

COPRODUCTION OF PUBLIC SERVICES: INDIVIDUAL VERSUS COLLECTIVE CUSTOMER PARTICIPATION

Evandželina Petukienė

Šiauliai University,
Vilniaus str. 88, LT-76285 Šiauliai, Lithuania

Customer participation in the coproduction of services is recognized as a topical subject of scholarly research in both public and private sectors and as a concept erasing the boundary between market-based logics of development and traditional theories of public administration. Nonetheless, in the scholarly literature there is no common agreement regarding the conception of customer participation in the coproduction of services. There is no integrated approach merging the conceptions of the coproduction of services as treated from the marketing and public administration points of view. This article aims at defining the conception of customer participation in the coproduction of public services, which integrates the approaches of marketing and public administration. The most important dimensions differentiating the conception of the coproduction of services in different disciplines are identified. One of such conceptions is individual and collective participation of customers. When presenting the essence of individual and collective customer participation, the author identifies the aspects that highlight the boundary between the coproduction of services and other forms of civic participation and that enable the specification of an integrated approach to this concept.

Keywords: *customer participation in services, coproduction of public services, individual participation, collective participation.*

Pagrindinės sąvokos: *klientų dalyvavimas paslaugose, bendrasis viešųjų paslaugų kūrimas, individualus dalyvavimas, kolektyvinis dalyvavimas.*

Evandželina Petukienė – Kauno technologijos universitetas, Socialinių mokslų fakultetas, Viešojo administravimo katedra, doktorantė. Šiaulių universitetas, Socialinių mokslų fakultetas, Vadybos katedra, lektorė.

El. paštas eva@smf.su.lt

Evandželina Petukienė – Kaunas University of Technology, Faculty of Social Sciences, Department of Public Administration, doctoral student. Šiauliai University, Faculty of Social Sciences, Department of Management, lector.

E-mail: eva@smf.su.lt

Stripsnis įteiktas redakcijai 2010 m. kovo mėn.; recenzuotas; parengtas spausdinti 2010 m. birželio mėn.

Introduction

In the broad sense, customer participation in services is treated as a dynamic interaction between service providers and customers enabling to continuously modernize and reform public services, ensure the implementation of the concept of 'customer-oriented' government. Active participation of customers in public services is of great significance for the democratic practice of the represented government because, when participating in services, customers and communities get closer to the centre of the process of decision-making [5]. Therefore, not only the encouragement of residents to participate in public decisions, political or social life that is broadly escalated in scientific discussions, but also the encouragement to get involved in the production of public services becomes an important issue for practical and theoretical discussions.

The benefit of customer participation in public services is emphasized in many studies. Special emphasis is put on the coproduction of services when both parties (customer and service provider) provide resources necessary for an effective production of services. In such a case, the customer is no longer a passive recipient but a coproducer of services. This perspective opens up possibilities for the reduction of the costs of public services provision, the individualization of services, the increase in quality and customer satisfaction.

Researchers acknowledge that the concept of customer participation in the coproduction of services erases the boundary between market-based logics of development and traditional theories of public administration. The need for the public sector to adopt the strategies of customer activation that are used in commercial services is emphasized; however, there is no agreement regarding the conception of participation in the coproduction of services. In other words, there is no integrated approach encompassing the concept of the coproduction of services from the perspectives of marketing and public administration. One of the aspects differentiating the integrated approach is different forms of customer participation. Some authors (especially in literature on marketing) are of the opinion that customer participation in the coproduction of public services is related to voluntary efforts of *individual* customers. Others (especially in literature on public administration), on the contrary, consider collective forms of coproduction to be more important (for example, Paarlberg and Gen [17]). It is observed that, when analyzing collective forms of participation, the boundary between the conception of customer participation in services and other civic initiatives, forms of social and political participation of society is not maintained. The mentioned aspects ground the importance of the topic under analysis, and the problem dealt with in the paper can be expressed by the following questions: What are the dimensions differentiating the integrated approach to customer participation in the coproduction of services from the points of view of different disciplines? What aspects highlight the boundary between customer participation in public services and other forms of civic participation?

The aim of this article is to define the conception of customer participation in the coproduction of public services that integrates the approaches of marketing and of

public administration and enables the separation between coproduction and other forms of civic participation. To achieve the aim, the methods of scholarly literature analysis and systematization were used.

Firstly, the conception of customer participation in the coproduction of public services will be defined by identifying the essential dimensions that characterize this conception and express the differences between the approaches of marketing and public administration. The presentation of the essence of individual and collective participation of customers will be based on the identification of the aspects that highlight the boundary between the coproduction of services and other forms of civic participation and that enable the specification of an integrated approach to this concept.

It is important to note that in this article it is agreed that the collective form of participation is not universal for defining all cooperated initiatives of citizens (group and other participation is also possible); however, to avoid extensive discussions on terminology regarding the extent of certain terms, the concept *collective* that is broader and expresses any cooperated and cooperative efforts of more than two persons in services is used.

Concept of Customer Participation in the Coproduction of Public Services

Many public services require *active* participation of society, especially of the members who are direct recipients of the benefit of services [1; 20; 21]. Customer participation is understood as a concept of behaviour and is defined as actions and resources that are provided by a customer for service production and that include physical, mental, and emotional work [23]; however, in social sciences there is almost no agreement on what the coproduction of services is.

Coproduction of services is understood as the highest level of participation in which customers, in interaction with service providers, play the role of co-producers [10; 13]. Such an approach builds on the theory of services marketing. However, in literature on public administration, the approach to this concept is wider. A problem of definition emerges when theoreticians selectively call coproduction a theory, a construct, an approach or a set of standards and processes [4; 7]. Furthermore, there is no single opinion regarding the discipline to the scope of which the issue of coproduction belongs.

Summarizing the analyzed literature, the following five dimensions characterizing coproduction and, simultaneously, differentiating the integrated approach to this concept can be distinguished:

- *First*, coproduction is not an entirely *voluntary* activity but it certainly includes voluntary ethos (for example, voluntary sharing own resources with the service provider) [4]. Coproduction stems from voluntary participation of citizens, not from bureaucratic regulation [8; 25; 5].
- *Second*, coproduction is determined by the behaviour of two parties—customers and service providers—cooperating in services. Coproduction requires active involvement and decision-making of the person who provides the

service [9; 14; 15], thus, the relationship approach rather than the transactions approach is emphasized. To be more precise, in the case of coproduction, a service is not a mechanical provision, but the joint result sought through deliberate collective efforts of the customer and the service provider.

- *Third*, coproduction is not a phenomenon happening by itself. Kiser and Percy [16] claim that it requires certain technological and institutional conditions. Furthermore, Parks et al [18] think that if coproduction takes place, it takes place as a result of *technological*, *economic*, and *institutional* influences and that coproduction must be managed so that a customer, who simply participates, becomes an active co-producer of public services.
- *Fourth*, when talking about the characterization of coproduction, it is important to find the boundary between the simply public-spirited behaviour of a person and the behaviour of a person who is a customer coproducing a service. The approach that coproduction is not the same as citizenship taken in this work has received approval of many authors (for example, Pestoff [19; 20]). Alford [1; 3] maintains that coproduction matches the active model of citizenship but is not a category encompassing citizenship. Summarizing the analyzed literature, it can be said that service coproduction is not a form or a means of civic participation. Some even claim that coproduction cannot be used as a tool for civic participation [5]. However, it is obvious that citizenship is one of the factors determining the activeness of customer participation in public services, especially having in mind participation in services the results of which can be used by other recipients of services. Furthermore, active participation of customers fuels changes not only at the local level of the institutions of the providers of public services, but at higher levels as well. Therefore, there is no doubt that it is indirectly related to the manifestation of democratic processes and has a tendency to develop into civic initiatives.
- *Fifth*, coproduction is a term that denotes active participation of *individual* customers of services, without rejecting the possibility that a customer may belong to some interest group. In analyzing coproduction, some authors focus on direct relationship between service providers and customers; others suggest a more collective version that includes various groups of customers. However, there are strong arguments supporting the separation of the forms of participation in the conception of coproduction. These will be discussed in the following chapter of this article.

In summary, it can be stated that, first of all, coproduction of services is understood as an active, cooperative behaviour of customers in services. It can, therefore, be regarded as a high level of participation that is sought through the activity of customer participation management. With reference to the analyzed literature and the understanding of the concept of coproduction, it can be defined as *cooperation between an individual customer and a provider of public services by providing, in direct interaction, the resources for the production of a service that, first of all, satisfies the individual needs of the customer and is based on the customer's voluntarism*. It is an integrated approach that incorporates the conception of coproduction from the

positions of services marketing and public administration and that expresses coproduction of services in the ‘customer–provider of public services’ dyad.

Nonetheless, according to the opinion that is agreed to, from the public administration perspective, coproduction of services can be conceptualized as a means of the modernization of the provision of public services, as a phenomenon ensuring the development of democracy, etc. The marketing approach is important when initiative to make customers more active is undertaken at the micro level in the practice of public administration or in scholarly discussions when analyzing the issue of micro-level customer participation management directed at turning customers into the coproducers of public services.

Individual Versus Collective Coproduction of Services

The analyzed literature deals with the cases of both individual and collective participation in services. Some authors (for example, Brudney and England [8]; Roberts [22]) think that, in respect of both practice and justice, more important participants are collectives because collective efforts have greater influence on the one who benefits from the activity of coproduction. However, others think that it is individual participation that differentiates coproduction from other forms of civic participation.

While analyzing the coproduction of public services, most researchers focus on collective efforts of customer participation and ignore contributions of individual customers or give them only insignificant, secondary role. Parks et al [18] and Alford [2] maintain that the role of individual customers in public services is crucial when the aim is the individualization of services and quality that a customer wants, not that a service provider can and wants to ensure. For this reason, they consider it groundless for the coproduction researchers to focus on collective efforts of customer participation by ignoring the inputs of individual customers or by giving them only insignificant, secondary role. In the literature on marketing, primary attention is paid to the participation of an individual customer in services; however, the peculiarities of public services also determine collective efforts of customers as well as not only personal benefit but also benefit for a collective, a community or even a public. According to Bovaird and Loeffler [6], firstly, the customer is not the only one benefiting from the way a public service is coproduced and, secondly, people often get involved in coproduction due to a desire to help others, not to generate benefit only for themselves. Therefore, it would be reasonless to claim that the coproduction of public services is related to a form of individual participation only.

Brudney and England [8] think that, in contrast to individual coproduction activity where benefits are mostly personal, collective coproduction involves voluntary, active participation of a certain number of citizens and may require formal mechanisms of coordination between service intermediaries and citizens’ groups. Coproduction does not require citizens’ formal organization, but organizations are important variables, too, because they can increase the levels of coproduction and may facilitate coordination between citizens and public institutions [20].

According to Vugt et al [24], individual efforts can also manifest themselves in collective contexts. In such cases, actions of individual customers make individual efforts, and these efforts become collective efforts only when they are merged. This difference between individual and collective efforts parallels the differentiation between individual and structural decisions (the latter may be more efficient, but it is also more difficult to implement) observed in psychological literature. If customers participate in public services that provide personal benefit, their decisions regarding coproduction will be based on personal interests rather than the collective (public, communal) ones.

As to the theory of public choice, customer participation in services can be placed within the activity of rational individuals who make decisions according to the principle of the maximization of individual benefit. It means that the customer of each service is concerned with his personal interests only, seeks individual benefit. According to the principle of an 'economic man', a coproduction participant is considered to be a rational person who appreciates individual benefits and costs of participation in a service. When considering in what case an individual can get actively involved in the activities of the production of public benefit services, the already-mentioned question of citizenship arises. In this case, the active participant of service production plays the role of a citizen rather than of a customer.

In defining the concept of a customer, Alford [3] states that customers are those who receive not personal, but public benefit from the service. Although public sector services usually create not only personal but also public benefit, an individual who participates in the production of such services, first of all, receives personal benefit. The fact that this benefit is also distributed among other individuals does not diminish the role of him as a customer (especially bearing in mind that the customer receives personal benefit from the service by participating in collective efforts as well). It follows that, when discussing the boundaries of coproduction, not the form of participation is important, but the benefits that are created in consequence of that participation. The benefit received from the produced service defines the perspective of coproduction, meanwhile the benefit received from *participation* defines another perspective: more public participation related to the role of an individual as a citizen.

The role of a citizen is a civic activity that is usually identified with citizenship and called secondary or supplementary production or actions that are undertaken completely separately from service providers and known as parallel production. Secondary actions are expected forms of citizens' behaviour, such as information about crimes or obeying laws and regulations. Parallel production includes services similar to those provided by public organizations but produced by people without contact or cooperation with public organizations [20; 19]. Groth [12] indicated two types of customer behaviour, i.e. a customer's co-productive behaviour and a customer's civic behaviour. He defined the first as behaviour necessary and expected for successful production and/or provision of service, and the second as voluntary and independent behaviour that is not necessary for successful production and/or provision of service but helps the service organization in general.

Therefore, acknowledging the many authors' opinion that the coproduction of services cannot be considered the same as participation expressing citizenship, one can draw a conclusion that the collective form of coproduction is possible when customers, participating in services as a collective, first of all, receive personal benefit. In the case when collective efforts in services are directed towards the creation of the public benefit of services, such participation cannot be called coproduction of services. It is civic, voluntary participation with a view to help other members of the society. Such participation should be associated with the activities of non-governmental organizations (hereinafter referred to as NGO). Though in literature one can find cases when coproduction of services is analyzed in terms of the 'NGO-provider of public services' dyad (where the aim is to satisfy the needs of other people), such a form of the provision of services should be termed differently. Otherwise, the boundary between the coproduction of public services in the 'customer-provider of public services' dyad and other types of civic participation (social, political) remains unclear. It is also noticed that in literature, collective participation in services is often associated with self-service technologies. That is, the interested groups independently, without the help of service providers but with received approval only, produce services for themselves or for other citizens. In such a case, the attitude that coproduction is efforts of both sides—customers and service providers—is disregarded, too.

As an argument for the individual form of coproduction could serve the 'public nature' of public services that often determines the phenomenon: residents using communal services see no point in participating in their production. Often the dominant attitude that paid bills are a sufficient condition to receive public services of high quality determines the passive role of the consumers of public services. Therefore, active participation can be expected only in services that create a clearly expressed personal benefit or in services where not only public benefit, but also individual benefit can be provided to a customer.

The importance of the form of individual participation in public sector is justified by the research carried out by Bovaird and Löffler [7]. The results of a research conducted in five European states proved that citizens as individuals more willingly participate in the processes of the improvement of public services if that *does not require* cooperating. In other words, customers in the analyzed countries are more inclined towards individual coproduction of public services. This confirms that, especially in countries like Lithuania, the approach of individual coproduction must be based on a low level of public, societal, and other forms of the activeness of people, which is characteristic to post-soviet countries. And, vice versa, though civic behaviour of a customer is often necessary in public services, it is assumed that in countries with poor tradition of participation, low level of social and political involvement, stimulation of the coproduction of services through the form of individual participation (but not necessarily) where personal benefit from services dominates would create preconditions for a more active customer involvement in collective initiatives.

Therefore, the coproduction of services that takes place at the micro level can serve as the basis for the integration of the ideas of participation. The coproduction

of services is not just another form of civic participation. It is more likely that customer participation in the coproduction of public services has a tendency to *transform into civic initiatives*, to influence the decisions at the micro level. In other words, participation of citizens as individual customers has potential because, being interested in the production of public services, they make decisions and take actions that may have a moving power for public decisions. The discussion on that the idea of coproduction encourages to scientifically consider a broader spectrum of human behaviour in the concept of the society's participation in general can be started.

Nonetheless, it must be admitted that active participation of individual residents in public services depends on many factors, including the participatory characteristics (readiness, activeness, sense of belonging to community, etc.) of communities they live in. In the recent years, it is more and more often admitted that services systems with materialized activity of local governments can succeed only when communities the services are provided to are well organized and ready to use them. In this case, not only customers but also other members of the community co-produce services, so the success of local governments depends on the characteristics of the communities themselves [9].

In addition, the analysis of scientific literature showed that various interest groups, formal and non-formal organizations can be intermediaries between the providers and the consumers of public services in order to reach higher levels of participation. As Bovaird and Downe [6] notice, the activity of state institutions in persuading individual citizens of the benefit of active participation requires partnership in working with various interest groups. To implement the coproduction of services, social networks based on continuous social capital investments created by trust, interaction, and civil participation are necessary [11].

In summary, customer participation in the coproduction of public services can take forms of both individual and collective involvement, but only when those services, first of all, create individual benefit it is possible to separate coproduction from other types of civic participation. The individual form of participation in services is related to the individual benefit from services, and the collective form of participation is related to the individual benefit (as the dominating factor) as well as the public benefit (as a secondary factor). The collective form of participation is associated with formal actions of coordination, but not necessarily with formal organization of customers.

Each of the forms of participation is characterized by different relations to public sector organizations; therefore, not only the roles played in this process but also the strategies for the stimulation of the activity of customers and their groups differ. For this reason, when analyzing the issues of the management of the participation of customers in public services, it is necessary to refer to studies concerning different forms of participation.

Conclusions

The coproduction of public services is defined as individual cooperation of a customer and a provider of public services providing, in direct interaction, the resources for the production of a service that, first of all, satisfies the individual needs of a customer and is based on voluntarism. Essential dimensions expressing the differences between marketing and public administration approaches to this concept are as follows: voluntary activity, mutual relationship, managed process, citizenship, form of participation (individual versus collective).

Both individual and collective customer participation in the coproduction of public services is possible. However, in order to identify the boundary between the coproduction of services and other forms of civic participation, the type of benefit (individual or public) created by the service one participates in becomes an important criterion.

Collective participation of customers in public services can be defined as the coproduction of services providing that individual benefit is received not from the participation but from the service produced during participation. If collective participation creates only public benefit, it should be treated as a different (for example, civic) form of participation.

Customer participation in the coproduction of public services at the micro level is particularly attractive for the integration of the ideas of participation because it has a tendency to transform into civic initiatives. Participation of citizens as individual customers has potential because, being interested in the production of public services, they make decisions and take actions that at the local level can have a moving power for public decisions.

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BENDRASIS VIEŠŪJŲ PASLAUGŲ KŪRIMAS: INDIVIDUALUS VERSUS KOLEKTYVINIS KLIENTŲ DALYVAVIMAS

Evandželina Petukienė

Santrauka

*Klientų dalyvavimas bendrai kuriant paslaugas pripažįstamas aktualiu mokslinių tyrimų objektu ir viešajame, ir **privačiajame** sektoriuje, taip pat koncepcija, griaunančia takoskyrą tarp rinka pagrįstos plėtros logikos bei tradicinių viešojo administravimo teorijų. Vis dėlto mokslinėje literatūroje nesutariama dėl klientų dalyvavimo bendrai kuriant paslaugas sampratos. Nėra integruoto požiūrio, susiejančio bendrojo paslaugų kūrimo sampratą rinkodaros ir viešojo administravimo požiūriu. Straipsnyje siekiama apibrėžti klientų dalyvavimo bendrai kuriant viešąsias paslaugas sampratą, integruojančią rinkodaros ir viešojo administravimo požiūrį. Identifikuojamos svarbiausios dimensijos, skiriančios bendrojo paslaugų kūrimo sampratą skirtingose disciplinose. Viena iš jų – individualus ir kolektyvinis klientų dalyvavimas. Pristatant individualaus ir kolektyvinio klientų dalyvavimo esmę identifikuojami aspektai, išryškinantys takoskyrą tarp bendrojo paslaugų kūrimo ir kitų piliečių dalyvavimo formų bei leidžiantys patikslinti integruotą požiūrį į šį konceptą.*