaded the CRI leaders to start operating also in these humanitarian fields (ibidem), where two main competitors were already operating.

Chronologically, the first one of them is the Confederation of the Misericordie, the aforementioned TSO that it is necessary to consider more in depth. As recent sociological studies verified (Fazzi, Marocchi, 2017), the confraternities of the Misericordie have been able to combine an ancient legacy with a great talent for adapting to changes in society. Indeed, they are perhaps the oldest TSO existing and operating in Italy (in Europe?) in the fields of social assistance and health care, because the first one was founded in Florence in 1244: Tuscany is still the Italian Region where they are most numerous, strong and developed. Their original purpose was to perform the works of mercy prescribed by the Catholic ecclesial tradition, that is, seven in the spiritual field and seven in the corporal field: among these, caring for the sick and burying the deceased (ibid.: 7).

Currently the Misericordie have become a dynamic component of the Italian TS. On the basis of official data, in fact, there are about 700 confraternities, coordinated and represented by a national Confederation, that was founded in 1899¹⁹. The absolute majority of the old confraternities operate in Central and Northern Italy: as hinted before, Tuscany alone boasts over 300 realities (ibid.: 129). Despite their antiquity, in the last two decades they have generally benefited from the dedication of a new leadership, whose members have demonstrated the capability of being “active and propositional” (ibid.: 17). On the other hand, in Southern Italy the Misericordie have been flourishing more recently, following the example provided by the volunteers who came from outside to help the victims of the last natural disasters, such as the Irpinia earthquake of 1980 (ibid.: 19).

A second and certainly secular competitor of the CRI is the National Association of Public Assistances, or ANPAS, a second-level organization, that is a sort of confederation. Like the Confederation of the Misericordie, indeed, it gathers the vast majority of existing health care organizations that operate in Italy with the name of “Public Assistance” or of “Cross”. As the historian Fulvio Conti observes, these associations were born in Italy shortly after the CRI, around the 1870s: their primary aim was carrying out social and health assistance in time of peace, both “in the case of calamitous events such as earthquakes, fires, floods, epidemics (...)”, and by providing “a daily work of assistance to the sick, the poor and the needy, guaranteeing them free transport to hospitals, the administration of medicines, the change of linen, and daytime surveillance shifts and night. They also carried out first aid operations in the event of accidents or injuries (...)” (Conti, 2004: 8).

Fundamentally, these associations occupied the space that the CRI was leaving free for its aforementioned statutory choice. Moreover, they were very interested in distinguishing themselves from the CRI also for a cultural and political reason, “because they had a marked secular connotation, to which the Masonic matrix of many leaders was not extraneous, and a progressive and leftist political orientation, though never exclusive and totalizing” (ibid.: 5). Their 4th congress, held in Spoleto in 1904, was the place of birth of the National Federation of Public Assistances, the first embryo of the ANPAS (ibid.: 3).

The coexistence between the CRI and the Public Assistances was characterized by alternate events, according to the various historical periods. At certain times, such as between the late 19th and the early 20th centuries, there were decent “good neighborly” relationships (ibid.: 77-80), and sometimes also a certain convergence of intent and action, represented plastically by the double belonging of some individuals (sometimes very renowned) of the medical milieu (ibidem). Another kind of convergence was the joint enmity towards the Misericordie: it was caused by the

¹⁹ See <https://www.misericordie.it/chi-siamo> and <https://www.misericordie.it/storia> (last accessed: December 10, 2019).

common secular and Risorgimental roots of the CRI and the Public Assistances (Campagnano and Lori, 2016: 489-497).

At other times instead, and particularly during the fascist period, there was a very strong opposition: it was motivated by different political choices, because the CRI was infiltrated by the regime, and became part of its apparatus. This opposition culminated with the Royal Decree no. 84 of February 12, 1930: it sanctioned the dissolution of all those Public Assistances that lacked legal recognition. This governmental provision was nominally aimed at the “reorganization” of the health care sector, but actually it was also originated by the desire to rid the CRI, now close to the regime, of an efficient and subversive competitor. Only those associations that had obtained the juridical personality survived during the fascist era, but they were strictly controlled (Conti, 2004: 113). The regime in 1933 dissolved also the National Federation, although it had obtained legal recognition since 1911 (*ibid.*: 80, 113).

It is therefore clear why after 1945, and for many subsequent decades, the relationship between the CRI and the rebuilt Public Assistances was not particularly positive. Another reason for this was the public personality of the CRI, its continuing privileged link with the State, and the consequent availability of public resources. However, despite some difficulties, the Public Assistances managed to resume their position, alongside and sometimes in opposition to the CRI and the Misericordie: even their representative organization, the National Federation, was reconstituted in 1946, and in 1987 adopted the current denomination of ANPAS (*ibid.*: 3, 120).

The Public Assistances have many objective similarities with the Misericordie. Historically they too spread mainly in Central and Northern Italy, and only in the last decades have developed in Southern Italy (*ibid.*: 5). Furthermore, the number of participating organizations is sizeable, at least according to the ANPAS website: “Nowadays 880 Public Assistances and 282 sections, present in all Regions of Italy, form part with ANPAS”²⁰.

Therefore, the ANPAS, the CRI and the Misericordie have a very similar internal structure and organization and quite similar humanitarian missions, but also very different cultural and political roots: because of these they were historically competitors in the provision of health care services. In more detail, the main field of this competition was the medical transport of patients, both in context of emergency and of non-emergency: in each Italian city the three associations competed for the assignment of this service and the related reimbursements. This struggle went on until someone thought that it was better to harmonize and coordinate all these energies and resources (and the Italian NHS’ ones) by creating a public service aimed at allocating precise areas of the cities to each association and its ambulances.

²⁰ <https://www.anpas.org/chi-siamo/le-pubbliche-assistenze.html> (last accessed: December 10, 2019).

It is still unclear where this invention took place: according to Mario Mariani, a CRI historian, one of the first cities to create this service was Milan in Lombardy already in the '80s (Mariani, 2006: 360), while other sources argue that it was established in Bologna, in 1990, during the soccer world championship²¹. However, this new service was based on an operations centre with a switchboard, and the citizens in need of help could call it by dialling the number "118", so the service took up the name of "118 service". It proved to be effective and successful, so other cities and Regions adopted it, and finally the State intervened to establish it at a national level: on March 27, 1992 the President of the Republic issued a decree in order to regulate the emergency health assistance. Article 3 was specifically devoted to the 118 service, spreading it around the country²².

This was the beginning of a more loyal and constructive relation among the three associations: it was difficult, but after two decades they started considering each other more as partners than as competitors, particularly when the Third Sector reform took place in the years 2016-2017 (the same reform that concluded the transformation of the CRI into a TSO). One of the topics treated by the legislators indeed was the medical transport service, and so the three TSOs decided to overcome their past hostility and their present competitions for the contracting of the service, in order to create a sort of "lobby" and protect their common interests, based on their similarities. The main result of this action was article 57 of the Third Sector Code (D. Lgs. 117 of July 3, 2017): it establishes that the emergency transport services can be assigned primarily to a Voluntary Organization instead of a for-profit firm, because the general interest is more protected by a TSO than by a firm, also if the latter offers a cheaper performance²³.

Currently, the Italian emergency health assistance service has the following configuration: the *national government* fixes periodically the guidelines for its management, adopting directives from the EU or issuing new acts elaborated by the Parliament. Then the *Regions* implement them in their aforementioned AOs and AUSLs and in the 118 operations centres, that are under the Regions' responsibility. The transport is concretely carried out by public staff, by staff of for profit firms, or by volunteers, both of the three major TSOs and of other smaller ones: clearly, there has been an increasing resemblance among them in training, clothing, vehicles and equipment, because of the national standard criteria adopted. It is therefore possible to consider it as another isomorphic process.

At the local level, each AUSL can sign a contract (agreement) with TSOs or private firms, checking their reliability and competence and paying them for their services. As seen, the Third Sector reform guarantees the TSOs position against the for profit firms and their dumping, but sometimes the Regions want, or are obliged to cut

²¹ See https://www.118er.it/emiliaest/video_detail.asp?id=49 (last accessed: December 13, 2019).

²² See http://www.salute.gov.it/imgs/C_17_normativa_1701_allegato.pdf (last accessed: December 13, 2019).

²³ See <https://www.gazzettaufficiale.it/eli/id/2017/08/2/17G00128/sg> (last accessed: December 13, 2019).

the costs, and so some AUSLs prefer to entrust the service to the firms. This is a problem that periodically worsens the relationship between the TSOs and the NHS at the local level. Another problem is the excess of demands (requirements) of the public sector about the standard quality of performances, that is, when the TSOs are requested too much in terms of training or equipment, whilst the reimbursement is not likewise increased. For example, in 2019, the Parliament considered a project of increase of training hours requested for the ambulance drivers: the ANPAS, the CRI and the Misericordie unanimously judged this project excessive and unaffordable for their volunteer operators and protested together against the government²⁴. However, despite this set of problems, the joint production of the emergency health assistance service contributes effectively to the performances of the Italian public health care service, which is still one of the best in the world, according to various rankings drawn up by authoritative sources (Orientale Caputo, 2017²⁵: 97-103).

Therefore, the cooperation among the public sector and the three TSOs permits them a more effective and efficient use of their human and material resources in this very important field of humanitarian action, and helped the ANPAS, the CRI and the Misericordie overcome their hostility and reach a more collaborative attitude: they now are together in the Italian Third Sector Forum²⁶, and, as seen, they sometimes demonstrate together to defend their interests²⁷. In short, they have become a “Triple Alliance”, an important partner of the public sector in the joint production of some essential services.

²⁴ See <https://www.cri.it/29-04-2019-forte-preoccupazione-di-anpas-croce-rossa-e-misericordie-sulla-proposta-relativa-alla-figura-professionale-di-autista> (last accessed: February 24, 2020).

²⁵ See also <https://www.bloomberg.com/news/articles/2018-09-19/u-s-near-bottom-of-health-index-hong-kong-and-singapore-at-top> (last accessed: February 25, 2020).

²⁶ See <https://www.forumterzosettore.it/organizzazioni/> (last accessed: December 14, 2019).

²⁷ See <https://www.cri.it/14-11-2019-emergenza-118-anpas-croce-rossa-e-misericordie-chiedono-incontro-al-governo> (last accessed: December 14, 2019).

Conclusions

In this contribution we have reviewed and clarified the different meanings assigned to the concepts of co-creation, co-production and so on by the scholars. We have seen that *co-creation* is the most general and abstract one among them and encompasses all the others: these are referred to specific phases or levels of the same co-creation of public services.

We have also seen the dark side of the co-production, that is, its negative effects: the most important ones are the opposition from the PA professionals (their role in the co-production processes is a neglected topic), and the risk of burdening the final users of the service with excessive responsibilities, particularly disadvantaged people, so creating a vicious cycle. For these reasons, our opinion is that the most successful form of implementation of the co-creation is the *joint production*, that is, a strong and consolidated collaboration between the public sector and the Third Sector at all levels of the process of providing public services.

Accordingly, we have illustrated and analyzed two important examples of joint production of public services taken from the Italian welfare system: the transfusion system and the emergency health assistance. They are two fields belonging to the health care system, that is an area of the Italian welfare system where the State intervention is historically late: therefore the civil society had to get organized and provide by itself these services, as we have seen, and this produced important results for people in need, but also disorder and rivalries among TSOs. Nevertheless, subsequently, from the 1960s onwards, the State adopted a universalistic approach and began to intervene directly and massively, neatening these fields with great reforms. These reforms did not ignore the role of the Third Sector: on the contrary, this role was recognized and fostered, at least theoretically. Practically, a satisfactory level of collaboration between the public sector and the Third Sector, and among the single TSOs, so far has been more difficult to achieve, but it has been achieved: these are some of the causes of the high performances of the Italian public health care system, still one of the best in the world.

These cases are peculiar to Italy, but Italy is not radically dissimilar to other European or Occidental countries: it is instead very similar to other Mediterranean countries, as many scholars recognized since decades (Ferrera, 1996). Therefore, we think that it is possible to draw some useful and “profitable” lessons from these two cases, isolating the factors that boosted the joint production of public services, and that potentially can repeat this positive action in other circumstances and countries.

We have isolated 11 factors, 6 by the public sector side and 5 by the Third Sector side. They are exposed in the following table:

Factors boosting the joint production of public services	
by the public sector side	by the Third Sector side
1. The willingness of the politicians to carry out a real comprehensive reform of a complex field of public services, with durable legislative provisions.	1. The willingness/capability to collaborate with the public sector, overcoming cultural, religious or political cleavages, and accepting its leading planning role in a field of the welfare system.
2. The willingness of the top management to recognize the Third Sector's contribution and expertise, and listen to it both in planning the reform and after its implementation.	
3. The attitude of the mid-management to bring on a continuous collaboration with the TSOs, without discriminating anyone of them because of its cultural, religious or political roots.	2. The willingness to collaborate with other TSOs, overcoming cultural, religious or political cleavages, and accepting suggestions (best practices) or help from them.
4. The capability of the PA to guarantee fair reimbursements for the TSOs expenses, avoiding a pure economic logic.	3. The capability to offer high skilled (qualified) human resources (both volunteers and professionals), and high standard technical resources, to deliver the public service.
5. The creation of stable organisms (Committees etc.) or forums where public sector and Third Sector representatives can meet regularly and discuss together service-related issues.	4. The willingness to actively participate in stable organisms or forums on a regular base (both among TSOs representatives and between them and public sector representatives).
6. The public sector professionals' attitude to accept suggestions (best practices) from TSO operators during the routine activity.	5. The TSO operators' willingness/capability to comply with public sector professionals' protocols and rules during the routine activity.

As can be seen, there is an almost total correspondence between each of them, because it is logical that the same aspects of the joint production have to be considered by the two perspectives. Of course, it is necessary an active role of both parts in pursuing collaboration: if one part wants only to exploit the other's resources, soon or later the collaboration breaks, with particularly negative effects for citizens. Therefore, the base for an effective collaboration is, first of all, to acknowledge that both the public sector and the Third Sector pursue the common good, although from different positions and with different obligations.

References

- ALFORD, J., "A public management road less traveled: Clients as co-producers of public services". *Australian Journal of Public Administration*, 57(4), 1998, pp. 128–137. doi.org/10.1111/j.1467-8500.1998.tb01568.x
- AVIS, *50 anni di AVIS: la lunga storia di un'associazione vissuta attraverso gli anonimi che l'hanno resa grande*, Milano, SAGDOS, 1978.
- BAINES, S., BASSI, A., CSOBA, J. & SIPOS, F. (eds.), *Implementing innovative social investment: Strategic lessons from Europe*, Bristol, Policy Press, 2019.
- BANCE, P. (ed.), *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*, Liège, CIRIEC Studies Series – No. 1, 2018.
- BASON, C., *Leading public sector innovation: Co-creating for a better society*, Policy Press, Bristol, 2010.
- BOCCACIN, L., TAMANZA, G., *Volontariato e donazione di sangue: il caso dell'AVIS*, Roma, FIVOL, 1997.
- BOCCACIN, L. (ed.), *Third Sector, Partnerships and Social Outcome. The cases of Italy and Ireland*, Milano, Vita e Pensiero, 2014.
- BOVAIRD, T., "Beyond Engagement and Participation: User and Community Coproduction of Public Services", *Public Administration Review*, September/October 2007, 846-860.
- BOYLE, D. & HARRIS, M., *The Challenge of Co-production*, London, Nef-Nesta, 2009.
- BRANDSEN, T. & PESTOFF, V., "Co-production, the third sector and the delivery of public services", *Public Management Review*, 8, 2006, 493-501.
- BRANDSEN, T., TRUI, S. & BRAM, V. (eds.), *Co-Production and Co-Creation Engaging Citizens in Public Services*, New York, Routledge, 2018.
- CAMPAGNANO, A. & LORI, G., "Croce Rossa, volontariato e società di assistenza", in BERTINI, F., CIPOLLA, C. & VANNI, P. (eds.), *Storia della Croce Rossa in Toscana dalla nascita al 1914. I. Studi*, Milano, FrancoAngeli, 2016.
- CONTI, F., *I volontari del soccorso. Un secolo di storia dell'Associazione nazionale pubbliche assistenze*, Venezia, Marsilio, 2004.
- DiMAGGIO, P.J., POWELL, W.W., "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields", *American Sociological Review*, Vol. 48, N. 2, April 1983, 147-160.
- FABBRI, A., *Investimento sociale e welfare society. La morfogenesi della Croce Rossa Italiana*, Milano, FrancoAngeli, 2019.
- FAZZI, L. & MAROCCHI, G., *Primo rapporto sulle Misericordie in Italia. La sfida della comunità*, Santarcangelo di Romagna (RN), Maggioli Editore, 2017.

- FERRERA, M., "Il modello sud-europeo di welfare state", *Rivista italiana di scienza politica*, XXVI, 1, April 1996.
- FREEMAN, R.E., *Strategic management: a stakeholder approach*, Boston, Pitman, 1984.
- FREEMAN, R.E., HARRISON, J.S., WICKS, A.C., PARMAR, B., & DE COLLE, S., *Stakeholder Theory. The State of the Art*, New York, Cambridge University Press, 2010.
- HOWLETT, M., KEKEZ, A. & POOCHAROEN, O., "Understanding Co-Production as a Policy Tool: Integrating New Public Governance and Comparative Policy Theory", *Journal of Comparative Policy Analysis: Research and Practice*, <http://dx.doi.org/10.1080/13876988.2017.1287445>, 2017.
- MARIANI, M., *La Croce Rossa Italiana. L'epopea di una grande istituzione*, Milano, Mondadori, 2006.
- ORIENTALE CAPUTO, G., *Salute, sanità e diseguaglianze sociali. Dalle strategie europee alla realtà campana*, Milano, Ledizioni, 2017.
- OSBORNE, S.P., RADNOR, Z. & STROKOSCH, K., "Co-Production and the Co-Creation of Value in Public Services: A suitable case for treatment?", *Public Management Review*, 18:5, 2016, 639-653.
- OSBORNE, S.P. & STROKOSCH, K., "It takes Two to Tango? Understanding the Co-production of Public Services by Integrating the Services Management and Public Administration Perspectives", *British Journal of Management*, Vol. 24, 2013, S31-S47.
- PASKALEVA, K. & COOPER, I., "Open innovation and the evaluation of internet-enabled public services in smart cities", *Technovation*, 78, 2018, 4-14.
- PESTOFF, V., "Collective Action and the Sustainability of Co-Production", *Public Management Review*, 16:3, 2014, 383-401.
- POOCHAROEN, O. and TING, B., "Collaboration, Co-production, Networks: Convergence of theories". *Public Management Review*, 17(4), 2015, pp. 587-614.
<https://doi.org/10.1080/14719037.2013.866479>
- TITMUSS, R.M., *The gift relationship: from human blood to social policy*, London, Penguin books, 1973.
- VOORBERG, W.H., BEKKERS, V. & TUMMERS, L.G., "A systematic review of co-creation and co-production: embarking on the social innovation journey", *Public Management Review*, 17:9, 2015, 1333-1357.

Sitography

http://www.fidas.it/box_documenti/regolamento_CIVIS.pdf (last accessed: 27.09.2019).

<http://www.gazzettaufficiale.it/eli/id/1947/11/24/047U1256/sg> (last accessed: 26.09.2019).

http://www.protezionecivile.gov.it/amministrazione-trasparente/provvedimenti/dettaglio/-/asset_publisher/default/content/legge-n-225-del-24-febbraio-1992-istituzione-del-servizio-nazionale-della-protezione-civile (last accessed: December 14, 2019).

http://www.protezionecivile.gov.it/media-comunicazione/news/dettaglio/-/asset_publisher/default/content/terremoto-in-albania-le-operazioni-del-team-italiano-nei-territori-colpiti (last accessed: December 14, 2019).

http://www.salute.gov.it/imgs/C_17_normativa_1701_allegato.pdf
(last accessed: December 13, 2019).

http://www.salute.gov.it/portale/news/p3_2_1_1_1.jsp?lingua=italiano&menu=notizie&p=dalministro&id=2585 (last accessed: 23.02.2020).

<https://fidas.it/chi-siamo/la-storia-abbiamo-iniziato-cosi/> (last accessed: 26.09.2019).

https://www.118er.it/emiliaest/video_detail.asp?id=49 (last accessed: December 13, 2019).

<https://www.anpas.org/> (last accessed: December 10, 2019).

<https://www.anpas.org/chi-siamo/le-pubbliche-assistenze.html>
(last accessed: December 10, 2019).

<https://www.bloomberg.com/news/articles/2018-09-19/u-s-near-bottom-of-health-index-hong-kong-and-singapore-at-top> (last accessed: February 25, 2020).

<https://www.centronazionalesangue.it/node/2>

<https://www.centronazionalesangue.it/node/777> (last accessed: 27.09.2019).

<https://www.centronazionalesangue.it/sites/default/files/LEGGE%2021%20ottobre%202005%20n.%20219%20con%20commenti.pdf> (last accessed: 27.09.2019).

<https://www.cri.it/14-11-2019-emergenza-118-anpas-croce-rossa-e-misericordie-chiedono-incontro-al-governo> (last accessed: December 14, 2019).

<https://www.cri.it/29-04-2019-forte-preoccupazione-di-anpas-croce-rossa-e-misericordie-sulla-proposta-relativa-alla-figura-professionale-di-autista> (last accessed: February 24, 2020).

<https://www.forumterzosettore.it/organizzazioni/> (last accessed: December 14, 2019).

<https://www.fratres.it/approfondimenti/la-fratres#.XR-Af1dS-1s> (last accessed: 26.09.2019).

<https://www.gazzettaufficiale.it/eli/id/1950/03/11/050U0049/sg>
(last accessed: 26.09.2019).

<https://www.gazzettaufficiale.it/eli/id/1967/07/31/067U0592/sg>
(last accessed: 27.09.2019).

<https://www.gazzettaufficiale.it/eli/id/1990/05/11/090G0150/sg>
(last accessed: 27.09.2019).

<https://www.gazzettaufficiale.it/eli/id/2017/08/2/17G00128/sg>
(last accessed: December 13, 2019).

<https://www.misericordie.it/chi-siamo> and <https://www.misericordie.it/storia>
(last accessed: December 10, 2019).

https://www.quotidianosanita.it/governo-e-parlamento/articolo.php?articolo_id=57304
(last accessed: 27.09.2019).

Co-production of Public Goods in Shrinking Rural Regions in Germany: Why Does Public Action Still Matter? / Chapter 6

Benjamin FRIEDLÄNDER* and Christina SCHAEFER**

Abstract

Co-production has become a vital instrument for ensuring equivalent living conditions in shrinking rural regions in Germany. For many local authorities, it seems to be a strategy for dealing with changes in the delivery of public services. However, so far the academic literature has provided only limited insights into the specific nature of co-production in peripheral regions. Moreover, little attention has been paid to how co-production is facilitated by public economy organisations, such as public savings banks or municipally owned housing companies. The aim of this contribution is to fill these gaps. Based on a literature review, we first discuss trends and characteristics of co-production in shrinking rural regions in Germany. Second, we examine the contribution of public savings banks and municipally owned housing companies to public service provision and ask for their relationship to civic engagement.

Keywords: Co-Production, Municipally Owned Housing Companies, Public Savings Banks, Public Services, Shrinking Rural Regions

JEL-Codes: L30, H41, H70

*Postdoctoral Researcher and Lecturer at the Institute of Public Administration and Management at the Helmut Schmidt University/University of the Armed Forces Hamburg (Germany) (benjamin.friedlaender@hsu-hh.de).

**Professor of Public Administration and Management at the Helmut Schmidt University/University of the Armed Forces Hamburg (Germany) (Christina.Schaefer@hsu-hh.de).

1. Motivation

Providing public services and goods¹ in shrinking rural regions in Germany is currently a determining socio-political issue (cf. *Commission on Equivalent Living Conditions set up by the German Federal Government in 2018*). Due to the consequences of the demographic developments, the aim of improving local living conditions is becoming increasingly important. Implementing this policy objective in times of austerity poses new challenges for many German local governments in rural regions, especially with regard to the question of the appropriateness of different organisational arrangements for fulfilling public tasks.

Previous analyses of demographic change and shrinkage have primarily focused on the implementation of different strategies in regional economic, social or structural policy in order to solve these problems (e.g. Pollermann, Raue & Schnaut, 2013; Böcher, 2008). In addition, the discussion about the distribution of public services is shaped by normative specifications in spatial planning and some empirical evidence in spatial research (Einig, 2015; Miosga, 2015; Kühn & Milstrey, 2015). Such perspectives often neglect questions about the organisational options for providing public services. With very few exceptions so far (e.g. Richter, 2017; Butzin & Gärtner, 2017; Steinführer, 2015), the following aspects have received little attention and – in contrast to other European countries (Bance, 2018; Bjärstig & Sandström, 2017; Kelly et al., 2019) – we observe a lack of conceptualisation and empirical evidence in Germany:

- the involvement of citizens in planning and providing public services in shrinking rural regions;
- the contribution by public economy organisations which probably play a major role in the process of service delivery;
- the relationship between public economy organisations and co-production.

These gaps are surprising, because we are dealing with two major administrative reforms in Germany. First, co-production deserves general attention in the light of the changing relationship between public administration and citizens. In times of demographic changes, decreasing public budgets and growing social needs, local governments generally tend to re-discover the benefits of involving citizens in the delivery of services (cf. Schlappa, 2017; international: Alford & O'Flynn, 2012; Banks et al., 2013; Macmillan, 2013). Co-Production, as one option of public service provision through a partnership between professionalised service providers, users or

¹ By this term we mean goods, services and institutions that are essential for citizens in a democratic society. In German, these services and goods are termed "*Daseinsvorsorge*" (*services of general interest*). This covers technical infrastructural facilities (traffic and transport facilities, gas, water and electricity supply, refuse collection, sewage disposal, telecommunications), social infrastructure like educational and cultural institutions, health care, hospitals, childcare, care for the elderly, young people and young adults as well as administration and jurisdiction (Böhnke et al., 2015).

other members of the community (Bovaird & Loeffler, 2012), takes place in different ways. We distinguish a range of activities, such as the determination of policy priorities and formulation of policies (*co-design*, *co-planning* or *co-governance*), the management of service delivery (*co-management*), arrangements where citizens produce, at least in part, the services and goods they need (*co-delivery* or *co-production*) or forms of *co-financing* and *co-monitoring* (Bovaird & Loeffler, 2012; Brandsen & Pestoff, 2006). In all these cases, citizens face local public sector organisations not only as customers and taxpayers, but also as active political principals and co-producers. In Germany, this development is discussed in the context of the broader subject “*Bürgerkommune*” (*Citizens’ Community*) (Bogumil & Holtkamp, 2004).

Second, it can be seen that in recent decades, the provision of public services has increasingly been transferred to organisations outside of the local core administration. Horizontal re-organisation or corporatisation (Friedländer, Röber & Schaefer, 2021) has resulted in considerable changes in the organisational landscape. Public services are no longer exclusively and directly delivered by units of local administrations, but also by municipally owned corporations, i.e. municipally owned enterprises which are completely or partially in municipal ownership (Wollmann, 2018; Wollmann, Koprić & Marcou, 2016). As a result, today more than 50 percent of all public tasks at the local level are performed by external or decentralised organisations (Hesse, Lenk & Starke, 2017).

Against this background, the paper focuses on the following questions:

- What are recent developments in co-producing public services in shrinking rural regions? How can we characterise co-production in these regions?
- What role do public economy organisations play? How are public savings banks and municipally owned housing companies contributing to public service provision? How are they facilitating co-production?

Based on a literature review of scholarly journal articles, other empirical research, and government reports, this paper provides a descriptive overview and an evaluation of the role that civic engagement, voluntariness, and public economy organisations play in delivering public services in shrinking rural regions in Germany. A single-country study on Germany is a relevant case to learn from, as it allows the broader academic community to reflect conceptual assumptions on the joint and co-production of public goods and commons.

2. Co-production in Shrinking Rural Regions in Germany

When analysing co-production in shrinking rural regions in Germany, two main analytical strands can be distinguished: On the one hand, the term means the participation of citizens in the process of local strategic planning and policy formulation. On the other hand, it is a matter of participating in policy implementation, i.e. in the performance or fulfilment of public tasks (Bogumil, Gerber & Schicketanz, 2013). In the following, we will mainly focus on the latter by describing and analysing current trends and characteristics of co-production in shrinking rural regions.

2.1. Some General Developments

Co-production seems to be in vogue. It has a long tradition in Germany. Influenced by Catholic social ethics, Germany is characterised by a strong tradition of “subsidiarity”. Local public sector organisations are allowed to provide welfare services if civil society, voluntary initiatives and welfare organisations are not able to do so on their own. For this reason, a large proportion of voluntary activities is nowadays organised in associations or other third sector organisations (Grohs 2014; Henriksen et al., 2016).

Civic engagement has recently increased in Germany. Commitment to the immediate environment, to one’s own neighbourhood and to community life has grown in rural regions and small municipalities since the end of the 1990s. It is to be expected that this trend will continue, particular in the areas of care for the elderly and integration of refugees (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth 2014 and 2017; Steinführer, 2015).

In shrinking rural regions, a large number of services, like childcare, citizen buses, voluntary fire brigades or other leisure and cultural activities, are actually provided by citizens. If we compare rural and urban regions, the Forth German Survey of Volunteering points out that the share of people engaged in voluntary work is more widespread in rural (45,5%) than in urban regions (42,7%).² In rural areas, there may be a greater need, greater support or more opportunities to engage in voluntary activities alongside work and family than in urban areas. Furthermore, the proportion of younger people engaged in voluntary work is higher in rural than in metropolitan areas. It can be assumed that the structure of services in rural locations attracts mainly younger people (e.g. voluntary fire brigades). It may also be that the lower level of engagement of persons over 65 years of age can be explained by mobility restrictions in rural areas, because many villages have only limited public transport

² The information presented in this paragraph stem from the Forth German Survey of Volunteering, a publically financed survey with about 28,600 respondents; for methodological details see Simonson, Vogel & Tesch-Römer, 2016.

facilities (Simonson, Vogel & Tesch-Römer, 2016; Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2017).

When collaborating with public sector organisations, citizens can act individually and spontaneous or more formalised, for example as members (or users) of an organisation (Pestoff, 2012; Henriksen et al., 2016). In Germany's shrinking rural regions, we find a mix of both. Whereas, for example, sports and leisure activities take place in small voluntary groups or registered associations, huge welfare associations (*Wohlfahrtsverbände*) and their member organisations provide welfare services in rural shrinking areas in a more institutionalised manner. There are a considerable number of third sector organisations in Germany which are involved in various fields of delivering public services in shrinking rural areas. Furthermore, we observe a growing activity and dynamic of social entrepreneurship and its contribution to cooperative service provision (Grohs, Schneiders & Heinze, 2017; Richter, 2019; Türk, Herda & Trutzenberg, 2013).

2.2. Some Reasons of and Conditions for Co-Production

The mobilisation of civic engagement in shrinking regions can be explained on the one hand by the partial withdrawal of the state from its responsibility for the production of several public goods. Because of fiscal constraints, local authorities look (and hope) for new collaborative forms of service delivery to prevent shortages. On the other hand, it is a form of "self-responsibilisation" (Steinführer, 2015). Citizens in shrinking rural regions are increasingly expected to take responsibility for service delivery. People have an interest in ensuring their quality of life, improving local attractiveness and establishing volunteer structures (Loeffler et al., 2015). Advantages of co-producing arrangements result from the local identification of citizens, the possibility of a more target-oriented and demand-driven production of goods, including more acceptance of policy programs, and the activation and combination of knowledge and social capital adapted to the specific local conditions (Alford, 2002, 2009; Butzin & Gärtner, 2017; Bovaird et al., 2016; Fischer, 2000; Needham, 2008).

To give a recent example, in some German rural regions – like in the federal state of Brandenburg in eastern Germany – we observe a slight trend towards collaborative local housing projects by creatives and digital natives. Many of those who are moving from the Berlin metropolitan area are regarded as "pioneers of a new movement". Together with local professions, such as teachers and social workers, doctors or craftsmen, they develop innovative local housing and working models and engage in co-producing public and social services (e.g. a day-care centre for children or a coworking space) (Dähner et al., 2019).³ In light of the current developments that

³ The term "space pioneers" was coined in the early 2000s by the urban sociologist Ulf Matthiesen. In the 1990s, people from urban milieus had deliberately moved to shrinking rural regions in order to realise their individual life models and projects. Matthiesen describes these actors and regional networks as "incubators and a source of inspiration" (Matthiesen, 2004 and 2011).

we can observe on the housing markets in metropolitan areas, this trend is expected to continue.

The federal government promotes volunteer work (e.g. by the *Law for Further Strengthening Civic Engagement*). In policy documents, voluntary, civic or honorary commitment is regarded as a central endogenous resource in shrinking rural areas which should at least be maintained, and preferably expanded (Federal Ministry of Food and Agriculture, 2016; Federal Institute for Research on Building, Urban Affairs and Spatial Development, 2017). In order to facilitate possibilities for collaborating and volunteering in these regions, the federal government has established a number of activity and funding areas in recent years. The government's initiatives involve a variety of public services, like the promotion of cultural and sport activities, the foundation of civic centres or the implementation of mobility concepts (Federal Ministry of Food and Agriculture, 2016; Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2017).

Since 2006, the federal government has also been promoting the development and implementation of new approaches to organise public service provision using various more regionally oriented model projects. These programmes support the possibilities and prerequisites of local cooperation in order to solve the challenges of demographic change (Federal Ministry of the Interior, Building and Community, 2019). Overall, we are witnessing a wide range of initiatives that promote local collaboration between professionalised service providers, service users, or other members of the community. In addition to the federal programs, these initiatives include numerous funding programs by local governments, the German federal states and the European Union.

Nevertheless, the Forth German Survey of Volunteering shows that co-production can also pose many challenges. The involvement of citizens in the sense of voluntary work is not only distributed unequally in social terms, it also depends on the regional and spatial context in which people live. People with a positively perceived income situation and a higher level of education are more likely to get involved. The lowest rate of involvement is consistently found among people with a low level of education. Engagement of younger people tends to be more selective and on a less formal basis. More flexible, intangible and less time-consuming forms of voluntariness gain in importance. In addition, we are dealing with a "spatial dilemma". In regions with a comparatively high unemployment rate, the rate of engagement tends to be lower (Simonson, Vogel & Tesch-Römer, 2016; Butzin & Gärtner, 2017). This results in a kind of exclusivity of certain services and goods which carries the danger of a de-democratisation of public services. A unilateral targetting of service provision by small groups of citizens can lead to an overly high degree of specialisation which consequently excludes other groups of their benefits (e.g. certain cultural services). In addition, actors often do not remain continuously engaged and their engagement depends on a multitude of conditions, like available time, capacity and so on

(Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2014 and 2017; Butzin & Gärtner, 2017; Nadler, 2017).

All these factors make it even more relevant for citizens to be integrated into appropriate organisational structures in order to effectively translate individual or collective needs into strategies or the provision of tangible services (e.g. Alford, 2009). Under rather unfavourable spatial conditions, effective promotion by local politicians and public sector organisations is necessary to encourage motivated people to get involved in voluntary work (Simonson, Vogel & Tesch-Römer, 2016). Especially in an ageing rural society, local authorities must continue to activate the potential for participation and should offer further support – e.g., through contact points in local administrations, neighbourhood offices, senior citizens' offices or open advice centres (Bogumil, Gerber & Schicketanz, 2013; Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2017). In sum, both politicians and public sector organisations need to develop capabilities and competencies to engage in the joint production, management and governance of services (Schlappa, 2017). In this context, reference should be made to the role of a mayor whose support for such community projects may have a greater persuasive power when he or she has to convince the city council or other local public sector organisations of the benefits (Butzin et al., 2015; Friedländer, 2020).

Furthermore, it seems to be important that local organisations and actors cooperate more closely (Schlappa, 2017; Bogumil, Gerber & Schicketanz, 2013). A study of more than 100 local cooperative initiatives shows that, in addition to voluntary citizens, a large number of other professional organisations are involved in the collaborative provision of public services.⁴ This includes local authorities and their decentralised organisations, but also small and medium-sized enterprises in the local craft sector as well as associations, foundations, or community cooperatives and foundations (Butzin & Gärtner, 2017).

In general, the provision of public services is characterised by well-coordinated processes. These processes can benefit from a combination of knowledge adapted to the specific local conditions (Fischer, 2000; Bovaird et al., 2016). This requires the integration of technological, commercial or user and innovation skills which can be made accessible by involving actors with different competencies. Municipalities seem to be more resilient to crises and reforms where local enterprises and citizens are involved in the process of service provision and where all these actors take responsibility for their location. A pluralistic landscape of voluntary initiatives and voluntary or registered associations can usually have a positive effect on local living conditions and social life (cf. Jakubowski, 2013; Butzin & Gärtner, 2017; Kersten, Neu & Vogel, 2017). Studies of Kröhnert et al. (2011a, b) also demonstrate that the demographic stability of rural villages correlates with individual and collective voluntary action as well as the existence of intact voluntary association structures.

⁴ For methodological details, see Butzin & Gärtner, 2017.

3. Public Economy Organisations in Shrinking Rural Regions in Germany

Civic engagement is becoming increasingly relevant in the course of demographic developments in rural regions. Changed expectations of public services in times of austerity lead to supply gaps in peripheral areas; co-production attempts to partially close these gaps. In this context, however, great attention should also be paid to the contribution made by public economy organisations to (collaborative) public service provision and social cohesion in shrinking rural regions (Kersten, Neu & Vogel, 2017). In this section, some general developments on the relevance of public economy organisations are presented before we look at how municipally owned housing companies and public savings banks contribute to public service provision and co-production in more detail.

3.1. Some General Developments

According to calculations of the Federal Statistical Office of Germany, there are approximately 15,000 municipal corporations in total. About half of the public sector employees at the local level are employed in such corporations. Therefore, these enterprises are regarded as important local employers that generally play an active role in structural and labour market policy (Federal Statistical Office of Germany, 2014; Hesse, Lenk & Starke, 2017; Kuhlmann & Wollmann, 2019). To better understand the contribution of municipal corporations to public service provision in shrinking rural regions, the German Association of Local Utilities⁵ identifies a large number of cases in which municipal corporations act as important anchors for the provision of substantial but also innovative technical and social infrastructure, like digital health, electric mobility, fibre optic, broadband and smart home applications (German Association of Local Utilities, 2019). There seems to be growing awareness among these enterprises that digitalisation plays a crucial role in facilitating collaboration between citizens, public, third, and private sector organisations in rural regions (cf. Pestoff, 2012).

Looking at the past, the special role of public economy organisations in Germany's rural areas was already addressed intensively in the late 1960s and early 1970s. The aim of developing sparsely populated regions was described as major interest of public utilities, public sector financial institutions and public transport companies. Emphasis was placed on the fact that, in contrast to private commercial enterprises, the business policy geared towards the public and common good would treat more or less economically efficient groups and areas equally (Thiemeyer 1970 with further references).

Even though conditions and challenges of rural areas are certainly different and more complex today, it can be assumed that public economy organisations still have

⁵ The German Association of Local Utilities represents around 1,460 German municipally owned corporations in the area of energy and water supply, waste, wastewater, and telecommunication.

an essential function for these regions. With reference to the literature, it is worth taking a closer look at municipal housing companies and public savings banks which appear to be relevant actors in the provision of public services and whose business activities in shrinking rural areas seem particularly dependent on regional and demographic factors (for the latter, see: Conrad, Neuberger & Trigo Gamarra, 2009).

In Germany, the general importance of public economy organisations for service delivery has increased further over the last 20 years. Local authorities have increasingly become aware of the lack of influence on the supply infrastructure and regional development (for further reasons, see: Friedländer, Röber & Schaefer, 2021; Voorn, van Genugten & van Thiel, 2020). After decades of privatising public services, some municipalities in rural regions have terminated concession contracts that were awarded to external private suppliers in former times or in a few cases have bought back utilities (Bönker, Libbe & Wollmann, 2016). Between 2000 and 2013 the number of public funds, utilities, and enterprises has risen steadily (Hesse, Lenk & Starke, 2017). Although no general trend towards “re-municipalisation” can be observed, some evidence for the “renaissance” of publicly provided services is apparent in the local energy sector and in waste disposal. In both sectors, concessions have been taken over by municipalities or their corporations in recent years, municipal energy utilities have been newly founded, and sales revenue of these utilities and public waste disposers has increased (e.g. Monopoly Commission, 2013). A current study has identified 72 newly founded municipal energy utilities for the period since 2005 – most of them in smaller municipalities or rural regions (Wagner & Berlo, 2015).

Besides the obviously enhanced service delivery role for municipally owned enterprises, recent studies on their function within local policy processes show that they also have some influence on policy formulation and community governance. Here, we can speak of a broader role for municipally owned enterprises in facilitating processes of *co-governance*. Beside direct forms of joint policy formulation together with local politicians, citizens, non-profit organisations, and administrative units – like in projects on regional and urban development – most municipal corporations are also in close contact with their customers. Citizens’ needs – articulated through customer surveys or open days – are brought into the political perception by the management boards of these companies. In addition, managers of public enterprises are often involved in well-informed interest groups and networks where they obtain comprehensive information about innovative approaches and industry developments which they later put on local policy agendas (Friedländer, 2019).

3.2. Municipally Owned Housing Companies

Preserving social cohesion in urban and rural communities is closely linked to housing policy issues (e.g. van Kempen & Bolt 2009; Bolt, Phillips & van Kempen 2010). This is particularly true for municipally owned housing companies in rural regions in Germany whose public purpose includes not only the provision of adequate housing

in qualitative and quantitative terms but also other social, ecological and site-specific tasks (Deutscher Städtetag, 2020).

According to a study on local public housing in Germany by the Federal Institute for Research on Building, Urban Affairs and Spatial Development, about one quarter of the 1.6 million municipally owned housing units in Germany are located in rural areas. Of these, about 200,000 are located in sparsely populated areas (Franke et al., 2017).⁶ The volume of municipally owned housing stock is closely related to the municipality size. Municipalities with a population of less than 10,000 inhabitants have smaller stocks of fewer than 500 units. In municipalities and districts with up to 20,000 inhabitants, there are usually housing stocks with a volume of around 5,000 units (ibid.).

Municipally owned housing companies fulfil important tasks in social policy; in Germany, this is discussed in the context of the broader subject “*Stadt- oder Sozialrendite*” (*Return on Urban or Social Investments*) (e.g. Röber & Sinning, 2010). In addition to the construction and operation of social infrastructure facilities, age-appropriate housing or measures to avoid socio-spatial segregation, this role has become particularly clear in recent years with respect to the integration of refugees (for similar international research: Strokosch & Osborne, 2017). In contrast to metropolitan areas with a tight housing market, the existing vacancies in shrinking rural areas makes them more suitable for accommodating refugees and asylum seekers. Local authorities will be able to meet the challenge of decentralised accommodation of refugees more easily if they can make use of stocks held by their own housing companies (Aumüller, Daphi & Biesenkamp, 2015). Moreover, recent studies also show that from the refugees’ point of view, the question of ownership is an important factor that can facilitate or impede their access to housing (Kordel & Weidinger, 2017). For this reason, municipally owned housing companies are key partners for local authorities in the joint provision of housing for refugees (Franke et al., 2017).

The special function of municipally owned housing companies in solving various policy problems is also reflected in the way they facilitate local volunteer work and co-production. Especially in the social policy sphere, a large part of service provision takes place in cooperation with several non-profit providers or in direct collaboration with volunteer citizens. With reference to the international debate on various forms of co-production, municipally owned housing companies in rural areas appear to be important promoters of *co-governance* (e.g., in the joint formulation of policies in regional and urban development), *co-management* (e.g., in the joint implementation and management of neighbourhood-related residential projects) or *co-finance*

⁶ These data are taken from a survey of the Federal Institute for Research on Building, Urban Affairs and Spatial Development in which 3,174 municipalities and districts were asked about their current situation in housing policy; for methodological details, see Franke et al. 2017.

(e.g., when funding local sports and cultural activities or when providing rooms free of charge for voluntary organisations).

3.3. Public Savings Banks

Public savings banks are obliged by their public mandate to provide the population in their business region with monetary and credit services and to promote small and medium-sized enterprises.⁷ The orientation towards public interest, welfare, and the common good is a fundamental element of their mission and at the same time the main difference to private credit banks. In the literature, it is further pointed out that the ‘business philosophy’ of public savings banks is based on values such as trust and reliability as well as social and local responsibility. In rural districts, this is particularly evident in their support of social and cultural activities to develop and maintain social capital in the region (Haasis, 2009; Gärtner & Flögel, 2017; Brämer et al., 2010).

The *regional principle* defined in the savings bank laws of the federal states ensures that local access to banking services must also be granted in structurally weak and rural regions. The regional commitment by public savings banks is reflected in their pronounced local involvement and presence across the country. In contrast to the private sector, public savings banks are regionally oriented. As a recent report by the Deutsche Bundesbank shows, the segment of public savings banks with 9,593 outlets, including 386 head offices, still offers the largest and densest banking network in Germany – even though there has been a considerable decline for several years (Deutsche Bundesbank, 2020).

The nationwide representation is intended to counteract a spatial divergence of economic conditions and thus serves to promote competitiveness of structurally weak and shrinking regions. Public savings banks have a very important function in structural policy which results, among other things, from the fact that deposits are to be used primarily to finance regional borrowers when granting loans. Their local roots provide detailed knowledge of creditworthiness and allow a particularly socio-politically oriented lending policy (Gärtner & Flögel, 2017; Brämer et al., 2010).

If we look at their contribution to co-production and joint service provision, savings banks are generally regarded as particularly important network actors that attempt to initiate and coordinate local service networks and thus cooperative forms of public value creation (e.g. Gärtner & Rehfeld 2007). Here, we can speak of a broader role in being a key partner in *co-governing* and *co-managing* public services. This role is additional evident in *co-financing*. The local identity of savings banks and their customers leads to the necessary conditions to actively support financial citizen participation (Wessel, 2015). Furthermore, public savings banks very often offer

⁷ The commercial banking system in Germany consists of three pillars: the first pillar includes private sector banks (e.g. Deutsche Bank), the second pillar is based on cooperative banks and the third pillar consists of public savings banks and the Landesbanken (Gärtner & Flögel, 2017).

financial services that go beyond the traditional credit supply, like microcredits or savings bonds for local civil society projects (Gärtner & Flögel, 2017).

4. Conclusion

In sum, the first part of this chapter explored trends and characteristics of co-production in shrinking rural regions in Germany where this has become a vital instrument for ensuring equivalent living conditions. In other words, civic engagement nowadays seems to be a coping strategy for dealing with changes in the delivery of public services. From a theoretical point of view, “co-production” provides a useful conceptual framework and indicator that determines whether and how shrinking rural regions are facing new challenges and how they are trying to change governance processes by involving individual or collective action (also Schlappa, 2017).

As the few examples of the impact of public economy organisations additionally show, municipally owned corporations also make an important contribution to the fulfilment of public tasks in shrinking rural regions. In particular, municipally owned housing companies and public savings banks, as we described, seem to have an essential public and social policy function. Both appear to be promoters of and partners in processes of local co-governance, co-management, and co-finance. However, the field is in need of further empirical research in order to provide deeper insights into the design, motives, conditions, and effects of the partnership between public economy organisations and citizens. Looking at this relationship from a more comparative perspective, there is also the question of what possible differences or similarities exist between the cooperation of citizens with local administrations and the cooperation with public economy organisations.

Finally, the question of the perspectives for local governance remains. It can be expected that the organisational diversity of delivering public services will continue to increase. With an already highly pluralistic landscape, local governments in shrinking rural regions need to establish the capacities and competencies that are necessary to coordinate, moderate, and facilitate the activities of their administrative units and corporations, private and third sector organisations as well as a considerable number of volunteer arrangements. Local governments deal with a multitude of different but very specific management and coordination requirements as all these arrangements differ in interests, logic of action, competencies and (organisational) culture.

In order to be able to close supply gaps through cooperative forms on one hand, but to avoid redundancies in local service delivery on the other hand, it seems crucial to coordinate citizen participation and the organisational structures that try to facilitate co-production together with already existing processes and arrangements of publicly provided services. This requires a system of cross-sectoral coordination and

management that focuses on service delivery by public sector and public economy organisations as well as the various forms of individual and collective co-production.

References

- ALFORD, J. (2002). Why do public sector clients co-produce? Towards a contingency theory. *Administration and Society* (pp. 32-56), 34(1).
- ALFORD, J. (2009). *Engaging Public Sector Clients. From Service Delivery to Co-production*. Houndmills: Palgrave Macmillan.
- ALFORD, J. & O'FLYNN, J. (2012). *Rethinking Public Service Delivery*. London: Palgrave.
- AUMÜLLER, J., DAPHI, P. & BIESENKAMP, C. (2015). *Die Aufnahme von Flüchtlingen in den Bundesländern und Kommunen Behördliche Praxis und zivilgesellschaftliches Engagement*. Berlin: Self-publisher.
- BANCE, P. (Ed.) (2018). *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*. CIRIEC Studies Series No. 1. Liège.
- BANKS, S., BUTCHER, H., ORTON, A. & ROBERTSON, J. (2013). *Managing Community Practice: Principles, Policies and Programmes* (2nd. Ed.). Bristol: Policy Press.
- BJÄRSTIG, T. & SANDSTRÖM, C. (2017). Public-private partnerships in a Swedish rural context - A policy tool for the authorities to achieve sustainable rural development? *Journal of Rural Studies* (pp. 58-68), 49.
- BÖCHER, M. (2008). Regional Governance and Rural Development in Germany: the Implementation of LEADER+. *Journal of the European Society for Rural Sociology* (pp. 372-388), 48(4).
- BOGUMIL, J., GERBER, S. & SCHICKETANZ, M. (2013). Handlungsmöglichkeiten kommunaler Demografiepolitik. In Hüther, M. & Naegele, G. (Ed.). *Demografiepolitik* (pp. 259-280). Wiesbaden: VS Verlag für Sozialwissenschaften.
- BOGUMIL, J. & HOLTKAMP, L. (2004). Bürgerkommune unter Konsolidierungsdruck? Eine empirische Analyse von Erklärungsfaktoren zum Implementationsstand der Bürgerkommune. *Deutsche Zeitschrift für Kommunalwissenschaft* (pp. 103-126), 43(1).
- BÖHNKE, P., KERSTEN, J., KLENK, T., NEU, C. & VOGEL, B. (2015). *Der Wert öffentlicher Güter*. Berlin: Self-publisher.
- BOLT, G., PHILLIPS, D. & VAN KEMPEN, R. (2010). Housing Policy, (De)segregation and Social Mixing: An International Perspective. *Housing Studies* (pp. 129-135), 25(2).
- BÖNKER, F., LIBBE, J. & WOLLMANN, H. (2016). Remunicipalisation Revisited: Long-Term Trends in the Provision of Local Public Services in Germany. In Wollmann, H., Kopric, I. & Marcou, G. (Ed.). *Public and social services in Europe* (pp. 71-85). Houndmills/New York: Palgrave Macmillan.
- BOVAIRD, T. & LOEFFLER, E. (2012). From Engagement to Co-production. The Contribution of Users and Communities to Outcomes and Public Value. *Voluntas. International Journal of Voluntary and Nonprofit Organizations* (pp. 1119-1138), 23.

- BOVAIRD, T., STOKER, G., JONES, T., LOEFFLER, E. & RONCANCIO, M. P. (2016). Activating collective co-production of public services: influencing citizens to participate in complex governance mechanisms in the UK. *International Review of Administrative Sciences* (pp. 47-68), 82(1).
- BRÄMER, P., GISCHER, H., PFINGSTEN, A. & RICHTER, T. (2010). Der öffentliche Auftrag der deutschen Sparkassen aus der Perspektive des Stakeholder-Managements. *Zeitschrift für öffentliche und gemeinwirtschaftliche Unternehmen/Journal of Public and Nonprofit Services* (pp. 311-332), 33(4).
- BRANDSEN, T. & PESTOFF, V. (2006). Co-production, the third sector and the delivery of public services. An Introduction. *Public Management Review* (pp. 493-501), 8(4).
- BUTZIN, A., ELBE, S., FALLER, B., GÄRTNER, S., LANGGUTH, F., MIDDELMANN, U., WEISHAUP, K. & WILMSMEIER, N. (2015). *Neue Kooperationen und Finanzierungsmodelle für die Daseinsvorsorge: Eine Analyse von 111 Initiativen*. Gelsenkirchen: Self-publisher.
- BUTZIN, A. & GÄRTNER, S. (2017). Bürgerschaftliches Engagement. Koproduktion und das Leitbild gleichwertiger Lebensbedingungen. *Raumforschung und Raumordnung* (pp. 513-526), 75(6).
- CONRAD, A., NEUBERGER, D. & TRIGO GAMARRA, L. (2009). The impact of regional and demographic factors on the efficiency of German savings banks, *Thünen-series of applied economic theory*, 111.
- DÄHNER, S., REIBSTEIN, L., SLUPINA, M., KLINGHOLZ, R., HENNIG, S. & GRUCHMANN, G. (2019). *Urbane Dörfer. Wie digitales Arbeiten Städter aufs Land bringen kann*. Berlin: Self-publisher.
- Deutsche Bundesbank (2020). *Bankstellenbericht 2019. Entwicklung des Bankstellennetzes im Jahr 2019*. Frankfurt a.M.: Self-publisher.
- Deutscher Städtetag (2017). *Gute Unternehmenssteuerung. Strategien und Handlungsempfehlungen für die Steuerung städtischer Beteiligungen*. Berlin and Cologne: Self-publisher.
- EINIG, K. (2015). Gewährleisten Zentrale-Orte-Konzepte gleichwertige Lebensverhältnisse bei der Daseinsvorsorge? *Informationen zur Raumentwicklung* (pp. 45-55), 1/2015.
- Federal Institute for Research on Building, Urban Affairs and Spatial Development (2017). *Raumordnungsbericht 2017. Daseinsvorsorge sichern*. Bonn: Self-publisher.
- Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2014). *Motive des bürgerschaftlichen Engagements. Kernergebnisse einer bevölkerungsrepräsentativen Befragung durch das Institut für Demoskopie Allensbach*. Berlin: Self-publisher.
- Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (2017). *Zweiter Bericht über die Entwicklung des bürgerschaftlichen Engagements in der Bundesrepublik Deutschland*. Berlin: Self-publisher.
- Federal Ministry of Food and Agriculture (2016). *Bericht der Bundesregierung zur Entwicklung der ländlichen Räume 2016*. Berlin: Self-publisher.
- Federal Ministry of the Interior, Building and Community (2019). *Verstetigung des Aktionsprogramms regionale Daseinsvorsorge (ArD) in 21-Modellregionen. Studie im Rahmen des MORO „Netzwerk Daseinsvorsorge“*. Berlin: Self-publisher.

- Federal Statistical Office of Germany (2014). Jahresabschlussstatistik öffentlicher Fonds, Einrichtungen und Unternehmen. *Statistisches Bundesamt 2014, Wirtschaft und Statistik* (pp. 307-314). Wiesbaden: Self-publisher.
- FISCHER, F. (2000). *Citizen, Experts, and the Environment. The Politics of Local Knowledge*. Durham.
- FRANKE, J., LORENZ-HENNIG, K., van KISFELD, F., KRÄUTNER, T., MÜLLER, R., PÖPSEL, L. & WOLFF, P. (2017). *Kommunale Wohnungsbestände in Deutschland. Ergebnisse der BBSR-Kommunalbefragung 2015*. Bonn: Self-publisher.
- FRIEDLÄNDER, B. (2019). Öffentliche Unternehmen und Beteiligungsmanagement im kommunalpolitischen Prozess: Konzeptionelle Fundierung und Befunde einer Befragung und Dokumentenanalyse. *Zeitschrift für öffentliche und gemeinwirtschaftliche Unternehmen/Journal of Public and Nonprofit Services* (pp. 181-197), 42(3).
- FRIEDLÄNDER, B. (2020). Integrated Steering and Coordination of Local Public Services in Germany – Reasons and Constraints of an Innovative Governance Approach. *International Public Management Review* (pp. 58-78), 20(2).
- FRIEDLÄNDER, B., RÖBER, M. & SCHAEFER, C. (2021). Institutional Differentiation of Public Service Provision in Germany: Corporatisation, Privatisation and Re-Municipalisation. In Kuhlmann, S., Proeller, I., Schimanke, D., Ziekow, J. (Ed.). *Public Administration in Germany: Institutions, Reforms, Governance*. London: Palgrave Macmillan.
- GÄRTNER, S. & FLÖGEL, F. (2017). *Raum und Banken. Zur Funktionsweise regionaler Banken*. Baden-Baden: Nomos.
- GÄRTNER, S. & REHFELD, D. (2007). *Sparkassen als umsetzende Akteure der regionalen Strukturpolitik*. Bonn: Self-publisher.
- German Association of Local Utilities (2019). *VKU Praxisbeispiele Gleichwertige Lebensverhältnisse*, <https://www.vku.de/themen/daseinsvorsorge/gemeinsam-fuer-gleichwertige-lebensverhaeltnisse/>, download on: December 29, 2020.
- GROHS, S. (2014). Hybrid Organizations in Social Service Delivery in Quasimarkets. The Case of Germany. *American Behavioral Scientist* (pp. 1425-1445), 58(11).
- GROHS, S., SCHNEIDERS, K. & HEINZE, R. G. (2017). Outsiders and Intrapreneurs. The Institutional Embeddedness of Social Entrepreneurship in Germany. *Voluntas. International Journal of Voluntary and Nonprofit Organizations* (pp. 2569-2591), 28.
- HAASIS, H. (2009). Das besondere Geschäftsmodell der Sparkassen. In DSGV (Ed.). *200 Jahre Sparkassen, 200 Jahre Stabilität für Deutschland* (pp. 6-9). Berlin: Self-publisher.
- HENRIKSEN, L. S., SMITH, S. R., THØGERSEN, M. & ZIMMER, A. (2016). On the Road Towards Marketization? - A Comparative Analysis of Nonprofit Social Service Delivery at the Local Level. In Sabine Kuhlmann & Geert Bouckaert (Ed.): *Local Public Sector Reforms in Times of Crisis: National Trajectories and International Comparisons* (pp. 221-236). Basingstoke: Palgrave Macmillan.
- HESSE, M., LENK, T. & STARKE, T. (2017). *Investitionen der öffentlichen Hand. Die Rolle der öffentlichen Fonds, Einrichtungen und Unternehmen*. Gütersloh: Self-publisher.

- JAKUBOWSKI, P. (2013). Resilienz – eine zusätzliche Denkfigur für gute Stadtentwicklung. *Informationen zur Raumentwicklung* (pp. 371-378), 4.
- KELLY, D., STEINER, A., MAZZEI, M. & BAKER, R. (2019). Filling a void? The role of social enterprise in addressing social isolation and loneliness in rural communities. *Journal of Rural Studies* (pp. 225-236), 70.
- KERSTEN, J., NEU, C. & VOGEL, B. (2017). Das Soziale-Orte-Konzept: Ein Beitrag zur Politik des sozialen Zusammenhalts, *UPR Zeitschrift für Wissenschaft und Praxis* (pp. 50-56), 2/2017.
- KORDEL, S. & WEIDINGER, T. (2017). Sicht der Geflüchteten auf ländliche Räume. In Peter Mehl (Ed.): Aufnahme und Integration von Geflüchteten in ländliche Räume: Spezifika und (Forschungs-)herausforderungen (pp. 41-53). Thünen Report 53.
- KRÖHNERT, S., KLINGHOLZ, R., SIEVERS, F., GROßER, T. & FRIEMEL, K. (2011a). *Die demografische Lage der Nation. Was freiwilliges Engagement für die Regionen leistet*. Berlin: Self-publisher.
- KRÖHNERT, S., KUHN, E., KARSCH, M., KLINGHOLZ, R. & BENNERT, W. (2011b). *Die Zukunft der Dörfer. Zwischen Stabilität und demografischem Niedergang*. Berlin: Self-publisher.
- KUHLMANN, S. & WOLLMANN, H. (2019). *Introduction to Comparative Public Administration. Administrative Systems and Reforms in Europe* (2nd ed.). Cheltenham/Northampton: Edward Elgar.
- KÜHN, M. & MILSTREY, U. (2015). Mittelstädte als periphere Zentren: Kooperation, Konkurrenz und Hierarchie in schrumpfenden Regionen. *Raumforschung und Raumordnung* (pp. 185-202), 73.
- LOEFFLER, E., TIMM-ARNOLD, P., BOVAIRD, T. & VAN RYZIN, G. (2015). *Koproduktion in Deutschland: Studie zur aktuellen Lage und den Potenzialen einer partnerschaftlichen Zusammenarbeit zwischen Kommunen und Bürgerinnen und Bürgern*. Gütersloh: Self-publisher.
- MACMILLAN, R. (2013). Decoupling the state and the third sector? The 'Big Society' as spontaneous order. *Voluntary Sector Review* (pp. 185-205), 4(2).
- MATTHIESEN, U. (2004). Das Ende der Illusionen. Regionale Entwicklung in Brandenburg und Konsequenzen für einen neuen Aufbruch. *perspektive 21 – Brandenburgische Hefte für Wissenschaft & Politik* (pp. 97-113), 21/22.
- MATTHIESEN, U. (2011). Ein Labor für Raumpioniere. Wie Entwicklungsimpulse für Brandenburg durch selbst organisierte Mikro-Netze entstehen können. *perspektive 21 – Brandenburgische Hefte für Wissenschaft & Politik* (pp. 59-68), 48.
- MIOGA, M. (2015). *Gleichwertige Lebensverhältnisse in Bayern: Nicht nur Aufgabe der Kommunen*. München: Self-publisher.
- Monopoly Commission (2013). *Eine Wettbewerbsordnung für die Finanzmärkte. Zwanzigstes Hauptgutachten der Monopolkommission gemäß § 44 Abs. 1 Satz 1 GWB*. Bonn: Self-publisher.
- NADLER, R. (2017). The Elephant in the Room. Über das Verhältnis von demographischem Wandel, Daseinsvorsorge und zivilgesellschaftlichem Engagement in Deutschland. *Raumforschung und Raumordnung* (pp. 499-512), 75(6).

- NEEDHAM, C. (2008). Realising the Potential of Co-production: Negotiating Improvements in Public Services. *Social Policy and Society* (pp. 221-231), 7(2).
- PESTOFF, V. (2012). Co-production and Third Sector Social Services in Europe: Some Concepts and Evidence. *Voluntas. International Journal of Voluntary and Nonprofit Organizations* (pp. 1102-1118), 23.
- POLLERMANN, K., RAUE, P. & SCHNAUT, G. (2013). Rural Development Experiences in Germany: Opportunities and Obstacles in Fostering Smart Places through LEADER. *Studies in Agricultural Economics* (pp. 111-117), 115.
- RICHTER, D. R. (2019). Rural social enterprises as embedded intermediaries: The innovative power of connecting rural communities with supra-regional networks. *Journal of Rural Studies* (pp. 179-187), 70.
- RÖBER, M. & SINNING, H. (Ed.) (2010). *Wohnen im Bestand. Nachfrageorientierung als Perspektive: Anforderungen, Konzepte und Good Practices für Wohnungswirtschaft und Stadtentwicklung*. Detmold: Rohn.
- SCHLAPPA, H. (2017). Co-producing the cities of tomorrow: Fostering collaborative action to tackle decline in Europe's shrinking cities. *European Urban and Regional Studies* (pp. 162-174), 24(2).
- SIMONSON, J., VOGEL, C. & TESCH-RÖMER, C. (2016). *Freiwilliges Engagement in Deutschland. Der Deutsche Freiwilligensurvey 2014*. Berlin: Self-publisher.
- STEINFÜHRER, A. (2015). Bürger in der Verantwortung. Veränderte Akteursrollen in der Bereitstellung ländlicher Daseinsvorsorge. *Raumforschung und Raumordnung* (pp. 5-16), 73(5).
- STROKOSCH, K. & OSBORNE, S. P. (2017). Co-producing Across Organisational Boundaries: Promoting Asylum Seeker Integration in Scotland. *Voluntas. International Journal of Voluntary and Nonprofit Organizations* (pp. 1881-1899), 28.
- THIEMEYER, T. (1970). *Gemeinwirtschaftlichkeit als Ordnungsprinzip, Grundlegung einer Theorie gemeinnütziger Unternehmen*. Berlin: Duncker u. Humblot.
- TÜRK, L., HERDA, S. & TRUTZENBERG, N. (2013). *Kooperationsmodelle zwischen Sozialunternehmen und anderen Trägern sozialer Dienstleistungen – Modellvorhaben aus Europa*. Frankfurt a.M.: Self-publisher.
- VAN KEMPEN, R. & BOLT, G. (2009). Social cohesion, social mix, and urban policies in the Netherlands. *Journal of Housing and the Built Environment* (pp. 457-475), 24.
- VOORN, B., van GENUGTEN, M.L. & van THIEL, S. (2020). Re-interpreting re-municipalization: finding equilibrium. *Journal of Economic Policy Reform*.
- WAGNER, O., & BERLO, K. (2015). The Wave of Remunicipalisation of Energy Networks and Supply in Germany - the Establishment of 72 New Municipal Power Utilities. *ECEEE Summer Study Proceedings* (pp. 559–569).
- WESSEL, F. (2015). Die Ko-Produktion von freiwilligen kommunalen Aufgaben mit Hilfe finanzieller Bürgerbeteiligungsmodelle unter Einbeziehung von Sparkassen und Kreditgenossenschaften. *dms – der moderne staat – Zeitschrift für Public Policy, Recht und Management* (pp. 361-384), 8(2).

- WOLLMANN, H. (2018). Public and Personal Social Services in European Countries from Public/Municipal to Private – and Back to Municipal and “Third Sector” Provision. *International Public Management Journal* (pp. 413-431), 21(3).
- WOLLMANN, H., KOPRIĆ, I. & MARCOU, G. (2016). *Public and Social Services in Europe. From Public and Municipal to Private Sector Provision*. Basingstoke: Palgrave Macmillan.

Co-production of public goods in Slovakia / Chapter 7

Maria MURRAY SVIDROŇOVÁ*, Juraj NEMEC**
and Gabriela VACEKOVÁ***

Abstract

The role played by public and social economy organisations/enterprises in the co-production of public goods and commons has increased, especially at the local level. This phenomenon is observed between various actors, not only officially registered social enterprises in Slovakia, but also organisations of various legal forms who by their activities fulfil the criteria of social enterprise definition. To map various organisations that participate in co-production and bring social innovations at the local level is the focus of this chapter. The chapter aims to contribute to the existing literature on social enterprises/social economy organisations in one of the post-communist countries (transforming the "socialist" social enterprise sector into social economy) and assessing the potential of social enterprises/social economy organisations in promoting innovations by partnerships (with the public sector, non-governmental organisations, citizens) in the form of co-production.

Keywords: social economy, social enterprises, co-production, NGOs, Slovakia

JEL-Codes: L31, L32, L33, O35

Acknowledgement:

This research received funding from the Czech Grant Agency (GA19-06020S).

*Associate Professor of Public Economy and Services, Faculty of Economics, Matej Bel University, Banská Bystrica (Slovakia) and Faculty of Economics and Administration, Masaryk University, Brno (Czech Republic) (maria.murraysvidronova@umb.sk).

** Professor of Public Finance and Public Management, Faculty of Economics and Administration, Masaryk University, Brno (Czech Republic) (juraj.nemec@umb.sk).

*** Associate Professor in Public Economics, Faculty of Social Studies, Masaryk University, Brno (Czech Republic) and Ambis College (Czech Republic) (gabriela.vacekova@econ.muni.cz).

Introduction

The social economy is considered to be an alternative to the public sector and the market. Its development is related to solving the problems of the welfare state, while sharing responsibility for the quality and range of services.

This responsibility should be shared within the public sector, private business sector, and non-governmental (NGO) sector. The social economy includes activities carried out by various kinds of hybrid organizations, such as cooperatives, associations, and mutually beneficial organisations, the purpose of which is to provide services to clients, but not to make a profit (Defourny, Hulgard & Pestoff, 2014).

Definitions of social enterprise tend to describe the functions of different types of social entrepreneurship. Complications in defining social enterprise also arise from the diverse national contexts as well as from the fact that they are found in many different sizes and legal forms. A social enterprise is mostly a small or medium company, including cooperatives. Innovativeness can be seen in the diversity of the goals in multisource financing, in a different approach to job creation, and also in a new type of entrepreneurship, which is a way of the risks being borne on the principles of stakeholders and supporters, including partnerships with the public sector (Borzaga & Defourny, 2001). Social enterprises are organisations that are driven by social tasks and apply marketing strategies to achieve social or environmental purposes. Social enterprises are required to achieve business success and to fulfil social objectives with democratic participation, while maintaining their stability over time and observing the boundaries when the company is a social enterprise and are able to remain on the market at the same time (Gidron & Hasenfeld, 2012).

In 2011, the European Commission (EC) launched the Social Business Initiative (SBI) with an aim to create a favourable legal, administrative and financial environment for social enterprises. According to the operational definition, these enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion and use profits primarily to achieve social objectives. Specifically, the SBI stresses the fact that the main objective of social enterprises is 'to have a social impact rather than to make a profit for their owners or shareholders'. It is indeed argued that social enterprises are at the very heart of inclusive growth due to their emphasis on helping people (particularly disadvantaged groups of people and vulnerable individuals) and stimulating social cohesion.

In addition, the EC has identified four fields in which social enterprises operate:

- Work integration – these enterprises provide training and integration of people with disabilities or people that are unemployed;
- Personal social service – health, well-being and medical care, professional training, education, health service, childcare service, help for elderly people, aid for disadvantaged people;

- Local development in disadvantaged areas – social enterprises provide development aid and support to remote rural areas and poor urban areas;
- Other activities – including recycling, environmental protection, culture and preservation of historical heritage, research and innovation, consumer protection and amateur sports.

Following the OECD (1999) definition of social enterprise (any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment) it gives us a broad perspective. Thanks to this perspective, we can focus on the co-production between various actors, not only officially registered social enterprises in Slovakia, but also organisations of various legal forms who fulfil this definition by their activities. This task is very challenging - instead of focusing on the registered social enterprises, we included a much bigger sample into this research with a great limitation of weak data availability.

From the mapping of social enterprises in Slovakia, it will be clear that very often the non-governmental organisations take place as a legal form for social enterprises. Therefore, we briefly explain the context of government-NGO relationships. Different political regimes (e.g. monarchy in Austro-Hungarian Empire, communism in Czechoslovakia, building democracy in Slovakia) have affected the non-profit sector and its formation – discontinuity in the development NGOs. (Vaceková & Murray Svidroňová, 2016). This has had a profound impact on the nature of civil society and NGOs, including the government-NGO relationships. The most notable impact in this respect has been the influence of the communist regime, which lasted over 40 years and systematically destroyed the organically developed NGOs. The government allowed only "traditional" organizations like sport clubs, folklore ensembles and pioneer groups (socialist version of scouting), all strictly controlled. November 1989, along with political and economic changes, brought about an increase in NGOs' activities and their entry into the economy, yet it took another 19 years to official formation of social economy that would consist also of NGOs.

The period after the EU accession (2004) was accompanied by growth in the activities of NGOs and in their relationships with other partners (the government and business). NGOs were struggling to define their relationship with the state: firstly, to fuel the necessary reforms, secondly to provide constructive criticism, and thirdly to achieve an improved framework for civil society (EU-Russia Civil Society Forum, 2019).

It is important to note that in Slovakia, like in other countries these days, the extreme right is gaining power. As a result of the national elections of 2016, the extreme right party made it into the parliament. This has deepened the polarization of the civil society, which started in 2010 (Strečanský, 2017). These issues cause lower trust of NGOs in the leading political actors. The relationship between the leading political actors and the civil society is very formal, rather distant and reserved (USAID, 2018). Moreover, the government do not consider NGOs as partners, e.g. in providing public

services that are part of social economy sector. However, the government often takes advantage of CSOs' expertise, e.g. the experts are asked to provide their advice free of charge or for minimal fees.

On the other hand, several leaders from the NGOs have entered politics both at local (Marek Hattas, mayor of Nitra; Matúš Vallo, mayor of Bratislava) and national level (Viera Dubačová, MP). (EU-Russia Civil Society Forum, 2019). But not only the political conditions are changing, also the collaboration with local government is undergoing certain shifts. Nemec et al. (2015) stated that the role of local self-government in co-production in Slovakia was rather limited. In their opinion, the main problem and reason of this situation lied in the traditions and type of governance inherited from previous socialist history of Slovakia and cannot be treated immediately. One of the motivation for this paper was to challenge this statement and show the improvement on the way to co-production between local governments, NGOs and citizens.

The chapter is organised into three major sections: 1. definition and description of social economy in Slovakia, 2. methodology and 3. analysis of selected case studies of co-production.

1. Social economy in Slovakia

The emergence of the social economy and the blurring of the boundaries of the public, private and NGO sectors (Billis, 2010) has long been recognised in Western literature. Nevertheless, these processes are not any less significant in the post-transitional context – maybe they are even more important because of limited public sector resources and because of the fact that variations in socioeconomic contexts account for international differences in social enterprise. Despite this significance, the number of studies analysing the social economy in the region of Central and Eastern Europe (CEE) is rather limited (in the conditions of Slovakia only few studies exist – Korimová et al. (2007, 2011, 2014, 2017), Lubelcová (2007), Vaceková and Bolečeková (2015).

Co-operatives, that exist up to today, can be considered the forerunners of social enterprises. The first co-operative on the future territory of Slovakia was established on February 9, 1845 in Sobotišťe (Korimová, 2014), which was the first credit co-operative to fulfil the function of a savings bank. By founding this association, Slovaks had overtaken much more advanced countries, with the exception of England.

After 1918, when Czechoslovakia¹ declared its independence from the Austro-Hungarian Empire and was founded as a sovereign state, the so-called disabled production co-operatives (“výrobné družstvá invalidov”) became widespread in the first Czechoslovakia as a result of the initiative of war invalids who were seeking employment through self-help co-operatives and associations. These gradually became an integral part of the care system for disabled citizens in the country. After November 1989, the Czechoslovak co-operative sector has been gradually

¹ Czechoslovakia split in 1993 into two sovereign countries: the Czech Republic and the Slovak Republic.

transformed to a modern democratic system. Maintaining the employment of disabled employees in the disabled production co-operatives required a solution by the government which adopted measures on income tax, tax holidays for 1991 and 1992, and the processing of subsidy guidelines for these organisations. Measures taken and implemented helped these co-operatives and other organisations employing disabled people to overcome problems and to continue meeting employment targets in the first phase of post 1989 development.

Furthermore, the development of the social economy is unquestionably influenced by the development of the NGO sector that focuses on the provision of public benefit, including social services. NGOs earned their position in the economy of every developed country as social innovators and important actors in the social economy. Many social economy subjects take the legal form of civic associations or public benefit organisations. NGOs can be seen in a certain light as social economy organisations, especially when taking into account all the similarities between these two types of organisations based on legislative regulations in Slovakia.

This is in line with the "western" approaches. Defourny and Nyssens (2010) argue that "most social enterprises across Europe, even in countries where these new legal forms have emerged, still adopt legal forms that have existed for a long time" (p. 235).

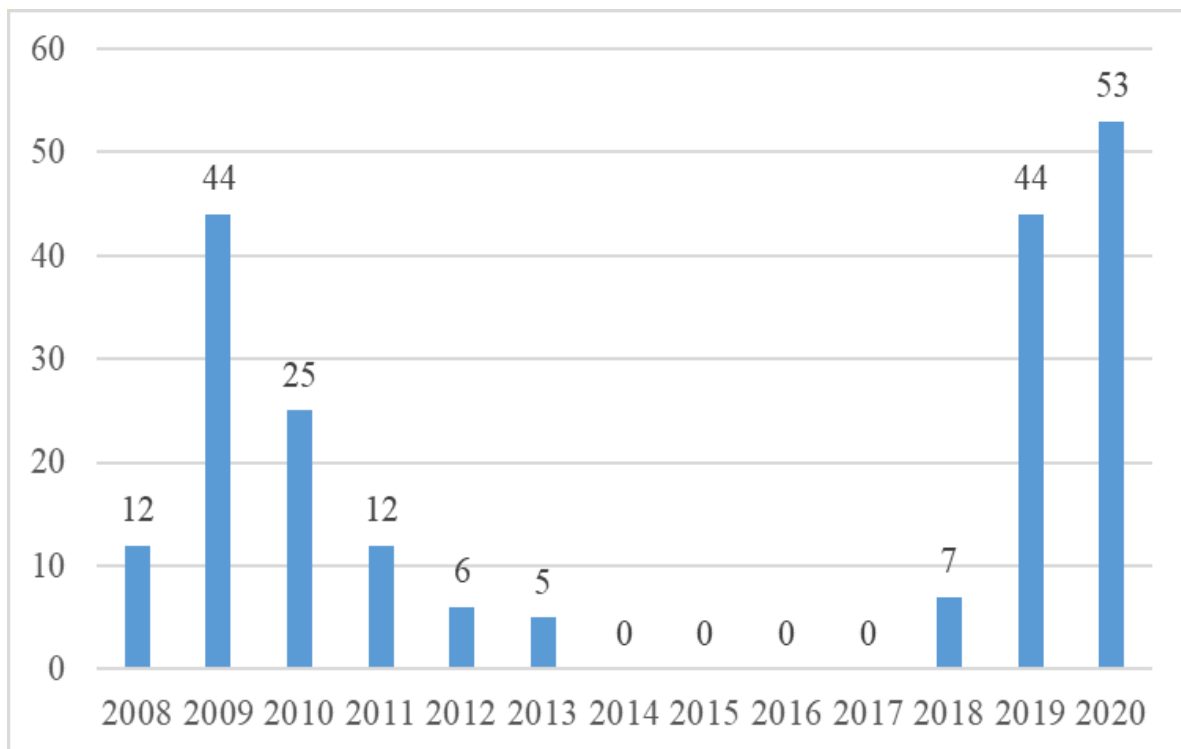
Moreover, social enterprises are much more diverse than NGOs. Indeed, they could be considered just one type of social enterprise (ibid, p. 1309). There are more studies confirming the close relation or even interconnection between the sectors (e.g. Matei and Matei, 2015; Kerlin, 2010; Jenner, 2016; Teasdale, 2012; etc.).

Firstly, we present the publicly available register of social enterprises administrated by the Central Office for Labour, Social Affairs and Family and secondly, we broaden the scope to other legal forms which can be considered social enterprises.

Registered social enterprises

The official register provides two types of data: exclusively the WISE type of social enterprises, which were the only recognised social enterprises before the new law in 2018 (up to June 2018) and the most recent data from April 2020 on newly registered social enterprises. The development of social enterprises registered in every year of the followed period is in Figure 1.

Figure 1: Number of registered social enterprises in Slovakia in years 2008-2020



Source: Register of social enterprises in Slovakia.

It must be noted that within those WISEs, only 13 are still active in 2018, 90 were cancelled and 2 are paused, and only 5 new WISEs were registered. In the years 2014-2017, there were no newly registered social enterprises. After 2018 there are new social enterprises which were founded after the adoption of Act no. 112/2018 Coll. on social economy and social enterprises.

This law is one of the first comprehensive legislative instruments for the construction of the social economy sector in the former transit economies and is a suitable example especially for the V4 countries (there is a law on social co-operatives in Poland, in the Czech Republic the Act on Social Economy is currently being prepared). This law defines a so-called subject of social economy which can be a civic association, foundation, non-investment fund, non-profit organisation, special-purpose church, commercial company, cooperative or natural person - entrepreneur which

- a) is not, for the most part, governed by a governmental authority, the governmental authority largely does not finance, appoint or elect a statutory body or more than half of its members and does not appoint or elect more than half the members of the management body or supervisory body,
- b) carries out an economic activity or a non - economic activity in the context of social economy activities; and

- c) if it is engaged in or pursues other gainful activity under special legislation, does not pursue them solely for the purpose of making a profit or uses more than 50% of the profit after tax to achieve the principal objective of achieving measurable positive social impact.

The Act also distinguishes between a social enterprise (the abovementioned) and a registered social enterprise, which is formed on the basis of an application. The status of a registered social enterprise can be granted to social economy entities in the following areas: WISE (integrated social enterprise), social housing enterprise and other registered social enterprise, if it achieves greater positive social impact than an entrepreneur who performs similar activity for profit.

It is clear from the above that the legislation defines social enterprises very broadly and therefore it is difficult to determine their number in the Slovak Republic. So far, there are 104 organisations that have been registered as social enterprises defined by the Act no. 112/2018 to receive financial state support,...

Activities of new social enterprises include construction, agriculture, forestry and fishing, gardening, human health and social work activities, education, wholesale and retail trade, accommodation services and laundry services.

Other legal forms

From the aforementioned it might seem that the social economy sector is relatively small in Slovakia. When we take a closer look at the NGO sector and other legal forms which are also defined in Act no. 112/2018 Coll., we can include the following organisations based on the authors' expert estimate.

A priori, a very significant number of non-governmental organisations operate to achieve mutually or socially beneficial goals and do not distribute profit among their members or founders. For instance, the law specifically defines the areas of activity for the public benefit organisations and these are potentially fertile territory for any socially beneficial activity. There may also be a considerable number of civic associations (most numerous NGOs) which have explicit social objectives. In principle, it is therefore plausible to assume most of non-governmental organisations would have considerably strong social orientation. In 2017, there were 64,136 NGOs in Slovakia, the authors assume that roughly 2/3 can be considered a social enterprise.

Much more ambiguous is the situation with cooperatives. The primary purpose of the cooperatives is the fulfilment of the collective interest of its members. However, this does not necessarily imply the social externalities. For instance, farmer cooperatives which operate as a platform for distribution of its members' agricultural products, may not differ significantly from for-profit companies operating in the food industry, with the exception to the different organisational structure. Here, it can be assumed that only a small number of cooperatives would have sufficiently strong social dimension although it is not unusual that some cooperatives employ disabled people. The most numerous ones are agricultural cooperatives that can counted as

social enterprises. Housing and consumer cooperatives are also common. There were 1,396 cooperatives in Slovakia in 2018. Nonetheless, most cooperatives would not meet the definition related to social dimension, therefore we estimate that only 1% of the cooperatives can be de facto considered social enterprises in Slovakia.

Sheltered workshops, by definition, deliver social benefits supporting the disabled people by providing them employment opportunities. In fact, many view sheltered workshops as an explicit public policy tool to support people with disabilities who often constitute more than 50 per cent of the total headcount. The social dimension is therefore very clear and not contested. In June 2019, out of a total number of 5,901 there were 5,560 active registered sheltered workshops and sheltered workplaces with more than 50% of employees with disabilities (Central Office for Labour, Social Affairs and Family, 2019). After the amendment of Employment Act in 2013, the majority of sheltered workshops in Slovakia could be considered de facto social enterprises.

A municipal company itself could be regarded as a social enterprise: its members are citizens (who took part in the funding community through taxes and fees), it has democratic decision-making, it manages its own property, participates on the market and earns resources for its core activities. They do this for the purpose of achieving the goals typical for a social enterprise such as employment of long-term unemployed, service delivery to vulnerable groups or communal service provision. Such companies already existed in Czechoslovakia before November 1989 in the form of the so-called 'Technical Services' and municipality associations. After the public administration reforms in both countries, the settlement structure was very fragmented: the size of municipalities in both countries varies in size a lot from the largest ones to those in the countryside with less than 100 inhabitants (Klimovsky et al., 2014). It is impossible at the moment to guess how many of them established municipal social enterprises.

The following table tries to summarise the size of the social economy sector in Slovakia.

Table 1: Social economy sector in Slovakia

	Registered (2017 or 2018, latest data available were used)	Estimated proportion meeting the OECD and EC definitions of social enterprise	Estimated number of active social enterprises*
Social Enterprises (Act 5/2004 amended in 2013)	115	100%	Only 13 active
Social Enterprises (Act 112/2018)	104	100%	104
Sheltered workshops (Act 5/2004 amended in 2013) – form of WISE	6,312	100%	Only 5,739 active
Non-Governmental Organisations	64,136**	10%	6,414
Municipal social enterprises	n/a***	n/a	n/a
Cooperatives	1,396	1%	14
Total	~ 71,585	-	~ 12,284

Source: own based on Directorate-General for Employment, Social Affairs and Inclusion (2016): Mapping study on Social Enterprise Eco-systems – Updated Country report on Slovakia, The registry of Social Enterprises in Slovakia, 2019.

*Note: the data should be treated as indicative range estimates are only estimated based on the authors' expert assumption.

**Note: the total number of non-governmental organisations indicated in the table does not include those registered as foundations and non-investment funds, as they, according to the legislation, are not allowed to engage in entrepreneurial activities.

***Note: because of the lack of statistical data it is impossible to identify the number of municipal social enterprises registered under different legal form (e.g. as Ltd. or public benefit organisation).

2. Methodology

The research is formulated and conducted in the conditions of the Slovak Republic, which has a mixture of corporatist and socio-democratic welfare model. Defined by Esping-Andersen (1990), the "corporatist" welfare state regime, heavily relies on the state in supplying welfare assistance, but preserves the status of many of the non-governmental institutions, especially organized religion. The socio-democratic model involves universalism and a separation of welfare provision from the market system. But Esping-Andersen does not apply his analysis to the question of the appearance and growth of the NGO sector. In the Social origins of civil society, Salamon and Anheier (1998) utilize some of Esping-Andersen's term to refer to different types of state-nonprofit relationships. As such, in the social democratic model, state-sponsored and state-delivered social welfare protections are quite extensive and the room left for service providing non-governmental organizations quite constrained. In the corporatist model, the state has either been forced or induced to make common cause with nonprofit institutions, so that nonprofit organizations function as one of the several "pre-modern" mechanisms that are deliberately preserved by the state

in its efforts to retain the support of key social elites while pre-empting more radical demands for social welfare protections (Salamon & Anheier, 1998). Under these conditions for NGOs as social economy organisations, the co-production possibilities might be limited. On the other hand, the public sector organisations are under pressure for delivering the public services in certain capacity and quality and in compliance with 3E (economy, efficiency, effectiveness). Therefore, in this research we set two research questions (RQ):

- RQ1: Assuming that public institutions are under economic pressure to deliver public goods, what motives do they have to collaborate with social economy organisations?
- RQ2: What are the drivers and barriers of co-production?

The research builds on international projects such as LIPSE (2014-2016, FP7, identification of drivers and barriers to successful social innovation in the public sector, including co-creation) and SOLIDUS (2015-2018, HORIZON 2020, among others it was focused on collaboration practices between public sector organisations, non-governmental organisation, social economy organisations and citizens).

From the methods we used case studies, interviews, focus group. The selection of case studies followed these criteria:

- There are cases with public organisations, social enterprises/social economy organisations and citizens involved.
- There is a balance among the different policy areas (i.e. housing, employment, health, education etc.).
- At least half of the case studies conducted are oriented to the fight against poverty and social exclusion.
- All of the case studies have been running for some time, so it is possible to map outcome/impact of these social innovations in co-production.

To answer the research questions, we applied content analysis of databases, webpages and other relevant documents to identify relevant case studies. From the list of 26 identified case studies we prepared a report which was sent to experts on public sector, non-governmental sector and social economy with an invitation to participate in a focus group discussing the relations between government and NGOs in Slovakia. This method represents a homogeneous composed group of 6 to 12 participants discussing in a well-prepared way their ideas, motives and interests about a clearly defined issue chaired by a discussion leader. Official invitations to participate in the focus group were addressed to 10 people. These included representatives of NGOs, public institutions and municipalities that are promoting social economy, as well as academic experts on social economy. Eight out of 10 people

agreed to participate in the focus group (we respect those, who wished to be fully anonymous):

- A university employee - academic expert, female.
- Municipality of Banska Bystrica representative, female.
- NGO 1 from Banska Bystrica – director, female.
- NGO 2 from Banska Bystrica – leader, male (The Civic Association for the Amphitheater).
- NGO 3 from Bratislava – project manager, female.
- NGO 4 from Zvolen – project manager, female (EPIC n.o.).
- Public institution employee, male.
- Participant of community education programme, male.

Based on the focus group, we selected the list of 8 case studies for in-depth analysis using a structured interview. We followed an interview protocol where all types of involved stakeholders were interviewed, i.e. representatives of non-governmental organisations, social enterprises and municipalities, as well as citizens as "recipients" of the services provided. In total, 28 interviews were conducted with respondents for every case. The interviewees were mostly project managers or leaders in the social economy organisations. For the municipalities it was the heads of the social services departments of participating municipalities or representatives of local Labour, Social affairs and Family offices. Due to the fact that all the cases also included citizens in the co-production, we interviewed at least two citizens for every case.

3. Findings: Slovak cases studies on co-production of public goods

The selection of cases was based on the focus group experts' judgment, which might be biased, however, the findings allows us to identify the characteristics of public – NGO relations in Slovakia. The analysed cases of co-production are summarised in table 2, including the role of the Slovak government actors involved. The role is characterised based on the definition by Voorberg et al., 2015: co-initiators (the public service was co-initiated by the government in cooperation with NGOs and/or citizens), co-designers (government is invited to co-design) or co-implementing subjects (the government's role is in the co-implementing the service).

Table 2: List of co-production practices

Field	Programmes and partners	Role of government	Overview
Employment 1	Youth Guarantee at local level Partners: <ul style="list-style-type: none"> •EPIC, non-profit organisation •Municipality of Zvolen (43,000 inhabitants) •Municipality of Turku •Network of local NGOs •Local secondary schools and university •Youth 	Municipality of Zvolen – co-designer	The aim is to pilot test the good practice of Youth Guarantee (YG) approach from Finland in the environment of one Slovak municipality. The realisation of this objective will be the starting point for the possible revision of the YG applications in Slovakia towards the local level. By creating a working group from one region, the EPIC organisation has empowered them to create a series of events for NEET (Not in Education, Employment or Training) and several initiatives have started to help NEET at local level.
Employment 2	DeafKebab Partners: <ul style="list-style-type: none"> •DeafKebab Ltd., social enterprise •Participating municipalities (10,000 – 50,000 inhabitants) •Citizens with hearing impairment 	Participating municipalities – co-implementers but very limited	The goal is to provide employment for people with hearing problems in kiosks selling fast food. The project already includes kiosks in 13 municipalities located mainly in central Slovakia. Fifteen people with hearing problems are employed in this type of “protected working place”. They not only sell fast food, but are also involved in the kiosk’s daily management and logistics. Customers can communicate with them via special sign language tables.
Education 1	School of Family Finance programme Partners: <ul style="list-style-type: none"> •Local NGOs •Universities •Citizens from various communities •the Ministry of Education, Science, Research and Sport of the Slovak Republic 	The Ministry of Education, Science, Research and Sport of the Slovak Republic – co-implementer but very limited	The School of Family Finance (SFF) is aimed at increasing financial literacy and thus improving the lives of the participants. After completion of the course the participants are more aware of their personal responsibility for their financial behaviour. Socially disadvantaged citizens, senior citizens, children from orphanages, clients of crisis centres and other groups of citizens have the opportunity to realise how their decisions affect their financial situation. The topics of the seminars are chosen based on the needs and interests of the participants; including topics such as looking for a job, labour issues, taxes, personal and family budget, loans, insurance, consumer protection, basics of investment etc.
Education 2	Teach for Slovakia Partners: <ul style="list-style-type: none"> •Managers, NGO •Participating schools •Companies •Young people willing to change their jobs and become teachers 	Participating schools – public institutions established by local governments – co-implementers, sometimes also co-designer	Teach for Slovakia is part of the international Teach for All programme that works successfully in more than 30 countries with a vision of improving the quality of education and reducing inequality in access to education so that once every child has been given quality education, they then have the chance to succeed in life. The programme seeks to attract the most talented university graduates. The selected graduates are provided with an intensive, full-time, two-year development programme with an inspirational community, and have the opportunity of having a real impact on Slovak education as a teacher at a primary school. The schools, where these teachers teach in an innovative way, are in those areas with high Roma population or in rural and/or poor regions.

Health 1	Non-governmental organisation helping people with autism – initiative in cooperation with the municipality of Banska Bystrica Partners: •Local NGO •Municipality of Banska Bystrica (78,000 inhabitants) •Disabled citizens and their families)	Municipality of Banska Bystrica – co-implementer	The nature of cooperation is a partnership based on the principle of subsidiarity. A local NGO is one of the key actors in the Community Social Services Plan process in the town for the target group of persons with disabilities as well as for the target group of families with children with disabilities. One result is, for example, education for parents who are at home long-term caring for children, and, whilst enabling parents to socialise again, helping to solve the problem of unproductive parents as well as autistic community problems.
Health 2	Cultural centre Partners: •Local NGOs •Municipality of Banska Bystrica (78,000 inhabitants) •Citizens	Municipality of Banska Bystrica – co-implementer	This case is a cooperation of two NGOs – a theatre with disabled people as actors and an NGO providing cultural services. Moreover, this case includes revitalisation of an abandoned property, the cultural centre was created by reconstructing an old building with adjacent garden, which creates new possibilities for the cultural programme (outside performances, engaging mentally challenged actors in the process of the creation of new productions/plays where they can present their own creations).
Housing 1	Savings and Micro-Loan Programme for housing Partners: •ETP Slovakia, NGO •Municipality of Rankovce (836 inhabitants) •Local association For a Better Life •Companies •Citizens	Municipality of Rankovce – co-implementer	The goal of self-help house construction to client ownership is not only to build homes but also to help individuals and families, and through them their communities, in their efforts to improve their life conditions. Many times, a new home is the most important thing that Roma citizens have achieved in their lives and managed by their own strength. This represents a great personality and attitude shift from passive waiting for assistance to being an active and motivated citizen.
Housing 2	Self-help houses construction Partners: •People in Need, NGO •Municipality of Kojatice (1,100 inhabitants) •Companies •Citizens	Municipality of Kojatice – co-implementer	Some volunteer members of the civic association People in Need studied architecture and they came up with the idea of building social houses for a marginalised group of citizens. These architecture students have the obligation to deliver practical work as a part of their final exams and they decided to go for the idea of helping to improve the poor living standard in the huts of Roma citizens. Volunteering architects in communication with Roma citizens created plans and technical documentation for the construction of houses based on the Roma requirements and ideas. Those Roma, who had decided to participate, were trained in construction work to be able to participate directly in the construction of their houses.

Source: authors' own and based on Murray Svidroňová, 2019.

Table 2 shows service providing networks in the co-production of public services. The roles of the participants in these co-production cases varies, yet in none of them the local self-government is initiator of the co-production. The initiators are either citizens or NGOs. This is in line with finding of Nemec et al. (2015) who stated that local governments usually do not initiate co-creation. However, our research challenges the second part of their statement that the local governments are not very active in design and implementation phase of co-production. In our analysis, the participating municipalities are rather active either in providing co-funding, premises, know-how or other assistance. E.g. in the case of employment 1, the initiator is the NGO EPIC and the main partner is the municipality of Zvolen (approx. 43,000 inhabitants). Other institutions involved in the project are schools, as entrepreneurs and companies – potential employers for young people, as well as other non-governmental organisations dealing with youth work. The programme has managed to form a working group composed of a wide range of actors that are essential in elaborating on or influencing the employment of youth in the region. In words of the project manager: “all partners are equal in this initiative”. The municipality provides premises for working group meeting and helped to establish a youth job centre, also by providing premises and know-how.

Only in two cases the government is not active or even is slowing down the process of co-production but this is happening at the national level, not at the local government level. In employment 2, the Deaf Kebab case, the founders think: “Our cooperation should be like equal partners, but it is hard to call it cooperation. Small business people with good ideas are like the Fellowship of the Ring and the Ministry of Labour, Social Affairs and Family is Mordor ... It’s a tool for funding political friends and politically related entrepreneurs.” In other words, their work is not recognized by the state as such. On the other, at a local level, in municipalities, where the Deaf Kebab franchises are, there is quite a good level of cooperation: support from towns in renting the premises for lower rents, financial support from the Local Labour Office, Social Affairs and Family (LLOSAF). “We share the goal, it is our common goal to decrease the unemployment and also to help disadvantaged people. This initiative brings a unique way of doing so. Moreover, they also achieve social inclusion naturally, in “non-violent way”. This is something which cannot be done from the public sector, top-down. It must come bottom up” (LLOSAF representative).

The second case, where the national level of government is not very cooperative, is the School of Family Finance programme. This programme is the first community project about financial literacy in Slovakia with accreditation from the Ministry of Education, Science, Research and Sport of the Slovak Republic. As the project manager of the programme put is: “Apart from the accreditation, it is hard to talk about any cooperation with the public sector. I tried to establish cooperation with several public institutions, including the Ministry of Labour, Social Affairs and Family, the Ministry of Education and the Office for Minorities, however, no one expressed the desire to enter into cooperation. I believe this is because they would not accept the methodology already developed by experts from the NGO sector. The unwillingness to cooperate on the programme was clear as they wanted to apply

their own methodology (and possibly apply for some EU funding for it)". Yet another problem perceived by the project manager is the unequal relationship between NGO sector and the government: "Equality in the sense they recognise our expertise and take us for partners would be nice. In these circumstances, the impact on changing public policies is difficult, or even impossible at this moment." Also in this case, the various communities adapting the School of Family Finance programme, who approached public institutions have positive experience. Whether it was public universities or municipalities of various sizes all around Slovakia, the effort was welcomed and the public institutions cooperated on implementing the education.

Since in RQ1 we were interested in motives of public institutions to collaborate with social economy organisations, we asked about the nature of the collaboration and why this collaboration started.

The motivation from the public institutions' side was mostly about increasing efficiency, providing public services in a better way or using the option that the public service is provided by the NGO (using the activity and willingness of the NGO as an alternative public service provider). The NGOs/ social economy organisations knew the situation of the citizens the best, they knew their needs and therefore they are seen as experts. Despite this fact, the municipalities usually feel the hierarchical relationship: "I would characterise the nature of our relationship as that of a common fulfilment of predetermined goals. There is a degree of commitment and responsibility towards citizens, to fulfil the roles and tasks. NGOs perform the tasks voluntarily and the degree of responsibility in relation to citizens is of a different nature. The NGOs may be at the top in terms of expertise, it is closer to the community, but in terms of accountability, the town plays a bigger role" (the municipality representative in health 1).

From the NGOs' point of view, the motivation guiding their choices for collaboration was: intersectoral cooperation and synergy, open communication and fulfilling the mission of the organisation.

To answer the second RQ "What are the drivers and barriers of co-production" we summarised the responses into table 3.

Table 3: Drivers and barriers identified by respondents

	Employment	Education	Health	Abandoned properties
Drivers	Connecting the sectors and better understanding between various institutions, companies and organisations	Impact on various communities in different life situations	Interest and commitment of the civic associations	Drive to revive the potential of the place
	Looking for solutions that do not require a change in legislation or high financial investment	Trends from abroad, e.g. European Money Quiz, Global Money Week	Constructive discussion and mutual respect	Self-realisation of several members of the NGO (artists interested in screenings)
	Common will to solve unemployment	Social need - public demand	Expertise	Lack of space for cultural activities – public demand

	Employment	Education	Health	Abandoned properties
Barriers	Legislation	Unwillingness of Ministries for deeper cooperation	Limited competences of officials	Mistrust of the municipality in the beginning
	Finance - lack of resources	Finance - lack of resources	Finance - lack of resources	Finance - lack of resources
	Bureaucracy	The time factor (setting the learning cycles from a time perspective)	Hidden prejudices in society towards the disabled	A lease contract for 30 years which can be cancelled any time by the municipality
	Individualism		Lack of a qualified workforce	

Source: Murray Svidroňová, 2019.

Some of the drivers and barriers are explained in depth, based on the interviewees' responses. Since lot of barriers are connected with legislation of funding (or both at the same time), respondents expressed a hope for solutions that do not require a change in legislation or high financial investment, such as the establishment of a commission whose members would be from different sectors and would plan the issue to be addressed within a set period - set priorities, plans and timetables for activities, allocate competencies and responsibilities between the individual organisations to avoid duplication and so on. This was seen as a possible driver.

Another driver is seen in innovations and comprehensive approach - implementing innovation in providing social services (comprehensive solutions to housing problems by combining education, employment, financial inclusion and housing construction itself). A spill over effect is acquiring working skills and habits: self-help house construction under the professional guidance of a construction teacher resulting in personal ownership of the house provides a unique opportunity for people without work experience to acquire more working skills and habits, which demonstrably increases their chances to succeed on the labour market.

An important driver was reported in increased sense of responsibility and ownership in the target group - the construction of a home into personal ownership leads people to accountability and supports merit, because the opportunity to build is received by those clients who, by their own efforts, try to change their living conditions. The success from their own endeavours motivates others in the community. During construction, the clients build a relationship with their own home and they take care of the maintenance. Houses which they built by themselves are not faced with the problems of "furnishings and equipment" and the owners take exemplary care of them.

Several respondents referred to "Playing in your own sandpit" as a barrier: a strong individualism that is rooted in the thinking NGOs and their leaders. If some areas / topics are dealt with by several institutions, they consider each other as competitors and do not want to cooperate for fear that their competitors will steal the know-how.

A serious barrier is that there are no construction plots available. No mayors, nor the majority of the population are willing to offer land for Roma so that they can build legal homes themselves.

As problematic is seen an interruption of work or absence of field social workers in direct contact with the client – without the field social workers the co-production is very difficult to maintain, in some municipalities with high share of Roma population it is even impossible to start a co-production process. This barrier is connected with the lack of qualified workforce (e.g., school assistants are missing). Formally, criteria are met, e.g. by creating positions of assistants in schools, but to what quality are these services implemented? Legislation is set well, but is not enforceable due to a lack of resources.

NGOs do not have capacity for advocacy function - interest and commitment of the civic associations in the creation of policies in relation to the citizens they represent is very low, most of the NGOs fulfil the service function.

Officials are willing and able to communicate only within the scope of their competence; however, within the scope of the laws that they use in their work and by which they are governed, they are unable to cooperate, i.e. the implementation of the law is at poor level.

Other barriers impeding the process of co-production are significant changes in the client's financial situation, e.g. death, poor client health, loss of employment, unexpected expenses so the citizens cannot continue in the co-production and the burden is put on the NGOs.

Discussion and Conclusion

Events in the European Union have shown that social economy and social entrepreneurship can unite seemingly contradictory motives, such as economic rationality and social objectives, providing opportunities for including socially disadvantaged citizens, respect for the local environment, and respect for different traditions, in order to meet the new challenges (Vaceková & Murray Svidroňová, 2016).

In this chapter we pointed out to various actors, not only officially registered social enterprises in Slovakia, but also organisations of several legal forms whose activities fulfil the criteria of social enterprise definition. From the mapping we can conclude that social economy organisations very often take the legal form of associations or public benefit organizations which belong to the non-profit non-governmental sector. This is in line with the “western” approaches which argues that the social enterprises across Europe usually adopt legal forms that have existed for a long time (Defourny and Nyssens, 2010).

When assessing the potential of social enterprises/social economy organisations in promoting social innovations by partnerships (with the public sector, NGOs, citizens) in the form of co-production, we challenged the previous research of Nemec et al. (2015) who stated that the role of local self-government in co-production in Slovakia was rather limited and the local governments are not very active in initiating, design and implementation of co-production. Our analysis has shown that the initiators

are still either citizens or NGOs, so the role of the local government prevails limited. But in the phases of design and implementation of co-produced services, the participating municipalities are rather active either in providing co-funding, premises, know-how or other assistance. Also Murray Svidroňová (2019) concludes the same for co-production, even in other areas such as public spaces and abandoned properties. After the fall of communism in 1989, many public administration reforms took place (Klimovsky et al., 2014). Amongst them new territorial structure was created and municipalities were allocated with many responsibilities (including tasks in the analysed areas of education, employment, health and housing) and they have full freedom to decide to what extent to involve non-governmental sector) and social economy organisations in the delivery of the abovementioned services as the scope and method of discharging those responsibilities are independently decided by municipalities.

The responsibilities were passed to the municipalities from the state, but the public budgets allocated from the state are not sufficient enough to fund all those responsibilities. The motives of municipalities for co-production lies mostly in increasing the 3E (economy, efficiency and effectiveness). Also Jurčík & Mravcová (2009) point out that the development of the social economy in Slovakia was primarily a result of inadequate funding and the necessity of meeting the growing needs of the population. So, the cooperation with NGOs naturally helps municipalities, mostly thanks to the amount of volunteer work from NGOs but also high level of innovations, the costs are reduced and the output (public goods produced) increased.

Under these conditions and in order to discharge their responsibilities, municipalities started to co-operate from the beginning with the NGOs and social economy organisations in many different ways – from simple non-monetary co-operation, via the provision of financial grants to the contracting and outsourcing of some services to NGOs. However, none of these forms of cooperation were undertaken in a fully systematic way and the concrete conditions differ between municipalities. Many municipalities invite non-governmental organisations to participate in the local policy making processes, accepting their expertise on local communities and thus positioning the NGOs as core local stakeholders. Such participatory processes deepen democracy and bring positive social impact.

Motives of NGOs and other social economy organizations for co-production are much simpler, mostly connected with a simple wish to fulfil their missions which are usually focused on innovative and sustainable solutions. As Gildron & Hasenfeld (2012) put it, the social entrepreneurship reinforces the importance of self-management with the purpose of creating resources that will subsequently be used for the implementation of a given mission. NGOs' missions often seek to solve many problems related to demographic changes, including an aging population and the impossibility of securing necessary care by family members. It is also necessary to pay attention to the quality of life of the population by means of the careful and renewable use of available resources. The area of social economy plays an important role in all these problems, because their solutions require specific innovations. NGOs create a collaborative space where stakeholders from different fields can engage with the complexity of

sustainable innovation (Tams & Wadhavan, 2012). Non-governmental organizations and social economy organizations can only fulfil their potential when embedded in supportive policy environment. As our study shows, this is complicated in Slovakia: at the national level, there is a low support for the co-production of public goods due to the lack of trust towards the NGOs and other social economy organisations. On the other hand, at the local level the municipalities really welcome the innovative initiatives of the social enterprises and NGOs. Policy implications from our research lead to the support of local self-government, strengthening their role in the co-production networks. Whether the support should be in increasing the organizational capacity by lowering the administrative burden or in providing specific funding for municipalities involved in co-production, that should be a focus of a further research. The presented research has its limits, especially the focus of the analysis on only one country, Slovakia. Nevertheless, we believe that the conditions for co-production will not be significantly different from similar post-socialist countries in the Central and Eastern Europe that have a similar history, degree of economic and political maturity and, in principle, face similar problems in the context of social economy.

References

- BILLIS, D. (2010). *Hybrid organizations and the third sector: Challenges for practice, theory and policy*. London: Palgrave Macmillan.
- BORZAGA, C., and J. DEFOURNY (2001). *The Emergence of Social Enterprise*. New York: Routledge.
- Central Office for Labour, Social Affairs and Family (2019). Available at: <https://www.upsvr.gov.sk/buxus/docs/SSZ/OAOTP/CHD a CHP/Zoznam CHD CHP SR k 31 12 2019 web.xls>
- DEFOURNY, J. and M. NYSSSENS (2010). Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences. *Journal of Social Entrepreneurship* 1 (1):32-53.
- DEFOURNY, J., L. HULGARD, V. PESTOFF (2014). *Social Enterprise and the Third Sector. Changing European Landscapes in a Comparative Perspective*. London: Routledge.
- Directorate-General for Employment, Social Affairs and Inclusion (2016). Mapping study on Social Enterprise Eco-systems – Updated Country report on Slovakia. Available at: https://www.researchgate.net/profile/Zuzana_Polackova2/publication/334067902_Social_enterprises_and_their_eco-systems_A_European_mapping_report_Updated_country_report_Slovakia/links/5d1549f292851cf4405173a9/Social-enterprises-and-their-eco-systems-A-European-mapping-report-Updated-country-report-Slovakia.pdf?origin=profileFeaturedResearchPublicationItem
- ESPING-ANDERSEN, G. (1990). *The three worlds of welfare capitalism*. Princeton University Press.
- European Commission (2011). Social Business Initiative. Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF>

- EU-Russia Civil Society Forum (2019). The 2019 Report on the State of Civil Society in the EU and Russia. Downloaded from: https://eu-russia-csf.org/wp-content/uploads/2020/01/20200116_RU-EU_Report2019_online_covers.pdf (accessed on 27th April 2020).
- GIDRON, B., and Y. HASENFELD (2012). *Social enterprises: An organizational perspective*. London: Palgrave Macmillan.
- JENNER, P. (2016). Social enterprise sustainability revisited: an international perspective. *Social Enterprise Journal* 12 (1): 42-60.
- KERLIN, J. A. (2010). A Comparative Analysis of the Global Emergence of Social Enterprise. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 21 (2): 162–179.
- KLIMOVSKÝ, D., O. MEJERE, J. MIKOLAITYTE, U. PINTERIC and D. SAPARNIENE (2014). “Inter-municipal cooperation in Lithuania and Slovakia: Does size structure matter?” *Lex Localis* 12(2): 643.
- KORIMOVÁ, G. (2014). *Sociálna ekonomika a podnikanie* [Social Economy and Entrepreneurship]. Banská Bystrica: Faculty of Economics, Matej Bel University.
- KORIMOVÁ, G. and G. VACEKOVÁ (2011). Social economics and social entrepreneurship in the context of transition economies and Slovakia. Paper presented at IRSPM conference, Dublin, April 11-13.
- KORIMOVÁ, G., STEFANCIC, M., POLÁČKOVÁ, Z., MURRAY SVIDROŇOVÁ, M. and L. GONDÁŠOVÁ (2017). *A map of social enterprises and their eco-systems in Europe, Country report: Slovakia*. Euricse and the EMES European Research Network.
- KORIMOVÁ, G., VARGOVÁ, K., KRIŽANOVÁ, M., ŠEBO, J., HRONEC, Š., MADÁČ, J., ČIERNA, H., and J. ŠTRANGFELDOVÁ (2007). *Sociálne podnikanie. [Social Entrepreneurship]*. Banská Bystrica: Kopernikus.
- LUBELCOVÁ, G. (2007). Sociálne podnikanie ako potenciál sociálneho rozvoja. [Social entrepreneurship as a potential for social development]. In *Determinanty sociálneho rozvoja. Sociálne podnikanie V*. Banská Bystrica: UMB.
- MATEI, L. and A. MATEI (2015). The single market and the social enterprise. From models to realities in some EU member States and countries from the Balkans. *International Review on Public and Nonprofit Marketing* 12 (1): 63-77.
- MRAVCOVÁ, J. and R. JURČÍK (2009). Průvodce zadáváním veřejných zakázek: nové možnosti zhodnocení veřejných prostředků. [A guide to public procurement: new possibilities for appreciation of public funds]. Prague: Open Society.
- MURRAY SVIDROŇOVÁ, M. (2019). “On Relations between Government and Non-profits: The Case of Slovakia”. In Horvat, T. (ed.) *Selected Aspects of Non-Profit Organisations*. InTech Open, ISBN 978-1-78985-628-6.
- NEMEC, J., MIKUŠOVÁ MERIČKOVÁ, B. and M. SVIDROŇOVÁ (2015). Co-creation in local public services delivery innovation: Slovak experience. *Lex localis - Journal of Local Self-Government* 13(3): 521-535.
- OECD (1999). *Report on social enterprises*. <http://www.oecd.org/cfe/leed/socialenterprises.htm>
- Register of social enterprises in Slovakia - <https://www.employment.gov.sk/sk/praca-zamestnanost/socialna-ekonomika/register-socialnych-podnikov-09-2018.html>

- SALAMON, L. M. and ANHEIER, H. K. (1998). Social origins of civil society: Explaining the nonprofit sector cross-nationally. *Voluntas: International journal of voluntary and nonprofit organizations*, 9(3): 213-248.
- STREČANSKÝ, B. (2017). Country report Slovakia. In: Vandor Peter, Traxler Nicole, Millner Reinhard, Meyer Michael: Civil Society in Central and Eastern Europe: Challenges and Opportunities. Vienna, March 2017. <http://www.erstestiftung.org/en/publication/civil-society-in-cee/> (accessed on 27th April 2020).
- TAMS, S. and WADHAWAN, M. (2012). Innovation Labs: Tackling sustainability through systemic collaboration. *The Bath Perspective Magazine*, 17, pp. 10-15.
- TEASDALE, S. (2012). What's in a Name? Making Sense of Social Enterprise Discourses. *Public Policy and Administration*, 27 (2): 99–119.
- USAID (2018). *2017 Civil Society Organization Sustainability Index*. 21st Edition, September 2018. <https://www.fhi360.org/sites/default/files/media/documents/resource-civil-society-organization-2017-regional-report.PDF> (accessed on 27th April 2020).
- VACEKOVÁ, G. and MURRAY SVIDROŇOVÁ, M. (2016). Nonprofit organizations in selected CEE countries: A journey to sustainability. Brno: Masaryk University.
- VACEKOVÁ, G. and M. BOLEČEKOVÁ (2015). Social entrepreneurship in the Czech Republic in the light of European migrant crisis. *Littera Scripta* 8 (2):136–149.
- VOORBERG, W. H., V. J. J. M. BEKKERS and L. G. TUMMERS (2015). A Systematic Review of Co-Creation and Co-Production: Embarking on the social innovation journey. *Public Management Review* (17) 9: 1333-1357.

Part III.

Mutations of the collective action paradigm

After the Keynesian paradigm and the paradigm of economic liberalism, a new paradigm based on "values"? / Chapter 8

Pierre BAUBY*

Abstract

Two paradigms of collective action have structured the organization and regulation of societies since the Second World War: the Keynesian paradigm and the paradigm of economic neoliberalism.

The paper recalls the main characteristics of these two paradigms - France can be described as an ideal type of first one, thought of Friedrich von Hayek the reference for the second - and their successive crises from 1970s to 2000s.

While public enterprises played an important role in the first paradigm, and large private enterprises in the second, the social economy has certainly been increasingly present in both paradigms, but without playing a major or driving role.

We are now faced with the need to co-construct with all the actors concerned a new paradigm integrating these specific backgrounds and responding to the new challenges of globalization. It seems that such a dynamic is at work in the European Union (EU) today. Based on the European social model, common values and fundamental rights, it is possible to identify what it is essential to defend and promote along the process of globalization.

The paper put forwards the hypothesis of a possible new paradigm based on the "common values" and opportunities that could pave the way for a reconstruction of public services as well as for the social and cooperative economy and more generally of public action. In this hypothesis, the social economy would no longer be an appendix or a miracle remedy claiming hegemony, but one of the future solutions, in close interrelationship with the public economy and the "State" on the one hand and private actors and the "market" on the other.

Keywords: Keynesianism, Economic neoliberalism, Public action, Paradigm, Common values, Social and cooperative economy, Public services

JEL-Codes: B55, E12, H4, H83, P16

* Member of the Advisory Board of CRIEC-France; Member of the International Scientific Commission "Public Services/Public Enterprises" of CIRIEC International (bauby.pierre@orange.fr).

In a previous contribution, I tried to specify the “conditions of convergence between public economy and social economy organizations”. My aim was to co-construct the response to the needs of life in 21st century society (Bance, 2018), let go of unproductive oppositions, retain mutual respect for the diversity of each country’s history, traditions and creation, take into account, admit and respect otherness, manifest reciprocal willingness towards convergence and complementarities, develop alliance strategies based on the meeting of societal needs, look for co-constructions, reject any dominance of one form of organization over another, refuse all absorption or fusion, and acknowledge that no public or social economy organization has systematic, universal superiority. I proposed to combine these issues in their diversity to meet the needs of our societies. In this regard, I emphasized in particular that successful hybridization was based on participatory governance.

The aim of this contribution is to shed light on the same topic, by taking into account the process of European construction, and to go beyond the two paradigms of collective action which have structured the organization and regulation of societies since the Second World War: the Keynesian paradigm and the paradigm of economic neoliberalism.

After recalling the main characteristics of the Keynesian paradigm and the paradigm of economic neoliberalism, we will analyze the dynamics of European construction in an attempt to respond to the crisis of these two paradigms. We will put forward the hypothesis of a possible new paradigm based on the “values” and opportunities that it could present for a reconstruction of public services as well as for the social and cooperative economy and more generally of public action.

The Keynesian paradigm

The Keynesian paradigm was founded on the dynamic interrelationships between economic and social dimensions, where national, regional and local public authorities played a major role in supporting and regulating them. That led to rapid post-war growth.

Within the framework of each Nation State, it was founded on the articulation between economic and social progress: the growth of productivity was strong enough to both maintain the profitability of capital and allow an increase in real wages. This alignment between the growth of purchasing power and productivity would have been impossible under the previous competitive regulation, no business having an immediate advantage in granting salary increases by speculating on subsequent market growth. This contradictory unity between general interest and immediate individual interest called for active intervention by the State and public authorities in the economy and society, to promote and institutionalize a compromise between employers and trade unions on direct wages (collective agreements, legislation) and

on indirect wages (“the Welfare State”). Economists generally qualify this mode of development as “Fordism” (Boyer, 2004).

In France, which can be described as an ideal type (Rosanvallon, 1990), the role of the State has been particularly important. At the end of 1940s, this occurred through the creation of the ENA (National School of Administration) and the development of the “technocracy”, through new institutions, nationalizations and planning and more generally the establishment of an employment relationship ensuring the regular growth of real wages (Bloch-Lainé, Bouvier, 1986).

The nationalizations following the *Libération* represented a step towards State intervention in the economy and reorganization of a technocratic character rather than a step towards socialism: private capital was unable to bring dynamism and finance the investments necessary to overcome years of weak development, and a large public sector would give the State the means to act on the economy (Kuisel, 1984). The nationalizations after the Second World War, then those of 1981-1982, were at the heart of the stakes of public action in France. They deeply marked public action and the surrounding issues (Morin, 2020).

In the 1960s, a new stage was marked by the implementation of major technological programmes (aeronautics, electronics, nuclear, space, etc.), and the orchestrated concentration of companies to constitute in each sector one or two groups able to cope with the opening-up of European and world markets (the “national champions”).

At the same time, there were more references to the concept of “public service”, defined by the lawyers of the Bordeaux school around Léon Duguit at the beginning of the century. Education, health, but also industrial and commercial services such as electricity or transport came under the principles of equality, continuity and mutability-adaptability, with an increasing role for the State and local public authorities. This gave rise to large public monopolies, such as EDF or SNCF, but also to large private groups such as Véolia or Suez for the delegated management of some public services, even if the realities did not always correspond to the stated objectives (Bauby, 2016).

The creation of the General Planning Commissioner (*Commissariat général du Plan*) was justified by the need to allocate weak post-war resources, to meet the urgent needs of reconstruction and obtain American aid (the Marshall Plan). The State played a role in effective management of the economy, fixing prices, organizing reconstruction and the modernization of the country. But State planning initiatives also aimed to bring together the “vital elements” of the country (senior officials, experts, employers, unions) to develop the conditions for real economic modernization, based on productivity and competitiveness; this aspect became the symbol of the “concerted” economy.

By 1946, the State had become the country's leading consumer, producer, employer and researcher. It had significant regulatory powers regarding investment, credit, prices, wages and foreign trade.

However, from the mid-1970s onwards an economic crisis developed. It was due not only to a conjunctural or cyclical crisis of overproduction or overaccumulation, but also stemmed from the exhaustion of Fordism, in particular due to the contradiction between a structured mode of regulation within the framework of each Nation State and the increasing internationalization of economies and societies, in particular given the process of European integration. One of the most obvious aspects of the blockages of Fordism concerned the place and role of the state and public authorities, particularly underlined by the failures of administered economies and totalitarian societies.

Since the 1980s, State and public authorities can no longer be analyzed in the sole framework of Nation States. They also have to take into account the double process of decomposition-recomposition that affects them: on the one hand, the microsocial and the territorial and on the other hand, the process of globalization. As is often said, the State is too big for little things and too small for big things. These two phenomena are self-sustaining: European integration and globalization are accompanied, in the same movement, by the reterritorialization/relocalisation process.

From the 1980s onwards, the inability of various public policies to alleviate the rise in unemployment, inflation and poverty revived old questions about the effectiveness of public interventions.

The paradigm of economic neoliberalism

A profound ideological turnaround has taken place, with the return of arguments in favour of a "minimal State". According to such arguments, State functions should essentially be linked to ensuring sovereignty and security: enforcing the law, ensuring the security of goods and people, limiting economic action to the protection of competition. The traditional criticisms of State intervention have reappeared in broad daylight: wastage, excessive taxes, increased costs for businesses, etc. The State has been criticized for paralyzing the economic apparatus, mismanaging, restricting individual initiative, transforming citizens into assisted individuals, and even for protecting mediocrity and committing countries to the path of decline.

In a kind of pendulum movement, a neoliberal wave has deeply undermined the legitimacy of the State and of all forms of public action. We have deified business by making it the only true creator of wealth and jobs and defined its freedom as the key to all progress. It was therefore considered necessary to deregulate economic activity, restore the primacy of the market as a principle of allocation, reduce taxes and social action, free businesses from administrative constraints, question any form of "economic policy" (only the micro-economy makes sense).

The new neoliberal economic paradigm is based on faith in the ability of the market and competition to organize, structure and regulate society. It considers that, on the basis of the price system resulting from the free play of supply and demand, the market achieves “general equilibrium”, considered as being rational, an “optimum”, and the search by each agent for its own interest results in the collective interest. The market is a regulatory mechanism for coordinating and harmonizing individual interests. As a result, the functioning of the market would lead to the emergence of a spontaneous order resulting from the confrontation of all offers and demands.

The “competitive market”, rather than the “social contract”, is considered to be the regulatory principle of society. From this perspective, social cohesion, the regulation of social life and the maintenance of social peace do not require conscious and deliberate intervention by human beings in order to establish a social contract, since the self-regulating principles of the competitive market are supposed to ensure cohesion and peace without the agents who are deployed to that purpose even knowing about it.

According to Friedrich von Hayek (Hayek, 1943, 1976, 1989), the market economy is a self-regulating system which spontaneously forms a harmonious social order. Left to its spontaneous mechanisms, it produces better results than those produced by mixed economies within an active economic policy. Hayek manifests systematic hostility towards any public intervention intended to solve an economic or social problem. According to him, any such measure taken by the State produces more harmful than useful effects. State interventions break the internal capacity of complex societies to self-regulate for the greater good of the greatest number. The only tangible result of State action is the impoverishment of all.

Therefore, the State’s function and utility should only be to defend borders (sovereignty and security), maintain public order (police) and enforce the rules of the social game (justice). When it goes beyond these functions, it causes more damage than benefits and it necessarily restricts the freedom of persons and citizens.

Thus, neoliberal theory conceives general interest as the natural conciliation of individual interests on and by the market; it identifies it as “business” interest. But such reconciliation is based on strict conditions: that individuals are free to choose; that they all seek to maximize their value on all goods of all kinds; that they are fully informed about the price system; that nothing hinders their movement. Thus, the natural reconciliation of individual and general interest supposes that all individuals are bound only by market exchange relationships and follow the same rationality.

From the 1980s, the neoliberal paradigm quickly showed its limits and unacceptable aporias in each country as well as globally. The free play of the market and competition – which moreover requires organization and regulations by public authorities – spontaneously leads to the development of growing economic polarizations (concentrations leading to monopolies or oligopolies that can abuse their dominant positions), social polarizations (growing inequalities), territorial polarizations

(metropolization, desertification, gentrification), environmental polarizations (increasing externalization), generational polarizations (favouring the short term), financial polarizations (commodification of all human activities). These effects lead to the development of speculative bubbles which end up bursting, as has been demonstrated by the succession of financial, economic, social and environmental crises since 2008. This second structuring paradigm has thus shown the deadlocked situations that have appeared under its domination.

Crisis and going beyond the two old paradigms: the dynamics of the European Union

For the past ten years, the succession of these two structuring paradigms has led to economic, political and ideological confrontations, to situations where the paradigms are self-sustaining and refer to each other – more or less State, State or market, nationalizations or privatizations, etc. – while neither is today the bearer of solutions for the essential challenges of the 21st century. This is shown by the recurring debates on public services (an organic versus a functional approach in their conception, monopoly versus competition, public ownership versus delegation to private companies, etc.) (Bauby, 2011).

Today, it is not a question of returning to the model of the 1960s, to a Keynesianism repainted green, nor of seeking a synthesis or a “proper balance” between their contradictory principles, but of defining a new framework. That framework is part of the current dynamics of globalization, and would promote a multipolar world, in which the European Union and the other major civilizational groups can defend and promote the specificities of their interests, aspirations and ways of life, while sharing policies to ensure the survival of the planet.

The succession of the two paradigms during the second half of the XXth century shows that while public enterprises played an important role in the first paradigm, and large private enterprises in the second, the social economy has certainly been increasingly present in both paradigms, but without playing a major or driving role.

We are now faced with the need to co-construct with all the actors concerned a new paradigm integrating these specific backgrounds and responding to the new challenges of globalization. It seems that such a dynamic is at work in the European Union (EU) today.

*

Democratic nation States were founded on the principles of democracy, in particular majority decision-making and the submission of the minority to the will of the majority, and this resulted in the implementation of a series of “social models”.

A “social model” covers the whole system of values, norms, institutions and practices which have been developed over a long history, through conflicts and compromises. It structures all social relationships between individuals and groups, their interests, aspirations, needs, demands and power relationships. A “social model” reflects the why and the how of living together; it is the foundation of society and of its cohesion. Therefore it evolves over time and space.

A “social model” cannot be reduced to the existence and content of the “social policy” defined and conducted by public authorities (local, regional, national, European) or to the importance and forms of the “social dialogue” between social partners. These elements are part of it.

Each European State has forged over time its own specific “social model” and therefore there is a great diversity of social models in the European Union, particularly given the successive enlargements. Beyond the diversity of their forms, methods and modes of organization, there are common elements that found a deep unity and allow us to speak of the “European social model”, which is different in many aspects from other entities present globally. Thus the EU has a lower tolerance for inequalities and violence, a strong sensitivity to environmental or health risks and is attached to the complementarity between the efficiency of the market economy and its necessary public regulation, the so-called “social market economy”.

The European social model has long been based on the combination of economic AND social development: economic progress generates social progress, which is itself a factor of economic progress. This is how the Treaty on European Union refers to the “social market economy”. Thus we have a virtuous circle, based, among other things, on the important role of encouraging and driving national, regional and local public action, which resulted in the development of the Welfare State and a whole series of infrastructures, such as what the European Union calls “services of general interest”.

At the heart of these common values, democracy and human rights play a major role. They represent a historical legacy resulting from political and social movements, “national revolutions”, battles and conflicts, wars and dictatorships, concentration camps and gulags, which over the past 70 years have gradually and along many hazardous paths led to the acceptance that conflict is governed by rules, “superior” common values and the primacy of fundamental rights.

These specific characteristics, which have been acquired over the past 70 years, are the foundations of what was to become the European Union.

The EU is an original, unprecedented and evolving political construct. For more than ten years, Europe has been faced with a succession and accumulation of financial, economic, social, migration, environmental and now health crises. This situation generates tendencies towards withdrawal on the part of the Member States of the European Union, on each community and person.

In each Member State, these withdrawals are reflected in the development of identity or even xenophobic trends towards the rejection of alterity, (re)construction of borders and walls, questioning democratic principles and rights in certain States, to the point that one can fear a disintegration of the gains gradually built up over the past 70 years.

But based on the European social model, common values and fundamental rights, it is possible to identify what it is essential to defend and promote in the process of globalization.

Towards a new paradigm based on “values”?

This new paradigm is to be co-constructed with all the players concerned. As far as the European Union is concerned, we propose to build on its “common values” (Bauby, 2019).

For a few years now, we have seen the development of responses that are intended to be new and adapted in terms of “common goods” or “commons”.

Commons and public services

Elinor Ostrom brought about the rediscovery of the “commons”, old local management methods that have never disappeared, but which have tended to be marginalized by the domination, on the one hand, of respect for property rights and freedoms and on the other hand, State action to set prohibitions and regulations. She has shown there can be a path between State and market, with local communities managing natural resources in a sustainable way (Ostrom, 2010).

Responding to Garrett Hardin, who in his article “The Tragedy of the Commons” argued that individuals always seek to maximize their short-term gains, leading to resource depletion, she emphasized the conditions and principles – one can say “values” – which found the Social and Solidarity Economy (SSE): users communicate with and trust each other; together they enact rules adapted to realities and issues, and undertake to respect them and ensure that they are respected.

The objective is to emphasize at the same time the need for control and proximity, collective management – one could say “self-management” – and promotion of cooperation between actors and not only competition, for a large number of services within the framework of local authorities or communities.

To be operational, this approach implies adequacy between a territory, resources, management capacity, a technical and economic organization mesh, a real participation. Thus, it is necessary to organize this convergence of resources and means on a given territory, and have actors and stakeholders interact with each other and co-construct together.

But what is undoubtedly the main obstacle to the development of the “commons” stems both from the spontaneous tendency to polarization and inequalities depending on the resources available to the “community”, and from mistrust which exists in current experiments with interventions by public and local authorities. The fight against inequalities of endowments and resources was precisely what characterized “public service” or “service of general interest”, meant to develop solidarity and cohesive relationships (economic, social and territorial) between the different levels of organization of collective life, including at European level.

Rather than setting “commons” initiatives up in opposition to “public service missions” or “universal service missions”, is it more useful to combine them, by decentralizing the organization and regulation of public services as much as possible, developing democratic participation and bringing to life the common values of services of general interest?

Nowadays, the trends and expectations that are developing in particular in the areas of public services, commons, the social and collaborative economy, etc., enable us to outline some key elements, such as:

- combine economic, social and environmental considerations, that is redefine a mode of development that is based neither on the domination of humans over nature, nor on that of a few over all, but on “contradictory unities” (Bauby, 2017)
- organize close interaction between the public economy, private actors and social economy, “state” and “market”, renovated and democratized public services and commons based on territorialized initiatives and the active participation of “commoners”, the co-construction and co-management of economic, social, environmental and democratic goals, in order to promote dynamic cooperation between all actors, elements of a concept of “co-opetition” (Brandenburger and Barry J. Nalebuff, 1996)
- combine diversity and unity, so that the latter is based not on domination, but on the integration of each situation, all needs, aspirations and interests involved
- promote subsidiarity by taking into account situations as close as possible to each territory, entrusting responsibility to a higher level only if it appears to be more effective than other levels acting separately, and doing so in cooperation. It is not a question of opposing centralization and decentralization but of deploying their interactions
- develop “multi-level” governance based on cooperation and not on exclusive competences, by combining the local-territorial level with municipal, regional, national and European levels, according to sectors and situations
- integrate the democratic participation of all in both the definition and implementation of objectives, set up “multi-actor” governance, associating public authorities, citizens-consumers-users, economic actors, operators, staff, civil society.

Rebuild public services

Thus, we could rebuild public services or services of general interest. Diversity and unity, inextricably linked, are at the heart of public service, their DNA. Public services do not involve totalizing standardization or *laissez-faire*. They are a human, societal, specific and plural construction. Their sole purpose is to meet the needs of users (individual users-consumers as professionals), citizens and society (at each level of its organization). Therein lies their only legitimacy. There can be no public service in itself, defined once and for all or anchored in fixed statutes.

As needs evolve, public services must adapt to economic, technological, social and cultural changes and political choices, in order to provide the best possible response to needs. It is also necessary to systematically organize the expression of needs at all levels, so that local, regional, national and European public authorities have the elements required to enable them to define and adapt public services.

The democratic expression of needs and aspirations should be a prerequisite for all public services. That involves breaking with any hierarchical relationship between provider and recipient, and with any form of assistance. It is about encouraging the expression of user feedback by multiple means, in particular through the interactive potentialities of digital options, and all ways of receiving and processing suggestions and complaints. This will encourage the development of associations of users, consumers and citizens with follow-up commitments and, on these bases, promote the organization of open and informal discussions and debates.

Therefore it is about organizing the expression of needs prior to decisions, as essential tools for development and adaptation to needs. This involves all “stakeholders” (in the broad sense), including public service agents. They are co-actors and co-producers of services at the local level and at the relevant organizational level according to sectors.

Today, this process of adaptation, development, participation of all stakeholders and democratization of public services appears all the more essential as the financial, economic, social and environmental crisis that began in 2008 shows the current relevance of public services. On the one hand, they compensate for and attenuate the most marked economic, social and territorial effects of the crisis. At the same time, the crisis has generated a series of quantitative and qualitative transformations of needs. It calls for redefining public services in order to make choices, define priorities and carry out needed reforms.

The Social and Solidarity Economy (SSE) opportunity

If the hypothesis of a co-construction of a new paradigm based on values is to make sense, the SSE could no longer be an appendix or a miracle remedy claiming hegemony, but one of the future solutions, in close interrelation with the public economy and the “State” on the one hand and private actors and the “market” on the other. It promotes dynamic cooperation between all actors, which can be qualified as “co-opetition” (both cooperation and competition), to combine territorial initiatives and active participation, co-construction and co-management, economic, social, environmental and democratic goals.

Based on their studies of the development of the social economy in the European Union undertaken for the European Economic and Social Committee, Rafael Chaves and José Luis Monzón (Chaves and Monzón, 2017) underline the emergence of new paradigms – social innovation, collaborative economy, circular economy, corporate social responsibility, economy of the common good, social enterprise and solidarity economy – which complement, enrich and revitalize the concept of the social economy (Chaves and Monzón, 2018).

From their perspective, the social economy is based on structural criteria, such as its social objectives, its participatory and democratic decision-making criteria and its profit distribution criteria based on the prevalence of human factors and labour over capital. They define new mechanisms for evaluating economic performance and new incentive mechanisms favouring the social dimension. They are also transversal to the public, for-profit and third sectors.

However, the place that the SSE could assume in the new paradigm, seeking to overcome the alternative between the Keynesian paradigm and the paradigm of economic liberalism, will depend on its ability to remain faithful to its founding values, that of a movement of actors who in particular:

- share a political and historical project aimed at putting people at the heart of their economic and social actions, a philosophy of collective action placing pooling and solidarity at the source and as the purpose of our organizations
- undertake to promote the fact that their organization and their activity are based on the long-term preservation and sustainability of common interests
- collectively commit to work together
- implement transparent and democratic governance practices that help distinguish them from other economic actors. This may be in guaranteeing the democratic and participatory functioning of an organization of people with equal rights, or ensuring the transparency of decisions as guarantor of the viability of the democratic principle, in particular as regards the remuneration of managers, according to procedures which make it possible to reconcile the interests of the company, external regulation, and membership of the SSE

- are aware of their responsibilities and strategic role as employers
- devote energy and the necessary resources to a collective territorial anchoring, to maintaining economic activities and structures of social inclusion, in particular in territories which suffer from economic and social fractures.

It is by being and remaining faithful to these values that the SSE can become one of the pillars of the societies of tomorrow (Bance, 2018).

Rebuild public action

More generally, the new paradigm should re-examine and re-establish the place and role of the “State” and more generally of all public authorities, from the local level to the European Union level, in a “strategic State” perspective (Bance, 2016).

The essence of a “Strategic State” is based on the fact that it is the only body in society capable of having an overall vision and ensuring its development; the strategic State is no more an “idea” without consistency and without impact than an omniscient, omnipresent, authoritarian or even totalitarian “Moloch”; placed at the heart of society’s network of contradictions, crisscrossed by them and at the same time by its own internal contradictions, the Strategic State legitimizes them, regulates them and ensures their reproduction, always, in order to never be identical, retaining its main balances or imbalances (Bauby, 2017).

State reform should not be defined, decided or implemented from the top of the group, society or State, in a centralized or authoritarian manner. It should be based on the opposite approach: systematically and continuously organizing the expression of needs, expectations and aspirations of each individual and group, a condition for bringing out collective preferences and general interest.

The usual problems of State reform appear more and more ineffective. So far, all reforming initiatives have had one point in common: they have been designed and carried out from the top of the State, “top down”, while it would undoubtedly be necessary to reverse or at least complete this approach by a “bottom up” approach, that is reforming the State through society, co-producing future public action.

State reform cannot be done in a closed arena. It involves the active participation of everyone in order to bring forth alternative solutions. It is therefore necessary to inform, initiate public debates, organize agora and popular consultations, using all the potentialities of interactive communication technologies.

The democratic participation of all the actors concerned in the reform of the State and of public action is an essential condition in order for it to be based on its aims: meeting the needs of citizens and of each community, their expectations and aspirations. It will be all the better implemented by all actors as they will have been involved from the outset in its definition, and the reform will have been “co-constructed”.

State and local, regional, national, European public authorities are essential to life in society, as well as for controlling changes in globalization. But State and public authorities are “strong”, or at least they can fulfill their roles, missions and objectives, only if they are based both on the systematic organization of the expression of individual and collective needs and aspirations, and on their evolution. They have to think about the development of multi-level systems of common or general interests, projects and policies, the organization of public debates allowing political choices to be made and then implemented, evaluating effectiveness and efficiency, in order to carry out the necessary adaptations, reforms and changes.

There are significant experiences in societies from associative or citizen mobilizations to provide answers to challenges. These represent genuine collective intelligence provided that one returns to the essence of public action: State and public authorities are not measured by their spending, their staff, or the standards they enact, but by their capacity to meet social and societal needs.

References

- BANCE P. (dir.), 2012, *L'action publique dans la crise, vers un renouveau en France et en Europe ?*, PURH.
- BANCE P. (dir.), 2015, *L'internalisation des missions d'intérêt général par les organisations publiques, réalités d'aujourd'hui et perspectives*, PURH.
- BANCE P. (dir.), 2016, *Quel modèle d'Etat stratégie en France ?*, PURH.
- BANCE P. (dir.), 2018, *Providing Public Goods and Commons. Towards Coproduction and New Forms of Governance for a Revival of Public Action*, Ciriec Studies Series - No. 1.
- BAUBY P., 2011, *L'eupéanisation des services publics*, Presses de Sciences Po.
- BAUBY P., 2016, *Service public, services publics*, La Documentation française, 2^{ème} édition.
- BAUBY P., 2017, *L'Etat-stratégie du XXI^e siècle*, www.actionpublique.eu/
- BAUBY P., 2018, *Conditions of convergence between public economy and social economy organisations. From the diversity of models to a successful hybridisation through new governance*, <http://www.ciriec.uliege.be/en/publications/ouvrages/providing-public-goods-and-commons-towards-corporation-and-new-forms-of-governance-for-a-revival-of-public-action-philippe-bance-dir-2018/>
- BAUBY P. (dir.), 2019, *Les effets de la libéralisation des services publics – services d'intérêt général*, Groupe GUE-NGL du Parlement européen.
- BLOCH-LAINÉ F., BOUVIER J., 1986, *La France restaurée 1944-1954, dialogue sur les choix d'une modernisation*, Fayard.
- BOYER R., 2004, *La théorie de la régulation*, La Découverte.
- BRANDENBURGER and B. J. NALEBUFF, 1996, *Co-Opetition: A Revolution Mindset that Combines Competition and Cooperation*, Crown Business.

- CHAVES R. and MONZÓN J. L., 2017, *Évolutions récentes de l'économie sociale dans l'Union européenne*, CESE Bruxelles.
- CHAVES R. and MONZÓN J. L., 2018, *La economía social ante los paradigmas económicos emergentes: innovación social, economía colaborativa, economía circular, responsabilidad social empresarial, economía del bien común, empresa social y economía solidaria*, CIRIEC Working paper No. 2018/13.
- FOURASTIÉ J., 1979, *Les trente glorieuses ou la Révolution invisible de 1946 à 1975*, Fayard.
- HAYEK F. von, 1985 [1943], *La route de la servitude*, PUF.
- HAYEK F. von, 1976, *The Constitution of Liberty*, Routledge and Kegan Paul.
- HAYEK F. von, 1989, *Droit, législation et liberté*, tome II, Le mirage de la justice sociale, PUF.
- HEGEL G. W. F., 1940, *Principes de la philosophie du droit*, Gallimard.
- HOBBS T., 2000, *Léviathan*, Gallimard.
- KUISEL R. F., 1984, *Le capitalisme et l'Etat en France. Modernisation et dirigisme au XXe siècle*, Gallimard.
- MORIN F., 2020, *Quand la gauche essayait encore, le récit des nationalisations de 1981 et quelques leçons que l'on peut en tirer*, Lux, Canada.
- OSTROM E., 2010, *La Gouvernance des biens communs : Pour une nouvelle approche des ressources naturelles*, De Boeck.
- ROSANVALLON P., 1990, *L'Etat en France de 1789 à nos jours*, Seuil.
- WEBER M., 1963, *Le savant et le politique*, UGE.

Renewal of Public Action: Co-Production and Financial Regulation / Chapter 9

Faruk ÜLGEN*

Abstract

In the face of the global systemic crisis of 2007-2008, coupled with the current Covid pandemic, questions arise about the capacity of the invisible hand of the market to self-adjust in the event of systemic instabilities and about the need for a visible regulatory public hand. This is also closely related to the effectiveness of monetary and financial operations, since the viability of a capitalist economy relies mainly on the sustainability of these operations. This chapter seeks to contribute to the development of a paradigm for public action and financial regulation that can strengthen the stability of financial systems in the face of economic and social complexity. From an institutionalist perspective and drawing upon Polanyi's *Great Transformation*, the chapter analyses the monetary and financial characteristics of capitalism and maintains that effective monetary and financial frameworks are crucial for a consistent organisation of the economy. The analysis shows that the monetary and financial system might be considered as a public service activity that requires a specific public action, whereas in the literature, public services and public action are usually studied in relation to the energy, transport, health and education sectors. The chapter argues that the stability of financial markets cannot be ensured through market-self-regulation schemas. Although capitalist finance is a profit-seeking business, it should be framed as a public facility, and financial stability should be considered as a public good. This calls for a public action directed toward two major aims: systemic stability and financing of sustainable activities. The chapter assesses the feasibility of co-regulation as a possible alternative and maintains that whatever the degree of inclusion of private actors, financial regulation must be organized under the supervision of independent public authorities, far from the conflict of interest between public and private players.

Keywords: Collective action, co-production, financial regulation, Polanyi, public goods

JEL-Codes: G18, H41, H44, P11

* Head of Distance Learning Programs & International Relations; Deputy-Director of the Centre of Research in Economics of Grenoble-CREG; Grenoble Faculty of Economics, University of Grenoble Alpes-France (faruk.ulgen@univ-grenoble-alpes.fr).

Introduction

Capitalism is an unstable boom-and-bust economy continually destabilised by its endogenous monetary and financial dynamics. However, the recurrent economic crises over the last decades has significantly reduced its capacity to ensure sustainable development. In the face of the global systemic crisis of 2007-2008 (henceforth GSC), questions arise about the capacity of the invisible hand of the market to self-adjust in the event of systemic instabilities and the need for a visible regulatory hand of public action. The ongoing crisis, coupled with the current Covid pandemic, and the recurrent difficulties of our current economic models are endangering large sections of the world's population despite public financial support for failed markets and the growing public deficit. Strong opposition still remains between advocates of free markets and those advocating public action for possible measures to address systemic crises. Most debates are related to this crucial opposition between market liberalism and public interventionism.

This issue is closely related to monetary and financial operations since the viability of a capitalist economy mainly relies on their sustainability. Indeed, every transaction, whatever its size and scope, requires monetary and financial operations that directly or indirectly affect a large number of individuals. Financial markets play a central role in economic development. The services they provide consist of developing, broadening and strengthening the means and methods of financing economic activities. However, these markets are also highly dependent on the fundamentally speculative nature of financial operations. They can support the process of creative destruction of capitalist development but at the same time provoke the destruction of creativity at the systemic level (Ülgen, 2014).

Stable functioning of financial markets is a prerequisite for a well-functioning economy. The organisation and management of financial markets as well as their regulation and supervision are a crucial part of such a picture. The liberalisation of financial markets from the 1980s onwards and consequent loose regulation did not provide the expected results (economic and social efficiency). They led to major crises without any public oversight that could allow markets to recover in a sustainable way, other than through the socialization of private losses and debts. Often caught between the rescue of the economy and increasing public debt and deficit in times of crisis, economic policies are proving to be flawed (or incomplete) in their capacity to reframe financial markets and supervision mechanisms. Therefore, for the sustainability of financial operations and productive system's performances, financial regulation and supervision need to be redesigned in order to allow financial systems to function in a systemically efficient way. This calls for sustained public action to *transform financial destruction into financed creation*. An innovative collective action that society crucially needs today is to frame alternative ways of public regulation and supervision of financial activities; this could involve a form of a collaborative/co-production framework under certain conditions. The chapter then seeks to contribute to the development of the rudiments of a relevant paradigm for

public regulatory action that could lead financial markets to operate in a sustainable manner in the face of a complex and very fragile environment. In light of the GSC, the chapter points to the weaknesses of the market-based self-regulation mechanisms and argues that certain lessons could be drawn from the dynamics of the GSC for innovative alternative financial regulation. It builds on the monetary characteristics of market-based capitalist societies and suggests some basic rules for a socially sustainable and efficient model of financial regulation in an institutionalist vein.

The first section adopts an institutionalist perspective and liberally draws upon Polanyi's analysis of fictitious commodities as a relevant analytic anchor to understand the monetary characteristics of capitalism and the limits of its institutional liberal transformation. The second section points to the fragilities of liberalised financial systems and to the weaknesses of deregulated markets. It maintains that relying on market regulation suffers from the fallacy of self-regulation and fails to ensure systemic viability of society. The third section advocates the primacy of public supervision of financial regulation through an alternative organisation of financial markets that considers financial stability as a public good. Drawing upon the works on co-production schemas, some options are discussed in favour of inclusive regulatory alternatives through co-production and co-regulation of financial services in order to strengthen macro stability and prevent large crises. The final section draws conclusions.

1. The characteristics of a monetary capitalist economy: an institutionalist Polanyian perspective

Karl Polanyi offers valuable insights on the characteristics of a capitalist market economy through his analysis of fictitious commodities that provides an institutionalist perspective on the limits of liberalised markets to achieve sustainable economic performance. The renewal of interest in his approach is indicated by many recent works such as Bugra and Agartan (2007), Block (2008), Hann and Hart (2009), Dale (2010), Polanyi Levitt (2013), Block and Somers (2014), Seccareccia and Correa (2018), Jessop (2019), Desai and Polanyi Levitt (2020), to quote but a few. Aulenbacher, Bärnthaler and Novy (2019) supply a comprehensive account of different perspectives that draw upon Polanyi work to study the functioning of capitalist societies. This section builds on this orientation in order to show the specificity of the monetary and financial system in a capitalist economy.

Market liberalism as an institutional transformation

Maucourant and Plociniczak (2013) note that the Polanyian analytic framework rests mainly on an institutionalist approach that regards the economy as an instituted process even when market liberalism prevails over society. The evolution of socioeconomic and political systems is an interactive process in which individuals

both shape and are shaped. Indeed, Polanyi (Polanyi, Arensberg and Pearson, 1957: 246-247) states that the economy is an instituted process. The analysis of its dynamics, for a given type of society, namely a market system, is in terms of movements that reflect continuous change. The economy is “embodied in institutions that cause individual choices to give rise to interdependent movements that constitute the economic process” (Ibid: 247). Institutions fix the environment within which individuals imagine and undertake their private plans and strategies. The analysis that Polanyi offers in *The Great Transformation* about our (re)current problems can be regarded from this perspective since it maintains that capitalist economy’s major issues are closely related to two major concepts upon which the institutional framework is built: market relations (transactions on commodities) and non-market relations (related to *fictitious commodities* - labour, land and money). When market relations run society through market liberalism, these two distinct spheres are confused, society is placed within an inconsistent institutional environment that leads to system-wide turmoil. The market liberalism can then be regarded as a specific institutional form of capitalism. The domination of market fundamentalism and related market liberalism over society usually leads to the general liberalisation of every economic activity and the removal of restrictive public regulation. This is backed structurally by an institutional transformation of market organisation and management crucially related to the withdrawal of public authorities from financial regulation and their replacement by self-regulation of the market. This great transformation of the 1980s-1990s lies in the prevalence of market contractual schemas depending on self-regulation. Since the latter naturally suffers from conflicts of interests such that regulator and regulatee are confused with each other, the great transformation leads to a great deception. Highly speculative regime of accumulation that is dominated by short-term opportunism regardless of the long run needs of the productive system emerges and provokes a society-wide degeneration of markets and actors’ strategies. The 2007-2008 GSC comes into the picture as a normal consequence of such an evolution which was also studied by Polanyi in its 19th-20th centuries’ versions. Indeed, the historical evolution of capitalism usually provokes a double movement resting on the characteristics of commodities and markets. Some commodities are regarded as “normal” market activities whereas some others rely on “non-market” activities i.e. the former can rely on private-interest-based market mechanisms and the latter responds to the rules of public good production. Polanyi (2001) calls the “non-market” activities that shape capitalist evolution *fictitious commodities* and the related dynamics *double movement*.¹

¹ “Social history in the nineteenth century was thus the result of a double movement: the extension of the market organisation in respect to genuine commodities was accompanied by its restriction in respect to fictitious ones. While on the one hand markets spread all over the face of the globe and the amount of goods involved grew to unbelievable dimensions, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labor, land, and money.” (Polanyi, 2001: 79).

Fictitious commodities and monetary capitalism

The peculiar nature of fictitious commodities and related activities provokes a sort of paradox in the functioning of capitalism, as Polanyi (2001: 75-76) argues². “The crucial point is this: labor, land, and money are essential elements of industry; they also must be organized in markets; in fact, these markets form an absolutely vital part of the economic system. But labor, land, and money are obviously not commodities; the postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them. (...) The commodity description of labor, land, and money is entirely fictitious.”

A fictitious commodity is defined as a non-commodity as it should (or could) not be left to the market mechanism. From a purely economic point of view, labour is not a commodity and cannot be produced and consumed through “normal” market activities because it belongs to the human being and cannot be detached from the one who provides it (regardless of the political regime that rules society). Land (earth) is not a commodity because it is a given, and cannot be produced and reproduced by market mechanisms. The current environmental concerns point to the inability of human market activities to take care of it and make its economic use sustainable. Left to market dynamics, land (and environment) deteriorates whereas the activities causing such deterioration can be considered micro-economically as efficient, generating high profits for the investors involved. Money is not a commodity because it is at the heart of economic society and cannot depend on the will of markets and private interests. Its organisation and management fall under certain collective rules and public action that make its production and reproduction possible at the level of society. The analytical interest of the Polanyian approach is that it shows that when the production-reproduction of these non-commodities is entrusted to the care of free markets (market fundamentalism), related activities generate systemic disasters and require the intervention of public authorities in order to prevent the destruction of the economic and social fabric.

This Polanyian perspective allows us to identify the monetary nature of economic relations in a capitalist society. Saiag (2014: 561) states that Polanyi has developed in *The Great Transformation* a particular monetary approach, a non-dichotomous understanding of money, which is opposed to the classical separation between the real and the monetary economic analysis. Such an analytic position is very close to the Schumpeterian distinction between two theoretical corpora in economic analysis, the real and the monetary approaches: “we are defining both Real and

² “Labour is not a Commodity” was enshrined in the 1944 Philadelphia Declaration, an integral part of the Constitution of the International Labour Organisation. However, I do not relate this analysis to some “humanist” arguments but only to salient economic characteristics of capitalist economies. For a specific analysis of this issue from another perspective, the reader can refer to Evju (2012). One can also follow the analysis offered by Offe and Wiesensthal (1980: 104): “The problem is that workers can neither fully submit to the logic of the market (first of all, because what they “sell” on the market is not a “genuine” commodity), nor can they escape from the market (because they are forced to participate, for the sake of their subsistence)”.

Monetary Analysis as pure types in order to convey an important truth” (Schumpeter, 1963: 277)³.

Capitalism is, in essence, a monetary society. Money is a society-wide institution, organized through a set of rules, mechanisms, laws, etc. that govern the creation (the issuance), circulation (the use) and repayment of private debts. Those debts are related to the operations of financing of private economic activities. They spread across the entire economy as money, as the general means of payment and settlement. The set of social rules, the payments system, allows private economic units to undertake decentralised activities thanks to debt relations. The debt-financing process, i.e. the processes and products of funding economic activities, is mainly initiated by banks and remarketed on financial markets. Such debts flow as money through the entire economy under the general constraint of repayment at the end of financing contracts.

In this schema of endogenous generation of means of financing, money is *ambivalent* and *transversal*. It is ambivalent because it has a twofold -private and public-character. Money creation is related to private economic decisions of banks and entrepreneurs and allows economic agents to undertake decentralized plans based on profit expectations. These plans are not dependent on any public plan or command or collective objective. They are entirely related to private profit-seeking strategies. At the same time, money is a public mechanism resting on non-individual, extra-market anchors, the society's payments rules. This allows money (backed by private debts) to be accepted as the society-wide general means of payment and settlement. Money is created through private individual decisions but it must stand as a common institution over the whole private economic sphere. *The payments system performs as a decentralized public system for private-action*. Money is also transversal because all economic actions and the fate of any economic agent directly or indirectly depend on the evolution of debt relations within the economy, even if they do not participate in these relations. Monetary and financial operations strongly determine the path of economic development. All economic transactions require monetary relations and contribute to the generation of further financial operations. Therefore, monetary and related financial operations take everything into their ambit. Monetary and financial problems do matter structurally to all economic activities through the changes of strategies of credit-money providers (banks) and financial intermediaries. Thus, changes in monetary and financial markets affect the entire economy and therefore all economic agents, whether or not they are involved in debt relations (Ülgen, 2014: 263).

³ Indeed, there is stark contrast between these approaches. In the Real Analysis (the Classical and Neoclassical economics), money enters the picture only as a mere (though rational) technical device that does not affect the economic equilibrium process; it is only a veil that adds nothing new to the real phenomena: “nothing essential is overlooked in abstracting from it” (Schumpeter, 1961: 51).

Financial markets are expected to contribute to developing, broadening, and strengthening the financing of wealth-creating economic activities. However, they may also be influenced by the attraction of speculative operations and move toward short-term rent-seeking strategies instead of funding productive activities. Their evolution is mainly shaped by the institutional environment that allows (or not) the market actors, banks and financial intermediaries to undertake speculative vs productive activities.

2. Financial liberalisation: an institutional fallacy

Financial market liberalism provokes a general financialisation of market activities, strategies and performance criteria, weakens the sustainability of the accumulation process, and shortens the viability domain of the whole economy because of the recurrent systemic crises it generates. The financialisation process leads to a sort of commodification of the Polanyian fictitious commodity, money and related financial rules. Commodification in turn leaves the supervision of the market operations to institutions and mechanisms dependent on private interests, whereas the outcomes of such operations might have systemic consequences that are beyond the scope of micro-based mechanisms. Commodification then results in systemic crises that point to the failures of ill-framed markets. The GSC is proof of the systemic fragility of ultra-liberalized markets, escaping any extra-market regulatory and supervisory structure that could develop an overview to prevent systemic disasters from occurring as a result of individual strategies that may seem perfectly well-founded and rational at a microeconomic level.⁴

Liberal transformation of financial markets

Banks play a crucial role in the process of financing of the economy through the creation of credit-money to fund entrepreneurial expectations that are partly relying on Keynesian *animal spirits*. Animal spirits reflect the very nature of a free-action/free-enterprise society that determines its stability limits.⁵ Animal spirits (or in

⁴ As it will be argued in the third section, this will provide the rationale for a possible co-production schema of financial services and systemic stability through public and private agencies in order to reduce the likelihood of systemic inconsistency of different individual market strategies.

⁵ Keynes (1936: 161-162) states: "Even apart from the instability due to speculation, there is the instability due to the characteristic of human nature (...) Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as a result of animal spirits -of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities. Enterprise only pretends to itself to be mainly actuated by the statements in its own prospectus, however candid and sincere. Only a little more than an expedition to the South Pole, is it based on an exact calculation of benefits to come. Thus if the animal spirits are dimmed and the spontaneous optimism falters, leaving us to depend on nothing but a mathematical expectation, enterprise will fade and die; -though fears of loss may have a basis no more reasonable than hopes of profit had before."

another words, free individuals' decision process) are decentralized, individual and not macro-economically shaped behaviours. They need finance, mainly from the source of money creation/finance provision, the banking system. The working of the whole economy relies on the "coherent sustainability" of the rules that govern the activity of the *ephor* - the banking system - of the entire economy (Schumpeter, 1961). It is precisely the regulatory environment that will frame the type and the scope of banking and financial activities. From this point of view, two major forms of banking are usually studied - traditional and transactional (Burlamaqui and Kregel, 2005). Traditional banking is based on personal long-term financing relationship between the banks and the enterprises whereas the transactional banking aims at generating speculative opportunities through financial arbitrage exploiting particular characteristics of financial assets. This second type of financial system has prevailed since the 1980s *as a result of the liberal institutional transformation of financial markets*. Such a transformation involves banks (and the rest of the economy) in more innovative strategies since market regulations are removed or looser. This great transformation, usually called financialisation, changes the way the whole economic system works. Erturk et al. (2008), van der Zwan (2014), and Davis and Kim (2015) emphasise the growing influence of finance and financial markets on society and on the lives of ordinary people. These authors argue that financialisation shaped not only economic but also cultural and social changes in the broader society. Wang (2019) and Mader, Mertens, and van der Zwan (2020) point to the multifaceted nature of this concept since it can be defined as the increasing power of financial interests over politics, the growing dominance of financial logics (primacy of the shareholder) over the market strategies of corporations, etc. Epstein (2005: 3) suggests: "financialisation means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies". In a similar way, Ülgen (2019: 136) maintains: "Financialisation can be interpreted as a specific de-industrialisation process, and de-financialisation as a possible re-industrialisation process. They are alternative models of capitalist accumulation that call for different market organisations and may generate opposed outcomes." Sawyer (2013) notes that there are at least two ways of looking at the financialisation phenomenon, the first is in terms of the evolution of the financial sector and the role of finance in the economy, and the second, as a new stage of capitalism in which finance has become more dominant than hitherto, as a different form of capitalism. In the same vein, Wansleben (2020: 187-188) states that financialisation not only rests on credit expansion but also involves a profound change in the very processes by which credit is issued and distributed in the financial and economic system: "For instance, banks - the key originators of credit - have 'marketized' both sides of their balance sheets. They no longer issue loans to hold them on their books, but turn these loans into securitized assets that can be transacted with other banks and non-bank firms".

Financialisation, as an outcome of a peculiar evolution of capitalism, relies on the assertion that liberalized financial systems are prerequisites for economic growth and development. Related financial innovations, from the 1970s-80s onwards, changed

the traditional banking business model and led to large, complex and highly leveraged financial conglomerates. The financial engineering on securitization and associated derivative instruments accompanied this evolution and changed the face of both the financial sector and real industries since they embroiled the whole economy with global speculation and low-real-growth which provoked recurrent systemic crises with persistent unemployment and cumulated disequilibria. Obviously, bank/financial innovations modified the monetary and financial conditions on which the whole economic structure was based. Stockhammer (2010) remarks that financialisation is one of the key components of a broader societal shift in social and economic relations from a Fordist accumulation regime to a new (neoliberal) regime where the increasing role of finance is remarkable.⁶ Financialisation perverts productive economic structures by inhibiting agents from taking long-term strategies, and inducing them to take short-sighted speculative opportunities. Palley (2007: 2-3) also notes: “The last two decades have been marked by rapidly rising household debt-income ratios and corporate debt-equity ratios. These developments explain both the system’s growth and increasing fragility, but they also indicate unsustainability because debt constraints must eventually bite. The risk is when this happens the economy could be vulnerable to debt-deflation and prolonged recession”. Relevant at individuals’ micro level, free market incentives turn out to be harmful, if not catastrophic, at macro-systemic level, conflicting with sustainable economic growth and systemic stability.

Self-regulation and financial stability

The withdrawal of prudential regulatory control by the Authorities in favour of market self-regulation corresponds to the “supervisory approach” (Mishkin, 2001). This model advocates control, through ex post evaluation, of the quality of management of banking activities and assumes that private agents have the capacity to manage and control the risks they take in the markets. But beyond the assumption of individual risk management by the institutions themselves, this approach also assumes that macroeconomic stability (or systemic risk) could be managed through non-centralized self-regulation mechanisms. Financial regulation by authorities is replaced by self-regulation, and market players (banks and financial institutions) assess and manage their engagements through their own internal models and through credit-rating agencies, *which are also involved as strategic advisors*. However, the institutional transformation of monetary/financial systems into market-related and private interest-based commodity-like activities is obviously ineffective since it is contrary to how money operates in a capitalist economy. In a more comprehensive sense, the issue can be thought of in terms of embeddedness of

⁶ Stockhammer notes that according to data for the USA, from the late 1990s, stock market capitalization exceeds GDP with a spectacular turnover (383% in 2008), the share of financial profits and profits from abroad to total corporate profits has risen from just above 12% in 1948 to a peak at 53% in 2001. In the same way, in the late 1970s, bank assets were about 100% of British GDP while at the end of the 2010’s, they reached 500% of GDP and more than 2/3 of profits accrued to the financial sector (Bayer, 2009).

financial markets. Embeddedness means the integration of financial markets (and the economy) within the rest of society. The “stark utopia” of self-adjusting markets does not seem to be able to last in a sustainable way because it results in “annihilating the human and natural substance of society” (Polanyi, 2001: 3). Polanyi, in opposition to the Hayekian view of a free market as “the guarantor of freedom and prosperity” (Harrison, 2014: 186), calls the liberal market approach “Economistic fallacy” (Polanyi et al., 1957: 270).

Financial stability is a broader concept that encompasses markets, institutions and infrastructures: “Financial stability can be defined as a condition in which the financial system – which comprises financial intermediaries, markets and market infrastructures – is capable of withstanding shocks and the unravelling of financial imbalances. This mitigates the likelihood of disruptions in the financial intermediation process that are severe enough to significantly impair the allocation of savings to profitable investment opportunities” (European Central Bank, 2012: 5). Furthermore, Schinasi (2004: 6) emphasises the importance of the stability of financial markets beyond the traditional intermediation process: “financial stability not only implies that finance adequately fulfills its role in allocating resources and risks, mobilizing savings, (...) it should also imply that the systems of payment throughout the economy function smoothly (across official and private, retail and wholesale, and formal and informal payments mechanisms)”. Financial stability must then be regarded at a systemic level, as a public good, since it should support the macroeconomic reproduction of society within some socially acceptable limits, a task that micro-rationality-based market mechanisms cannot achieve.

In the comparison between public goods and private “normal” market goods, the focus is usually put on the non-profitable provision of the goods by market mechanisms (comparison between individual advantages and social advantages and costs). However, further emphasis must also be placed on the fact that even if market mechanisms could partially provide these goods at short-run in an individually profitable way (at least for a few players), the result suffers some societal limitations. First, this provision could not be sufficient for the total needs of society for these goods (quantitatively and qualitatively speaking), because the provision only considers the individual needs and is not able to take into account society’s expectations. Second, the result of such market activities are systemically catastrophic since the micro-rational strategies do not ensure macro-coherent outcomes (fallacy of composition). This is why a specific organisation and regulation of these activities in a way consistent with the characteristics of the monetary and financial system’s stability should be developed. And this includes consideration of joint, co-production schemas, since these activities involve both public and private interests. The Polanyian double movement is also related to the continuous tensions in the evolution of economic society when the liberalisation of financial activities generates systemic catastrophes that require public action to ensure recovery and viability. Both private and public interests need money and finance. However, private interest cannot provide money in the required quantity and quality and may lead to grave

societal consequences that harm our private as well as public interests. Therefore, there is a paradox to claim liberalisation and privatization of such a non-commodity, given the result of such a collective choice is potentially and often effectively bad (resulting in recurrent crises).

In light of the catastrophic consequences of the current turmoil, Allen (2014: 392) suggests a comprehensive approach to financial stability and puts the emphasis on the sustainability and social requirements a financial system should aim to fulfil. This is to ensure that there would be no disruption to the ability of financial markets to carry out their functions without causing harm to third parties not involved within their operations. This requires that the rules in force should not only be able to prevent socialization of private losses, but also reduce the likelihood of recurrent systemic crises that inevitably involve the entire society. Thus, two remarks can be brought forward. On one hand, stability needs specific regulation that could not rest on market mechanisms since it is a societal concern that is not just related to individuals' safeguards within the market operations. On the other hand, the organisation and management of such a system-wide regulation calls for alternative models of production and implementation beyond the usual opposition between self-regulating markets doctrine and Leviathan interventions.

3. Alternative regulatory principles for “the common good”

There is an apparent paradox in widespread financial liberalisation: it requires deep and significant public intervention to ensure systemic financial stability. In Polanyi's words: economic liberalism (i.e. the movement towards laissez-faire) generates more regulation and public intervention (i.e. the counter-movement to create stability). To deal with the stark utopia of market fundamentalism and resulting social catastrophes, capitalist finance needs a wake-up call about the social sustainability of financial operations. If markets cannot ensure macro stability through the magic invisible hand, stability must be regarded as a task of public responsibility on behalf of society, as a public good. The latter has to be provided under the supervision of public (extra-market) authorities. Since the GSC, there has been a great deal of research on financial regulation, assessing the relevance of alternative models. Most studies focus on macro versus micro prudential frameworks and compare pros and cons of each alternative compared to both free markets and government-led public action. However, there might be another broad and inclusive perspective that could rely on a possible co-production schema. Such an alternative would be more consistent with the characteristics of a market and private interest-based monetary economy and the need for systemic stability. In other words, co-production might be a solution to the opposition between macro-stability and micro-rationality in the economy in order to deal with the societal risks of financial activities.

Market-led versus public-led regulation for systemic stability

Financial regulatory reforms in favour of self-regulation have relied on the assertion that free markets internal adjustment mechanisms could minimise the possibility of financial crises and the need for government bailouts. This assertion is an ideological belief about the irrelevance of public regulation of markets: “Over and over again, ideology trumped governance. Our regulators became enablers rather than enforcers. Their trust in the wisdom of the markets was infinite. The mantra became government regulation is wrong, the market is infallible” (House of Representatives, 2008: 2).

To ensure a sustainable and stable provision of monetary and financial activities, financial markets have to be reframed. This requires a different organisation of regulation, such in a hybrid way: a public body organized and managed by public agencies to provide a different form of regulation of private economic activities. This ambivalence: “being individualistic, private-interested” and “needing social, public, collective design”, is inherent to capitalism and rests on a Polanyian perspective of the double movement. Polanyi (2001: 79-80) states: “While the organisation of world commodity markets, world capital markets, and world currency markets under the aegis of the gold standard gave an unparalleled momentum to the mechanism of markets, a deep-seated movement sprang into being to resist the pernicious effects of a market-controlled economy. Society protected itself against the perils inherent in a self-regulating market system-this was the one comprehensive feature in the history of the age”. The major issue is then existential - to know how to organize and manage markets in order to reconcile free enterprise and collective viability.

Although monetary and financial relations are mainly driven by private-interests and decentralized decisions without any collective planning of economic activities, the societal criticalness of the financial system requires that its organisation should be an unprivatizable spine of the economy that relies on supra-individual rules. Financial stability does not rest on an invisible “natural gravitational” force towards equilibrium, and cannot be ensured by market mechanisms. It calls for public action. Polanyi (2001) wisely states that market society exists thanks to the deliberate public (government) action with regard to monetary and financial organisation of society, international trade, organisation of labor and work conditions, private property rules, etc. Liberalism is a publicly framed organisation of the economy, it is planned. In the same way, a “managed market society” needs to be organized through deliberate public action in order to give the fictitious commodities their coherent place back in economic structures and tame *individually rational but socially catastrophic* speculative financial operations.

A specific institutional feature of capitalist finance might be designed based on the assumption that financial stability is a public good to be produced, managed and supervised by public authorities in order to allow markets to function in a viable way (Ülgen, 2018). Financial stability has the characteristics of a public good. It is needed

and used by everyone without being excludable and rival⁷. Moreover, financial stability is always “consumed” simultaneously by everyone as it relates to the working of the monetary economy. Financial relations and stability involve the whole society, as stated in the first section. Every economic agent needs stable finance but nobody could produce (and would pay for) this in an individual way. Therefore, the provision of financial stability as a good (or symmetrically, the provision of financial instability as a bad) cannot be ensured (prevented) by local, separate, private decisions and actions and needs to be organized and implemented by a common/collective framework. As Anomaly (2015: 110) states: “When a public good is global in scope, like the reduction of ozone-depleting chemical emissions, it often becomes more difficult—sometimes impossible—for the relevant parties to find one another, for negotiators to distinguish free riders from honest holdouts, and for private provision to occur.”

Furthermore, if markets instability can be regarded as an endogenous phenomenon due to the dynamics of the economic system, systemic (global) stability of markets cannot be provided through privatized self-regulation mechanisms. As Minsky (1986) and Iwai (2010) maintained, in line with the Keynesian analysis of the limits of individual rationality, the chain of expectations of decentralized individuals often results in socially suboptimal situations. For Minsky (1986), the endogenous financial instability and the paradox of tranquillity, and for Iwai (2010), the paradox of rationality states that individual decisions, seemingly rational at micro-level (when considered as separated from each other), result in an irrational society as a whole, generating collective catastrophes. In Polanyi’s embeddedness, the underpinning argument might be related to the fallacy of composition⁸ which points to the irrelevance of the assertion that systemic stability could be achieved as a result of self-regulation mechanisms built by rational microeconomic decision units. Micro-rational behaviour does not obviously result in macroeconomic coherence. The logic of individual action and self-regulation rests on the micro concerns of individuals relatively to their personal interests and aims. The logic of collective action and public regulation seeks to ensure macro-stability and society viability notwithstanding separate individual interests and aims.

The monetary system is an essential component of society and financial markets have the characteristics of public services (or utilities),⁹ since they provide the means (funds and advice) to support real economic activities and to facilitate their

⁷ Non-excludable because its use by some individuals cannot prevent the others from using it. Non-rival because its use by some individuals cannot reduce its qualitative and quantitative availability for the others. For a more comprehensive analysis on this issue, see Ülgen, 2018.

⁸ The fallacy means that an assertion is not obviously true of the *whole* from the fact that it is true of some *part* of the whole. In other words, the sum of rational individuals does not obviously result in a rational and optimal society.

⁹ In the literature, the monetary and financial sector is rarely studied as a public service activity. Economists usually focus on energy, transport, health and education sectors to conduct public utility analysis. For such a study from an historical perspective, see Clifton, Lanthier and Schröter (2013).

performance. The possibility for economic actions to develop without generating systemic threats to the viability of society depends on the solidity and coherence of its monetary and financial framework. Financial stability must then be seen as a matter of collective public action and the emphasis placed on macro-prudential rules and systemic oversight by public authorities. The objective is not to disturb private market activities but to promote “prudent banking” and “low-speculation” in order to prevent systemic actors from adopting macro-economically deviant strategies. Systemic stability is a necessary condition for long term viability and calls for macro-prudential organisation guided by public action. It has to make markets much more resilient to various disequilibria and crises.

In the wake of the GSC, some macro-prudential approaches beyond the individual institutions’ risk-related micro-prudential models are elaborated. The European Union as well as major advanced capitalist economies elaborated and implemented renewed supervision frameworks based mainly on macro-prudential principles (IMF, 2018). The European system of financial supervision (ESFS), introduced in 2010, consists of the European Systemic Risk Board (ESRB) as a general macro-prudential framework under the European Central Bank, and three European supervisory authorities¹⁰. Market evaluation models have been developed at macro and micro levels to set up indicators gathering information about the systemic tendencies of markets. Early warning indicators (EWIs) of banking crises, based on the assumption that crises take root in disruptive financial cycles, help authorities identify potential booms through deviations of credit and asset prices from long-run critical thresholds such as credit-to-GDP gaps, economy-wide debt service ratios (DSRs), and property price gaps, etc. (Aldasoro et al., 2018). Although there is no consensus about the exact objectives of macro-prudential policies (Schoenmaker, 2014), its supervision seeks to assess the evolution of markets from the systemic perspective and is not concerned directly about individual institutions. It is usually conducted both vertically institution by institution, and horizontally across institutions and markets, and takes into account the interconnectedness among market institutions.

The questions related to the organisation of a systemic framework that would include market players¹¹ appropriately related to their respective projects, as well as public regulators, remains to be addressed. The analysis of financial regulation struggles to address the contrasting perspectives: “public versus private” and “regulation by the market versus regulation against the market”. As a consequence, measures taken after systemic crises turn out to be relief measures or, when they are more structural, are cancelled in the next boom periods. Recurrent systemic crises become legion in the evolution of capitalism.

¹⁰ European Banking Authority, EBA; European Securities and Markets Authority, ESMA; and European Insurance and Occupational Pensions Authority, EIOPA.

¹¹ Both on the side of producers of financial services and investors, and on the side of enterprises and consumers that would need finance.

To rein in financial instability and destructive financial practices, one must re-regulate finance but also develop more public options in finance. Different regulatory models have to be designed (Drahos, 2004; National Audit Office, 2014, to quote, but a few). In a liberal economic era, when self-regulation fails, as with the GSC, composite micro-macro-based regulatory models may have a political and ideological attraction for policy-makers and private corporations. However, as an alternative, a specific regulatory framework through co-production schemas would be able to prevent fundamentalist fallacies and other conflicts of interest, and allow stakeholders to contribute in a positive way to the stabilization of their common public good. One may then argue, following Offe and Wiesenenthal (1980), that contrary to the *monological* logic of individualistic rationality, we face a *bi-logical* logic of collective action that contains elements of public and private interests, a condition which leads to an ongoing contradiction between public and private logics, “aggregation of individual interests and formation of a collective identity” (Offe and Wiesenenthal, 1980: 98).

Twenty five years ago, Elinor Ostrom (1996: 1073) named the opposition between the public power and individual actions “the great divide” and maintained that co-production would be a possible alternative to go beyond such an “artificial” opposition: “the great divide between the Market and the State or between Government and Civil Society is a conceptual trap arising from overly rigid disciplinary walls surrounding the study of human institutions (...) By developing more fully the theory of coproduction and its relevance to the study of synergy and development, I hope to change the views of social scientists toward the hypothetical “Great Divide”. From the same perspective, Aligica and Tarko (2013) state that works on complex social settings and institutional arrangements that offer features able to move beyond the standard public/private dualism such as co-governance and co-production may be regarded as a paradigm shift.

The scope is vast and the stakes are high.

Regulatory alternatives: co-production of “public” services: perspectives on financial stability

The purpose of an alternative to the standard opposition: “public interest versus private interest” in financial regulation is to consider some basic rules for a socially sustainable and efficient model of financial regulation through reflections about the co-production process of public action. Since the monetary and financial system can be regarded as a public infrastructure/utility, and financial stability as a public good¹², the co-production of these goods seems to be relevant.

¹² As every citizen may need regular and sustainable access for profit-seeking market operations or for “simple” needs of daily life.

Co-production dates from the 1970s and has become a new way of describing working in partnership by sharing power with: people using services, carers, facilities staff, and professionals (SCIE, 2015). It is a key concept in the development of public services and can support preventive services. It is not just a formal concept of organisation, it involves (humanist) values such as equality, diversity, accessibility, reciprocity, inclusion, etc. It is about developing equal partnerships between all the parties involved (service users, workers, and professionals).

It is worth noting that the concept of co-production recently saw a remarkable resurgence of interest as the world witnessed a rise of liberalism, and efficient market assertions guided private and public actions, reducing the role played by public authorities and cooperative structures. This could indicate a return to the search for alternative models of organisation and management of activities that affect large sections of the population but which were hitherto managed through market mechanisms thanks to the neoliberal push of the late 1970s. Mitlin and Bartlett (2018: 355) also note that since 2004 there has been a renewed interest in the concept of co-production: “The concept has been revived both in the global North, where it focuses on debates about community involvement in public service delivery, and in the global South, where the rationale for co-production emerges across the ideological divide on state responsibilities and citizen entitlements”.

Co-production is usually seen as the sharing of the procurement process of public services between those who provide them and those who receive them. Most studies generally examine co-production in relation to the co-delivery of basic municipal services, with roles for government and organized citizens in urban areas. Mitlin (2008: 340) states that co-production refers to “the joint production of public services between citizen and state, with any one or more elements of the production process being shared. Co-production has been primarily considered as a route to improve the delivery of services, and it has rarely been considered as a route through which the organized urban poor may choose to consolidate their local organisational base and augment their capacity to negotiate successfully with the state.” The process would lead to improvement, and community building through a mixture of state-enabled decision-making, self-organisation, adaptation to prevailing local circumstances, and self-service delivery by communities; dialogue, negotiation and joint action are the rules that would increase the role of citizens in public services (Mitlin and Bartlett, 2018).

The main objective is the improvement and inclusion of different stakeholders through reciprocity and cooperation. Osborne and Strokosch (2013) examine the issue from the point of view of consumer co-production and focus on the inseparability of production and consumption in the services encounter. The core aim is the improvement and inclusion of different stakeholders through reciprocity and co-action. Osborne and Strokosch (2013: S37) present three modes of co-production. *Consumer co-production* that aims for *user empowerment*; this rests on the inseparability of production and consumption during the service encounter, and

focuses on the engagement of the consumers at the operational stage of the service production process. *Participative co-production* that aims at improving the quality of public services through participation in the strategic planning and design stage of the service production process, such as user consultation, and participative planning mechanisms. Finally, *enhanced co-production*: this leads to *user-led innovation* and new forms of public service. It relies on the combination of “the previous operational and strategic modes of coproduction in order to change the paradigm of service delivery.” (Ibid.)

Barker (2010: 2) notes that the topicality of this issue in the current financial crisis lies in “the expectation that effective user and community involvement may help to improve outputs, service quality and outcomes and reduce costs for local government.” Barker maintains that the involvement of citizens more directly in shaping provision could lead to the minimization of wasteful spending, to ensure better outcomes and give users new skills and social capital through collective working and reciprocity processes. Pestoff, Brandsen and Verschuere (2011) and Bovaird et al. (2015) point to the ability of collective action and interaction to transform the pursuit of self-interest into the promotion of social capital and reciprocity. However, effective collaboration may be more difficult to achieve in practice. Bovaird and Loeffler (2013: 1) argue: “the movement towards co-production can be conceptualized as a shift from ‘public services *for* the public’ towards ‘public services *by* the public’, within the framework of a public sector which continues to represent the public interest, not simply the interests of ‘consumers’ of public services”.

From a similar perspective, Löffler (2009) maintains that co-production - often studied in terms of “user-involvement” within the area of environment, health, community safety - could be linked to the co-organisation of activities through: designing solutions (“co-design”; managing solutions (“co-management”), delivering solutions (“co-delivery”), and assessing the solutions (“co-assessment”). In a similar way, Bovaird and Loeffler (2013: 5) and Bovaird et al. (2019) propose the 4 Co’s schema: co-commissioning (co-planning of policy/co-prioritisation and co-financing of services), co-design, co-delivery (co-management and co-performing of services) and co-assessment (co-monitoring and co-evaluation), situating co-production as “a sub-process of public service delivery within the broader framework of public service logic” (Bovaird et al., 2019: 229).

Two different levels of co-production may be considered regarding the financial system’s organisation. Firstly, co-production of financial services might be studied through, for instance, cooperative banks and financial cooperatives’ activities and their effects on economic development (Coelho, Mazzillo, Svoronos and Yu, 2019). Although it is crucial to design sustainable ways of financing economic development, this aspect is beyond the scope of this chapter. Second is co-production of regulation through new forms of extra-market regulation and supervision. When it comes to the regulatory framework, two “pathologies” have to be avoided: over-regulation and under-regulation (Innes, Davies and McDermont, 2018). Over-regulation involves

“too much regulation” of citizens’ activities that could generate costs that outweigh the benefits of harm mitigation, as well as intruding on the area of social life it intended to protect. That is the case when a central authority decides on everything that is right or wrong for everyone and sets prohibitions according to pre-established values without any democratic interaction. Under-regulation occurs when rules and mechanisms are ill-framed and too loose, unable to deal with systemic issues. This is the neoliberal model that has dominated economic and regulatory policies since the 1980s, based on the assertion that markets are able to self-regulate without regular government intervention. In between these top-down or neo-liberal models, responsive and soft regulatory models have been promoted; for instance, in their framework of *responsive regulation*, Ayres and Braithwaite (1992: 158) study some forms of delegated regulation under public control: “The delegated aspects of responsive regulation hold out the prospect of a regulatory equilibrium that retains many of the important benefits of competition while the potential for escalating intervention maintains the integrity and pursuit of regulatory goals to correct market failure”. The case of co-production of regulation (co-regulation) may fall into this category.

Different models of co-regulation are conceivable and suggested even if they all suffer from ambiguity, since co-production often involves self-management, self-regulation as well as reciprocity, equality, symbiosis, etc. This leads to a “dirty concept” (Innes, Davies and McDermont, 2018: 388). Therefore, possible models of alternative regulation seem to be fundamentally dependent on compliance and require a radical and effective separation between the rules and procedures of market regulation, and the interests of private and public players. This condition, which is part of an eternal problem of conflict of interest, is exacerbated in capitalist society, especially when it is liberalized and financialized. The general rules might rest on a composite micro-macro co-regulation schema under the supervision of independent public authorities. Although everyday regulation of each individual or institution can be provided by a co-regulation schema, relevant regulation requires a system-wide oversight that relies on non-market rules and mechanisms. Two objectives underlie such mechanisms:

- preventing the interest relations between institutions and private and public decision-makers from taking control of public action mechanisms at the expense of the common good, and
- involving investors and financial institutions in the financing of long-term socially productive activities and limiting short-term speculative incentives.

However, three constraints must be considered in order to assess the relevance and feasibility of this alternative model of co-regulation. First, in order to prevent conflicts of interest between the regulator and the regulatee, the organisation of regulation

should not belong to market participants even if they participate in its functioning¹³. Second, the model must be compatible with a minimum level of free, decentralized individual action. This means that although regulation can be organized and implemented under public control, it should seek to support market activities. Third, regulation must be designed according to an overall macro-societal objective, i.e. the financial system's stability.

Even though financial markets operate mostly through non-public institutions and activities and are intended to achieve the private good, they must be regulated according to the common good, i.e. stability of markets for long-run viability of society. Therefore, a possible composite micro-macro regulation system could rest, on the one side, on micro-regulation of each individual player with regard to their characteristics and aims. Self-regulation tools such as the Internal Ratings Based approach or Rating Agencies' mark-to-market-value related ratings are already available and used experimentally by market players. However, their relevance is limited to subjective considerations and goals at a given moment under a given situation. On the other side, composite regulation has to rely on macro-regulation of the financial system as a whole with regard to systemic risks and fragilities that must be addressed under public supervision. This means that micro-regulation is a way of assessing the "relative" soundness of individual activities in a liberal way by reporting to a systemic supervisory agency. That would not ensure the overall financial system's safety and soundness. The systemic soundness of financial markets can (and should) only be the responsibility of a (non-market) public body, fully organized and mandated outside market-relations and related conflicts of interest. Otherwise, any idyllic combination of regulation between public agencies and private institutions and practices would be a source of conflict of interests. Market regulation is ultimately a matter of preventing, controlling and, if necessary, sanctioning separate and individual actions that are primarily aimed at private gain and not at macroeconomic stability. The latter is logically outside the scope of action and strategy of private parties. Therefore, co-production of regulation would have a twofold meaning: regulation of co-production and regulation by coproduction, both through stakeholder involvement. The road may be long, but the goal seems worth the effort.

¹³ Why do soccer matches (or other sports disciplines) require external refereeing when the players are supposed to aim at achieving quality matches on a technical, sporting and collective level for the common good (e.g. for the pleasure of the spectators but also for their own pleasure to perform)? While the purpose does not a priori call for any external arbitration with regard to the objectives of the activity in question, the execution of this activity, particularly when it is linked to distinct and not necessarily convergent private interests, objectively requires external arbitration above players, teams and interests.

4. Concluding remarks

This chapter has sought to make an original contribution to the analysis of financial regulation in three ways:

- Use of the Polanyian perspective of fictitious commodities and double movement regarding the monetary characteristics of a capitalist economy and the irrelevance of liberalized financial regulation (self-regulation) to ensure systemic stability;
- The monetary and financial system should be seen as a public service activity requiring specific public action, while in the literature, public service and public action analyses are usually limited to energy, transport, health, and education sectors;
- Arguing that the policy of financial stability should be produced through collective action mechanisms, and not be dependent on market and private-interest mechanisms.

Through these three paths, the article has developed alternative regulatory rules, framed as a co-production model involving all (societal) stakeholders of financial operations, since these operations rest on monetary ambivalence and transversality.

Financial stability is related to the stability of the monetary and financial system. When the system works in a smooth and stable way, there are gains from flows of goods, services, and capital. But when it breaks down, people are unable to sustain high levels of trade and investment. The monetary and financial system and its stability can be seen as a specific form of public good.

The analysis carried out in this chapter shows that there are strong connections between the institutionalist and Polanyian approaches to a capitalist economy; in particular, the idea of co-production of public goods, focusing on how finance is a common good and how a co-construction of public action between different actors could be built as a co-production framework.

The first connection is about the nature of money (and related financial markets). In the Polanyian approach, fictitious commodities (land, labour and money) cannot be produced and managed by market mechanisms. In this regard, this chapter has argued that a sustainable production of monetary and financial relations requires a public-utility-production framework.

The second connection is related to the criticalness of money and finance in the working of a capitalist economy. The core role of financial markets needs to be organised under public (extra-market) oversight. Financial operations cannot be considered as “normal” market activities that could be entirely designed and regulated through the views and beliefs of private players, since they set the limits of the feasibility and viability of all economic activities.

The third connection is about financial stability as a macroeconomic concern. System-wide stability cannot be ensured by micro decisions through individual strategies. This “specific fictitious” product, financial stability, displays the characteristics and dynamics of a public good that must be produced by an extra-market mechanism for the common good. Financial stability as a public good could be produced, distributed and managed through co-production of financial regulation under the supervision of public authorities.

The chapter has suggested some rules for a co-regulation model. It argued that although the regulatory rules might rest on a composite micro-macro co-regulation schema that would include most stakeholders (public and private institutions and agencies) in the process of regulation and supervision, they must be organized under the supervision of independent public authorities to ensure their objectivity and system-wide implementation. The effectiveness of such a financial regulation requires that public supervision should be organized away from the interest relations between institutions and private and public decision-makers. To deal with the stark utopia of market fundamentalism and related social catastrophes, capitalist finance should be reframed according to the financial needs of socially sustainable activities. Such a process, called de-financialisation, seems to be a necessary recovery step that emphasises societal objectives to position capitalist finance as a positive support for society’s development.

References

- ALDASORO, I., BORIO, C. and DREHMANN, M. (2018), “Early warning indicators of banking crises: expanding the family”, *BIS Quarterly Review*, March: 29-45.
- ALIGICA, P.D. and TARKO, V. (2013), “Co-Production, Polycentricity, and Value Heterogeneity: The Ostroms’ Public Choice Institutionalism Revisited”, *American Political Science Review*, 107(4): 726-741.
- ALLEN, H.J. (2014), “What Is “Financial Stability”? The Need for Some Common Language in International Financial Regulation”, *Georgetown Journal of International Law*, 45: 929-952.
- ANOMALY, J. (2015), “Public goods and government action”, *Politics, Philosophy & Economics*, 14(2): 109–128.
- AULENBACHER, B., BÄRNTHALER, R. and NOVY, A. (2019), “Karl Polanyi, *The Great Transformation*, and Contemporary Capitalism”, *Österreich Zeitschrift für Soziologie*, 44:105–113.
- AYRES, I. and BRAITHWAITE, J. (1992), *Responsive Regulation. Transcending the Deregulation Debate*, New York, Oxford: Oxford University Press.
- BARKER, A. (2010), “Co-Production of Local Public Services”, in Local Authorities and Research Councils’ Initiative, *Co-Production. A Series of Commissioned Reports*, January 2010, www.larci.org.uk

- BAYER, K. (2009), "From De-Industrialization to De-Financialisation?" Kurt Bayer's Commentary, December 7 (<http://kurtbayer.wordpress.com/2009/12/07/from-de-industrialization-to-de-financialization/>, accessed 8 November 2013).
- BLOCK, F. (2008), "Polanyi's Double Movement and the Reconstruction of Critical Theory", *Revue Interventions économiques*, 38 (DOI: 10.4000/interventionseconomiques.274).
- BLOCK, F. and SOMERS, M.R. (2014), *The Power of Market Fundamentalism*. Cambridge, Massachusetts: Harvard University Press.
- BOVAIRD, T. and LOEFFLER, E. (2013), "We're all in this together: harnessing user and community co-production of public outcomes", Institute of Local Government Studies, University of Birmingham, June.
- BOVAIRD, T., VAN RYZIN, G., LOEFFLER, E. and PARRADO, S. (2015), "Activating Citizens to Participate in Collective Co-Production of Public Services", *Journal of Social Policy*, 44(1): 1-23.
- BOVAIRD, T., FLEMIG, S., LOEFFLER, E. and OSBORNE, S.P. (2019), "How far have we come with co-production—and what's next?", *Public Money & Management*, 39(4): 229-232.
- BUGRA, A. and AGARTAN, K. (Eds) (2007), *Reading Karl Polanyi for the 21st Century*, New York: Palgrave.
- BURLAMAQUI, L. and J. KREGEL (2005), "Innovation, Competition and Financial Vulnerability in Economic Development", *Brazilian Journal of Political Economy*, 25(2): 5-22.
- CLIFTON, J., LANTHIER, P. and SCHRÖTER, H. (Eds) (2013), *The Economic and Social Regulation of Public Utilities: An International History*, Abingdon: Routledge.
- COELHO, R., MAZZILLO, J.A., SVORONOS, J.P. and YU, T. (2019), "Regulation and supervision of financial cooperatives", Financial Stability Institute Insights on policy implementation No 15, Bank for International Settlements, January 2019.
- DALE, G. (2010), *Karl Polanyi: The Limits of the Market*, Cambridge, UK: Polity Press.
- DAVIS, G.F. and KIM, S. (2015), "Financialisation of the Economy", *Annual Review of Sociology*, 41: 203-21.
- DESAI, R. and POLANYI LEVITT, K. (Eds) (2020), *Karl Polanyi and twenty-first-century capitalism*, Manchester University Press.
- DRAHOS, P. (2004), "The Regulation of Public Goods", *Journal of International Economic Law* 7(2): 321-339.
- EPSTEIN, G. (2005), "Introduction: Financialisation and the World Economy", in Epstein, G., (ed.) *Financialisation and the World Economy*, Cheltenham: Edward Elgar, 3-16.
- ERTURK, I., FROUD, J., JOHAL, S., LEAVER, A. and WILLIAMS, K., (eds.) (2008). *Financialisation at Work. Key Texts and Commentary*. Abingdon: Routledge.
- European Central Bank (2012), *Financial Stability Review*, December 2012.
- EVJU, S. (2012), "Labour is not a commodity. A reappraisal", *Working Papers in Labour Law*, Institutt for privatrett. Der juridiske fakultet Universitas Osloensis, 2012:6.
- HANN, C. and HART, K. (Eds) (2009), *Market and society: The great transformation today*, Cambridge, UK: Cambridge University Press.

- HARRISON, T.W. (2014), "The Pyrrhic Triumph of Finance Capital and the Return of Polanyi", *Athens Journal of Social Sciences*, 1(3), July: 185-193.
- House of Representatives (2008), "The Financial Crisis and the Role of Federal Regulators", Hearing Before the Committee on Oversight and Government Reform, 110th Congress, Second Session, October 23, 2008, Serial No. 110-209, Available via: <https://www.govinfo.gov/content/pkg/CHRG-110hhrg55764/pdf/CHRG-110hhrg55764.pdf>
- IMF (International Monetary Fund) (2018), *The IMF's Annual Macprudential Policy Survey*, April, Washington DC.
- INNES, M., DAVIES, B. and McDERMONT, M. (2019), "How co-production regulates", *Social and Legal Studies*, 28 (3): 370-391.
- IWAI, K. (2010), "The Second End of Laissez-Faire: The Bootstrapping Nature of Money and the Inherent Instability of Capitalism", (June 10, 2011). Available at SSRN: <https://ssrn.com/abstract=1861949> or <http://dx.doi.org/10.2139/ssrn.1861949>
- JESSOP, B. (2019), "A Polanyian paradox: money and credit as fictitious commodities, financialisation, finance-dominated accumulation, and financial crises", in R. Atzmüller, B. Aulenbacher, U. Brand, F. Décieux, K. Fischer and B. Sauer (Eds), *Capitalism in Transformation. Movements and Countermovements in the 21st Century*, Cheltenham: Edward Elgar: 75-90.
- KEYNES, J.M. (1936 [1973]), *The General Theory of Employment, Interest and Money*, London: The Royal Economic Society-Cambridge University Press-Macmillan.
- LÖFFLER, E. (2009), "Improving the quality of public services: putting the citizens at the centre of administrative action", Conference on Public Administration Reform and European Integration Budva, Montenegro, 26-27 March (<http://www.sigmaxweb.org/publicationsdocuments/42750708.pdf>)
- MADER, P., MERTENS, D. and van der ZWAN, N. (2020), "Financialisation: An Introduction", in P. Mader, D. Mertens and N. van der Zwan (eds.) *The Routledge International Handbook of Financialisation*, Abingdon: Routledge: 1-16.
- MAUCOURANT, J. and PLOCINICZAK, S. (2013), "The Institution, the Economy and the Market: Karl Polanyi's Institutional Thought for Economics", *Review of Political Economy*, 25(3): 512-531.
- MINISKY, H. (1986), *Stabilizing an Unstable Economy*. New York, NY: McGraw-Hill.
- MISHKIN, F.S. (ed.) (2001), *Prudential Supervision. What Works and What Doesn't*, A National Bureau of Economic Research Conference Report, The University of Chicago Press.
- MITLIN, D. (2008), "With and beyond the state - co-production as a route to political influence, power and transformation for grassroots organisations", *Environment & Urbanization*, 20(2): 339-360.
- MITLIN, D. and BARTLETT, S. (2018), "Editorial: Co-production - key ideas", *Environment & Urbanization*, 30(2): 355-366.
- National Audit Office (2014), "Using alternatives to regulation to achieve policy objectives", National Audit Office, London, UK.

- OFFE, C. and WIESENTHAL, H. (1980), "Two Logics of Collective Action: Theoretical Notes on Social Class and Organisational Form", *Political Power and Social Theory*, Vol. 1: 67-115.
- OSBORNE, S. and STROKOSCH, K. (2013), "It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives", *British Journal of Management*, 24: S31-S47.
- OSTROM, E. (1996), "Crossing the Great Divide: Coproduction, Synergy, and Development", *World Development*, 24(6): 1073-1087.
- PALLEY, T.I. (2007), 'Financialisation: what it is and why it matters', The Levy Economics Institute *Working papers*, No. 525.
- PESTOFF, V., BRANDSEN, T. and VERSCHUERE, B. (2011), *New Public Governance, the Third Sector, and Co-Production*, London: Routledge.
- POLANYI, K., ARENSBERG, C.M., and PEARSON, H.W. (1957), *Trade & Market in the Early Empires*. Chicago: Henry Regnery Company.
- POLANYI, K. (2001), *The Great Transformation: the Political and Economic Origins of Our Time*. Boston: Beacon Press (foreword by Joseph E. Stiglitz; with a new introd. By Fred Block.-2nd Beacon Paperbacked).
- POLANYI LEVITT, K. (2013), *From The Great Transformation to the Great Financialisation. On Karl Polanyi and Other Essays*, Halifax, Winnipeg: Fernwood Publishing.
- SAIAG, H. (2014), "Towards a neo-Polanyian approach to money: integrating the concept of Debt", *Economy and Society*, 43 (4): 559-581.
- SAWYER, M. (2013), "What Is Financialisation?" *International Journal of Political Economy*, 42(4): 5-18.
- SCHINASI, G.J. (2004), "Defining Financial Stability", *IMF Working Paper*, WP/04/187.
- SCHOENMAKER, D. (ed.) (2014), *Macroprudentialism*, A VoxEU.org eBook, CEPR Press, London.
- SCHUMPETER, J.A. (1963), *History of Economic Analysis*, George Allen & Unwin Ltd.
- SCHUMPETER, J.A. (1961), *The Theory of Economic Development*, Cambridge, Massachusetts: Harvard University Press.
- SECCARECCIA, M. and CORREA, E. (2018), "Rethinking Money as an Institution of Capitalism and the Theory of Monetary Circulation: What Can Modern Heterodox Economists/Institutionalists Learn from Karl Polanyi?", *Journal of Economic Issues*, 52(2): 422-429.
- Social Care Institute for Excellence (SCIE) (2015), *Co-production in social care: what it is and how to do it*, SCIE GUIDE 51, London.
- STOCKHAMMER, E. (2010), 'Financialisation and the Global Economy', *Political Economy Research Institute Working Paper Series* No 240, University of Massachusetts Amherst.
- ÜLGEN, F. (2014), "Schumpeterian economic development and financial innovations: a conflicting evolution", *Journal of Institutional Economics*, 10(2): 257-277.

- ÜLGEN, F. (2018), "Financial stability as a public good and relevant systemic regulation as a problem of collective action", in P. Bance (Ed.), *Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action*, CIRIEC STUDIES SERIES-1: 95-112.
- ÜLGEN, F. (2019), "Innovation dynamics and financialisation: Is another regulation possible to re-industrialise the economy?", *Journal of Innovation Economics & Management*, 2019/2, 29: 133-158.
- van der ZWAN, N. (2014), "Making sense of financialisation", *Socio-Economic Review* 12: 99–129.
- WANG, C.R. (2019), "A Literature Review on Corporate Financialisation", *American Journal of Industrial and Business Management*, 9: 647-657.
- WANSLEBEN, L. (2020), "Formal institution building in financialized capitalism: the case of repo markets", *Theory and Society*, 49:187–213.

Social and solidarity economy and the co-construction of a new field of local public policies in France / Chapter 10

Laurent FRAISSE*

Abstract

This paper proposes to come back to the construction of local policies in favour of social and solidarity economy (SSE) in France. It is first of all a question of demonstrating how coalitions of elected representatives, technicians, social entrepreneurs, heads of local networks and local managers of support and financing structures have participated in the consolidation of the "social and solidarity economy" which is a French terminological singularity. In the 2000s, when a national policy was lacking, it was at the level of local governments that a public action dedicated to SSE was experimented. New thematic and specific support instruments were then put in place without reference to the normative framework that has become since July 2014 the law on SSE. Then, SSE policies are implemented in tension between a policy of recognition through the implementation of specific instruments and the will to act transversally on the main challenges of the territory (housing, employment, mobility, social cohesion, culture, sustainable development, etc.). Finally, elected representatives and actors of local SSE policies have claimed and experimented processes of co-construction of public action whose contexts, conditions and achievements we propose to highlight.

Keywords: social and solidarity economy, public policy, co-construction, coproduction, participation

JEL-Codes: B55

* Sociologist, Laboratoire Interdisciplinaire de Sociologie Economique, LISE, CNAM-CNRS, Paris (France) (fraisse_laurent@orange.fr).

1. The emergence of local social and solidarity economy (SSE) policies in France

The emergence of local policies in favour of SSE in France can be traced back to recent history¹. From the point of view of public action, it is possible to distinguish three periods. The first period goes from the end of the 1970s to the beginning of the 2000s. It corresponds to the grouping at the national level of the leaders of cooperative, mutualist and associative families behind the notion of social economy. At the same time, actors and initiatives are claiming to be part of a solidarity economy. Rooted in local development approaches and in territorial networks of initiatives, they organized themselves nationally into networks² in the 1990s. This period gave rise to a first phase of institutionalization at the national level, the milestones of which were the creation of an interministerial delegation for the social economy in 1981 and a secretariat for the solidarity economy in 2000.

Between 2002 and 2012 a second period began. It was the local authorities that were experimenting with policies in favour of SSE. First in cities and "communautés de communes"³, then in the French regions and departments, SSE has become a formal competence of several local elected officials and has appears to appear in organizational charts. They have contributed to the valorisation of these initiatives and enterprises in local economic development and have facilitated their grouping within territorialized networks. They have positioned SSE on other issues than integration through economic activity. They have co-constructed action plans and experiment targeted support and financing schemes. Local policies have been an opportunity to bring together social economy and solidarity economy actors who have been supported in their community organizing. While there was no longer, strictly speaking, a national SSE policy under the Raffarin (2002-2006) and Fillon (2007-2012)⁴ governments, it is therefore at the level of local governments that the SSE has been maintained and developed as an autonomous field of public action.

The last period from 2012 to today is marked by the renewal of a national policy whose culmination was the SSE Act n°2014-856 of 31 July 2014 drafted by Benoît Hamon's Ministry of SSE. It legally recognises and integrated in practice local SSE policies. With a few exception⁵, these policies are being maintained and are passing the tests of political and electoral cycles and the reduction of State allocations

¹ For a detailed history of the social and solidarity economy for the contemporary period, we refer to Timothée Duverger's book, *L'Économie sociale et solidaire. Une histoire de la société civile en France et en Europe de 1968 à nos jours*. Le Bord de l'Eau, 2016.

² The main groupings were successively the *Agence de liaison pour le développement de l'économie alternative* (ALDEA), the *Réseau d'économie alternative et solidaire* (REAS), then the *Mouvement pour l'économie solidaire* (MES).

³ Groupings of municipalities.

⁴ The inter-ministerial delegation for the social economy still existed but with limited funding and staff.

⁵ We are thinking, for example, of the Rhône-Alpes or Provence-Alpes-Côte d'Azur regions.

to local authorities. The appointment of a High Commissioner for SSE in 2017, following the election of Emmanuel Macron, potentially opens a new period of public policies, more oriented towards social entrepreneurship and social innovation. On a symbolic level, the term SSE is maintained in the title of the mission entrusted to Christophe Itier, in his main speeches and the SSE Growth Pact⁶ presented in November 2018.

Local SSE policies have therefore existed since the early 2000s. Although modest, they have rather experienced a positive dynamic of diffusion at the different levels of territorial authorities (Municipalities, Intercommunalities, Departments, Regions). Beyond the affirmation of the socio-economic weight of mutual cooperatives, associations and foundations, which represent between 7% and 14% of employment depending on the region (CNCRESS, 2017), SSE territorial policies strive to support socially innovative initiatives and enterprises, new forms of local fair trades or short-food supply chains, solidarity finance and territorialized economic cooperation. Although it is difficult to quantify its importance, some indicators allow to approach its magnitude. The Network of Local Authorities for a Solidarity Economy (RTES), the main network of elected officials and technicians on this theme in France, states that by the end of 2019 it will have 130-member authorities⁷. During the 2010-2015 mandate, all 22 Regional Councils (in metropolitan France) had a delegation including the SSE competence.

The role of local governments in the development of "other modes of entrepreneurship" was recognised by the SSE Act of July 2014. Article 7 states that *"the region shall draw up, in consultation with the regional chamber of social and solidarity economy and with social and solidarity economy organizations and enterprises, a regional strategy for the social and solidarity economy and may contract with departments, municipalities and public intermunicipal cooperation establishments for the implementation of concerted strategies and the deployment of the social and solidarity economy on the regional territory"*. Moreover, article 8 of the law provides for the organization in each region of a regional conference of the SSE, including among other stakeholders, local authorities, to define *"the orientations, means and results of local development policies of the SSE social and solidarity economy"*. This recognition of local authorities that have for several years implemented local actions in favour of SSE without a national normative and legal framework is a sign of consolidation of a new field of public action.

Our perspective on the emergence of a new field of public action explores three aspects. The first is the contribution of local policies to the socio-political construction of SSE terminology in France. The second concerns the permanent tension between the implementation of a specific policy of recognition of SSE and the ambition of a

⁶ <https://www.ecologique-solidaire.gouv.fr/gouvernement-presente-pacte-croissance-leconomie-sociale-et-solidaire>, consulted on March 5, 2020.

⁷ https://www.rtes.fr/system/files/inline-files/CarteAdh%C3%A9rents2019_4.pdf, consulted on March 5, 2020.

transversal policy. The third aspect explores the contributions and limits of SSE policies to the renewal of public action through the claim and experimentation of co-construction practices.

2. The contribution of local policies to the construction of social and solidarity economy semantics

The first challenge in building a new field of public action has been cognitive⁸. It has concerned the collective understanding of social and solidarity economy (SSE) and more broadly the dominant representations of territorial economic development. It should not be forgotten that before the SSE Law of July 2014, the institutional framing of what SSE represented was normative and legally unstable. The first elected officials had to deal locally with different sensibilities and plural approaches to the field (Fraisie, 2005). In spite of an undeniable acculturation and a growing media coverage of the issue, the initial situation has been a weak legitimacy and legibility of SSE among elected officials and the administration, but also vis-à-vis local economic actors and residents. What is the social and solidarity economy? Which kind of initiatives and companies should be included in this policy field? This is the type of questioning that an elected official in the SSE is confronted with at the beginning of his first term of office.

Methodological framework

Based on a sociology of public action framework, this text put in the perspective fifteen years of research and evaluation on local SSE policies.

This empirical work have combined case studies (Fraisie, Uhry, 2005a), action research (Fraisie, Berger, 2006; Fraisie, 2007; Fraisie, 2018), evaluations (Artois Com, Lille Métropole, Ville de Lille, Plaine Commune). They gave rise to publications that outlined an initial conceptualization of the process of development and implementation of this area singular of public action (Fraisie, 2005, 2008, 2017). This research and evaluation have mobilized around sixteen semi-directive interviews with elected officials and technicians in charge of SSE but also of other sectoral policies, of various network heads and local actors of SSE as well as economic and social actors of the territories concerned. The purpose of these interviews aimed at a locally situated understanding of the SSE, – especially the type of initiatives and enterprises it represented. – The questions also dealt with the degree of knowledge of the field of SSE by local policy makers as well as the objectives and actions of the local government in support of SSE. The objective was to assess whether SSE was seen as

⁸ Cognitive approaches to policy emphasize the role of ideas and learning in explaining policy changes. For Pierre Muller, interests at work in public policy are expressed through "a framework for interpreting the world" (2000).

relevant for addressing cross-cutting issues or only for sectoral actions. In addition, this work was based on a secondary analysis of the deliberations and framework documents of the local authorities studied in order to assess the visibility and positioning of SSE in their main priorities and devices. Finally, these studies were informed by observations made in numerous forums, debates or working groups organised at different stages of the co-construction of these policies facilitating access to many minutes and records of decisions.

The results of these studies on local SSE policies and their specificities are here doubly put into perspective. On the one hand, comparative research conducted on the process of building a national SSE policy in France (Fraisie, 2009; Fraisie et al., 2016) have opened up to multi-scalar analysis. On the other hand, recent investigation on the co-construction of local public policies (Fraisie, 2018; 2019) allows us to situate local SSE policies in relation to other public policy domains (for instance culture or urban policies).

The testimony of one of the first local elected officials in charge of SSE is revealing in this respect:

"When I was elected in Rennes Metropole in 2001, I created the social and solidarity economy delegation. We didn't talk about it. We created the Network of Solidarity Economy Territories in 2001, with 5 other cities: Lyon, Grenoble, Lille, Nantes and Toulouse. So, we were very little interested in developing this form of economy and entrepreneurship. It was difficult to make our colleagues understand what it is all about - and this is still true today - as the orthodox approach to the economy is still so prevalent in everyone's mind".⁹

In this context, the content and frontiers of the SSE were the first challenge for elected officials. In this perspective, the question of definition in the elaboration of local policies presented a threefold interest:

- to establish a collective identity for the actors and companies around a shared understanding of the perimeter;
- encourage the acculturation and training of elected officials, territorial agents or representatives of the local economic fabric by involving them in the process;
- make themselves known and recognized locally through the production of knowledge and communication tools (statistical data, promotion of local entrepreneurs, practical guides, public events).

⁹ Interview conducted by Martine Théveniaut, "Alain Yvergniaux : L'histoire apprenante d'un élu de Bretagne, du local à l'international, de 1995 à l'international, de 1995 à 2010" (Alain Yvergniaux: The learning story of an elected official in Brittany, from local to international, from 1995 to 2010), 27 May 2010, http://aloe.socioeco.org/article967_fr.html

In the 2000s, discussions between SSE actors, elected officials and competent services often led to a compromise between a statutory approach to the social economy¹⁰ and the addition of criteria carried by new solidarity initiatives. To the principles of governance common to cooperatives, mutual societies and associations, criteria were added such as "social utility", "territorial anchorage", "sustainable development", "fair trade", "economic citizenship", "social innovation". The reference to the slogan "do business, save and consume differently" was a consensus. This procedural rather than substantive approach to SSE is probably less relevant today because the 2014 Act proposes a legal definition that can be directly appropriated by local authorities.

Theoretical framework

This article draws on a sociology of public action to understand the emergence of SSE as a new policy field for local authorities. It is notably inspired by Pierre Muller's cognitive approach to public policy. This differs from approaches in terms of rational choices ("public choices") which mainly explain public policies in terms of confrontation of interests. It insists on the role of ideas and the learning process of actors to analyse the construction and putting on the agenda of public problems, the elaboration of action plans and the implementation of specific instruments. For Pierre Muller, the interests at work in public policies are expressed through "a framework for interpreting the world" (2000). These cognitive and normative frameworks constitute "public policy referentials" from which "a social problem is formulated" in a given policy field by a group or coalition of actors according to its "identity and power strategies" (2005).

The cognitive sociology of public action has been compared to the "advocacy coalition framework" (Sabatier, 2010) that we mobilized in a European comparison of third sector (Kendall, 2009). The basic principle of the ACF is that "actors are grouped together in one or more advocacy coalitions, whose members share a set of normative beliefs and perceptions of the world, and that they act together to translate their beliefs into public policy." (2010, p. 49).

Thus, the identification of the different coalitions that contribute to the political structuring of SSE is central to the analysis. Taking seriously both the ideas and discourses as well as the strategies and skills of the actors seems to us particularly relevant to explain the process of institutionalization of specific SSE policies at the local level. The unequal existence of dedicated SSE policies according to countries and territories (Chaves, Monzón, 2018; Fraisse, 2019b) testifies to the fact their emergence remains very strongly sensitive to local contexts. Moreover, they allow to consider as policy-makers others networks of actors and enterprises than just elected officials and the local administrative elite who are generally not very aware of SSE issues. Finally, the notion of a "non-stabilized referential" seems to be particularly appropriate for understanding the issue of recognition of SSE as a legitimate public policy issue in the face of the dominant representations of the enterprise and economic development within the local administration.

¹⁰ Article 1 of the SSE Law lists several conditions for membership, including: "a purpose other than the mere sharing of profits"; "democratic governance"; and profits "mainly devoted to the objective of maintaining or developing the company's activity".

This search for legitimacy of SSE elected officials in the political-administrative sphere has gradually led them to a discursive use of the term "SSE" for three reasons. The first is a representation of the field based on the local production of knowledge. It generally articulates a statistical portrait elaborated from a statutory approach (number of establishments and jobs in cooperatives, mutual societies, associations, foundations and now companies with social purpose) and the public valorization of social entrepreneurs and local initiatives. The production of figures attesting the contribution of SSE to job creation combined with the presentation of emblematic enterprises and innovative projects are the two main levers to convince elected officials and agents of the contributions of SSE to the priorities of local authorities.

The second reason is the construction of what some political science researchers refer to as a "local public policy community"¹¹ (Keating, Cairney and Hepburn, 2009). Local SSE policy roadmaps often refer to "building an ecosystem of actors and political arrangements for SSE". Where statutory and sectoral fragmentation often prevailed, local SSE constellations have emerged during the development and implementation of local government action plans. For example, in the European metropolis of Lille, the main actors of the "local SSE community" are the following: elected officials and technicians in charge of social and solidarity economy or voluntary sector at different scales (from the city of *Lille* to the *Hauts-de-France* region), civil servant of decentralized State services such as public employment services (*Direccte*) or in charge of voluntary sector (*DRJSCS*¹²), regional representatives of the ESS (*CRESS* and *APES*¹³), those of cooperative families (*URSCOP*¹⁴) or associative families (*Le Mouvement associatif*), researchers (*ChairESS Haut-de-France*), structures specialising in support or managing schemes (e.g. *DLA*¹⁵), dedicated funding bodies (*Nord Actif*, foundations, *Caisse des Dépôts*). Beyond the interests and particularities of each of the stakeholders, they share a common language around what SSE represents in the metropolis and are familiar with the priorities of the SSE metropolitan plan, emblematic initiatives and innovative projects, support instruments and funding programmes, and higher or professional training. A second circle is constituted of entrepreneurs, local network leaders and project promoters who participate in public meetings on SSE or benefit from support and funding.

The third reason was that the first elected officials had to deal locally with sometimes conflicting sensibilities and approaches to the field. Their will to mobilise a large number of actors and enterprises to legitimise a new policy field led to links between the social economy and the solidarity economy, prefiguring the compromise around

¹¹ "We propose the concept of "territorial policy communities" to designate territorially bounded constellations of actors within and across policy sector" (p. 51).

¹² Regional Direction for Youth, Sport and Social Cohesion (DRJSCS).

¹³ *Chambre régionale de l'économie sociale et solidaire* (CRESS) and *Acteurs pour une économie solidaire* (APES).

¹⁴ Regional Union of cooperative enterprises (*Union Régionale des scops*).

¹⁵ Local support program dedicated to non-profit organization.

the imperfect notion of "SSE". These rapprochements were possible because, with the exception of a few regions¹⁶, there were no competing and structuring coalitions of actors as there were at the national level¹⁷.

3. From a policy of recognition to the ambition of a plural economy regulation

Social and solidarity economy (SSE) initiatives and enterprises have not waited for the appointment of a dedicated elected official to become partners of local public policies. Simply, the historical and main vector of access to public authorities remains sectoral policies. An association managing cultural facilities is primarily aimed at the elected representative for culture, and a structure for integration through economic activity deals with the employment and integration services. A *ressourcerie* (recovery and reuse centres)¹⁸ seeks support for sustainable development or waste recovery policies. The challenge of a local SSE policy is therefore to define its added value in relation to sectoral policies. Concretely, it is a matter of collectively identifying common priorities and horizontal actions for all SSE components. Horizontal means transcending statutory and sectoral logics. A local SSE policy does not aim at a simple numerical increase of cooperatives, mutual societies, non for profit organisations and other social enterprises. Moreover, it is not reduced to an addition of support to a few initiatives, sectors or historically visible fields such as fair trade, solidarity finance, integration through economic activity, the development of home and personal care services.

The development of a strategy and an action plan that mobilizes and consolidates locally a community of SSE initiatives and enterprises while opening it to the local economic fabric implies combining specific and transversal policy instruments (Fraisie, 2009). Schematically, a specific policy answers the question: what can a local authority do to develop SSE? Conversely, a cross-cutting policy enhances the capacity of SSE to meet the challenges of a community? By specific instruments, we mean valorisation, support and financing mechanisms dedicated to SSE actors and organisations. Generally, specific actions refer to the following aspects: information, knowledge and promotion of SSE; support to the structuring of the heads of networks and local support organisations; support to the creation and consolidation of new activities and companies (calls for projects); economic cooperation and

¹⁶ The regions *Nord Pas-de-Calais*, *Basse Normandie*, *Centre*, *Midi-Pyrénées* where local groupings of solidarity economy have been organized in the years 90/2000.

¹⁷ The title of the Secretariat of State for the Solidarity Economy in 2000 was the subject of controversy, as Guy Hascoët explained (2005).

¹⁸ *Ressourcerie* collects objects without selecting them, revalorizes them, redistributes them, and carries out environmental awareness actions. Its aim is the creation of economic activity through recycling, transformation and resale of bulky waste.

mutualisation aiming at changing scale; structuring of sectors; partnerships with the State and other local authorities, etc. In view of the relatively modest budgetary resources, local SSE policies have above all a symbolic scope which is part of a "policy of recognition" of initiatives and companies that have historically been not taken into account the economic development priorities. For a long time outside the scope of the main representations and actions of elected officials and economic and social representatives of a territory, the socio-economic weight of SSE and its contributions to the creation of local wealth have often been invisible or perceived in a fragmentary manner.

However, the efforts made to achieve institutional recognition by adapting to the rules and practices of political-administrative functioning can lead to making SSE an additional policy without real control over the main budgetary trade-offs and the fundamentals of economic development. The claims and transformative capacities of SSE, such as regulating a plural economy or contributing to the democratisation of local public action, are sometimes muted. Without being neglected, these perspectives have been expressed in the speeches of elected officials and actors around two concepts: the transversely of SSE policies and the co-construction of public action.

Cross-cutting actions aim at decompartmentalizing SSE and facilitating the integration of its initiatives and enterprises in common law policies and programs. At a first level, transversally consists in mobilizing political, administrative and financial resources from sectoral policies towards SSE projects. This involves strategies of awareness-raising, discussion and alliances with other elected officials and technicians in order to convince them that SSE initiatives can respond to the major challenges of the local community (e.g. job creation, access to housing, healthy food, waste recovery, diversification of early childhood care, etc.). Involving the managers and agents of other sectoral policies at certain stages of SSE policy development can open opportunities for co-financing projects while facilitating the inclusion of SSE in the main framework policy documents (climate change agenda, economic development plan, local urban planning, city contract, etc.).

Another aspect of transversality is more ambitious. It is no longer simply a question of colouring the sectoral policies with a little SSE by allowing these actors and entrepreneurs to access all the common law mechanisms and financing. The claim is to influence the socio-economic regulations of the territory, or even to promote an integrated area development (Hiller et al., 2004) and ecological transition. Its operational translation consists in influencing the institutional frameworks of resources allocation and thus the programs and instruments which concern all the economic actors of the territory. For example, contractualisation and financing methods (subsidy or public procurement), the evolution of the grant budget in the trade-offs between investment and operating expenditures, the introduction of social and environmental clauses in public procurement contracts, the social and environmental conditionality of aid to firms, the inclusion of social innovation within

innovation policies or the modalities of distribution and allocation of assisted employments are all policies that are potentially favourable to SSE organisations but that also affect other economic organisations and business. However, their political set-up as well as their practical effectiveness often implies an extension of the network of local SSE policies to other political, economic and social stakeholders of the territory.

4. Co-construction as a horizon for the renewal of local public action

Many elected officials and representatives of social and solidarity (SSE) publicly claim the term co-construction to qualify the processes of local SSE policy making and even implementation. Its relative visibility in the public space is due to the frequent use of the term co-construction by the elected representatives who founded the main network of local authorities for the solidarity economy: the *RTES*. As the President of the *RTES* Christiane Bouchart points out: “What is also important for us is that these SSE policies are not a technical tool, a set of instruments, but they also carry another way of conceiving political action, notably by co-constructing these policies and provoking public debate¹⁹.” The notion has been taken up by a new generation of SSE elected officials in charge since the 2010's. Thus, Agnès Thouvenot, elected town Councillor, Deputy for the solidarity economy, employment, integration and health at the town hall of Villeurbanne since 2014, affirms about the process of developing her policy: “These assessments of the existing situation, which need to be refined, will enable us to move on to the second stage: the co-construction of an SSE strategy with the stakeholders”. Or as Mahel Coppey, Vice-President of Nantes Métropole, who succeeded Jean-Philippe Magnen in the Delegation for the social and solidarity economy and the circular economy, reminds us: “What is particular to Nantes is this heritage of “doing things with” / “doing things together”... everything here is co-construction, and has been for a long time”²⁰. For Jeanne Barseghain, Euro-metropolitan Councillor from Strasbourg, who is the SSE delegate, co-construction is not limited to SSE policy but is intended to be disseminated transversally to other policies: “Then, the SSE council goes far beyond our SSE policy. We are in direct dialogue with the actors. We associate all the agents and elected officials. It is a valuable tool for cross-cutting issues. The spread of SSE council practices within the community in the various public policies has begun.”²¹

¹⁹ Interview with Christiane Bouchart - President of *RTES*, 26 February 2014, www.jeunes-socialistes.fr/2014/02/interview-de-christiane-bouchart-presidente-du-rts/

²⁰ “We have a real legacy of dialogue in Nantes” - Interview with Mahel Coppey by Céline Parat - 16 May 2015, <https://www.rtes.fr/nous-avons-un-veritable-heritage-de-dialogue-sur-le-territoire-nantais-entretien-avec-mahel-coppey>, consulted on May 27, 2021.

²¹ Interview with Jeanne Barseghain, Eurometropolitan Councillor Strasbourg delegated to SSE and Sandra Guilmin, in charge of SSE policy at the City and Eurometropolis of Strasbourg, by Laurent Fraisse on May 2018.

But beyond the speeches and postures of the elected representatives, the notion of co-construction is also present in the resource documents put online, the debates and the training courses organised by the RTES. The Eurometropolis of Strasbourg has formalised and enhanced its practices by publishing in 2019 a guide "Co-constructing public policies. How do we do it?". The political operationalisation of the concept also took shape in the Law on the Social and Solidarity Economy of July 2014 as a sign of the recognition of the role of local authorities in its development. This approach met with relative success since, following the proposed amendments to the RTES, article 8 mentions: *"The public policies of local authorities and their groupings in favour of the social and solidarity economy may be part of co-construction approaches with all the actors concerned. The modalities of this co-construction are based in particular on the setting up of bodies associating the players concerned or approaches associating citizens in the public decision-making process"*²². It should also be noted that the notion of co-construction appears in other legislative texts (Fraisie, 2019), in particular in article 122 of Law no. 2014-173 of 21 February 2014 on programming for the city and urban cohesion²³.

Within the framework of a sociology of public action, co-construction can be defined as *an instituted process of open and organized participation of a plurality of stakeholders in the elaboration, implementation, monitoring and evaluation of public policies* (Fraisie, 2017). The process is instituted in the sense that co-construction is concomitant with experiments in participatory democracy that are relatively well documented and analysed today (Blondiaux and Fourniau, 2011), although it is possible to link it to a longer history of attempts to rebalance relations between local authorities and associations (Barthélémy, 2000). Co-construction belongs to the register of political participation. It differs from processes of political elaboration and decision-making that tend to exclude or marginalize non-institutional actors. This is the case of the "decisionist" conception, where priorities and trade-offs are decided by a political leader. The Fifth Republic, sometimes referred to as a "republican monarchy" (Duverger, 1974) is emblematic in this respect. This is also the case with the "technocratic" conduct of public policies, where senior civil servants, technicians in administrations and more generally experts play a central role in the decision-making and policy implementation processes. As opened and organised process of participation, co-construction is distinguished by the following practices: informal, bilateral and behind-the-scenes consultations of civil society organizations that may be captive to notable networks (Grémion, 1978), clientelist practices or interest groups lobbying. Finally, co-construction differs from "new public management" or,

²² Article 8, II, Loi ESS LOI n° 2014-856 du 31 juillet 2014 relative à l'économie sociale et solidaire, www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id, consulted on March 5, 2020.

²³ For an evaluation of co-construction in citizens' councils, see the evaluation report of the National Commission for Public Debate (CNDP) on participatory democracy in neighborhoods (2019), available at <https://www.debatpublic.fr/mission-conseils-citoyens>, consulted on March 5, 2020.

more precisely, from a tendency to introduce "corporate management" techniques into the public policy making.

Co-construction, consultation, negotiation, concertation and coproduction

Co-construction does not reduce to a simple *consultation* by looking for an agreement beyond a non-binding collection of opinions or points of view.

It differs from *negotiation* insofar as it is based on collective construction issues and solutions, and is not just about the a compromise between opposing interests.

It will beyond *concertation* as a process that carries on public policy and not just on the resolution of a problem or the implementation of a program.

Finally, it is different from *co-production* which is more about "cooperation necessary for the creation, implementation work and management of services of general interest by the third sector" (Pestoff, Brandsen, Verschuere, 2012). Co-construction cannot be reduced to a simple *public social and solidarity partnerships* analysed as "phenomenon of cooperations between public organizations (...), and SSE organizations so as to guarantee the provision of new services" (Bance, 2018, p. 303).

Beyond the coproduction of services of general interest, co-construction is also about contributing to "new forms of public action in the territories" (Bance and al., 2018, p. 178) by concretely experimenting new objectives, process and instruments of public policies.

This promotion of co-construction in France by the RTES was noted by Yves Vaillancourt (2014) in his international perspective on the role of the third sector in the development of public policies. This analysis refers in particular to the book *Action publique et économie solidaire* (Laville et al., 2005) in which a first framing of the notion is proposed (Fraisie, 2005). A transversal rereading of the chapters highlights that the term co-construction was at that time far from being hegemonic. It coexisted with other notions such as consultation, debate, participation, concertation, cooperation or partnership. This plurality indicates varying degrees of intensity in the modalities of associating SSE actors in the elaboration of the policies that concern them. It shows that in the mid-2000s, the reference to co-construction was not stabilised.

Its progressive and recent affirmation can be interpreted as a way of standing out from other terminologies that are too institutionally connoted. For example, the use of *public debate* procedures "mainly concerns development or equipment projects with significant socio-economic stakes and/or impacts on the human and natural environment: road, rail or electricity infrastructures, port facilities or incinerators, etc." (Rui, 2011, p. 121). *Participation* has been strongly invoked through the various attempts to involve inhabitants in the social development projects of neighbourhoods promoted by the initial period of the urban policy (Avenel, p. 2007). *Partnership* was a mode of action that was put forward for a time to qualify the relations between associations and local authorities before a critical distance was taken from the constituent asymmetries of the practices that claimed to be based on it (De Maillard, 2002). Co-construction appears to be a less politically marked term

among the panoply of approaches aimed at democratising local public action. But above all, it is more in line with the specific challenges of a new SSE policy whose political legitimacy and institutional contours are poorly defined and appropriated by the elected representatives and technicians of local authorities.

The reasons for using this concept among elected representatives are both their profile and the will to act politically in accordance with the values of the SSE (democracy, solidarity, cooperation, etc.), but also to a pragmatic strategy to overcome the lack of political-administrative resources. The participation of actors and networks in SSE policy-making is not only based on a democratic ethos or a willingness to transform the relationship between those who govern and those who are governed. The capacity to rely on a visible local civil society and active local groupings is a condition for legitimizing elected officials in SSE who often have few political and administrative resources in local executives. Politically, elected officials in charge of SSE are often newcomers. They are rarely local notables or leaders who occupy strategic decision-making positions and have the relational networks likely to influence political and budgetary arbitrations. The broad participation of actors and representatives of the different SSE sensitivities, their visibility in the public space, their confrontation with the agents of local authorities and the conventional economy are conditions to be able to negotiate a capacity for action within the local politico-administrative system.

The participation of actors in the elaboration of local SSE policies is also explained by the singularity of their stakes:

- integrate SSE into the dominant representations of the economy;
- delimit a perimeter of intervention constrained by the competences of the community and the existing devices;
- prepare a credible action plan or encourage a collective and representative dynamic of actors.

The co-construction of these policies is characterized by coalitions of values and interests at the intersection of public and collective actions. It combines processes of representative and participatory democracy. The analysis of the processes of co-construction of SSE local policies consisted in identifying the sequences and configurations. The main stages identified in a recurrent way are the following:

- (1) the achievement of an inventory of SSE in the territory, which often takes the form of a shared diagnosis or an action research. To a certain extent, co-production of knowledge is part of the co-construction processes of public policy.
- (2) the organisation of public meetings (conference, seminar) open to all interested actors often articulated in collective work in workshops or thematic groups around political priorities.

- (3) a collective selection of the main orientations or priorities that will constitute the architecture of a local SSE development plan, the identification of emblematic and innovative actions that will be supported.
- (4) the monitoring and evaluation of the policy which can take the form of consultation bodies, permanent forum, participatory evaluation.

Co-construction is upstream and downstream of the deliberation process that engages the community on the SSE Action Plan and its budget.

Three co-construction configurations have been distinguished (Fraisie, 2017):

- (1) The first is a "corporatist" co-construction²⁴ dominated by a face-to-face meeting between elected representatives and technicians of the community and the main network heads. By designating the Regional Chambers of SSE (CRESS) as the main interlocutor of the public authorities, the law on SSE encourages this configuration, which refers to a single territorial grouping the task of representing and mobilising the actors.
- (2) The second configuration mixes a participatory process open to all interested stakeholders while relying on legitimate and competent local network managers. The use of participatory processes is all the more frequent as the elected representatives do not have locally an organized and representative interlocutor.
- (3) The third and last configuration places the co-construction of SSE policies within the framework of local consultative bodies involving organisations representing the economic and social interest groups of the territory. This was the case, for example, of the Grenoble metropolitan policy, which created a partnership monitoring committee composed of several colleges (SSE actors, large companies, other local authorities, resource persons) (Fraisie, Uhry: 2005a). Sometimes these bodies already exist. Thus, Rennes Metropole has relied on CODESPAR (*Comité de Développement Economique et Social du Pays de Rennes*) to implement its SSE policy.

The recent analysis of the co-construction of the SSE policy in the region Nouvelle Aquitaine (Colomes, Caire, 2020) is an example of the integration of SSE support in the regional economic development and innovation plan (SRDEII). This official document is the roadmap for economic development policy. Implementing articles 7 and 8 of the SSE Law of 2014, the Regional Chambers of SSE (CRESS) have organized a broad multi-stakeholder process to collect and synthesize proposals to develop SSE. A published document organising proposal by main priorities was transmitted to the Regional Council, which amended them and then presented and

²⁴ "Corporatist" co-construction refers to the situation where, by injunction of public decision-makers or by the hegemonic will of an organization, representation and relationship with public authorities is monopolized by a single network head or federation.

discussed during a regional conference. More than 65 percent of the SSE proposals were finally included in the SRDEII. Presented as an example of the institutionalization of the co-construction process, the authors confirm among the limits, the corporatist character of the process partly due to the central role granted by law to the CRESS as the main interlocutor of the local public authorities.

Our analysis confirms a certain number of favourable situations (Vaillancourt, 2015) for co-construction. Firstly, there are more opportunities at the time of the genesis of a policy whose referential is not very stable in the dominant representations and the existing institutional architecture. Secondly, co-construction is claimed by actors who "are often forgotten or marginalised in the development of public policies". It is a watchword of people and organisations who are unfamiliar with institutional arenas and who are endowed with limited resources to form an interest group. Finally, co-construction is a decision-making process that is more appropriate at the local level and less operative at the state level.

Other factors favourable (Fraisie, 2019) to co-construction are the willingness, profiles and positioning of elected officials, but also the openness and acculturation of local authority agents. The capacity of SSE actors to build local coalitions, interlocutors of public authorities, is another decisive condition. The preservation of autonomous and non-institutional forums for deliberation, led by the actors and linked to the official consultation bodies, is also a requirement for building citizen expertise. The co-piloting of the calendar, the animation and the formulation of objectives and recommendations is a useful methodological principle to guard against the risks of instrumentalization. Taking into account and compensating the inequality of resources (time, skills, socio-economic weight, etc.) for the participation of a diversity of stakeholders is essential. Finally, if an ethic of listening and dialogue is necessary to change the posture of stakeholders it must be linked to an ability to identify disagreements and positively management of potential conflicts.

Conclusion

Other comparative studies conducted at the international (Utting, 2017) or European level (Chaves et al., 2018) have recently analysed SSE policies. They favour the comparison of public policy mechanisms and instruments over the analysis of the processes of their co-construction. The interest of the CIRIEC studies lies in the distinction between "hard policies" and "soft policies". From this point of view, local SSE public policies implement incentive rather than binding instruments. This is one of their limits. They have little control over company legislation, taxation, the public procurement code or employment policies. However, they do have room for manoeuvre in interpreting the law, for example, on the arbitration between subsidies and public procurement in the financing of associations.

Nonetheless, local SSE policies in France have resisted relatively well since the middle of 2010 to the combined effects of political changeovers, local authorities reform and the decrease of State grants to local governments. Overall, they have managed to maintain the name SSE in organizational charts despite the emergence of competing terminologies, notably social entrepreneurship which has been promoted by the State since the presidential election of Emmanuel Macron. Some local governments also succeed in broadening the repertoire of economic development policies. In recent years, local governments have focused on cross-cutting actions and instruments to decompartmentalize SSE: social innovation, economic cooperation, responsible public procurement, ecological transition (AVISE/RTES, 2019).

At the end of this descriptive and analytical process of the co-construction processes of local social and solidarity economy (SSE) policies in France, is it possible to draw up an assessment of the contribution of these approaches to the democratisation of local public action beyond the discourse and postures of elected representatives? SSE policies undeniably rely on the participation of local actors and networks, particularly in the construction of their action plans. Co-construction is not reduced to simple consultation. Beyond a collection of points of view, it is a matter of collectively formulating problems and experimenting with solutions. By seeking a common agreement on objectives and priority actions, the two limiting points of co-construction are co-decision and co-management. There is always a possible gap between an action plan co-designed with the stakeholders and political deliberation, which is subject to a vote by a representative and sovereign body with elected representatives. Budgetary issues are the other blind spot in co-construction. The amount and distribution of SSE policy financing and, more broadly, its place in the budgetary arbitrations of the local authority are little discussed. At best, co-construction attenuates, without cancelling it, the "who pays decides" principle often invoked by official policy makers public decision-makers by allowing better information and budgetary transparency on the actions financed.

Moreover, the participatory approach is often more intense in the policy development phase than in the implementation phase. Finally, the participatory process often remains limited to SSE actors and networks (elected officials, entrepreneurs and activists) including with difficulty the inhabitants and citizens. The association to the deliberation of elected officials and technicians from other delegations or other levels of local authorities is often undertaken but unevenly achieved. The participation of local representatives of economic and social circles is often sought but remains partial. The risk of a partnership management of an action plan mobilising essentially, if not exclusively, the networks and enterprises that benefit from it must be taken into account. Co-construction approaches ultimately target "mini-publics" and "prove incapable, for lack of a possible generalization of these approaches, of concretizing a deliberation on a large scale and what could be likened to a participation of the greatest number" (Blondiaux and Fourniau, 2011).

As in the case of the analyses of the experiments of participatory democracy, the views the possible assessments of the co-construction of local policies in SSE oscillate between a critical approach that denounces its illusory character and a possibilistic approach that underlines its advances and potentialities. It is easy to point out the dangers of corporatist excesses, peripheral deliberative processes that have little influence on the main decisions and budgetary arbitrations of the community. It is easy to notice how the search for consensus tends to overlook the unequal treatment between "classical companies" and those of the SSE. Co-construction may be appreciated less in relation to an ideal of deliberation or political transformation but in relation to French local public action, which remains characterized locally by the supremacy of local executives leaving little room for deliberation and counter-powers (Lefebvre, 2011, p. 155). Without being irreproachable, SSE policies are characterized by a capacity to inform, consult and coordinate with SSE actors in order to frame and carry out an action plan, where other local policies proceed in a more top-down approach by relying on the expertise of the administration or notable networks. Comparatively, SSE policies are more co-constructed and participatory. Above all, they have had the merit of promoting a population of initiatives and enterprises that was underestimated in the economic representations of the local elites and poorly reflected in development policy instruments.

References

AVENEL, C. (2007), *Sociologie des « quartiers sensibles »*, Paris, Armand Colin.

AVISE/RTES (2019), "Étude Métropoles, économie sociale et solidaire & innovation sociale" <https://www.avise.org/ressources/etude-metropoles-economie-sociale-et-solidaire-innovation-sociale> (consulted 27/05/2021).

BANCE, P. (2018), "Conclusion. Public - Social and Solidarity Economy Partnerships (PSSEPs) and collective action paradigm", in P., BANCE (dir.), *Providing Public Goods and Commons. Towards Coproduction and New Forms of Governance for a Revival of Public Action*, CIRIEC Studies Series – No. 1, 2018, <http://www.ciriec.uliege.be/publications/ouvrages/providing-public-goods-and-commons/>, (consulted 25/08/2020).

BANCE, P., MILESY, J-P., ZAGBAYOU, C. (2018), "The development in France of partnerships between public and social economy organizations and the new paradigm of public action", in P., BANCE (dir.), *Providing Public Goods and Commons. Towards Coproduction and New Forms of Governance for a Revival of Public Action*, CIRIEC Studies Series – No. 1, 2018, p. 163-185, <http://www.ciriec.uliege.be/publications/ouvrages/providing-public-goods-and-commons/>, (consulted 25/08/2020).

BARTHELEMY, M. (2000), *Associations : un nouvel âge de la participation ?*, Paris, Presses de Sciences Po.

- BLONDIAUX, L., FOURNIAU, J-M. (2011), « Bilan des recherches sur la participation du public en démocratie : beaucoup de bruit pour rien ? », *Participations*, n°1, p. 8-35.
- CHAVES, R., MONZÓN, J-L. (2018), "Best practices in public policies regarding the European social economy post the economic crisis", CIRIEC International, European Economic and Social Committee,
<http://www.ciriec.uliege.be/en/publications/etudesrapports/les-bonnes-pratiques-en-matiere-de-politiques-publiques-relatives-a-leconomie-sociale-europeenne-a-la-suite-de-la-crise-economique-etude/> (consulted 25/08/2020).
- CNCRESS (2017), « Atlas commenté de l'économie sociale et solidaire », Observatoire nationale de l'ESS, Dalloz.
- COLOMES, J., CAIRE, G. (2020), « Vers une institutionnalisation de la co-construction des politiques publiques en économie sociale et solidaire : L'exemple de la Nouvelle-Aquitaine », *Revue d'Économie Régionale & Urbaine*, décembre, n°5, p. 887-908.
- DE MAILLARD, J. (2002), « Les associations dans l'action publique locale : participation fonctionnalisée ou ouverture démocratique ? », *Lien social et Politiques*, 48, p. 53-65.
- DUVERGER, T. (2016), *L'économie sociale et solidaire. Une histoire de la société civile en France et en Europe de 1968 à nos jours*, Lormont, Le bord de l'Eau.
- DUVERGER, M. (1974), *La monarchie républicaine - ou comment les démocraties se donnent des rois*, Paris, Fayard.
- FRAISSE, L. (2005), « Les enjeux de l'action publique en faveur de l'économie sociale et solidaire », in J-L. LAVILLE, J-P. MAGNEN, G. de FRANÇA FILHO, A. MEDEIROS, *Action publique et économie solidaire*, Toulouse, ERÈS, p. 235-245.
- FRAISSE, L., UHRY, J-M. (2005a), « Grenoble : l'agglomération vers une régulation de l'économie plurielle », in J-L. LAVILLE, J-P. MAGNEN, G. de FRANÇA FILHO, A. MEDEIROS, *Action publique et économie solidaire*, Toulouse, ERÈS, p. 225-239.
- FRAISSE, L., BERGER, J. (2006), *Avec les régions, l'économie sociale et solidaire en mouvement*. MES/RTES,
<http://base.socioeco.org/docs/livremesdef.pdf> (consulted 25/08/2020).
- FRAISSE, L. (2007), « Le soutien aux initiatives sur les territoires au cœur des politiques de l'économie sociale et solidaire », in RTES/CRIDA, *Les politiques publiques de l'économie solidaire, un enjeu d'avenir pour les initiatives locales*, p. 45-56.
- FRAISSE, L. (2008), « Les politiques locales de l'économie sociale et solidaire à la croisée des chemins », note de l'Institut Polanyi, <http://institutpolanyi.fr/les-politiques-locales-de-leconomie-sociale-et-solidaire-a-la-croisee-des-chemins/> (consulted 25/08/2020).
- FRAISSE, L. (2009), "The Third Sector and the Policy Process in France: the Centralised Horizontal Third Sector Community Faced with the Reconfiguration of the State-Centred Republican Model", in J. KENDALL (eds.), *Handbook on Third sector Policy in Europe*, Northampton, Edward Elgar, p. 43-67.

- FRAISSE, L., GARDIN, L., LAVILLE, J-L., PETRELLA, F., BATTESTI N. (2016), "Social entreprise in France: At the Crossroads of the Social Economy, Solidarity Economy and Social Entrepreneurship?", ICSEM (International Comparative Social Enterprise Models), Working paper No. 34,
<https://www.iap-socent.be/sites/default/files/France%20-%20Fraissee%20et%20al.pdf> (consulted 25/08/2020).
- FRAISSE, L. (2017), « Co-construire l'action publique : Apports et limites des politiques locales de l'Économie sociale et solidaire en France », *Revue Politiques et Management Public*, volume 34/1-2, p. 105-120.
- FRAISSE, L. (2018), *La co-construction de l'action publique : définition, enjeux, discours et pratiques*, publication du Collège d'études mondiales, FMSH,
<http://www.fmsch.fr/fr/college-etudesmondiales/29887> (consulted 25/08/2020).
- FRAISSE, L. (2019b), « Co-construire l'action publique », *Pouvoirs Locaux, Revue de la gouvernance publique*, n° 113, p. 110-115.
- FRAISSE, L. (2019), « Un parcours de recherche au cœur de la construction de l'économie sociale et solidaire. Innovation, institutionnalisation et comparaison », thesis in sociology, Paris, CNAM.
- GREMION, P. (1978), « Les associations et le pouvoir local », *La Démocratie par l'association, Esprit*, n°6, juin, p. 19-31.
- HILLER. J., MOULAERT, F. & NUSSBAUMER. J. (2004), « Trois essais sur le rôle de l'innovation sociale dans le développement territorial », *Géographie, Economie, Société*, n°6, p. 129-152.
- KEATING, M., CAIRNEY, P., HEPBURN, E. (2009), "Territorial Policy Communities and Devolution in the UK", *Cambridge Journal of Regions, Economy and Society*, 2 (1), p. 51-66.
- KENDALL (2009), *Handbook on Third sector Policy in Europe*, Northampton, Edward Elgar.
- LAVILLE, J-L., MAGNEN, J-P., de FRANCA FILHO, G., MEDEIROS, A. (2005), *Action publique et économie solidaire*, Toulouse, ERÈS.
- LEFEBVRE, R. (2011), « Démocratie locale », in R., PASQUIER, S., GUIGNER, A., COLE, (dir), *Dictionnaire des politiques territoriales*, Paris, Presses de Sciences Po.
- MULLER, P. (2000), « L'analyse cognitive des politiques publiques : vers une sociologie politique de l'action publique », *Revue française de science politique*, 50, 2, p. 189-208.
- MULLER, P. (2005), « Esquisse d'une théorie du changement dans l'action publique. Structures, acteurs et cadres cognitifs », *Revue française de science politique*, 55, 1, p. 155-187.
- PESTOFF, V., BRANDSEN, T., VERSCHUERE, B. (2012), "Co-production: The State of the Art in Research and the Future Agenda", *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 23, 4, p. 1083-1101.
- RUI, S. (2011), « Débat public », in R., PASQUIER, S., GUIGNER, A., COLE (Dir.), *Dictionnaire des politiques territoriales*, Paris, Presses de Sciences Po., p. 121-127.

- SABATIER, P-A. (2010), "Advocacy coalition framework (ACF)", in L. BOUSSAGUET et al., *Dictionnaire des politiques publiques*, Paris, Presses de Sciences Po, p. 49-57.
- UTTING, P. (2017), "Public policies for Social and Solidarity Economy. Assessing progress in seven countries", ILO/ International Labour Office ILO,
https://www.ilo.org/global/topics/cooperatives/publications/WCMS_582778/lang--en/index.htm
(consulted 28/08/2020)
- VAILLANCOURT, Y. (2014), « Le tiers secteur dans la co-construction des politiques publiques canadiennes », *Canadian Public Policy*, Vol 40, p. 4-16.
- VAILLANCOURT, Y. (2015), « La co-construction des politiques publiques », in LAVILLE J-L., SALMON A., *Associations et Action publique*, Paris, Desclée de Brouwer, p. 421-448.

Comparative analysis of Public-Social and Solidarity Economy Partnerships (PSSEPs) in the French Regions after the Hamon and NOTRé Laws /

Chapter 11

Philippe BANCE* and Angélique CHASSY**

Abstract

France has faced for several decades, with the rising of new public management, profound transformations in the ways of implementing its collective action. Two recently adopted laws are likely to play a major role in this regard by encouraging the development of partnerships between the public sector and social and solidarity economy organizations (PSSEOs). The Hamon law of 2014 did bring recognition and national legitimacy to the Social and Solidarity Economy (SSE) while advocating for the latter a change of scale; the NOTRé law of 2015 redefines the competences and attributions of the different levels of public government by strengthening the role of the regions in the implementation of territorial development strategies. Regional public authorities are thus increasingly relying on social and solidarity economy organizations (SSEOs) to carry out collective action. The aim of this contribution is to analyze the differentiated effects that may result from recent reforms.

We carried out an empirical study with a view to interregional comparison. We interviewed the representatives of large structures (public and SSE) in two regions (Grand-Est and Normandy) to understand similarities and differences of approaches on four topics: two of them refer to the characteristics and effects of the Hamon law (economic perspective; the citizen dimension in the SSE); two others to the NOTRé law (the influence of actors in the co-construction of regional public action; its territorial anchoring).

Our textual analysis thus shows that the current territorial and partnership dynamics give rise to a differentiation in France of regional policies and PSSEPs. These results could lead to the emergence of different regional models, cause a yardstick competition between these models, and have a strong influence in future on the process of creative destruction of collective action.

Keywords: Social and Solidarity Economy, public policies, Hamon's law, NOTRé law, Regions, Governance, Ecosystem

JEL-Codes: L31, L38, O35, P31

* Professor, LC2S UMR CNRS-University of the French Antilles (France) (philippe.bance@univ-antilles.fr).

** Research Teacher, Métis Lab, EM Normandie (France) (achassy@em-normandie.fr).

Introduction

Through their projects, experiments, innovations and contributions to territorial ecosystems, Social and Solidarity Economy (SSE) organisations are creating growing interest from public authorities throughout the world. Their specificities as hybrid organisations (Powell, 1987), non-profit or not-for-profit, and their aim to satisfy common interests or social utility, are leading public authorities to have recourse to from the point of view of general interest. The proximity of SSE organisations to their stakeholders and their territorial anchorage are also assets for co-constructing public action in conjunction with actors in the field (Fraisie, 2018 and in this publication). The partnerships that have been deployed in this way (Dhume, 2001) between public and SSE actors (PSSEP), characterise a new paradigm of collective action, as shown in the first publication in the « CIRIEC Studies Series », in particular its conclusion (CIRIEC, Bance, 2018).

New public management and authorities' desire to reduce or limit the growth of public expenditure have often led to the adoption of an efficiency-seeking approach involving SSE organisations more closely, particularly in the framework of joint production of public goods (cf. Bassi et al. in this publication). The development of joint production is characterised by the fact that, in their respective territories, communities deploy strategies involving SSE organisations in the production of public goods with a view to limiting public expenditure. The New Public Management (NPM) doctrine is therefore concerned with seeking the efficiency of public action by offering, at lower cost, more or at least as many public goods. This has been particularly the case in France in the two last decades, where SSE organisations have been drawn into public action (Bance, Milésy, Zagbayou, 2018).

The important legislative reforms carried out in 2014 and 2015 by the French public authorities – Hamon (Social and Solidarity Economy) and then NOTRé (New Territorial Organisation of the Republic) – seem to be inspired by this normative framework of action, while aiming to remedy the problems of coherence in the institutional architecture. The Hamon Law (n° 2014-856, July 31, 2014) brings recognition and legitimacy to the SSE (and to their organisations, which are associations, cooperatives, foundations, mutual societies and social enterprises) by emphasising the need to proceed to a change of scale, which is a source of economic development.

The NOTRé Law (n° 2015-991, August 7, 2015) redefines the competences and attributions of the different levels of public government in order to strengthen the role of the regions, so that their executives can implement territorial development strategies.¹

¹ The growing importance of the role played by the regions in the specification of public policies began with the decentralisation laws of 1982 and 1983 (known as the Defferre Laws). The 2015 territorial reform reduced the number of regions from 22 to 13 to contribute to the deployment of more elaborate territorial

However, the transformations at work require a precise analysis of the ways in which SSE organizations are involved in collective action and the nature of the PSSEP in territories. As Itçaina and Richez-Battesti (2018) have shown in several countries, different strategies are developed by SSE organisations in their territorial cooperations, adapting to socio-economic and political regulations. In France, it is advisable to ask first whether the Hamon Law, which proposes a change of scale and placing traditional organisations together, does not raise identity-related problems for SSE organisations. For some of those organisations are in the solidarity economy and others are social enterprises. Second, it is necessary to analyse the different ways in which the reforms are applied in the territories.

In order to do so, our analysis is based on a comparative approach in two regions: Grand-Est and Normandy.² The empirical work consists in interviewing the main actors and representative leaders working in the SSE in each region (public decision-makers, representative organisations). This makes it possible to conduct a *Textual Discourse Analysis* in order to understand differences and similarities in perceptions and specific views about the effects of regional policies resulting from the implementation of reforms. The textual analysis is based on an initial interview using four assertions (hypotheses). Two of these refer to the characteristics and effects of the Hamon Law (its economic dominance; the citizen dimension in the SSE), and two refer to the NOTRé Law (the influence of actors and co-construction; the importance of territorial anchoring). The responses enable us to analyse the relevance of our initial analyses and questions.

1. Recent legislative changes, sources of questioning on the action of SSE organisations and the territorialisation of Public-SSE partnerships (PSSEPs)

The 2010s will have been a landmark for the SSE in France because of the legislative recognition of their importance and the role that the public authorities intend them to play in the framework of so-called general interest policies. The Hamon and the New Organisation of the Republic (NOTRé) Laws are two key legislative steps that make the SSE a sector requiring new attention from the public authorities.

development strategies. The other local authorities in France, created during the French Revolution, are the almost 36,000 municipalities and the 101 departments (including some overseas territories).

² The INSEE data used by the CRESS (the regional chambers of social and solidarity economy) of Normandy and the Grand-Est can be used to understand the territorial characteristics of the SSE. In Normandy, 10,827 are employer establishments representing 10% of the establishments in the region: in 2013 there were 117,163 employees in Normandy and in 2015 117,029 employees i.e. a decrease of 0.11%. In terms of associations, 600,000 volunteers are active on a regular basis. In the Grand-Est, 16,602 establishments are employers, representing 9.1% of establishments in the region: in 2013 there were 198,500 employees and in 2015 199,880, i.e. a 0.70% increase in jobs. In terms of associations, 500,000 volunteers are regularly active.

1.1. The Hamon Law: recognition and the objective of change of scale for the FSSE

Although some progress has been made since the 1980s,³ it is only recently in France that the SSE has received full institutional recognition as a sector whose specificities require special treatment. With the so-called Hamon Law of 31 July 2014, the public authorities consider the SSE as a set of organisations whose specificities form a whole, based on the principles of non-profit or not-for-profit. The Law defines the overall perimeter of the SSE, including of course historical organisations such as cooperatives, mutual societies, associations and foundations. The Law also integrates into the SSE commercial companies that are pursuing a social utility purpose. Criteria for membership are specified. In their statutes and to the public authorities companies must declare themselves to be of social utility, and they must respect three operating principles: they must not aim to share profits; they must have democratic governance in their statutes; and they must allocate most of their profits to the development of the company. These membership criteria are of great importance for organisations since they condition the ability or not to benefit from resources and funding dedicated to the SSE.

Companies that meet more stringent conditions can obtain an approval, known as “ESUS” (social utility solidarity companies), issued by the Regional Chambers of the SSE (CRESS),⁴ which gives access to resources from the solidarity employee savings fund and to public contracts reserved for the SSE by certain local authorities. This label is dedicated in particular to companies that provide support to people who are economically or socially vulnerable, companies seeking to preserve or develop social ties, those fighting exclusion, economic and social inequalities, or those strengthening territorial cohesion.

Through these provisions, the public authorities aim, as expressly stated in the Law, for a “change of scale” for SSE, thus supporting its different components, including those with business status, and contributing to more resilient, job-rich, sustainable and socially just growth. The expansion of the SSE to include organisations operating on a profit-making principle, even if limited, has been met with strong reservations.⁵

³ After the left came to power in 1981, a decree was issued bringing together the three main families (associations, cooperatives and mutual societies) under the term social economy. In 1983, Regional Chambers of the Social Economy (CRES) were created in each region and a structure for the development of the social economy (IDES). In 1984, a Secretariat of State, in charge of the social economy, was created.

⁴ The CRESS succeeded the CRES, with a change of acronym that stems from the affirmation in France of the concept of SSEs. On average, CRESS members are distributed as follows: 49% association representatives; 19% representatives of cooperatives; 15% representatives of mutuals; 7% representatives of social enterprises; 6% representatives of structures relating to “regional specificities”; 3% representatives of employers’ associations; and 1% representatives of foundations.

⁵ When the Act was introduced, the FNARS (Fédération Nationale des Associations d’Accueil et de Réinsertion Sociale, which in 2017 became the Fédération des Acteurs de la Solidarité) protested against the Law’s consideration of the concept of limited lucrative activity. The FNARS/FAS brings together 900 organisations managing more than 2,000 establishments, many of which provide integration through economic activity.

The CRESSes were broad enough to admit into the SSE companies that claimed to be social enterprises.⁶

Moreover, the assertion in the discourse and financing practices based on the measurement of social impact by monetisation raises questions about current and future developments (Alix and Baudet, 2015). Thus, in view of the traditional French culture of the SSE, questions have been raised about the introduction in 2016 of new financing mechanisms, the “social impact bond”, which are instruments that come from the UK or the USA. They enable private actors to finance non-profit social projects by receiving remuneration through bonds issued by the public authorities (Glémain, 2019, pp. 98-99).

The orientations at work after the Hamon Law, and especially since 2017 and the election of Emmanuel Macron, also seem to confirm that the State is positioning itself to emphasise social entrepreneurship, making in other words social enterprise a very important driving force for the change of scale of the SSE. This will be effected by introducing more new financing measures and by advocating development through international cooperation. From a more theoretical point of view, the question of the identity of SSE organisations is raised, more specifically that of the hold of institutional isomorphism (DiMaggio and Powell, 2004; Combes-Joret, Lethielleux and Reimat, 2018). These elements have led us to question the actors in the French regions, in this case in the Grand-Est and Normandy chosen for the comparison, on their understanding of the foundations of the Hamon Law. The first of the proposals, like the three others selected for this study, was sent by e-mail to the institutions and organisations representing the SSE⁷ as a research hypothesis, requesting a written response from them.⁸

This first question aims to elicit the opinion of actors on the image that the public authorities have of the SSE sector. It is thus a question of analysing actors’ discourse on what we have called a predominantly economic representation of the SSE in the Hamon Law.⁹ The second question, **H2**, aims to clarify the analysis of feelings towards the Law with regard to an associationist and non-market conception of the SSE. More specifically, it seeks to discover whether the structural representatives consulted see in the transformations at work questioning of the fundamental traditional values of the SSE: the search for social utility on non-market bases while respecting democratic values. From this perspective the statement of the question relates to the absence of centrality of citizen associations and the affirmation of a commercial social utility in

<https://www.politis.fr/blogs/2013/07/projet-de-Loi-hamon-la-fnars-en-appelle-a-a-un-renforcement-des-specificites-de-less-23349/>

⁶ At the beginning of 2019, only 500 commercial companies had been integrated by the CRESS into the ESS (Lacroix and Slitine, 2019, p. 25).

⁷ The organisations contacted in the regions are detailed in each region in the second part.

⁸ The consultation was carried out from September, 12 to November, 18, 2019, and in some cases required several reminders to obtain a full answer.

⁹ The statement of the hypothetical proposals communicated to the actors is set out in the Annex.

the Hamon Law. The two other hypotheses used in the study refer to the effects of the NOTRé Law.

1.2. The NOTRé Law: the rise of territorial public action leading to various types of partnerships with the SSE

The NOTRé Law of August 2015 is considered, after the 1982 and 1992 Laws, as the third Act of French decentralisation. All these laws are profound institutional reforms that have given rise to the emergence and then growing importance of territorial policies (developed in the territories of implementation) vis-à-vis the territorialised, i.e. they are top-down policies that involve territories once decisions have been made centrally (Autès, 1995). Act 1, relating to the so-called Defferre Laws promulgated in March and then July 1982, transferred state competences (held by the prefect's representative in the region) to regional and departmental elected officials. The Law of February 1992, relating to the territorial administration of the Republic, Act 2, extended local powers, specifying that territorial administration was "organised in accordance with the principle of free administration of territorial authorities, in such a way as to implement regional planning, guarantee local democracy and promote the modernisation of".

The NOTRé Law then redefined the respective competences of the authorities by strengthening those of the regions in their regulatory dimension and by reallocating some of those exercised by the departments (concerning roads, schools, transport, ports and waste). However, the departments retain broad powers in terms of solidarity and territorial cohesion, which are of course often exercised in partnership with the SSE, notably through social action such as aid for children, the elderly and the disabled; allocation of the active solidarity income (RSA), a measure to reduce fuel poverty; strengthening the supply of services in areas with poor accessibility and improving access to services, by setting up service centres; strengthening the cultural field (libraries, archives, museums, heritage). Shared competences are exercised here with the municipalities, departments and regions (or even for state or EU funding through, for example, the European Social Fund). This is also the case in the fields of sport, tourism, promotion of regional languages and popular education, which are the responsibility of departments.

By specifying the respective competences of the different levels of territorial administration, the NOTRé Law aims to rationalise and bring coherence to the institutional architecture in the territories, in the context of multi-level governance (Bance, 2016). Together with other texts establishing regional cities and concerning groupings of regions (thus reducing mainland regions from 22 to 13), the NOTRé Act makes the region the leader in the economic development of its territory. The authorities must set out a regional strategy formulated in a Regional Economic Development, Innovation and Internationalisation Scheme (SRDEII). This plan, drawn up for a five-year period via a multi-partner approach, is discussed at the

Territorial Conference on Public Action. It establishes the support mechanisms for business activity in relation to the issue of regional attractiveness. Since the Hamon Law, the SSE is supposed to occupy an important place in this process of consultation and specification. The CRESSes must be consulted for the development of the SRDEII. Regional conferences on the SSE are organised every two years in order to discuss and analyse with all regional stakeholders the direction taken and results achieved, and to define future prospects. However, the integration of the SSE into the SRDEII is different in each region with regard to the consultation and specification processes at work. A first assessment carried out in 2017 by Avise underlines this diversity:¹⁰ some regions are more advanced in their action plans for operational implementation of SSE policy; others favour a transversal approach, seeking to place the SSE at the heart of priorities; others have a pillar-based approach and make the SSE one of their priorities; finally, some intend to decompartmentalise the SSE and the traditional economy and encourage cooperation with conventional companies.

We have chosen regions belonging to the second group in order to facilitate comparisons between the discourses that emerge from structures within similar regional strategies. The fact remains that our Grand-Est and Normandy regions retain their particularities, as Avise also pointed out. In the Grand-Est region, after considerable consultation (having started in the former merged regions), the emphasis was put on the development of associative life through training of volunteers and popular education; integration through economic activity (IAE); the development of social innovation; support for business creators and training of social entrepreneurs; the proximity of the territories through the creation of 12 territorial agencies. In Normandy, the SRDEII presents a section dedicated to the SSE considered as an “asset to be developed to support the key factors of success”, aiming at strengthening cooperation between SSE actors, local authorities and socio-economic actors; supporting innovations in this same cooperative approach; placing the SSE in the wider field of social cohesion; accelerating the change in scale of SSE organisations by helping them to reconcile performance and social impact; supporting the creation of jobs in the territories that need it most by helping associative networks to support business creation.

Institutional changes in all regions thus place SSE actors in a more participatory context and in a common approach to defining and implementing public action. This leads us in proposal **H3** to question the capacity of the SSE in its diversity to exert an influence in terms of co-construction of public action, especially in terms of social action. Proposal **H4** broadens the perspective by analysing in the discourses whether

¹⁰ Avise, Quelle prise en compte de l’ESS dans les SRDEII ?

https://www.avise.org/sites/default/files/atoms/files/20170424/avise_zoom-sur-les-srdeii_201704_0.pdf .

Avise was created in 2002 by the Caisse des dépôts et consignations and ESS organisations. It defines itself as a collective engineering agency whose mission is to develop the social and solidarity-based economy and social innovation in France, working with public institutions and private organisations concerned with contributing to the general interest, supporting project leaders and helping to structure an ecosystem favourable to their development.

the territorial anchorage, which is strongly claimed by most SSE organisations, meets the expectations of local authorities, which are themselves differentiated, in the above-mentioned context of multilevel governance.

2. The SSE and territorial public action in the Grand-Est and Normandy Regions

SSE organisations have points in common but also differences according to the regions. Nine interviews were conducted with senior executives from the SSE sector from the Grand-Est and Normandy regions who were funders, coordinators and technical operators.¹¹ We submitted to them four proposals presented as hypotheses on the effects of recent legislation. These concerned in particular the new context resulting from the Hamon Law, regarding the roles and forms of action of the SSE, seeking to analyse the relationship with public authorities. We asked the actors to react in writing to the four proposals in order to be able to analyse their response.

Each proposal, formulated as a hypothesis subject to the actors' interpretation, refers to an aspect that we consider major in the interactions of French public authorities with the SSE since the recent legislative transformations. These hypotheses allow us to test the understanding of actors at four levels: **H1** (the economic dominance of the role assigned to the SSE), **H2** (the primacy of the public logic of promoting economic activities with regard to a citizen associationist approach),¹² **H3** (the importance of differences in the positioning of social action organisations and the co-construction of public-SSE actions), **H4** (the importance of the positioning and territorial anchoring of SSE structures with regard to public expectations). The statements of proposals sent to stakeholders are set out in Appendix.¹³

Through exploratory interviews with leading actors and decision-makers our analysis consists in detecting the prevalence of their behaviours and attitudes by conducting a textual analysis of discourses (Daigneault and Pétry, 2017) to provide qualitative validation to our questioning.

Moreover, we chose to conduct both manual and automated (by the IRaMuTeQ software) discourse analysis, as is often the case. We consider that the dual

¹¹ The academic approach and the inclusion of the survey in a scientific programme, facilitated contact and contributed to the involvement of respondents.

¹² Under this second component, we mean taking into account in the territories the aspirations or expectations of citizens through public decision-making tools based on citizen participation. It is therefore a form of social demand that is not exercised by a demand satisfied by the supply of goods and services from the market or by a supply entered into directly by public authorities.

¹³ Some respondents sometimes encountered difficulty in expressing an opinion and responding to researchers' questions, but such questions did however lead them to re-examine their own conception of institutional functioning.

perspective provided by combining the two approaches, manual (through an initial personal analysis of the statements made) and automated (with the help of encoded software), provides richer information. To take up the image of Hart (2001), the manual approach can be likened to the perspective of the investigator (a police officer) observing the neighbourhood streets, and the automated approach to the observation of a helicopter flying over the investigation site. The comparison of the results that emerge from the two approaches thus allows us to draw final conclusions.

For this field survey, we questioned actors with similar institutional features, but found it more difficult to obtain responses from SSE actors in the Grand-Est Region, for which we lack a structure that would be strictly symmetrical with that of the Normandy Region. The regional public funders, the Regional Chambers of the SSE (CRESS), representing the territorial ecosystem and technical structures supporting the development of the SSE at the regional level always figure, however, in the two regions.

2.1. Interpretation of data by the Manual Discourse Review (MDR)

The manual approach here aims to contextualise the discourses coming from the structures questioned in order to identify common responses, differences in discourse from one region to another, and even the existence of discourses that are not comparable because they are very dissimilar. Let us now present region by region the manual analysis that emerges from the responses to the questioning.

2.1.1. *The Normandy Region*

For Normandy, five structures were questioned. These are the SSE Service of the Normandy Regional Council, which is the most important public funder (referred to subsequently as “funder”). It develops specific financing schemes aimed at business creation and is the territorial leader in economic development. In order to be financed by the region, SSE activity must include 30% market activity. The Regional Chamber of the SSE (CRESS) is the second structure surveyed and its institutional attribute is to be the coordinator (subsequently referred to as such) of the regional SSE. It is made up, like any French Regional Chamber, of representative organisations of the SSE sector (associations, cooperatives, mutuals) on the territory that share a set of values and the common will to place people at the centre of their actions. Its purpose is to defend, promote and develop the SSE sector at the regional level by employing the most appropriate means. The technical operators are represented in the study by three structures. The first is the Agency for Regional Development of Social and Solidarity Enterprises (ADRESS). It aims to develop efficient, bold enterprises combining economic, social and environmental efficiency. Its core business is

support. The second is the Regional Association of the Solidarity Economy (ARDES). It works to promote and develop the Solidarity Economy and Popular Education in Normandy. Finally, the Comité d'Action et de Promotions Sociales (CAPS) aims to offer people in difficulty emergency accommodation as part of a social reintegration process.

H.1 There is unanimous agreement among those interviewed that the basis for the design of SSE action is predominantly economic. The regional public funder focuses on structures with market activity. This is not surprising since, as mentioned, the regional public authority of Normandy considers that in order to receive financial support SSE structures must produce 30% of their income and have the capacity to increase their market activity within three years. According to the CRESS coordinator, SSE enterprises receiving funding are located in targeted sectors or can justify at least their economic character by the existence of market resources. For technical operators, economic dominance is an obvious point to make. For ARDES, the initiatives of SSE organisations are economic in nature. The financing granted to SSE structures, while being hybrid, is mainly reserved for “economic” structures in the sense that they will develop jobs and provide services. For ADRESS, mechanisms favouring market and economic initiatives and the legislative evolutions introduced by the texts defining the SSE have resulted in favouring the creation of “super structures” in the social integration sector. Finally, for CAPS, the new institutional context has led to the emergence and growth of structures that can pave the way for the takeover of associations in difficulty and the injection of new funding.

H.2 Stakeholders had some difficulty in responding here due to the lack of a clear (and common) understanding of the term citizen association, although additional information was provided highlighting characteristics such as solidarity, democracy, volunteering and citizenship. CAPS’s response is also irrelevant, as it focuses on internal citizen participation within the structure. The regional public funder insists once again on the necessary change in scale of the SSE around economic objectives. The coordinator deplores the lack of emphasis in the Hamon Law on the notions of citizenship, voluntary work and social cohesion, which leaves little room for dimensions such as commitment and the social value of the projects carried out by SSE structures. For the technical operator ARDES, the Hamon Law does not take into account solidarity economy associations such as Local Exchange Systems (LETS) and the Association for the Maintenance of Peasant Agriculture (AMAP). As for ADRESS, it points to the advent of a social market economy that puts to one side citizen logic.

H.3 The answers are disparate concerning this question about the understanding that the range of actors have about the implementation of social action in the territories and their influence on it. The funder and the technical operator ARDES do not take a position regarding the social sector. The same is true of the coordinator, who furthermore underlines the difficulty in participating in the specification of public policies, due to the fact that it is a transversal organisation. ADRESS specifies

that the organisations of the SSE in the social and health field which contract with third party payers are subject to their influence, and underlines its doubts with regard to co-construction, due to the complexity of its implementation. CAPS indicates that the legislative texts for the development of the SSE concept have not, at its level, created confusion as to the interlocutors to be approached. Only the financing rules have been modified, with the implementation of budget performance tools such as the National Cost Study (ENC) and the Multiannual Contracts of Objectives and Means (CPOM). The targeted objectives are the comparison between the accommodation structures of the same territory in order to make it possible, in the medium term, to set a median cost instead (ENC) and, to prioritise budgetary discussion around efficiency (CPOM). The influence of the interlocutors is thus based on two tools that force social action structures to adopt a multi-year projection of their costs in order to optimise budgetary control. As can be seen for all the actors in Normandy, co-construction in the social field has received very little consideration or has not given rise to a willingness to adopt a real position.

H.4 Two points should be borne in mind. The first concerns the interest of the territorial anchoring of SSE structures, a point on which the funder and the technical operators ADRESS and CAPS expressed their point of view. ADRESS specifies that the objective of a local SSE actor is the development of the SSE, social entrepreneurship and the solidarity economy within a perimeter that it has set itself and independently of the public policies that may or may not be implemented in the territories. It adds that SSE enterprises and structures can however influence public authorities. CAPS specifies that the strength of structures of intermediate size lies in their territorial anchorage which allows for a close dialogue with supervisory authorities. The detailed knowledge of the field acquired by a long-term presence in a territory at the human level, would enable structures to propose innovative and efficient answers to the various queries, whether anticipated or not, formulated by funders. For the funder, territorial anchoring is a source of democratic functioning and economic solidarity, and of significant added value for the development of the territory. The second element of response to the hypothesis concerned the behaviour of SSE actors in the territory due to their positioning and influence. For the coordinator, the NOTRé Act has for the moment focused on the question: “who can do what”, which creates a facilitating and collaborative framework with sub-regional territories. According to the coordinator, the Hamon Law has helped the recognition of the CRESS as the leader of SSE actors in the territories, facilitating the co-constructed proposals of multiple networks and companies, members of the CRESS. The relevance of CRESS membership has been debated at length within ARDES, as it characterises “belonging to the same family” as large mutualist and banking groups, without having the feeling of sharing the same fundamentals.

2.1.2. The Grand-Est Region

In the Grand-Est region, four structures were approached, two of which are similar to those in Normandy: the SSE Service of the Regional Council as regional public funder and the CRESS du Grand-Est as coordinator. Metz Mécènes Solidaires (MMS) was selected as technical operator. It brings together public, private and civil society actors around a common interest, that of collecting funds and allocating them to the SSE projects selected in accordance with the wishes expressed by the donors (which is similar to ARDES in Normandy). Finally, the Fédération Médico-Sociale (FMS) of Epinal is another technical operator whose aim is social integration, support for the elderly and disabled, protection of children and so on (comparable to CAPS in Normandy).

H.1 The structures are again unanimous in considering that the foundations of the Hamon Law are predominantly economic. For the funder, the SSE has been identified with an economic approach, clearly marking the “E” of SSE, as a driving force to foster the creation and development of socially innovative projects generating social utility and promoting non-relocatable employment. The SSE is also included in the Regional Plan for Economic Development, Innovation and Internationalisation (SRDEII) included in the NOTRé Law. The coordinator specifies that it is logical that the Hamon Law is predominantly economic and indeed that the opposite would have been strange. As for the technical operators, they see their role as that of helping the associations to work on their economic model in order to survive (MMS). FMS wonders about the distinction that should be made between economic and non-economic and especially about the refusal to speak of the economy when dealing with social and solidarity questions.

H.2 Except for FMS operator, which rejects the very notion of citizen association and in particular the democratic functioning with which one would label the association by associating it with citizenship, the responses of the structures show strong concordance, and this on two counts. The first is that, as in Normandy, some actors refuse place citizen associations and the economy in opposition to one another. If the coordinator agrees with the assertion that citizen associations are not the core target of the Hamon Law, it considers that the citizen and economic dimensions should not be opposed to each other and that, to varying degrees, they exist jointly in most of the projects supported. In the same way, for the technical operator MMS, these two worlds should not be opposed, but should evolve towards more flexibility and agility in their economic model while keeping a strong citizen involvement. However, second, the difficulty of linking citizen associations to the economy is underlined. The public funder thus highlights that, faced with the targeted expectations of voluntary associations, and given the inadequacy of systems that are often economically restrictive for citizen associations, the region has chosen to adopt an approach centred on the economy and social innovation and to place the field of citizen associations and voluntary work in a dedicated “commitment” department.

H.3 The funder and the coordinator clearly had difficulty answering the question as they did not consider themselves to be concerned by the field of social action. As for the technical operators, they focused primarily on the influence and importance of co-construction of projects and secondarily on the issue of multiplicity of interlocutors. For MMS, the numerous calls for projects launched by public entities however, create real competition between associative actors in the territories which are obliged to “hunt” for public subsidies. However, it underlines the interest in getting associations to work together in the territories in order to mutualise their needs and co-construct projects. FMS specifies that SSE structures must be the spearheads of “working with” and thus work as much as possible in partnership.

H.4 The technical operator MMS does not fundamentally address the issue. Two important points should be retained from the other answers. The first concerns the importance of territorial anchoring. This is clearly expressed by the coordinator, who specifies that SSE actors should have a good territorial anchorage and detailed knowledge of the territory. The other important point is the influence of SSE actors in the territory. For the coordinator this influence is not necessarily related to their ability to meet the demands of the public authorities. Their strength is more related to their capacity to propose solutions to the population. The funder explains that in a territory, some actors play an important leadership role, often because of the charisma of their founders or leaders and/or the success of the structure or its membership of a national network. The technical operator FMS underlines the importance of being vigilant with regard to the NOTRé Law which is thought to favour the regrouping of local authorities and, in particular, large operators with a national presence.

Following a first manual interpretation the answers given by SSE actors to our questions highlight the following main elements. The actors of the two regions consider quite unanimously that the Hamon Law is predominantly economic, thus confirming **H1**. However, the expression citizen association is debated and even provoked irritation, which indicates the diversity of points of view in SSE structures.

However, all the actors who responded by accepting that expression admit that citizen associations are not the core target of the Hamon Law, which confirms **H2**. For the third question, the notion of social action is debated among representatives of the structures. It is considered by coordinators and funders as outside their field of competence, thus ruling out any answer in any region. The operators who responded do not really make a link between the multiplicity of actors and the co-construction of public action for the implementation of social action in the territories. However, the influence of actors is considered important in both Normandy and the Grand-Est, which is a partial confirmation of **H3**. Finally, in both regions, the territorial anchoring of structures is considered to be of great importance in terms of influence and capacity to meet the expectations of the public authorities. Nevertheless, the influence of the actors is understood differently according to the regions. In Normandy, the CRESS has clearly been influential since the Hamon Law, as a central interlocutor.

However, the cohesion of the SSE as a whole raises questions: the legitimacy of mutualist and banking groups in their membership of SSE is questioned, especially by ARDES because of their values, which are considered to be different. The NOTRé Act is considered to have significant effects on the missions of SSE organisations by giving rise to groupings of structures that have accentuated the growing influence of some of them. In the Grand-Est region, the legitimacy of the CRESS has not been questioned. Thus, all these elements confirm **H4**.

After this general presentation of the main results of the manual discursive analysis, let us complete the automated analysis.

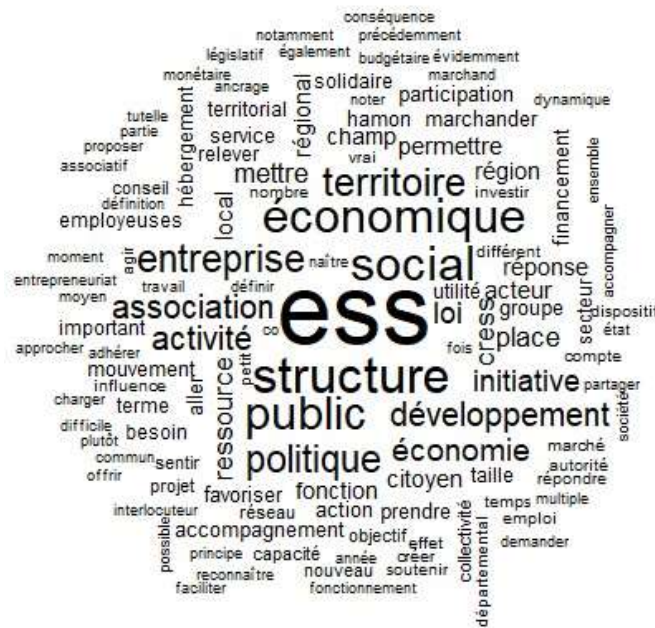
2.2. Interpretation of data via Confirmed Discourse Examination (CDE)

Three analyses were conducted using software support. The first concerns *Text Descriptive Statistics* (**A1**). It displays the lexicon of words associated with the corpus in the form of a graph called “Word Cloud”. The most cited words are placed in the centre and the Word Cloud should be considered as an inventory. The second analysis is a *Hierarchical Descending Classification* (HDC) (**A2**) which “*identifies statistically independent classes of words (forms). These classes are interpretable through their profiles, which are characterized by specific forms correlated with each other*” (Salone, 2013). This method of classification makes it possible to produce a typology of the different discourses expressed by the formulation of the various propositions. It should be noted that the words displayed are only representations of the text segments in which they appear. In order to determine the themes of each class, special attention was given to the most significant words in the corpus. The third analysis created is called *Similarity Analysis* (SA) (**A3**) which highlights the preponderant association between two words (co-occurrence). The larger the size of the words in the visualisation, the more frequent they are in the corpus, the thicker the links/edges, the more co-occurring the words are.

Our analysis disaggregates the two regions to identify differences and similarities. However, the targeted analysis for each of the hypotheses by region could not be carried out due to a lack of textual data on some hypotheses, particularly for the Grand-Est. The file for each of the regions is therefore based on a grouping of the four hypotheses. This approach makes it possible to achieve the HDC. In order to carry out this analysis, we paid particular attention to the following words or groups of words in relation to our four hypotheses: economic, citizen, creation of new activities, social utility, multiple, influence, co-construction, actors, territorial anchoring, capacity. Other words or expressions will be examined more closely in light of our manual discourse review.

2.2.1. The CDE on the Norman territorial space

Textual Corpus: Normandy Region :¹⁴



**Figure 1: Word Cloud associated with
SSE - Normandy**

The first analysis **A1** (Figure 1) highlights 14 words in bold in the centre. These are: “SSE”¹⁵, 53 times, “Structure”, 25 times, “Economic”, 23 times, “Social”, 23 times, “Public”, 22 times, “Territory”, 18 times, “Politics”, 17 times, “Enterprise”, 17 times, “Activity”, 15 times, “Development”, 14 times, “Association”, 14 times, “Economy”, 13 times, “Initiative”, 12 times. On reading these results and in relation to our four hypotheses, we note the pre-eminence of the word “economy”, cited 36 times by cumulating “Economic” and “Economy” (**H1**). The word “Territory” then appears widely in the responses (**H4**).

The second type of analysis, **A2** of the HDC, highlights 6 classes with different lexical domains (see Figure 2). We have chosen to display only the words (reduced forms) having the highest Chi-square values of each class,¹⁶ i.e. those that are significant. The words in yellow appear as the most significant ($p < 0.0001$), the words in green also appear significant ($p < 0.01$ and $p < 0.05$). Some words in each of the classes are not studied for problems of interpretation (e.g., “sometimes”, “moment”, “take”, “need”, etc.).

Class 5 is the largest with 22.5% of the shapes. It is characterised by 10 active forms: “public”, “resource”, “political”, “take”, “enterprise”, “account”, “monetary”, “need”, “territorial”. This lexical field refers to the domain of the “Public”.

¹⁴ The Word Cloud is translated into French. For software reasons, we could not translate it into English. A glossary is proposed for this purpose at the end of this paper.

¹⁵ ESS = Economie sociale et solidaire, in English: SSE = Social and Solidarity Economy.

¹⁶ The dendrogram allows visualisation of the words that obtained the highest percentage of average frequency between them, through chi-square (χ^2) calculus.

Class 6 (16.9% of forms) is characterised by 10 active forms: “field”, “territory”, “social”, “important”, “place”, “put”, “influence”, “entrepreneurship”, “utility”. This lexical domain refers to the field of “*Territorial Anchoring*”.

With regard to the HCD, **classes 5 and 6** can be grouped into a single theme, that of “*Territory*”. The significant words “public”, “resource”, “policy”, “field” in this grouping highlight the importance of territorial policies in the field of the SSE, due to the presence of significant public resources (**H4**).

Class 3 (12.7% of forms) is characterised by 10 active forms: “movement”, “network”, “territory”, “actor”, “moment”, “CRESS”, “law”. This lexical world refers to the domain of “*SSE Processes*”.

Class 4 (18.3% of the forms) is characterised by 10 active forms: “collectivity”, “region”, “project”, “CRESS”, “term”, “previous”, “principle”, “interlocutor”, “law”, “function”, “Hamon”. This lexical field refers to the “*Procedural*” domain.

With regard to the HCD, **classes 3 and 4** can be grouped into a single theme, that of “*Hamon Law*”. The significant words “movement”, “network”, “community” highlight the fundamental principles of the SSE field which are based on a legal framework (**H4**).

To go a little further on the HCD, **classes 6, 5, 3 and 4** can be grouped into a single “*Organisation*” theme. The different significant words highlight the organisation of the SSE field in the territory from a legal point of view, territorial anchorage but also network practices (**H4**).

Class 2 (15.5% of the forms) is characterised by 10 active forms: “economic”, “initiative”, “take up”, “activity”, “service”, “sector”, “support”, “times”, “definition”, “economy”. This lexical domain refers to the field of “economic movement”.

To go a little further on the HDC, classes 6, 5, 4, 3 and 2 can be grouped into a single “effects” theme. The different significant words highlight the organisation of the SSE field in the territory from a legal point of view, territorial anchorage but also network practices (**H4**) taking into account economic initiatives in the organisation (**H1**), since the significant words of class 2 are “economic” and “initiative”.

Class 1 (14.1% of the forms) is characterised by 10 active forms: “size”, “New”, “financing”, “association”, “structure”, “small”, “group”, “accompaniment”. This lexical domain refers to the field of “structure”.

To go further in the HDC, classes 6, 5, 4, 3, 2 and 1 can be grouped into a single theme “*Law OUR*”. The different significant words highlight the organisation of the SSE field in the territory from a legal point of view, territorial anchoring but also network practices (**H4**) taking into account economic initiatives in the organisation (**H1**) with a new territorial organisation (**H4**). The significant words of class 1 are “size” and “new”. The SSE has indeed undergone a series of legislative upheavals that have

questioned the critical size of SSE structures in order for them to be more efficient in the territories in terms of competences and make economies of scale from the point of view of territorial authorities.

When we look at the percentage of the analysed content of each class in the whole corpus, the content of the interviews in Normandy is more broadly related to “financing”. At the extreme, “SSE processes” do not occupy an important part of responses.

With the dendrogram (Figure 1, upper part), we can analyse the hierarchical classification tree, a tree structure showing how classes are related to each other in an ascending way and according to their level of similarity. We can see that the “economic movement” effects of the NOTRé Law arrive before the organization linked to the Hamon Law and the territory. This classification can probably be interpreted as the fact that the NOTRé Law reshuffled the maps of the SSE ecosystem in Normandy. With the new importance given to the SSE by the Hamon Law, the regional scheme for economic development, innovation and internationalisation (SRDEII) gave impetus to an economic conception concerning it in the region (**H1, H4**).

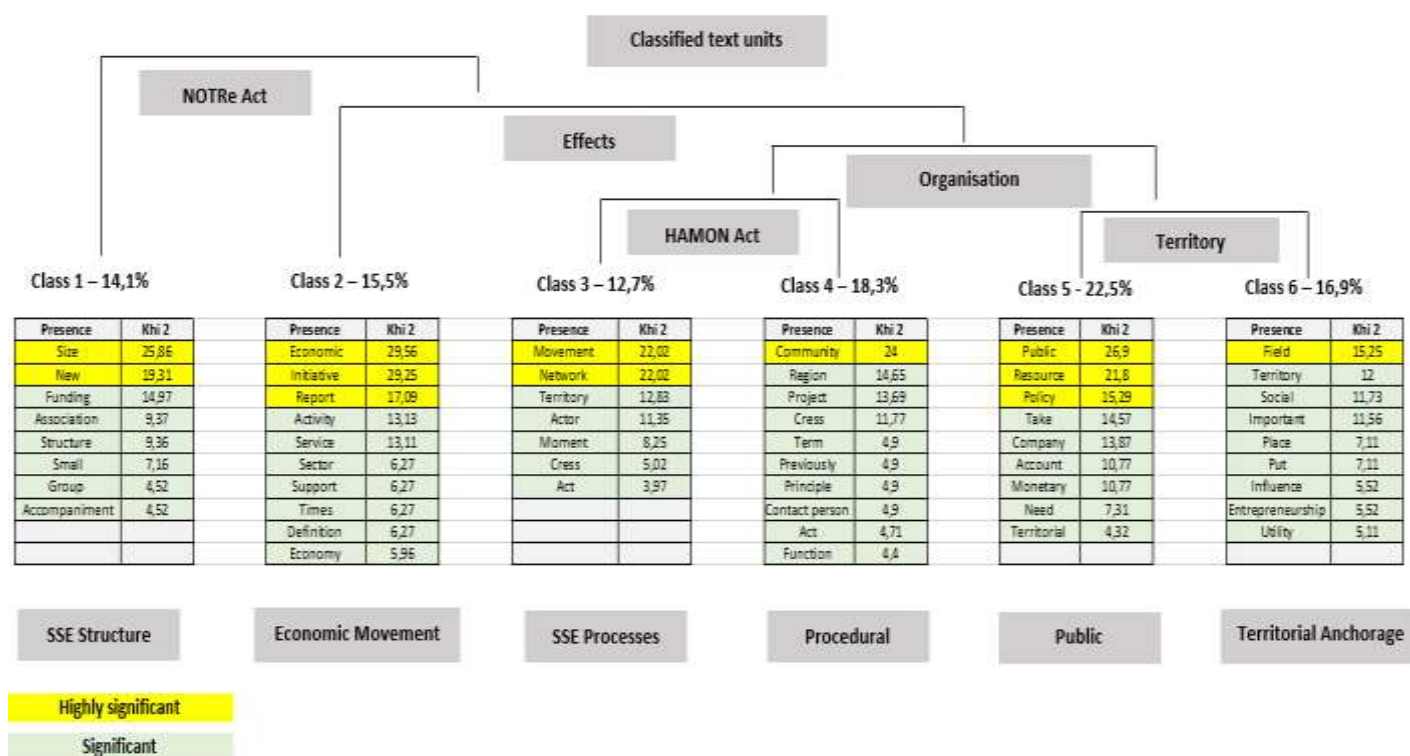


Figure 2: Top-down Hierarchical Classification and Dendrogram - Normandy

Correspondence Factor Analysis (CFA) provides further insights into the theoretical frameworks for studying SSE discourses. They are summarised in Figure 3 (Correspondence Factor Analysis by IRaMuTeQ - Normandy). It specifies the classes that are grouped together or that oppose each other. This makes it possible to link and prioritise textual information.

Two axes are retained by the software, factor 1 representing 25.3% and factor 2 23.26%. The first factor of the corpus mass clearly separates classes 6 and 2 (with rather negative abscissae) from class 1 (with clearly positive abscissae). Thus we find a bipartition of the SSE between the domains Framework Law and Implementation. Classes 3, 4 and 5 are centred, with a more central position for classes 3 and 5. The second factor shows a connection with the fields of SSE structures and economic initiatives and assumes more the distinction between the fields of public and economic initiatives. Class 6 (positive intercept) is clearly separated from classes 1 and 2 (negative intercepts). Class 1 is less clearly separated from class 2 (negative intercepts). Classes 3, 4 and 5 are centred by this factor. The colours per class are as follows: class 1 (red), class 2 (grey), class 3 (sky blue), class 4 (green), class 5 (pink), class 6 (dark blue).

The combination of two factors (25.3% and 23.26% of the corpus mass) means that on the graph five areas appear in this two-dimensional projection of the textual corpus: a zone with negative coordinates, bottom left, which isolates class 2 of the *“economic movement” domain*; a zone with positive abscissae and negative ordinates, top right, where class 1 of the *“SSE structures” domain* is located; a central zone occupied essentially by classes 4 and 3 of the *“procedural”* and *“SSE processes” domains*; a zone with negative abscissae, top left, where class 5 of the *“public” domain* is located. The central position of classes 3, 4 and 5 underlines an intermediate *“operational organisation”* position between the two domains.

The forms *“movement”* and *“territory”* refer to a fundamental value of SSE and the territorial positioning of SSE structures respectively. Both evoke the SSE around a set of structures that are very imbued with a logic of territorial anchoring **(H4)**. The forms *“collectivity”*, *“region”* and *“CRESS”* refer to the action of the territorial public authority of SSE, the important weight of the region in this framework, and the central role of the CRESS as a unique interlocutor in the coordination of SSE in the territories respectively. All indicate that local and regional authorities are today involved in the development of the SSE **(H4)**. Finally, the *“social”* form refers to the social object of the SSE. These data evoke the social utility and social entrepreneurship of the structures linking the territory **(H4)**.

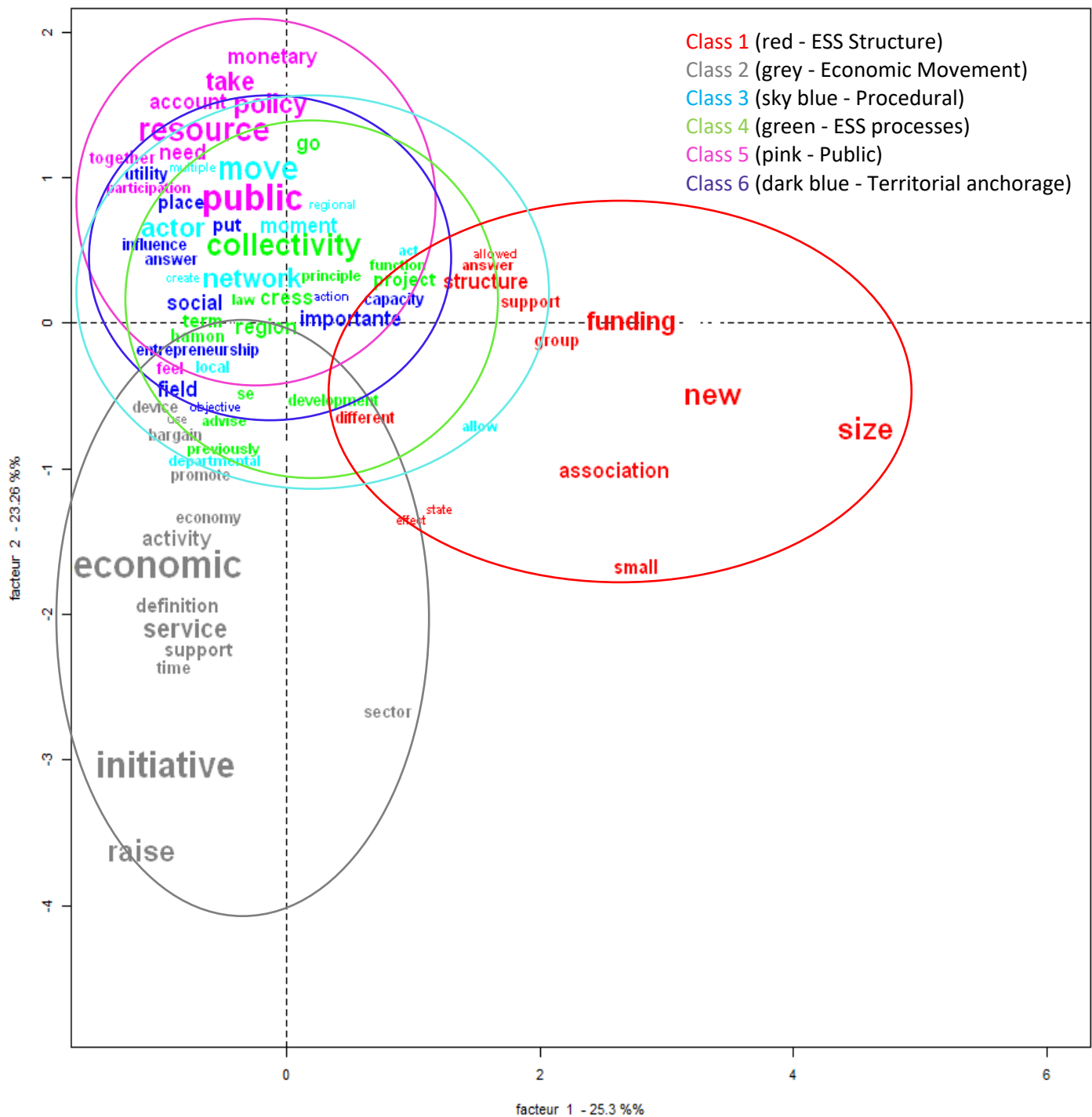


Figure 3: Factorial Correspondence Analysis by IRaMuTeQ - Normandy

Finally, the third analysis, **A3** (Figure 4), highlights the main words associated with SSE. The shapes are the vertices of the graph and the edges represent the co-occurrences between them. It can be seen that the word SSE has strong co-occurrences with the words in bold: “economic”, “structure”, “social”, “public”. The first term circled in dark grey, “*economic movement*”, shows the importance of SSE activities building on the existing economic model (**H1**). The second term circled in red, “*SSE structures*”, highlights the importance of the word structure for the SSE due to the existence of a diverse set of organisations. The word “social” evokes one of the objectives of the approach in SSE structures. The last circle in pink, “*public*”, points out the importance of the financing mechanisms of SSE organisations (**H1**).

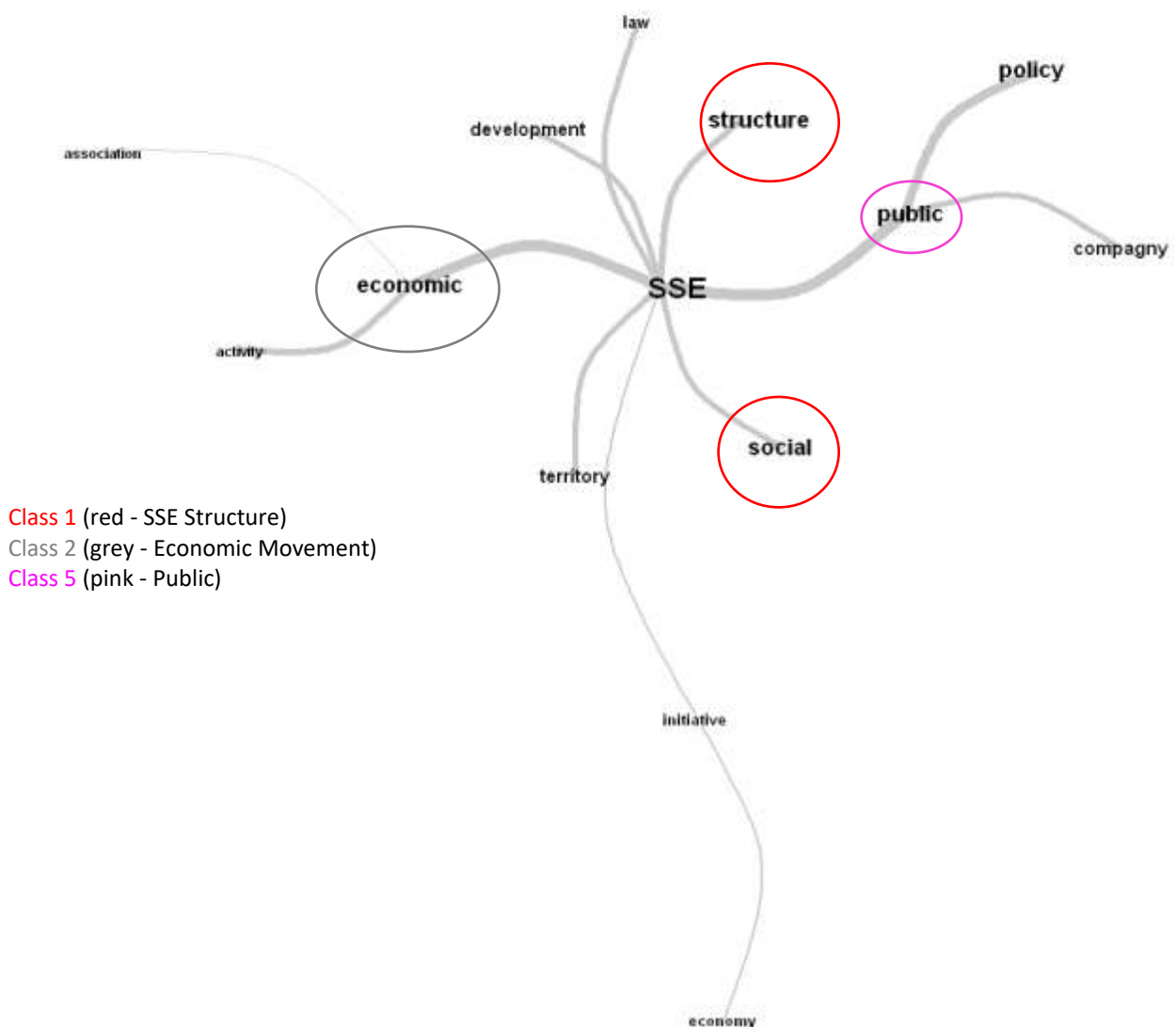


Figure 4: Similarity Analysis - EHS Word Graph - Normandy

All the results of the interviews in Normandy thus highlight the validity of the hypotheses **H1** (economic dominance) and **H4** (the importance of territorial anchorage). The notion of “citizen associations” (**H2**) does not emerge as such from the analysis, and neither does the notion of “co-construction” in **H3**. We find here the interpretations of our manual discursive analysis on the difficulty for all the actors in Normandy of expressing an opinion on these notions. The results here allow us to underline that with the new territorial organisation that has been deployed, SSE actors and local authorities have to learn to work together and to discover new forms of cooperation. Territorial reorganisation seems to reinforce the perspective of the region, whose competence is mainly economic. The development of economic initiatives in the territory is prioritised thanks to the support mechanisms and financial aid given to territorial SSE organisations. These changes seem to have a strong impact on the associative structures in their organisation and may lead to mergers with larger and more influential structures in the territory. Economic efficiency and the acquisition of financial resources appear to be pre-eminent. For the representative structures consulted, territorial reorganisation is based on a predominantly economic representation of the SSE sector’s action. The respective influence of local SSE actors is related to their territorial anchorage.

2.2.2. The CDE in the Grand-Est Region

Textual Corpus



The first analysis **A1** (Figure 5) highlights 10 words in bold in the centre. This corresponds to the use of the following words: “SSE”, 38, “association”, 26, “economic”, 16, “project”, 13, “social”, 13, “citizen”, 13, “territory”, 13, “actor”, 11, “region”, 9, “associative”, 9, “enterprise”, 9, “law”, 8, “public”, 8. Reading these results following our four hypotheses, we observe the pre-eminence of “citizen association”, cited 48 times by cumulating “association, associative, citizen” (**H2**). The word “economic” then appears widely in responses (**H1**).

Figure 5: SSE Word Cloud - Grand Est

The second type of analysis **A2** of the HDC highlights 4 classes.¹⁷ Some words in each of the classes are not studied for reasons of clarity of meaning (for example: “think”, “hold”, “January”, “also” etc.).

Class 3 (26.7% of the forms) is characterised by 5 active forms: “model”, “citizen”, “utility”, “association”, “economic”. This lexical domain refers to the field of “*SSE processes*”.

Class 2 (23.3% of the forms) is characterised by 7 active forms: “regional”, “law”, “account”, “SSE”, “region”. This lexical domain refers to the field of “*procedural*”.

With regard to the HCD, **classes 3 and 2** can be grouped into a single theme, that of “*Hamon Law*”. The significant word “regional” in this grouping highlights the importance of regional development in the field of the SSE in relation to the Hamon Law (**H4**).

Class 4 (23% of the forms) is characterised by 10 active forms: “life”, “associative”, “service”, “creation”, “elected”, “January”, “innovation”, “commitment”, “dedication”, “volunteering”, “SSE”. This lexical domain refers to the field of “*social movement*”.

With regard to the HCD, **classes 3, 2 and 4** can be grouped into a single theme, that of “*the organization*”. The significant words “regional”, “life”, “associative”, “service” emphasise the importance of regional development in the field of the SSE after the Hamon Law and the particular attention given to associative structures (**H2**).

Class 1 (26.7% of the forms) is characterised by 10 active forms: “project”, “territory”, “structure”. This lexical field refers to the domain of the “*collective*”.

Classes 1, 2, 3 and 4 can be grouped into a single theme, that of “*associative projects*”. The different significant words highlight the organisation of the SSE field in the territory from the point of view of the region, associative life and territorial project (**H2**). The significant words of class 1 are “project” and “territory”. The SSE regional territory concentrates on associative life which is at the heart of a territorial project.

The interviews in the Grand-Est focus more broadly on the “territorial project” and “SSE processes”. The “social movement” and “procedural” contents follow. The dendrogram highlights (Figure 6, upper part) that the development of territorial projects within SSE structures is placed before the Hamon Law. This classification can probably to be put into perspective with certain features of the SRDEII in the Grand-Est: by placing citizen associations and voluntary work under the aegis of a

¹⁷ It should be noted that the corpus of the Grand-Est Region (statistical analysis distinguishes 662 forms among 2074 occurrences) is weaker in terms of words than that of Normandy (statistical analysis distinguishes 947 forms among 3095 occurrences), which leads to fewer active forms in the classes classification.

“commitment” service and by granting dedicated subsidies, a social approach has certainly been stimulated much more strongly than in Normandy (H2).

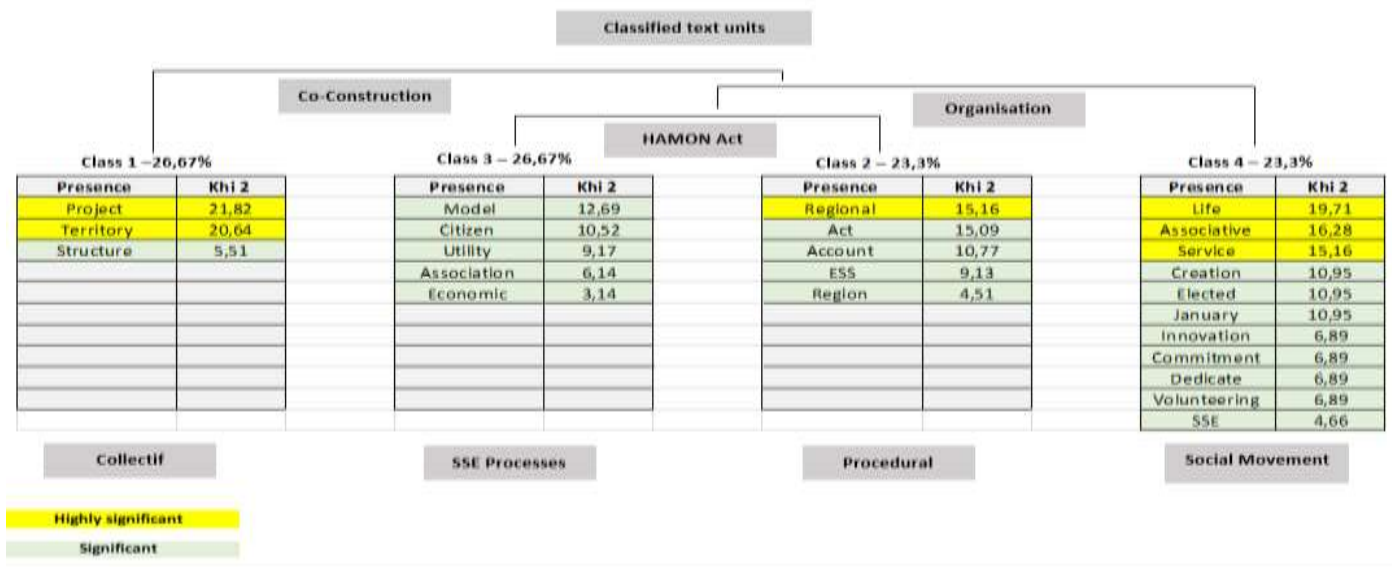


Figure 6: Top-Down Hierarchical Classification and Dendrogram – Grand-Est

Through the CFA, we can see that the first factor, 40.55%, separates class 2 and more strongly class 3 (negative abscissae) from classes 4 and 1 (positive abscissae). We find the bipartition of the SSE in the field of *Law-Framework* and *Territorial Associative Project*. The second factor, 32.64%, assumes the distinction of SSE processes from the territorial associative project. It clearly separates class 3 (positive ordinate) from classes 4 and 1 (negative ordinate), while classes 2 and 3 are intertwined. The colours for each class are as follows: class 1 (red), class 2 (green), class 3 (sky blue), class 4 (purple).

The combination of two factors (40.55% and 32.64% of the corpus mass) means that on the graph four areas appear in this two-dimensional projection of the textual corpus: a zone with negative coordinates, at the bottom left, which is class 4 of the “social movement” domain; a zone with negative ordinates and positive abscissae, at the bottom right, where we find class 3 of the “SSE processes” domain; a zone with positive abscissae and negative ordinates, at the bottom right, where we find class 1 of the “collective” domain.

We do not see any centrality in any of the four classes, which is very different from the Normandy CFA where the centrality of three classes dealing with “operational organisation” is a dominant function in the management of SSE organisations. If we focus on the barycentres of each class, we can reiterate the similarity between classes 2 and 3, showing a relative factorial proximity. This rapprochement

with regard to the most significant forms shows the importance of the associative world in the organisation of the SSE in the regional space (**H2**).

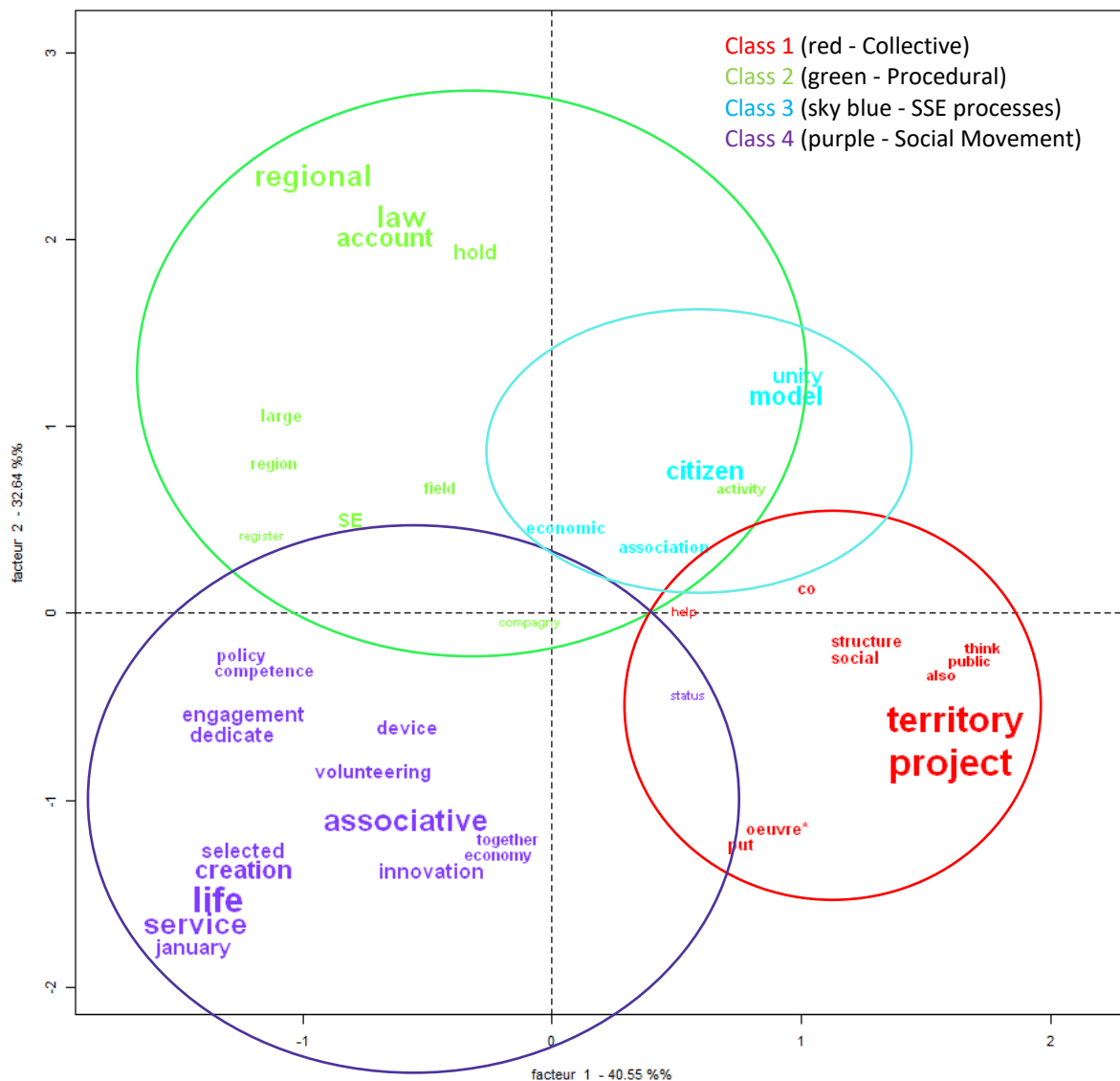


Figure 7: Factorial Correspondence Analysis IRaMuTeQ - Grand-Est

The third analysis, **A3** of the SA (Figure 8), implements the words associated with the EHS. There are strong co-occurrences with the words in bold: “economic”, “territory” and “association”. The first circle in sky blue “SSE processes” confirms the importance of SSE activities also based on an economic model (**H1**) in the associative field. As for the second circle in red, “collective”, it highlights the importance of associative projects focused on the social and the citizen (**H2**).

Class 1 (red - Collective)
 Class 3 (sky blue - SSE processes)

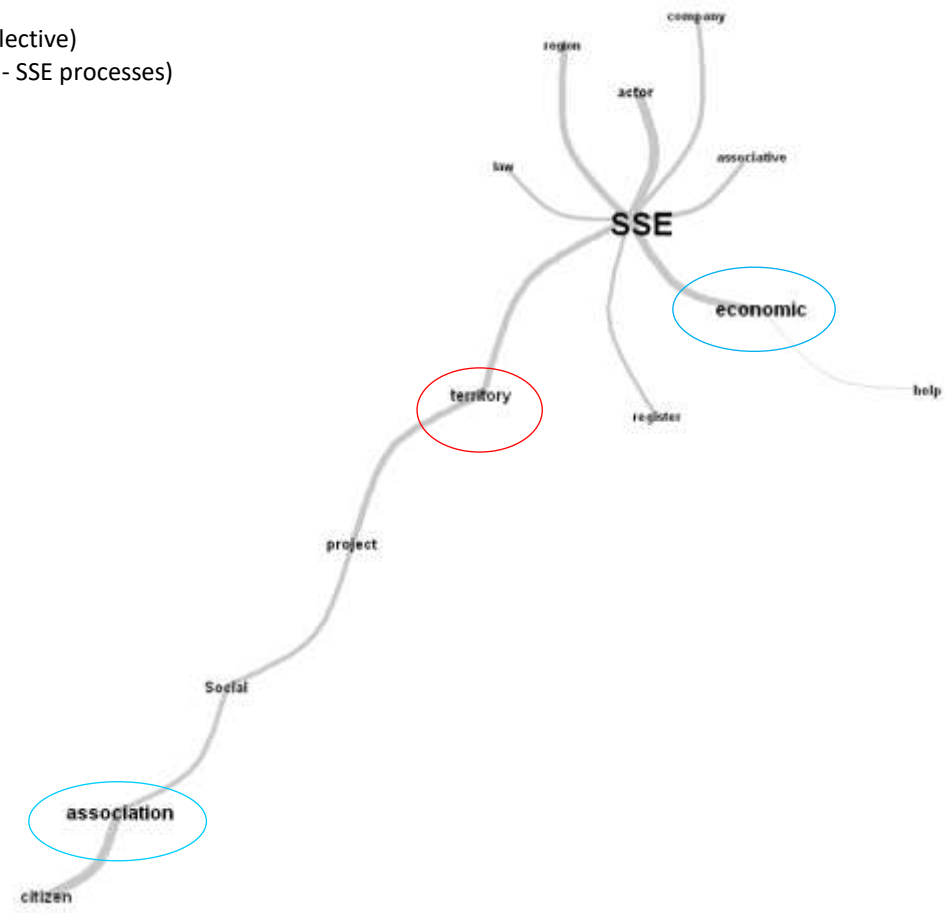


Figure 8: Similarity Analysis – Grand-Est SSE Word Plot

All the results of the interviews in the Grand-Est mainly respond to hypotheses **H1** (dominant economic) and **H2** (citizen associations). “Co-construction” (**H3**) and “territorial anchorage” (**H4**) do not emerge from the analysis. The results show the particular importance of the associative in the field of the SSE. They underline the importance of the deployment of territorial projects around social but also economic initiatives in this regional space. From the point of view of structures, this places associative structures at the heart of concerns, for projects relating to both the market and non-market economy. These considerations lead us to conclude that the SSE is economically dominant in the Grand-Est Region, but also that commitment, voluntary work and participation in social utility occupy an important place in regional policy.

3. Synthetic results

The analyses that we have carried out region by region, in Grand-Est and Normandy, make it possible to highlight transformations underway after the national reforms initiated by the Hamon and NOTRé laws. These transformations, although currently still in gestation and not fully stabilised, are clearly part of a double movement: they are based on the one hand on common orientations in the implementation of PSSEPs, on the other hand on differentiations and regional singularities.

Regarding common guidelines, it appears that PSSEPs are perceived by regional authorities and the SSE as important for economic development and territorial dynamics. For regional authorities the specificities of SSE organisations are in particular a fulcrum for the conduct of territorial policies. For regional authorities, this involves in particular seeking, under the impetus of the NOTRé and Hamon laws, to include the SSE in the framework of regional development strategies (formalised in the SRDEII), in order to benefit from a change in scale of the SSE and advantages of a dynamic of proximity with operators.

On closer inspection, however, notable differences emerge in the way PSSEPs are viewed from one region to another. These regional differentiations also have a dual nature: on the one hand, they are due to the structural characteristics of regional spaces, and on the other hand to the different sensitivities of regional actors and in particular of public decision-makers in the conduct of public action.

The differences that we associate with structural characteristics come from the way in which territorial reorganisations were carried out after the NOTRé law. Indeed, territorial reorganisation takes markedly different forms from one region to another. Even though there are groupings of pre-existing regions, both in Normandy and in the Grand-Est, it is necessary to differentiate them. In the Grand-Est, three regions are grouped together (Alsace, Lorraine and Champagne), culturally and historically very different by their Latin and Germanic traditions, while in Normandy the former regions of Upper and Lower Normandy, from a common cultural heritage, come together. This leads in the Grand-Est, unlike Normandy, to a delay in the adoption of collective action mechanisms, so that a concept is sufficiently shared across the whole region.

Differences in conception of players in the two new large regions appear in the textual analysis. There is a common desire to make SSE organisations more efficient in the territories (by increasing skills and carrying out economies of scale desired by the authorities). In Normandy, the conception of territorial reorganisation is fundamentally more economic while in the Grand-Est, the discourse is more socio-economic. In this perspective, the Grand-Est region has created a dedicated “commitment” service for citizen and volunteering associations. It strongly displays the concepts of citizenship, volunteering, social cohesion, and valuing the

commitment and value of the projects of SSE organisations. Thus, in the Grand-Est region, the significance of the deployment of territorial projects around social initiatives (Figure 8) and the deployment of innovative collective projects, generators of new economic activities, emerges.

This research thus confirms Fraizy's analysis (2016) which underlines *"that there are several ways of representing the SSE that are deployed in different places and mobilise different resources in the presence of different people"* (p. 77). We can add to our results that the orientations of regional policies have a very important impact on the discourses and representations of the actors themselves concerning the action and role of the SSE. This is the case in spite of the desire to unify the SSE, as intended by the Hamon Law, both in the grouping of its components under the same banner and in its mode of representation and coordination (Duverger, 2019) and in its change of scale through the development of economic activity.

Conclusion

The answers provided show the complexity and diversity of the conceptions and discourses held regarding the SSE in regional territories that are nevertheless subject to the same Hamon and NOTRÉ laws, and whose regional authorities have similar conceptions regarding the involvement of the SSE in their SRDEII. If the SSE is based on federative or common values and principles, its involvement in the territories presents great fundamental differences, at least in the conception of comparable representative organisations in the Grand-Est and Normandy.

The involvement and growing role of regional councils have been tangible since the NOTRÉ law through the strengthening of the prerogatives of the regions and the resulting deployment of partnerships of a financial, technical and institutional nature. However, it is questionable whether the reference framework for organisations to manage the change in scale of the SSE and the increased earmarking of funding are not likely to thwart the logic of cooperation, intelligence and joint projects to support the development of the SSE.

The issue of representation systems (which emerge from the responses emanating from representative structures), which may be quite strictly economic or, on the contrary, more broadly socio-economic from one region to another, may prove to be essential in terms of whether or not to deploy a new paradigm of collective action involving SSE organisations. At the end of this study, which points to the diversity of discourses and experiences, there is no doubt that there is in this regard no uniform truth and generalisation that can be directly transposed. However, we have been able to observe in Normandy and the Grand-Est, as emphasised in response to our

questions by Bruno Lasnier,¹⁸ the development of cooperative ecosystems covering a diversity of fields of activity, the development of a capacity to identify needs, and mobilise initiatives and a plurality of actors to support collective projects. Territorial animation is thus in the process of being structured in French regions after the NOTRé law through cooperation and pooling between existing or emerging activities.

Territorial dynamics differ, however, in the regions studied and are probably even more divergent in other regions where the policies pursued, notably vis-à-vis the SSE, are different. Should we not therefore consider that a Darwinian selection process could be carried out, ex post, that will retain the most relevant experiences in view of their results; or rather that the selection of the experiences at work will be carried out on the basis of comparative analyses, being a source of destructive creation of collective action (Bance, 2018)?

It is most likely that the confrontation of “models” and their capacity to convince decision-makers, actors and populations, especially at the territorial level, on the basis of the results obtained, will be decisive for the advent of a new paradigm of collective action.

References

- ALIX, N. and BAUDET, A., 2015, Measuring social impact: a factor of transformation of the social sector in Europe, CIRIEC Working papers N° 2014/15.
- AUTÈS, M., 1995, “Les sens du territoire”, *Review of Social and Family Policies*, 39.
- BANCE, P., 2018, Public - Social and Solidarity Economy Partnerships (PSSEPs) and collective action paradigm, Conclusion of the book, in CIRIEC, Bance, P. (dir.), *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series; 1, March.
- BANCE, P., 2016, L’Etat stratège : Etat « réduit » ou à « capacité étendue » en régime de gouvernance multiniveaux, in Bance P (dir.), *Quel modèle d’Etat stratège en France ?*, PURH.
- BANCE, P., MILÉSY, J-P, ZAGBAYOU, C., 2018, The development in France of partnerships between public and social economy organizations and the new paradigm of public action, in CIRIEC, Bance, P. (dir.), *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series; 1, March.
- CIRIEC, BANCE, P. (dir.), 2018, *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series; 1, March. In open access:
<http://www.ciriec.uliege.be/wp-content/uploads/2018/03/CSS1BOOK.pdf>

¹⁸ Textual remarks by Bruno Lasnier from the Mouvement pour l’Economie Solidaire (MES) submitted for this study on October 25, 2019.

- CIRIEC, ITÇAINA, X., RICHEL-BATTESTI, N., (ed.), 2018, *Social and Solidarity-based Economy and Territory. From Embeddedness to Co-construction*, Collection 'Social Economy and Public Economy', Peter Lang.
- COMBES-JORET, M., LETHIELLEUX, L. and REIMAT, A., 2018, Cooperation strategies between public and social economy organisations: How to cooperate without losing your "soul", in CIRIEC, Bance, P. (dir), *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series; 1, March.
- DAIGNEAULT, P.M. and PÉTRY, F. (eds.), 2017, *L'analyse textuelle des idées, du discours et des pratiques politiques*, Centre d'analyse des politiques publiques, Presses de l'Université Laval.
- DHUME, F., 2001, « Du travail social au travail ensemble. Le partenariat dans le champ des politiques sociales », Éditions ASH.
- DiMAGGIO, P., POWELL, W., 2004, The iron cage revisited: institutional isomorphism and collective rationality in organizational fields, Chap 4 in *The new economic sociology*.
- DUVERGER, T., 2019, « L'institutionnalisation de l'économie sociale et solidaire : Etat et Société Civile organisée en France de 1981 à 2017 », *Informations Sociales*, n°199, p. 28-35.
- FRAISSE, L., 2018, Report « La co-construction de l'action publique : définition, enjeux, discours et pratiques ».
- FRAIZY, J.-N., 2016, « La structuration politique de l'ESS à l'épreuve du territoire », *RECMA*, vol.1, n°339, p. 71-84.
- GLÉMAIN, P., 2019, *L'Economie sociale et solidaire : De ses fondements à son « à venir »*, Editions Apogée.
- HART, R., 2001, "Redeveloping Diction: Theoretical Considerations", in Mark D. West (ed.), *Theory, Method, and Practice in Computer Content Analysis*, Westport, Ablex.
- LACROIX, G. and SLITINE, R., 2019, *L'économie sociale et solidaire*, Que sais-je ?, Presses Universitaires de France.
- POWELL, W.W. (ed), 1987, *The Nonprofit Sector: a research handbook*, New Haven and London, Yale University Press.
- REINERT, M., (1983), « Une méthode de classification descendante hiérarchique : application à l'analyse lexicale par contexte », *Cahiers de l'Analyse des Données*, Tome 8, no. 2, 187-198.
- SALONE, J.-J., 2013, "Textual analysis with IRaMuTeQ and referential interpretations of the official eighth grade mathematics curricula", Sciences-Croisées, Aix-Marseille University.

LAW No. 2014-856 of 31 July 2014 relating to the social and solidarity economy
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

LAW of 7 August 2015 on the new territorial organisation of the Republic of Moldova
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000030985460&categorieLien=id>

Glossary “Word Cloud”

Act (or Law): Loi

Activity: Activité

Actor: Acteur

Association: Association

Citizen: Citoyen

Company: Entreprise, Collectivité

Development: Développement

Economic: Economique

Economy: Economie

Initiative: Initiative

Policy: Politique

Project: Projet

Public: Public

Region: Région

Social and Solidarity Economy (SSE): Economie Sociale et Solidaire

Social: Social

Territory: Territoire

Appendix

H1: The Hamon Law has a representation of the SSE whose foundations are predominantly economic.

Clarification having been requested on the scope of the SSE, it was specified that the relevant structures of the SSE are associations, cooperatives, mutual societies, foundations, social enterprises with a commercial status.

H2: Citizen associations are not the core target of the Hamon-SSE Law, whose primary foundation is the creation of new activities that are sources of social (sometimes commercial) utility, whose logic differs from that of citizen associations

Clarification having been requested on the notion of citizen associations, it was specified that these are at the service of the common good, beyond the sole interest of their members, and that operate democratically, as well as those for which voluntary commitment is important.

H3: SSE interlocutors are multiple and their influence is more or less great in the co-construction and implementation of social action in territories.

When asked about the concept of social action, it was specified that SSE structures acting in this field are those of integration, housing, social support, child protection and health, their specificities making them particular by their mode of operation.

H4: The respective influence of local SSE actors depends on their territorial anchorage and especially on their capacity to respond to the specific expectations of differentiated public authorities.

The structures concerned are associations, cooperatives, mutual societies, foundations and social enterprises with a commercial status.

Conclusions and Directions for further Research

Philippe BANCE*, Marie-J. BOUCHARD** and Dorothea GREILING***

As stated in the introduction by Philippe Bance, this book is the second of the CIRIEC transversal working group which studies public, social and solidarity economy partnerships (PSSEPs). The 2018 CIRIEC publication “Providing public goods and commons. Towards coproduction and new forms of governance for a revival of public action” focussed on governance mechanisms and co-production developments for public action in PSSEPs (CIRIEC, Bance, 2018). In the concluding chapter of the 2018 CIRIEC publication, Bance called for having a closer look at the transformation processes and how public and collective actions have changed in the last decades (Bance, 2018). The resulting co-production practices are path dependent. Influencing factors are for example: the degree of autonomy of local governments and regions, welfare state traditions, the role of SSE actors in a state, country-specific answers on how to prioritize the market, the government and the community logic and the roles of citizens in decision processes. The financial crisis, the climate disturbances, the rising societal inequalities and the Covid-19 pandemic have resulted in new tasks for today’s co-production partnerships.

The idea of having a closer look on the transformation processes and the transformative potential of co-production partnerships stood at the beginning of the current book. Against this background, the eleven chapters of the publication analyse empirical co-production practices or present conceptional ideas of various forms of co-production partnerships between social and solidarity economy (SSE), public sector actors and other involved stakeholders. While the main focus is on PSSEPs, other constellations of actors (e.g., inclusion of citizens or for-profit enterprises) are also studied.

A common theme in many CIRIEC publications is to shed light on how differences in the national, regional and local regulatory environments as well as administrative and

* Professor, LC2S UMR CNRS-University of the French Antilles (France) (philippe.bance@univ-antilles.fr).

** Full Professor at Université du Québec à Montréal. President of the Scientific Commission on Social and Cooperative Economy of CIRIEC International, she is also a member of the Center for Research on Social Innovations (CRISES) and principal scientific advisor to Territoires innovants en économie sociale et solidaire (TIESS) (bouchard.marie@uqam.ca).

*** Full Professor at the Faculty of Social Sciences, Economics and Business Administration, Institute for Management Accounting, Johannes Kepler University in Linz (Austria) (dorothea.greiling@jku.at).

welfare state traditions lead to different answers and practices. To study the same phenomenon in a *cross-country perspective* is also part of the working groups and publication culture within CIRIEC. The chapters with an empirical part focus most prominently on France (chapter 2 by Fragny & Zadra-Veil, chapter 3 by Lapoutte & Alakpa, chapter 10 by Fraisse and chapter 11 by Bance & Chassy), but also Italy (chapter 5 by Bassi & Fabbri), Germany (chapter 6 by Friedländer & Schaefer), Romania (chapter 4 by Ciascai & Defalvard) and Slovakia (chapter 7 by Murray Svidroňová, Nemec and Vaceková).

Furthermore, it is in line with the CIRIEC tradition, to study developments at the *macro, meso and micro level*. The authors of the publication present results about the changing roles of SSE partners or on co-production partnerships in various territorial government levels (supranational, national, regional or local level). Most chapters focus on the local and the regional levels. While chapter 1 to 3 and 10 have a local focus, the chosen territorial level in chapter 4 is a translocal one. Chapter 6 is the only chapter which addresses co-production arrangements on the local as well as on the regional level. Chapter 11 exclusively analyses developments on the regional level. Chapter 5 and 7 study co-production partnerships at the national levels. The two conceptual chapters, i.e. chapter 8 by Bauby and 9 by Ülgen have a supranational focus. Both chapters address necessary system changes on the macro-level.

1. From citizens-centred co-production to co-production partnerships

As stated in the introduction by Philippe Bance and also demonstrated by the recent review of co-production definitions by Loeffler and Bovaird (2021a), a plethora of different definitions of co-production exists. Instead of co-production, co-creation is sometimes used as the umbrella term (e.g., by Bassi & Fabbri in chapter 5).

From the beginning of the academic debate onwards, the active involvement of citizens in core public service delivery processes has been advocated not only as a form of resource pooling but also to give citizens an active voice in democratic decision-making processes. The rediscovery of the democratic benefits of direct citizen involvement in policy designing and policy implementation processes and the role of citizens as co-producers of public services has given rise to multiple academics' analyses in many disciplines for decades. Fiscal constraints in local government budgets also contributed to a greater involvement of citizens as co-producers, as Friedländer and Schaefer address in chapter 6.

The academic debate on co-production started with the ground-breaking work of Elinor Ostrom and her colleagues at workshops in "Political Theory and Policy Analysis" in a time where a massive centralization of urban governance arrangements was advocated in the US for improving the efficiency and effectiveness of public service delivery (Ostrom, 1996: 1079). According to Ostrom there is no evidence for

the merits of centralized services in their empirical research on policing services in metropolitan areas (Ostrom, 1972; Ostrom, 1996).

In the past decades Ostrom also developed design principles under which conditions “The Tragedy of the Commons” (Hardin, 1968) could be overcome by robust, self-governed *common pool resource institutions* (Ostrom, 2000; Ostrom, 2015). Ostrom’s ideas have their origin in the neo-classical classification of public and private goods (Micken & Moldenhaus, 2021: 223). That understanding of commons is highly influenced by the idea that the output is a private good (Micken & Moldenhaus, 2021: 223) which creates a benefit for the individuals as the following quote shows: “Resource units, however are not subject to a joint use or appropriation [...] but the resource system is subject to a joint use” (Ostrom, 2015: 31).

A *common* relies on principles of self-organisation and requires that various actors who do not belong to the same organisation work together and are willing to cooperate. The most frequently common pool resources studied by Ostrom and colleagues are water management, fishery, forestry, irrigation systems, urban commons and rangelands (Helferich & Euler, 2021). In recent years, the idea of the commons has also been extended to other fields (e.g., digital commons, climate change commons, creative or knowledge commons) (Helferich & Euler, 2021: 47). More and more a common is regarded as a social practice and commons are discussed in the context of social innovation. There is also an overlap between the debate about the principles and the practices of the sharing economy and the academic debate on the design principles and the social practices of commons.

While Ostrom’s focus has been primarily on private consumption of common pool resources, authors in a Marxist tradition are advocating the idea of the commons as the better solution for a post-capitalistic society (e.g. De Angelis, 2013; Dardot & Laval, 2014; Gibson-Graham *et al.*, 2016; Helferich & Euler, 2021). Commons are seen as an alternative to the capitalistic private interest-driven world order with its preference for the market logic and its commodification of all aspects of (human and non-human) life.

The definitions of commons or a common good are as diverse as the definitions of co-production. Many authors, including the Nobel laureate Elinor Ostrom, stress that for co-production it is important that citizens are integrated in core public service delivery processes. Drawing the line between core and auxiliary processes remains a difficult task until today (Brandsen & Honingh, 2018). Unlike in the service marketing literature, where the passive involvement of an unconscious patient in a medical intervention is an example of co-production, the co-production literature requires an active involvement of citizens. The service management approach is still very present in some definitions of co-production. The recent definition by Brandsen and Honingh (2018) may serve as a reference. For them “co-production is generally associated with services citizens receive during the implementation phase of the production cycle” (Brandsen & Honingh, 2018: 13). The public service and the

service management focus is also obvious in the 1996 definition of Elinor Ostrom who defined co-production in the following way: Co-production is “the process through which inputs used to provide a good or service are contributed by individuals who are not in the same organisations. [...] Co-production implies that citizens can play an active role in producing public goods and services of consequences for them” (Ostrom, 1996: 1073). Some authors limit co-production to urban public services, as the definition by Percy (1984: 421) shows: “Co-production is the productive involvement urban residents can supply to the provision of urban services”. Another twist of the active citizen involvement can be found in the 2009 book by John Alford who defines co-production as “any active behaviour by anyone outside the government agency which is conjoint with agency production or independent of it but prompted by some action of the agency” (Alford, 2009: 23). Alford continues that co-production is at least partly voluntary and either intentionally or unintentionally creates private and/or public value (Alford, 2009: 23). Voorberg and co-authors (2015) distinguish three roles citizen can have in the citizen-centred co-production partnerships, namely the role of citizens as co-designers, the role as co-implementer and the role of citizens as co-initiator for collective actions (Voorberg *et al.*, 2015: 15). The term co-production is also used to describe situations in which the state is not the only implementer of public policy, but shares responsibility with non-state organizations, from the private sector, the third sector, or both sectors at once (Vaillancourt, 2009, p. 285).

For some scholars, co-production is a sub-dimension of co-creations, for others co-production is the umbrella term. The classification of co-production as a sub-dimension of co-creation of public services can be found in chapter 5 of the book, where Bassi and Fabbri report the results of their thorough literature review on co-production. For Bassi and Fabbri, co-production occurs on the micro or service delivery level where citizens are at least in some parts involved as co-producers of public services. Other dimensions of co-creation on the service delivery level for Bassi and Fabbri (see figure 2 in chapter 5) are the co-design, the co-implementation and the co-evaluation dimensions. The *co-design dimension* focusses on the joint service configuration, while the *co-production dimension* involves direct interactions between front-line professionals and citizens (see chapter 5). According to Bassi and Fabbri, co-producers are engaged in the *co-implementation dimension* in joint decision-making and how the co-produced service should be maintained. In the *co-evaluation phase*, the involved partners provide suggestions for service improvement and service innovations.

In contrast to Bassi and Fabbri, co-production is used in a wider understanding in the *public management literature* which frequently addresses co-production within the framework of a public sector logic (Bovaird *et al.*, 2019 with further references). The four *Co-model* includes the following modes: Co-commissioning, co-designing, co-delivery and co-assessment (Bovaird *et al.*, 2019). Each of the four Co’s include subdimensions. While *co-commissioning* includes co-planning of policies, co-prioritization of services (e.g., by participatory budgeting, vouchers or personalized budgets)

and co-financing of services (e.g., by crowdfunding), in the *co-designing* phase citizens (and communities) are involved via user fora, mandated or voluntary services user boards or in service design labs (Loeffler & Bovaird, 2021a: 47 based on Bovaird, Loeffler, 2013). For Bovaird and Loeffler (2013), *co-delivery* of services and outcomes embraces “the co-management of services (e.g., managing public libraries, sport faculties, community centres) and the co-implementation of services” (Loeffler & Bovaird, 2021a: 47). Co-production of services designates activities or organizations in which users (or clients or citizens) participate in production and management on the same basis as employees (Laville, 2005). *Co-assessment* evaluates continuously or ex post the co-produced services and outcomes. While co-delivery is about citizens’ action, the other three Co’s are primarily about citizens’ voices (Loeffler & Bovaird, 2021a: 48).

To complicate matters further, co-production has been linked more and more to providing a solution for dealing with complex or “wicked” societal challenges that cannot be solved by a single agency. Additionally, co-production has also addressed a means for *public value creation* in recent years (e.g., Alford, 2009; Bryson *et al.*, 2014; Strokosch & Osborne, 2021). In the public value literature on co-production, governments and public managers have a special role as guarantor of public values (Strokosch & Osborne, 2021: 120).

Looking at the *motives for co-production partnerships*, there are at least three: Co-production increases the (1) efficiency and (2) effectiveness of public services and public policies. The pooling of resources puts the responsibility for resource mobilisation on more shoulders and is also aiming for increasing the acceptance rate for public policies. On the service provision level, an envisaged result is that services are better tailored to the needs of citizens as service users. The third line of reasoning sees co-production partnerships as a means for addressing democratic deficits by giving citizens a more direct voice. Co-production is a distinct form of citizen participation with new rules for a participatory democracy (Strokosch & Osborne, 2021: 118). Elinor Ostrom is among the authors who put co-production in that context (Ostrom, 1996). Arnstein’s ladder (Arnstein, 1969) with its nine levels of citizen participation has a profound impact on the classification of direct citizen involvement. Such an involvement can range from a non-participation over various degrees of tokenism to an effective citizen power (see Table 1 and Figure 1 in chapter 2). The democratic line of reasoning stresses the importance of citizen empowerment and of strengthening direct democracy. The latter is also regarded as a countermeasure against ballot box absenteeism.

Although the time horizons are blurred, the efficiency, the positive synergy effects as well as positive effects on the service quality are emphasized in the short term. In a medium-term perspective, positive effects on the service effectiveness or the public value creation are frequently mentioned benefits. The long-term perspective focusses on positive societal outcomes and the potential of co-production for transformational change on the system level. Such a change requires that old structures are destroyed

and new structures are created which, in the best case, makes room for social and societal innovation. To achieve social innovations, much room for experimenting is needed at all levels of co-production (Evers & Ewert, 2021).

At the beginning, co-production was limited to interactions between public sector actors and citizens at the service delivery level. While some authors still exclude co-production partnerships where organisations work together, as it is done in the 2021 Palgrave Handbook on Co-Production of Public Services and Outcomes (Loeffler & Bovaird, 2021b), another stream of academic literature extends the range of actors to organisations. That stream of research is linked to the academic debate on the benefits and the challenges of public policy and public service networks. In that context, different network structures (e.g., hierarchical or participatory, with or without a focal network partner), appropriate network governance mechanisms, enablers and barriers for collaborative actions in networks as well as different actors (with or without the inclusion of for-profit enterprises or a wide range of other stakeholders) are studied. The focus of these forms of collaborative action in *co-production networks* can be (1) on the policy design, (2) policy implementation, (3) service design or (4) service implementation level. Public sector actors work together in co-production partnerships with those other actors.

Like in co-production arrangements between citizens and public agencies, co-production between organisational entities is discussed as an alternative to the reductionistic market logic of New Public Management with its preference for single-purpose agencies and antagonistic relationships between public administrations/public agencies as commissioners of public services and those entities which are successful in the competition for a public service provision contract. The literature on network co-production partnerships also stresses the benefits of trustful collaborations between the partners and that it is essential to invest in network structures and to design appropriate network governance rules. Each network partner should contribute to the co-production partnership within their specific resources and expertise. In particular, the recent academic debate on commons stresses the principles of fairness, an open dialogue culture, the dynamic nature of a commons as a social practice and the principle of inclusion (Helferich & Euler, 2021; Micken & Moldenhauer, 2021). A commons is an ecosystem which may include also non-human actors (Helferich & Euler, 2021).

Inherent in the debate on co-production is that one stream of academic contributions mainly focuses on the co-production processes and therefore put an emphasis on the rules of the game or (participative and self-regulating) governance mechanisms for enabling well-functioning co-production processes. Meanwhile, another, more recent stream of literature is more interested in the results or outcomes of co-production processes and, as public value scholars put it, the public value creation by the co-production partnerships. In this context, public or collective actions are also an outcome of co-production partnerships.

Summing up, the various perceptions of co-production are not only overlapping and intertwined but result in a plethora of definitions. To the differences in the definitions of co-production contributes that the understanding differs due to the chosen academic disciplines (e.g., economics, law, political sciences, public policy, public management). This leads to different perspectives under which co-production is studied. Today, the lines between co-creation, co-production and community involvement are blurred (Brandsen & Honingh, 2018: 9). On a more positive note, the richness of a truly multidisciplinary debate has the advantage to analyse co-production from different academic perspectives and for different purposes.

Summing up the definitions of co-production mentioned above, main differences are along the following lines:

- Co-productions as the wider concept (four Co-model) or co-production as a sub-dimension of co-creation;
- Limitation of co-production on interactions for public service delivery or extension to co-commissioning, co-designing and co-implementing of public policies;
- Variations in the exclusion or inclusion of co-producing partners: e.g., citizen-centred co-production versus co-production partnerships between organisations and/or other stakeholders;
- Differences in the typologies and/or phases of co-production;
- As well as co-production as a process in contrast to co-production as an outcome with a potential for transformational change.

2. Co-producing actors, co-production foci and dimensions

Looking at the included *actors in co-production partnerships*, narrower and wider actor constellations are analysed by the authors of the book. The book's main focus is on co-production forms between organisations. Compared to the academic debate about co-production in exclusively citizens-centred co-production partnerships, organisational co-production partnerships are a more recent topic. That is not surprising, because the co-productions debate started with co-production arrangements between citizens and governmental partners. Organisational partnerships are often studied as new forms of collaborative networks, new forms of public governance or under the aspect of changing relationships of the public and the SSEs partners. After years of the market logic and managerialism, which is inherent in NPM, New Public Governance is considered in the public management literature as an alternative model for co-production (e.g., Pestoff, Brandsen & Verschuere, 2011). New Public Governance brought back a more active role of citizens and other stakeholders as co-production partners.

Many chapters of the book focus primarily on *PSSEPs* at various territorial levels. Such partnerships can either have an institutionalized structure or can be the result of the division of labour between the public sector and the SSE partners.

Within the book, there is a strong spotlight on the *local or regional* PSSEPs. Chapter 1, by Greiling and Schinnerl, concentrates on the interactions of local governments and local public welfare entities on the one side and third sector organisations on the other side. Austria and Belgium share a corporatist welfare state tradition but differ in the autonomy of local governments. PSSEPs on the *local level* are also studied in the chapters 3 (Lapoutte and Alakpa) and chapter 10 (Fraisie). In chapter 6 (Friedländer & Schaefer), the authors discuss the role of municipal enterprises in the production of public goods in shrinking rural areas. Their chosen focus is a regional as well as a local one. Chapter 11, co-authored by Bance and Chassy, has a *regional focus*. They compare PSSEPs in two regions (Grand Est and Normandy).

In chapter 4 a specific partnership constellation in a social common is studied, namely between a big commercial enterprise (Carrefour) and the local Carrefour cooperative in Varast (Romania). After 1989 most agricultural cooperatives did not survive in Romania. According to the Ciascai & Defalvard, the created social common has a *translocal* structure.

Chapter 5 by Bassi and Fabbri and chapter 7 by Murray Svidroňová, Nemec and Vaceková present empirical findings of co-production PSSEPs at the *national* levels, i.e., Italy and Slovakia. In chapter 8, Bauby develops ideas for a new paradigm of public action on the European level.

The role, which *citizens* can play as co-producers in such partnerships, is addressed in some chapters. Chapter 2 by Fragny and Zadra-Veil, which refers to the living labs in the South of France, addresses a wide local actor constellation including various stakeholder groups (public, private, third sector partners as well as citizens). The living labs are classified as a knowledge common. In particular, the authors analyse the roles of citizens as contributors to the local living labs in Bordeaux, Lyon and Marseille. Citizens are also referred to as co-producers in chapter 6, co-authored by Friedländer and Schaefer. Fiscal restraints of local governments have led to a situation in deprived rural areas in Germany, where citizen involvement in core public services is necessary for maintaining a range of local public services.

In his conceptional chapter Bauby takes up Ostrom's ideas of the *commons*. Due to the focus on the macro level of co-production and therefore on system transformation requirements, the specific role of citizens is not discussed. Ostrom's idea of an artificial divide is referred to in chapter 9 by Ülgen, whose main theoretical anchor is Polanyi's Great Transformation (Polanyi, 2001).

Moving on to the *foci* of co-production partnerships, the academic debate on co-production partnerships focused exclusively on the service delivery level in its early days. Today, one can observe an extension to the *public policy level* (policy co-commissioning and policy implementation). Brandsen and Pestoff (2006) distinguished three different forms of relationship between the citizens and public sector actors in the context of citizen-centred co-production partnerships, namely the direct involvement of citizens in the policy making process (co-governance on the

macro level), co-creation in the policy implementation process (meso level) and co-production on the service delivery or micro-level (Brandsen & Pestoff, 2006).

Compared to the broad stream of empirical studies on co-production partnerships between public partners and citizens, empirical evidence on co-production partnerships between organisational actors on the co-commissioning, co-designing and co-implementing of public policies is in an earlier stage. Such policy partnerships are addressed in some chapters. The policy design aspect is a topic in chapter 1. Chapter 2 refers to living labs as local open innovation ecosystems. Chapter 3 focuses on a food policy PSSEP in Lyon. Chapter 10 also focusses on a local co-production partnership in France. Chapters 8 and 9 provide ideas for policy co-production partnerships on the macro level.

With respect to the *co-production dimensions*, the main focus is on co-production partnerships on the meso level, i.e., primarily the co-management level for policy implementation, and the micro-level, i.e., collaborative public service delivery. The involvement of PSSEPs in policy implementation and service delivery does not mean that PSSEPs form a formal partnership. Co-management and service delivery can also occur in the division of labour between SSE actors and public actors. Changes in the roles of SSE entities are addressed in chapter 4, 7 and 11.

Regarding the *four co-creation dimensions* displayed in figure 2 in chapter 5 by Bassi and Fabbri, no empirical examples are provided for the co-implementation dimension in the way Bassi and Fabbri are defining it, namely as a joint decision making between professionals and users to maintain service provision. The aspect of improvement and providing a stimulus for innovation is a topic only a few chapters focus on. The living labs, addressed in chapter 2, may serve as an example. Also, the two conceptual chapters by Bauby and Ülgen underline the innovative potential. The authors of chapter 7 refer explicitly to social enterprises as social innovation drivers.

Concerning the *four Co-model* of Bovaird and co-authors, the most neglected co-production dimension in the chapters is the co-assessment phase. In that dimension, the co-production partners should be evaluating the implemented policies or public services. Living labs, which are part of the co-designing phase, are being addressed in chapter 2. The chapter by Friedländer and Schaefer refers to co-financing, which is in the Bovaird *et al.* (2019) typology part of the co-commissioning phase.

3. Transformational potential of co-production partnerships

The academic debate about co-production focuses primarily on the positive effects (Loeffler & Bovaird, 2021a; Bassi & Fabbri in chapter 5), while not being blind that there are limiting barriers to the potential of co-production partnerships. They are not only time-consuming but also prone to an inherent mismatch between the societal status of those citizens and groups, who are active in co-production partnerships, and those who have a long record as recipients of the output and outcome of

these co-production partnerships. The lack of involvement of people who are experts through experience is an inherent problem. Fraisse (chapter 10) stresses that co-production policy partnerships should include a diverse set of stakeholders for achieving a better effectiveness. Those who are the target groups of co-constructed public polices and services should have a voice in these partnerships.

Moreover, co-production partnerships have to deal with inherent *tension between different logics* and role perceptions of the involved partners. Various professionals not only need to interact with each other in these partnerships, but collaborations with citizens and other civil society actors without a professional background are also required. Tensions between professionals and volunteers are a well-known challenge in third sector organisations, too. Clashes between the professional mindset and the mindset of other civil society actors are likely. It depends on the openness for each other, if and at which costs the tensions can be softened in co-production partnerships. That includes the ability to build trustful relationship among the involved partners. In chapter 10, Fraisse calls for an ethics of listening and dialogue in which all partners are treated as equals.

Power asymmetries are also a limiting factor. The dominance of the public partner in the PSSEPs is addressed as a hindrance for the transformational potential by many contributors of the book. One way to deal with this problem is to include elected officials as power promoters, as suggested in chapter 10 by Fraisse. Another way to deal with the power asymmetries is to make specific investments for building a culture of dialogue and, therefore, to take steps to reducing existing power asymmetries. In addition, *willingness* and capabilities to collaborate at all levels of the co-production partnerships are important factors, as Bassi and Fabbri stress for PSSEPs in chapter 5. In their conclusion they provide a table with boosting factors for PSSEPs. Additionally, to the willingness and capabilities to collaborate on both sides on all governance levels, they identify the avoidance of a pure economic logic on the public sector side and the willingness to collaborate with other third sector organisations on the side of the SSE partners as key factors. Furthermore, professionals should work together and overcome the latent or open conflicts between them.

The aspect, that co-production partnerships are more effective when they are institutionalised, is addressed in a few chapters. The empirical examples presented in the book indicate that a lot of attention should be paid to the appropriate design and enforcement of *governance mechanisms* in co-production partnerships. Due to the inherent complexity, co-production partnerships need explicit rules of the games which are jointly designed and modified. Additionally, clear conflict resolution mechanisms are essential. Sources of conflicts are not only the above mentioned different professional logics and power asymmetries, but also the different perspectives of the involved actors. In line with an economic reasoning, Ostrom (2000: 41) called for graduated sanction mechanisms in cases of non-appropriate behaviours in the partnerships. Other authors, among them Fraisse, prefer an

ethical approach of discourse where the partners treat each other as equals, an ethics of listening exists, and arguments are exchanged in a fair discourse.

Furthermore, co-production partnerships also need to have adaptive capacities, as stressed in chapter 3 by Lapoutte and Alakpa. As a theoretical framework, these authors use the concept of organisational resilience. Resilient co-production partnerships should not only have the ability to absorb distributive shocks but also have a high strategic renewing potential and a high ability for situational learning and self-reflections.

Based on their empirical findings in Slovakia, Murray Svidroňová, Nemec and Vaceková identify drivers and barriers of co-production partnerships in different institutional settings, i.e., employment, education, health and the use of abandoned properties. The findings show that attention should be paid to setting specific characteristics in addition to the already mentioned willingness and capabilities to cooperate. Moving on to the barriers, the lack of financial resources is a universal barrier for Murray Svidroňová, Nemec and Vaceková. They also draw the attention to the many field-specific nuances in legislative and bureaucratic barriers.

In chapter 10 additional favourable factors for co-production partnerships are identified. Fraisse stresses that there are more opportunities at the beginning of co-production partnerships. Furthermore, co-production partnerships are more suitable for the local level.

With respect to the transformational potential of co-productions partnerships, Bance and Chassy are quite sceptical that the destruction of the old structures in PSSEPs will lead to better ways of organizing collective action soon enough, as the implementation of the Hamon law in France favours an economic orientation of SSE actions in both regions that are studied (Grand Est and Normandy). Bauby and Ülgen, in their respective contributions to this book, are the most optimistic ones in their vision of the reconstruction of collective action. Both portray the current situation in a very negative way.

The chapters of the book which empirically analyse the transformation processes show that the transformation processes often have an evolving nature. New arrangements are emerging. More radical changes are advocated in the non-empirical chapters. The failure of economic liberalisation serves both authors as an outset to recommend a transformational change towards a new social model within the European Union (Bauby, chapter 8) or for dealing with the pitfalls of self-regulation of the financial industries (Ülgen, chapter 9). Both authors make a strong case for the benefits of the creation of new forms of public action.

4. Directions of further research

A motivation for this publication was the observation that organisational co-production partnerships have gained importance in the past decade for organizing public or collective actions. The chapters analysed co-production practices in various countries and at various government levels or developed ideas for co-production partnerships for overcoming societal divides.

Looking at the various *actors*, most chapters concentrated on PSSEPs. While there is an established body of research on the changing nature of government and third sector relationships, wider *sets of partner constellations* are rarely studied in great depth. When organisations and other civil society actors collaborate in partnerships, always the question arises about the fair inclusion of the legitimate interests of those who are less organized or do not have a professional background. The inclusion of those who are experts by experience has always been a particular challenge and still is. If one studies wider-actor constellations, another under-researched aspect is how many partners can be included without endangering a real dialogue and stable partnership structures. Furthermore, in recent years, for-profit companies have been more active to show that they also contribute to the public value creation. This started with corporate volunteering initiatives and a greater focus on documenting their corporate social responsibility activities as a part of their reputation management. At the municipal level there are business with a self-commitment towards local public value creation. Questions about how to include for-profits, public partners, third sector organisations and social movements in co-production partnerships at the same time need a lot more attention.

This book provides quite a few examples for *policy co-production partnerships*, a theme which is not as prominent in academic research as are public service-delivery partnerships. While the academic debate on *policy co-implementation* is a little bit more advanced, the aspect of *policy co-commissioning* in organisational co-production partnerships is in its infancy. The inclusion of the target groups of these policies remains challenging. The danger exists that the policies are designed by professionals over the heads of the main target groups. Another under-researched challenge in policy-commissioning is if, and to what degree, the non-public partners act as promoters of their own interest.

Moving on to *public service delivery partnerships*, there is a broad stream of literature focussing on tensions between the front-line officials and citizens as service recipients or customers. Much less attention has been paid to tensions and conflicts at higher-up governance levels. The public governance literature as well as the literature on co-production of common goods sometimes seems too optimistic that the inherent tensions between the involved partners will decrease over time, once a co-production partnership has a stable working structure. Frequently the importance of trust-based relationships, the willingness to collaborate and an openness for

integrating different perspectives and professional logics are stressed. However, the involved co-production partners are themselves evolving over time. Every new election might lead to changes of the political partners and the pursued strategic priorities. Changes in the composition of the third sector partners and other civil society actors are resulting in evolving intra-network relationships. The ties between the network partners need to be adjusted. Major changes which affect the strategic partnership goals most likely lead to intensive reforming processes, while some changes on the daily work routines can be more easily buffered by the existing organisational trust. Over time, co-production partnerships, which are always hybrids, also may come to different answers as to how to prioritise community, market and government logics. The impacts of changes over time and the mechanisms to reduce structural and personal tensions on the higher-up governance levels need a lot more attention in the scientific discussion.

As already outlined, the academic debate about *commons* has been extended. At the beginning was the idea of resource pooling. The neoclassical typology of private, public and common goods was dominant. This has changed. For Fournier, who uses the example of rural gardens: “Commoning is as much about of production as of distribution [...]. Commons are places where people develop new forms of sociality, knowledge and cultural exchange [...]. They offer a space for the development of relations based on cooperation and sharing rather than private appropriation and exclusion” (Fournier, 2013: 442). Essential for a common is a shared common value orientation which is developed jointly by the community. That requires the ability of self-reflection and learning in commons.

Today, one body of literature puts *commons in the context of social innovations*. Living labs are just one example. Energy communities, community care and health communities are other fields which are worthwhile to study in order to identify new innovative forms of public action. So far, the body of knowledge about the medium and long-term impacts of these innovative forms of public is at an early stage. Furthermore, the scientific discussion is dominated by field-specific studies. This may include descriptions of the innovative potential as well as of barriers. With the dominance of area or field focus, there is a lack of research on cross-sectoral studies about the innovative potential and what makes the commons resilient.

Another stream of literature on the *commons* frames them as a *social practice for post-capitalistic societies*. The focus is on transformative potential at the system level. It would be interesting to get a deeper empirical insight about the drivers and barriers for a system change, and what are the characteristics of highly resilient commons. Furthermore, more research is needed about which is an enabler for maintaining the transformative potential.

Moving on to the *territorial levels*, there is a dominance of studies which focus on the local level. The transformational potential at the regional level, which is addressed in chapters 7 and chapter 11 of the present publication is much lesser researched.

In an European Union which puts a focus on innovative regions, and against the background of a growing economic gap between cities and rural areas, it would be important to study co-production at the regional level and therefore complement to a higher degree the empirical research on urban governance co-production partnerships.

Finally, recalling the *various co-production dimensions*, there is a lack of empirical studies which focus on the co-assessment phase. The literature on public accountability of third sector organisations shows that NPM has led to far too many upward accountability obligations while neglecting the downward accountability. How a participatory co-assessment can work is a topic which needs to be studied in more depth. This includes how learning and self-reflection capacities in co-production partnerships could be increased.

References

- ALFORD, J., 2009, *Engaging Public Sector Clients: From Service-Delivery to Coproduction*, Basingstoke: Palgrave Macmillan.
- ARNSTEIN, S.A., 1969, A ladder of citizen participation?, *Journal of the American Institute of Planners*, 35(2), 216–224.
- BANCE, P., 2018, Public Social and Solidarity Economy Partnerships (PSSEPs) and collective action paradigm, Conclusion of the book, in: CIRIEC and Bance, P. (ed.), *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series, 301-312.
- BOVAIRD, T., FLEMIG, S., LOEFFLER, E., and OSBORNE, S.E., 2019, How far have we come with co-production -and what's next, *Public Money & Management*, 39(4), 229-232.
- BRANSON, T. and HONINGH, M., 2018, Definitions of Co-Production and Co-Creation, in: BRANDSEN, T., TRUI, S. and BRAM, V. (eds.), *Co-Production and Co-Creation Engaging Citizens in Public Services*, New York: Routledge, 9-17.
- BRANDSEN, T. and PESTOFF, V., 2006. Co-production, the third sector and the delivery of public services, *Public Management Review*, 8 (4), 493-501.
- BRYSON, J.M., CROSBY, B.C. and BLOOMBERG, L., 2014, Public value governance: Moving beyond traditional public administration and the new public management, *Public Administration Review*, 74(4), 445–456.
- CIRIEC and BANCE, P. (ed.), 2018, *Providing public goods and commons, Towards coproduction and new forms of governance for a revival of public action*, CIRIEC, CIRIEC Studies Series, open access: <http://www.ciriec.uliege.be/wp-content/uploads/2018/03/CSS1BOOK.pdf>
- DARDOT, P. and LAVAL, C., 2014, *Commun. Essai sur la révolution au XXIe siècle*, Paris, La Découverte.
- DE ANGELIS, M., 2013, *Ominia sunt Communita: On the Commons and the Transformation to Postcapitalism*, London: Zed books.

- EVERS, A. and EWERT, B., 2021, Understanding co-production as a social innovation, in: LOEFFLER, E. and BOVAIRD, T. (eds.), *The Palgrave Handbook on Co-Production of Public Services and Public Outcomes*, Cham: Switzerland: Palgrave Macmillan, 133-154.
- FOURNIER, V., 2015, Commoning: on the social organization of the commons, *M@n@gement*, 16(4), 433-453.
- GIBSON-GRAHAM, J., CAMERON, J. and HEALY, S., 2016, Commoning as a Postcapitalist Politics, in: AMIN, A. and HOWELL, P. (eds.), *Releasing the Commons: Rethinking the Future of the Commons*, London and New York: Routledge, 192-212.
- HARDIN, G., 1968, The Tragedy of the Commons, *Science*, 162(3859), 1243-1248.
- HELFERICH, S. and EULER, J., 2021, Die Neufassung der Commons: Commoning als gemeinwohlorientiertes Gemeinwirtschaften, *Z'GuG - Journal of Social Economy and Common Welfare*, new series: 44(1), 39-56.
- LAVILLE, J.-L., 2005, *Sociologie des services. Entre marché et solidarité*, Paris, Érès.
- LOEFFLER, E., 2021, *Co-production of public services and outcome*, Cham, Switzerland: Palgrave Macmillan.
- LOEFFLER, E. and BOVAIRD, T., 2021a, User and community co-production of public value, in: LOEFFLER, E. and BOVAIRD, T. (eds.), *The Palgrave Handbook on Co-Production of Public Services and Public Outcomes*, Cham: Switzerland: Palgrave Macmillan, 31-57.
- LOEFFLER, E. and BOVAIRD, T. (eds.), 2021b, *The Palgrave Handbook on Co-Production of Public Services and Public Outcomes*, Cham: Switzerland: Palgrave Macmillan.
- MICKEN, S. and MOLDENHAUER, J., 2021, Zu einem tieferen Verständnis von Gemeingütern durch Commons and Commoning, *Z'GuG - Journal of Social Economy and Common Welfare*, new series: 44(2), 218-236.
- OSTROM, E., 1972, Metropolitan Reforms: Propositions derived from two traditions, *Social Science Quarterly*, 53, 474-493.
- OSTROM, E., 1996, Crossing the Great Divide: Coproduction, Synergy and Development, *World Development*, 24(6), 1073-1087.
- OSTROM, E., 2000, Reformulating the Commons, *Swiss Political Science Review*, 6 (1), 29-52.
- OSTROM, E., 2015, *Governing the Commons, The evolution of institutions for collective action*, 2nd edition, New York: Cambridge University Press.
- OSTROM, E., GARDENER and WALKER, R., 1994, *Rules, Games and Common-pool resources*, Ann Arbor: University of Michigan Press.
- PERCY, S.L., 1984, Citizen Participation in the Coproduction of Urban Services, *Urban Affairs Review*, 19(4), 431-446.
- PESTOFF, V., BRANDSEN, T. and VERSCHUERE, B., 2011, *New Public Governance, the Third Sector, and Co-Production*, London: Routledge.
- POLANYI, K., 2001, *The Great Transformation: The Political and Economic Origins of Our Time*, Boston: Beacon Press.

- STROKOSCH, K. and OSBORNE, S.P., 2021, Co-production from a public service logic Perspective, in: LOEFFLER, E. and BOVAIRD, T. (eds.), *The Palgrave Handbook on Co-Production of Public Services and Public Outcomes*, Cham: Switzerland: Palgrave Macmillan, 117-137.
- VAILLANCOURT, Y., 2009, Social Economy and the Co-Construction of Public Policy, *Annals of Public and Cooperative Economics*, 80:2, 275-313.
- VOORBERG, E, BEKKERS, V.J. and TUMMERS, L., 2015, A systematic Review of Co-Creation and Co-Production: Embarking on the Social Innovation Journey, *Public Management Review*, 17(9), 1333-1357.

Presentation of the Authors

Georges Alakpa is Research Assistant at COACTIS, Lyon 2 University, France. He holds a Master degree in sociology of local development. He works specifically on food justice.

Philippe Bance is Professor at the University of the French Antilles (UA) and CNRS laboratory LC2S – France. He was President (2014-21) of the International Scientific Council of CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy), Vice-President of the Université de Rouen Normandie, France (2007-2010), Science Adviser at AERES and then Hcéres (High Council for the Evaluation of Research and Higher Education, France) (2010-2018). His main papers since 2015 concern: Social solidarity economy and public policies (*Revue d'économie régionale et urbaine*, 2021), Commons (APCE special issue, 2021), multilevel governance and contingent valuation method (*Global Encyclopedia of Public Administration and Public Policy*, 2019), *International Journal of Public Administration*, 2018, *Politics & Policy*, 2017, *Revue française d'économie*, 2016, Public enterprises and the general interest (APCE special issue, 2015). He has also edited or coedited six books, four at the Presses Universitaires de Rouen et du Havre (PURH): *Numérique, action publique et démocratie* (2021), *Éducation et intérêt général* (2018), *Quel modèle d'État stratège en France?* (2016) and *Internalisation des missions d'intérêt général par les organisations publiques* (2015); *The Routledge Handbook on State-Owned-Enterprises* (2020) and one with CIRIEC Studies Series, *Providing Public Goods and Commons* (2018).

Andrea Bassi (PhD in Sociology and Social Policy) is Associate Professor of Sociology at the University of Bologna, Italy. He teaches: "Sociology of Nonprofit Organizations", "Civil Society and Globalization" and "Research Methods for the Social Sciences".

His research interests include studies on civil society, nonprofit organizations, social enterprises in the field of social and health services, particularly concerning the relationships between public administration and nonprofit deliverers, and measurement systems of organizational performance and social impact of nonprofit organizations.

He has more than 15 years of experience as Manager of nonprofit institutions in Italy (associations, social cooperatives, voluntary organizations and foundations), both at local and national level. He has been Director of the research unit of FIVOL - Italian Foundation for Volunteers (Rome) and Director of IREF – Research Institute on Education and Training (Rome); he has also coordinated several National Research Programs.

Pierre Bauby (PhD Political Science) is Specialist on Public Action, Public Services – Services of General Interest in Europe; Chairman of Reconstruire l'action publique (RAP); Director of Observatoire de l'action publique - Fondation Jean-Jaurès; Expert on Services of general interest to the European Parliament and to the European Economic and Social Committee; Member of CIRIEC's International Scientific Commission "Public Services/Public Enterprises". Author in particular: *L'Etat-stratège du XXI^e siècle*, <http://www.actionpublique.eu>, 2017; *Service public, services publics*, La Documentation Française, Paris, second ed., 2016; *L'eupéanisation des services publics*, Presses de SciencesPo, Paris, 2011; *Mapping of the Public Services in the European Union and the 27 Member States*, Brussels, 2010.

Marie-J. Bouchard is Full Professor at Université du Québec à Montréal. President of CIRIEC's Scientific Commission on Social and Cooperative Economy, she is also a member of the Center for Research on Social Innovations (CRISES) and principal scientific advisor to *Territoires innovants en économie sociale et solidaire (TIESS)*. She was external Coordinator for the UNTFSS-UNRISD project on statistics for the social and solidarity economy (2019-2021) and Chair of the Technical Working Group on Cooperative Statistics of COPAC (ICA, ILO, FAO, UNDESA, WFO) (2017-2018). She was appointed to the Co-creation Steering Group for the Canadian government Strategy on Social Finance and Social innovation (2017-2018). She was chairholder of the Canada Research Chair on Social Economy (2003-2013) and co-director-university of the Community Housing group of the Community-University Research Alliance (CURA) on Social Economy (1999-2010). Marie J. Bouchard has (co)authored many works, among which: *Conceptual Framework for the Purpose of Measurement of Cooperatives and Its Operationalization* (International Labour Office, Geneva); *The Worth of the Social Economy* and *The Weight of the Social Economy, an International Perspective* (diptych by PIE Peter Lang, Brussels); and *Innovation in the Social Economy, the Québec Experience* (University of Toronto Press, Toronto).

Angélique Chassy, PhD in Economics (University of Rouen), is Research Teacher within the EM Normandie Business School, METIS since 2019 (permanent teacher), France. Her researches concern public management, economic impact assessment, willingness to pay, multi-level governance, public good, public decision-making, cost and benefit analysis, public policy, social policies, citizen participation. The central theme of research is the junction of the public economy and the participation of civil society. Specifically, she is working on the implementation of economic evaluation and public consultation methods to develop the management of multi-level and multi-partnership public decision-making. She mainly teaches applied descriptive statistics, international marketing, internationalization, economic intelligence, project analysis and editing, incubators and business plan, multi-level governance, public management, citizen participation.

Gheorghe Ciascai is Associate Professor, Faculty of Communication Sciences, “Dimitrie Cantemir” Christian University of Bucharest, Romania. He holds a BA in Philosophy and a BA in Political Science from “Babes-Bolyai” University of Cluj-Napoca; a postgraduate joint diploma in Affairs Law from Paris I Sorbonne University and University of Bucharest and a PhD in Philosophy at “Babes-Bolyai” University of Cluj-Napoca. He is a former fellow from the European Union Institute for Security Studies of Paris and of the Research Branch of NATO Defense College of Rome. Areas of interest: international relations, European studies, security studies, international communication, philosophy of social sciences, social economy.

Hervé Defalvard (Lecturer in Economics) is a member of the Erudite Economics Laboratory (Université Paris Est) and Head of the Social and Solidarity Economy Chair at Gustave Eiffel University (Marne-la-Vallée cedex 2), France. Author of numerous books and articles, his recent research focuses on the links between the social and solidarity economy and the commons. Following the 2019 Cerisy symposium on the translocalism of the commons, he co-published his anti-actes: *Territoires solidaires en commun*, éditions de l'Atelier, 2020.

Alessandro Fabbri (PhD in History and in Sociology and Social Research) is Research Fellow and Adjunct Professor at the Department of Political and Social Sciences, University of Bologna, Italy. His research interests encompass welfare and social investment, social economy, workers buyout, the roles of the public sector and of the Third Sector in welfare systems and the relations between them, the Third Sector Organizations' social accounting practices and their social impact assessment. He devoted many years to the inter-disciplinary study of the Italian Red Cross (CRI). Currently he is member of the editorial board of the Italian journal "Social Enterprise".

Benjamin Fragny, PhD in economics, specializing in environmental economics, is a Researcher in the ESPI2R laboratory, Paris, France. His current research focuses on the social economy, collective innovation, living labs, the environment and the circular economy.

Laurent Fraisse is a sociologist and Associate Researcher at the Laboratoire Interdisciplinaire pour la Sociologie Économique (LISE/CNAM, Paris, France). He is also member of the EMES International Research Network. His main research fields are the social and solidarity economy, social enterprises, social innovation, the third sector, the governance of welfare policies and social-care services (childcare and elderly). In 2021, he co-authored "Social Enterprise in France: At the Crossroads of the Social Economy, Solidarity Economy and Social Entrepreneurship?", in Defourny J., Nyssens M., *Social Enterprise in Western Europe*, London, Routledge.

Benjamin Friedländer, PhD, is Postdoctoral Researcher and Lecturer at the Institute of Public Administration and Management at the Helmut Schmidt University/University of the Armed Forces Hamburg, Germany. His areas of research include local government, local public sector reforms and the coordination of public and third sector organizations.

Dorothea Greiling is Full Professor at the Faculty of Social Sciences, Economics and Business Administration at the Johannes Kepler University in Linz, Austria. She is Head of the Institute for Management Accounting, and an active member of CIRIEC including CIRIEC's International Scientific Council and CIRIEC's International Scientific Commission on "Public Services/Public Enterprises" since more than 20 years. Her main research focuses on accountability, performance management, sustainability control and sustainability reporting of public and non-profit organisations, as well as regulated industries. In cooperation with CIRIEC and the Austrian Section of CIRIEC Dorothea Greiling was the principal investigator of a research project (2018 till 2020) on local government strategies and approaches to reduce poverty in six European Member States (Austria, Belgium, Denmark, Germany, the Netherlands and the United Kingdom) which included social policy-approaches to combat child poverty as a common and combined action of public, social and social partners.

Alexandrine Lapoutte is Assistant Professor in Management at Lyon 2 University, France. Her research focuses on social economy organizations, including governance issues, food justice and SSE education.

Mária Murray Svidroňová is Associate Professor of Public Economy and Services at Matej Bel University in Banská Bystrica, Slovakia. Her pedagogical and research activities are focused on the economics and management of public and private nonprofit organizations and civil society. She is particularly interested in social innovation issues in the area of public service provision, e.g. through co-creation, community building and participatory budgeting. She has been active in several international studies and research projects dealing with public service innovation and civic engagement. In cooperation with the Government Office of the Plenipotentiary for the Development of Civil Society, she participated in the preparation of legislative changes in the field of financing Slovak NGOs.

Juraj Nemec is Professor of Public Finance and Public Management at the Faculty of Economics and Administration, Masaryk University in Brno, Czech Republic and part time Professor at Matej Bel University Banská Bystrica, Slovakia. He served and serves in different positions in international organisations in the public administration area (especially as Vice-President of IASIA, President of NISPAcee, Vice-President of IRSPM, member of the Committee of Experts on Public Administration at the United Nations). He published almost 500 scientific and professional articles, books and book chapters, including papers in most prestigious public administration journals.

Christina Schaefer is Professor of Public Administration and Management at the Helmut Schmidt University/University of the Armed Forces Hamburg, Germany. Her areas of research include public financial management, public decision-making and public corporate governance.

Melanie Schinnerl is a PhD Student at the Institute of Sociology as well Research Assistant at the Institute for Management Accounting at the Johannes Kepler University in Linz, Austria. She is involved in the research project on local government strategies and approaches to reduce poverty in six European States (Austria, Belgium, Denmark, Germany, the Netherlands and the United Kingdom). Her research focuses on welfare states (especially social investment), inequality, gender studies, critical social analyses as well as research in the field of childcare.

Faruk Ülgen is Director of the Bachelor Distance Learning Programs and Head of International Relations of the Faculty of Economics-University of Grenoble Alpes-France. He has authored several books on monetary theory and on coordination issues in market economies, as well as two textbooks in industrial economics and organizational approaches. He also contributed to several chapters in books on monetary economics and economic policies, and published numerous articles in academic journals. His work focuses particularly on the theories of money, financial (in)stability and regulation, on institutional and evolutionary theories and on the relationships between financial development and economic development. His latest research agenda focuses on financial regulation, systemic viability and public good/public choice economics.

Gabriela Vaceková is Associate Professor in Public Economics, AMBIS, Prague, Czech Republic. Her research focus is third sector studies and public policy. She published in, e.g., *Public Management Review*, *Waste Management*, *Utilities Policy*, *Local Government Studies*, and *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, among others. She conducted several national and international projects at various universities in the Czech Republic and abroad. Her outstanding research activities were awarded Dean's prize in 2015, 2016, 2017, and 2019.


Cathy Zadra-Veil is Researcher at ESPI2R in economics and management, Paris, France. Her research interests cover: public-private partnership, hybrid organizations, regulation and evaluation, public services, social and solidarity economics, innovation, living lab, real estate, collective creativity and commons. She received a PhD in economics from the University of Paris VIII in 2010, with a specialization in Public-Private Partnership in Central Europe. Now, hybrid organizations like PPP can be analyzed in different new forms like Non-Profit Organizations, new hybrid forms of collective innovation in the spirit of knowledge commons. The Living Labs, like hackerspace, coworking, coliving, are emerging with a profound transformation of the work in all organizations (public, private, small or multinational firms, NPO). She also has several mandates as deputy mayor of a town of 5.500 inhabitants, Mouroux, France.



The **CIRIEC STUDIES SERIES** proposes research results from working groups and commissions of the CIRIEC scientific network in both social and cooperative economy and public economy.

To facilitate accessibility to those research works, this electronic series is proposed in open access, on CIRIEC's website, but also as new series in RePEC.

Each study is available and downloadable as a whole document but also chapter by chapter.

 ciriec@uliege.be

 www.ciriec.uliege.be

 <https://ideas.repec.org/s/crc/livres.html>

Linked 

