



European Network of Public Employment Services

Co-creation of services

Thematic Review Workshop on
Co-creation of services

*Written by
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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014¹. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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1. Introduction

1.1 Background: challenges and need for social innovation

Government agencies need to redefine the nature of their relationship and engagement with citizens in problem-solving for three main reasons (Nambisan, S. and Nambisan, P. 2013; Voorberg, W., Bekkers, V. and Tummers, L. 2014). Firstly, fiscal constraints require new, less resource-intensive models of problem-solving in public services. Secondly, the increasing complexity of problems require more collaborative approaches that involve external partners, including citizens and customers. Thirdly, new information and digital technologies are changing the world of work and the relationship to customers, by facilitating connections with citizens and customers.

These general trends also impact the work of Public Employment Services (PES). The Network of European PES has identified the main challenges for PES in the near future (PES Network 2018). The network strategy paper sets out two areas of change. The first relates to the changing environment such as rapid technological developments including more automation and the increased use of artificial intelligence. This in turn leads to new forms of employment, demographic change, increased migration and workforce mobility, new social attitudes of (younger) jobseekers that result in changed demands, and continuing low participation rates among vulnerable groups. The second area refers to fundamental changes in labour market developments, for example the need to provide support over the whole working career, the increasingly volatile labour market and its consequences for social security, and transitional labour markets that create new social risks. In these circumstances, adaptation is required because of the growing expectations of customers and their changing needs.

These fundamental changes call for flexibility, organisational responsiveness, creativity and co-operation with partners and furthermore require a paradigm shift from a simple service-delivering business model towards customer-centric organisations. In this context, customer satisfaction is of strategic importance and co-creation can be a suitable approach to enhance customer satisfaction and to facilitate the social innovation that is required (European Commission 2019 and 2016).

Against this backdrop, in 2019, the PES Network decided to carry out a Thematic Review Workshop (TRW) entitled 'Co-creation of services – how PES enhance their services by involving customers in service design'. In the context of the Network's overall goal to improve service delivery, evidence-based design of services is extremely important. The active involvement of customers, both jobseekers and employers, and other stakeholders forms an important element of this strategy. Therefore, the aims of the workshop were to exchange practices and experiences, explore in-depth knowledge of procedures, their potential and limitations, and identify strategies and consequences for management and staff, for example in the field of empowerment and training, together with practical examples.

1.2 Brief literature review: basic factors, drivers and barriers of co-creation

There is **no generally accepted definition** of co-creation in the literature on the subject. Definitions are very broad such as 'any act of collective creativity'. Definitions mainly focus on the following elements:

- involvement of citizens in problem-solving as experts on their own experiences;
- customers become an active part of the innovation process;
- open process of participation, exchange and collaboration;

- creation of (long-term) outcomes by changing the relationships, positions and rules between stakeholders and customers.²

With regard to organisational aspects, **basic factors** influencing co-creation (Voorberg, W., Bekkers, V. and Tummers, L. 2014) include the extent to which public organisations have structures and processes that facilitate customer participation, including an adequate infrastructure for communication with them. Another factor is an open attitude towards customer participation by politicians, managers and the staff of public organisations. A further factor is whether there is a risk-taking administrative culture, which recognises customers as reliable and resourceful partners and does not try to avoid failure by minimising risk, overly-managing, or shifting the targets. Finally, the presence of clear incentives for co-creation is crucial, such as the visibility of added value and benefits for service delivery.

With regard to customers, factors include personal characteristics, such as skills, level of education, core values and family status. Other factors concern the level of customer awareness and sense of ownership over the process. In addition to a willingness to participate, customers also need to be aware of how and where they can influence the services and consider it is their responsibility to do so. The existence of social capital in terms of mutual awareness and trust in the co-creation initiative are important ingredients for the development of a robust commitment.

Drivers and barriers are often linked to the above-mentioned basic factors. Three categories of drivers and barriers identified (Bekkers, V. 2016) relate to (1) the environment in which social innovation practices occur; (2) the process of innovation; and (3) the outcomes:

- (1) The environment and **contextual factors** are very significant. Research shows that pressure, such as public and political demands and media attention can be an important driver for public sector innovation. The regulatory framework, as well as socioeconomic, demographic and technological characteristics, has to be taken into consideration. For instance, the quality of the infrastructure in any given country or region seems to be a driver/barrier for innovation when considering ICT-driven social innovation.
- (2) With regard to the co-creation process, it is important to view innovation as a **continuous learning process** which needs sufficient capacity and resources, in terms of adaptation, feedback and accountability. Risk definition and measures to address risks in the innovation process are also important factors.

The innovation process requires different types of **leadership**, such as transformative leadership, political leadership and joined-up leadership. It is important to develop these different leadership styles which is a demanding task for human resource management. In this context, political commitment and leadership are vital for the success of co-creation.

The co-creation process needs an organisation with an **open, communicative culture**, willing to facilitate the 'active' involvement of customers or external stakeholders.

A representative **sample of customers**, including 'problematic' groups, is needed. It is difficult to reach inactive, unmotivated or isolated persons who do not take much part in social life and to convince them to become active

² Regarding the definitions, see also Mogstad, A., Hoiseth, M. and Pettersen, I. (2018) and Mureddu, F. and Osimo, D. (2019) and the literature cited previously.

participants. In this context, 'community building' is important in order to develop a sense of **ownership** through tailor-made and comprehensive information.

Furthermore, co-creation needs **sufficient resources** (money, staff, information, expertise, and ICT) and the willingness to adapt existing procedures to avoid 'incompatibilities' or 'legacy problems' and at the same time to ensure institutional stability for the innovation process.

- (3) It is important to develop **evaluative instruments**, such as multi-stakeholder/customer approaches for examining outcomes.³ With multi-value and multi-criteria approaches, not only economic values but also societal aspects such as participation, responsiveness and trust, can be considered. A focus on steering and monitoring should be the outcome of co-creation, not just the output.

A rigorous and thorough **diffusion strategy** for roll-out and organisation-wide implementation is essential. The strategy should include information and training for staff, clear definition of the role of leaders, appointment of change agents/ambassadors, and adaptation of structures, procedures and processes. The level of diffusion and buy-in is a relevant indicator for assessing outcomes, preferably using a long-term perspective.

In the framework of the project 'Co-Creation of Service Innovation in Europe (CoSIE)' **three key factors** for the success of co-creation were identified: relevance, understanding and motivation (Jalonen, H., Sakellariou, A. and Pyörre, S. 2018). External participants need both information and motivation in order to understand the relevance of the project, and the procedures and targets of the co-creation process. Together with other issues, this requires active dialogue and collaboration between all participating sectors and stakeholders.

Already during the planning phase of the co-creation process, and in order to overcome the various (potential) barriers, the **participation and commitment of front-line staff** is needed.⁴ A further crucial factor is that public employees need to be trained and committed to the goals and purpose of co-creation, including the openness of the process. Decision-making should be decentralised and carried out at operational/local level. Finally, it is recommended that representative groups of citizens be established, preferably participating from an early stage.

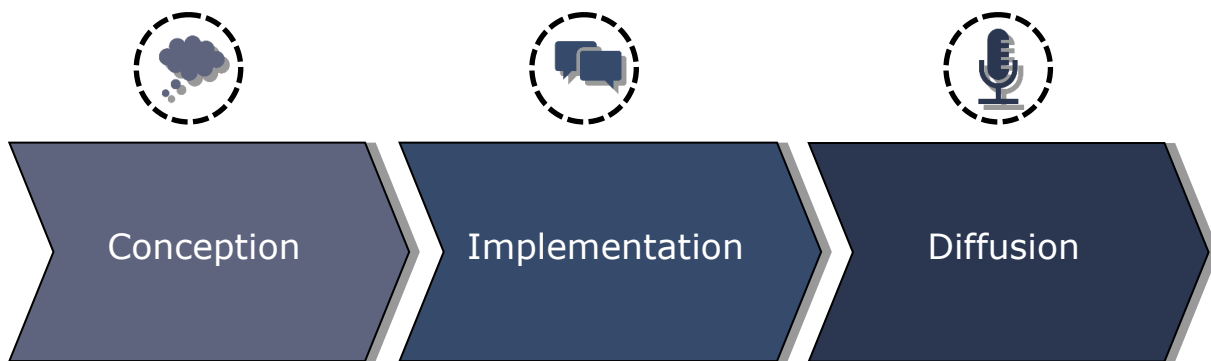
1.3 Implications for the Thematic Review Workshop

Given the lack of a general definition of co-creation, there was a need to structure and define further the themes of the TRW. An evident starting point was the classification of co-creation as a social or public innovation process. In this sense, the innovation process in the public sector can be broadly divided into three phases (**Figure 1**): (1) conception phase with project design and planning, generation and assessment of ideas, selection of potential solutions; (2) implementation phase including development and construction of the new or reformed service, pilot testing, (final) assessment, review; and (3) diffusion phase with decision on the final version, production, staff preparation, roll-out and overall implementation.⁵

³ Insufficient outcome measurement is also pointed out by Voorberg, W., Bekkers, V. and Tummers, L. 2014.

⁴ The importance of involving front-line staff is confirmed by Mogstad, A., Hoiseith, M. and Pettersen, I. 2018.

⁵ See e.g. Oeij, P., Torre, v.d.W., Vaas, F. and Dhondt, S. (2019).

Figure 1: Main phases of an innovation process

As an innovation process, co-creation can first be divided into different phases or stages; secondly, processes in general are subject to management and control both as a whole entity and as the individual components; thirdly, co-creation can be the subject of quality assurance, quality and risk management and also monitoring and evaluation.

In addition to the literature review outlined above, a survey among PES participating in the TRW was carried out. The literature review and the pre-event survey informed both the preparation of the TRW and this paper. The structure of this paper focuses on the areas examined in the pre-event survey: experience with co-creation and the organisational and institutional aspects of co-creation. Based on twelve questionnaires completed by the participating PES,⁶ the results of the survey are presented in the following sections with cross-references to procedures, methods and tools already used in PES, in particular in the context of customer satisfaction measurement (CSM). Although there are some parallels and similarities between CSM and co-creation, there is also a fundamental difference: at its core, CSM is an evaluative, retrospective approach whereas co-creation is forward-looking. Accordingly, the results of CSM may serve as an input to the selection of co-creation topics.

2. PES experiences with co-creation

As mentioned in section 1 above, most European PES are in the process of becoming customer-centric organisations. While measurement of customer satisfaction is relatively widespread and most PES had previous experience with CSM,⁷ co-creation is relatively new. According to the pre-event survey, only one PES (FR) reports 30 completed or on-going co-creation projects. Two PES (DK, SE) report 10 to 19 completed or on-going projects. Seven PES report five to nine projects, and three PES report less than five co-creation projects (BE-Le Forem, CZ).

2.1 Types of services and participating groups of customers and stakeholders

In the survey, the PES were asked which types of services for jobseekers and employers have been co-created. **Table 1** indicates that the majority of co-creation projects have focused on jobseekers' services although there is also a relatively high number of co-created services for employers. For jobseekers, self-help services are first on the list with 83%; followed by digital services and then mediation and placement services with 75% each. For employers, digital services are first on the list with 83%. Other employers' services are mentioned by half of the responding PES, whereas human resource

⁶ The PES participating in the pre-event survey include: BE-Actiris, BE-Le Forem, BE-VDAB, BG, CZ, DE, DK, EE, FI, FR, SE, SI.

⁷ Although the situation in several PES indicates there is room for improvement. See European Commission (2016).

management (HRM)-related services are mentioned by 42%. Two-thirds of the PES had experience with co-creation in the area of early intervention and prevention services for jobseekers (67%) and two-fifths in the area of activating inactive unemployed persons (42%).

Table 1: Types of co-created services for jobseekers and employers (%)

Services for jobseekers	%	... for employers	%
Self-help services for jobseekers	83	Digital services for employers	83
Digital services for jobseekers, multi-channelling	75	Identifying vacancies in companies	50
Mediation and placement of jobseekers	75	Description and formulation of workplace-profiles	50
Early intervention and prevention services	67	HRM-related services	42
Activating inactive groups	42		
Active Labour Market Policies (ALMP) (e.g. vocational training, public employment, ...)	33		
After sales services (e.g. counselling, coaching or other support after taking up new employment)	25		

N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

Services within the scope of active labour market policies (ALMP) follow with 33%. After sales services are of minor importance, as only 25% of PES have activities in this area. One PES (EE) indicated co-created services for disabled persons.

2.2 Groups of customers and stakeholders participating in co-creation

In the case of jobseekers, the majority of PES (92%) use the expertise of jobseekers in general (**Table 2**). Approximately half of PES (from 50% to 58%) involve sub-groups of jobseekers including the long-term unemployed and other vulnerable groups, such as NEETs (Not in Education, Employment or Training), inactive persons, migrants and jobseekers in employment. Employers are very important customers for PES (European Commission (2016), p. 13). Both employers in general and also employers in small and medium enterprises (SME) are involved in the co-creation process (92% for each category).

Table 2: Sub-groups of customers involved in co-creation processes (%)

Sub-groups of customers	%
Jobseekers in general	92
Long-term unemployed and other vulnerable groups	58
NEETs	58
Inactive persons (not employed)	50
Migrants	50
Employed jobseekers who are in work but looking for another job	50
Employers	
Employers in general	92
Employers of small or medium sized companies	92

N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

In addition to the sub-groups of customers provided in the survey, one PES (FI) also mentioned recent graduates, freelancers and self-employed entrepreneurs.⁸

All PES also involve stakeholders (**Table 3**), mostly private consultancy firms and institutes, or representatives of social partners (83% each).

Table 3: Involvement of stakeholders in co-creation processes (in %)

	%
Private consultancy firms, institutes, etc.	83
Representatives of social partners	83
Municipalities and other public authorities	75
Public or non-commercial academic or research organisations	67
NGOs (e.g. for jobseekers with disabilities, migrants etc.)	67
External service providers	67
Temporary employment agencies, private mediation services and similar organisations	42

N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

Three-quarters of PES also use the expertise of municipalities or other public authorities. Two-thirds of PES involve public or non-commercial research organisations, NGOs or external service providers. Two-fifths (42%) of the PES involve temporary employment agencies, private mediation and placement services and similar organisations.

2.3 Phases in which customers and external experts are involved

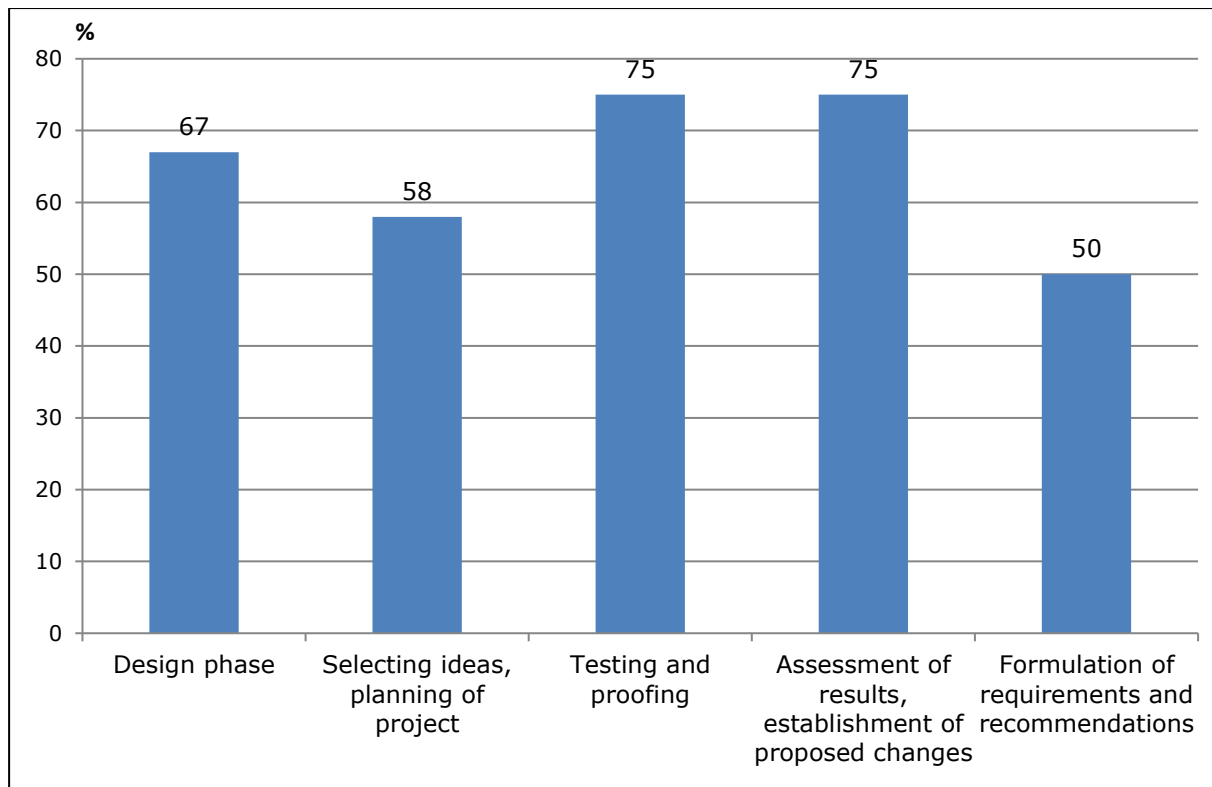
Referring to the different phases of the innovation process, the PES were asked in which stages of the co-creation process customers were/are involved. **Figure 2** shows that approximately two-thirds of PES already involve customers in the early stages such as the design phase (67%) and the phase of selecting ideas and planning for the co-creation project (58%). Subsequent stages show higher levels of involvement. Three-quarters of the PES use the expertise of customers in both the phase of testing and proofing of new or reformed services, and the stage of assessment of results, establishing proposed changes or improvements. However, in the last phase of final assessment, formulation of requirements and recommendations for further roll-out, the rate of customer involvement decreases to 50%.

An analysis of CSM reveals that PES use different internal processes and also external measurement processes, the latter mostly for fieldwork and data gathering (European Commission 2016). The use of external expertise in co-creation is widespread. With the exception of one PES (SE), all bring in external expertise or support from third parties.

Already in the early stages of the co-creation process, the majority of PES bring in external or third party experts and contractors to support the co-creation process without being part of the sample (**Figure 3**). Three-quarters of PES involve external experts in the design phase, in the phase of selection of ideas and planning of the project and also the phase of testing and proofing of new or reformed services. Under half of PES (42%) use external expertise for data gathering and calculation and the assessment of results. For these tasks, many PES evidently have adequate internal knowledge at their disposal.

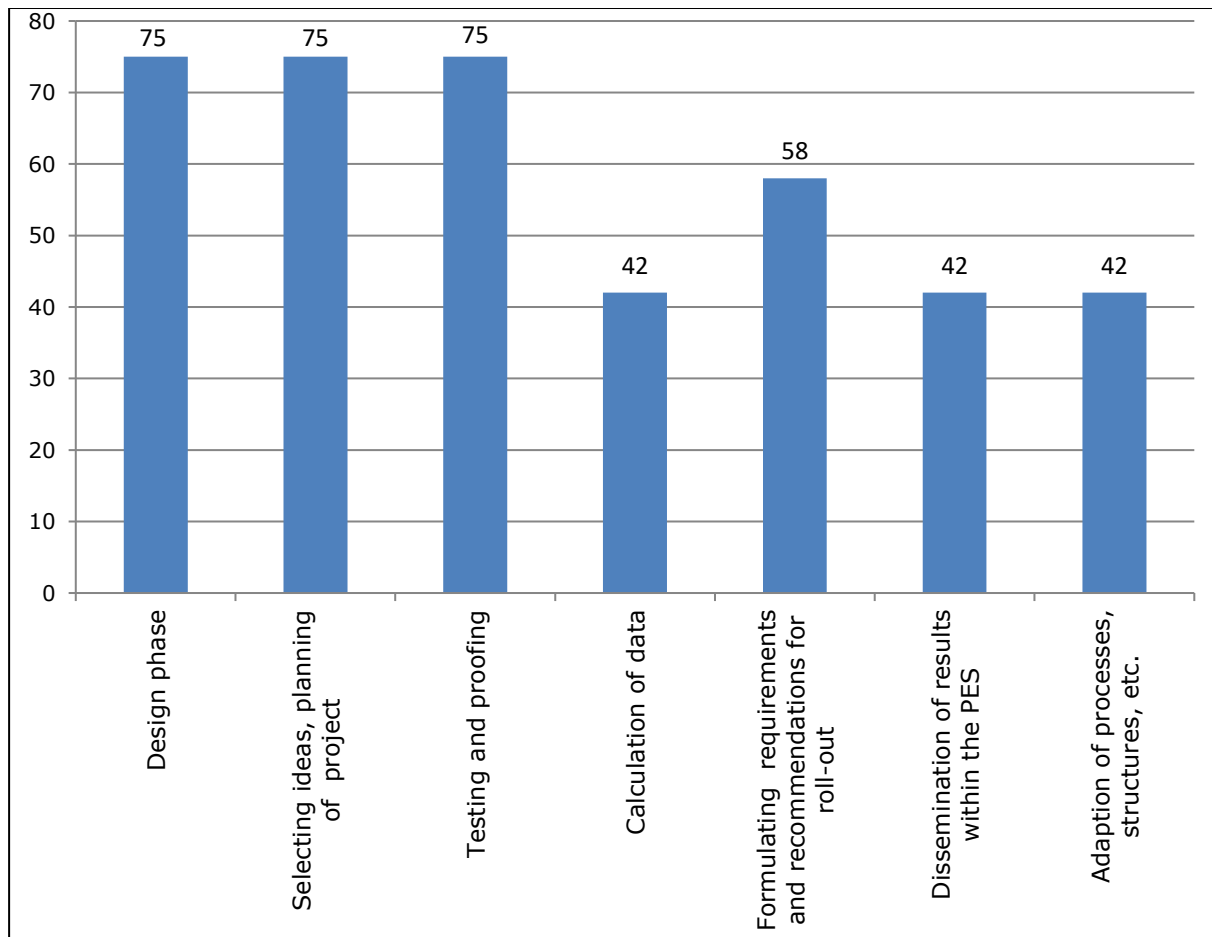
⁸ Additional participating groups are not listed in Table 2 owing to their small number. Another PES (EE) lists disabled persons who are included within vulnerable groups in the table.

Figure 2: Involvement of customers at the different stages of co-creation (in %)



N = 12. Source: Pre-event survey on Co-creation in PES 2019.

Figure 3: Stages in which external experts or third parties are involved (in %)



N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

Some 58% of PES use external expertise for the formulation of requirements and of recommendations for further roll-out and 42% of PES bring in external experts or support from third parties for the dissemination of results within the organisation and for the adaptation of processes, structures and specifications.

2.4 Methods and techniques used for co-creation of services

Several European PES have already developed advanced techniques and procedures for the design of services, the evaluation of policy results and the measurement of customer satisfaction (European Commission 2016). A few examples illustrate the use of advanced methods:

- Processing big data is increasingly used by the European PES for various purposes, such as a model for predicting personal chances of employment by the Flemish PES (European Commission 2017a). Processing of big data is also increasingly important for the design of new or reformed services and accordingly, co-creation may also profit from such advanced methods;
- Innovation Labs were introduced some years ago and are now used by an increasing number of PES. The French and the Flemish PES were the pioneers (European Commission 2018 and 2017b);
- The Greenhouse technique is used by the Swedish PES as a bottom-up technique, which seeks to use the knowledge of end-users as experts (European Commission 2017c);
- Random controlled trials (RCTs) are increasingly used by PES although mostly in the context of broader ALMP evaluations. The Danish PES has experience in the use of RCTs in the design of services (European Commission 2017d).

The results of the survey confirm the sophisticated nature of co-creation as indicated by the use of advanced methods and techniques. According to **Table 4**, two-thirds of PES process big data, half of the organisations use Innovation Labs and 42% digital methods such as tracing clicks. One quarter of the PES conduct bottom-up methods such as the Greenhouse technique and RCTs.

Compared to CSM, co-creation appears more demanding in terms of methods and techniques. An analysis of CSM shows that the main methods used are 'common' methods such as web-based or 'paper and pen' questionnaires (European Commission 2016). In co-creation, advanced methods and techniques are needed more, or at least are more in use, than in CSM.

Table 4: Use of advanced methods and techniques for co-creation (in %)

	%
Processing of big data	67
Innovation Lab(oratory)	50
Using digital methods (e.g. tracing clicks)	42
Greenhouse technique or other bottom-up methods	25
Random controlled trials (RCT)	25

N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

3. Organisation of co-creation and institutional aspects

3.1 Drivers

The literature on social innovation emphasises the importance of external factors for the success of co-creation, such as political decisions, legal and institutional framework, budgetary constraints or societal changes affecting customer demands (chapter 1.2).

External factors considerably influence the decision to initiate a co-creation process. With regard to the question whether the drivers for co-creation were mainly internal or external, the PES answered that drivers were:

- only or mainly internal 17%;
- more internal, less external 66%;
- more external, less internal 17%.

None of the PES responded that the drivers were only or mainly external. The drivers for starting co-creation were mostly internal, although external factors were also important.

3.2 Organisation of co-creation processes

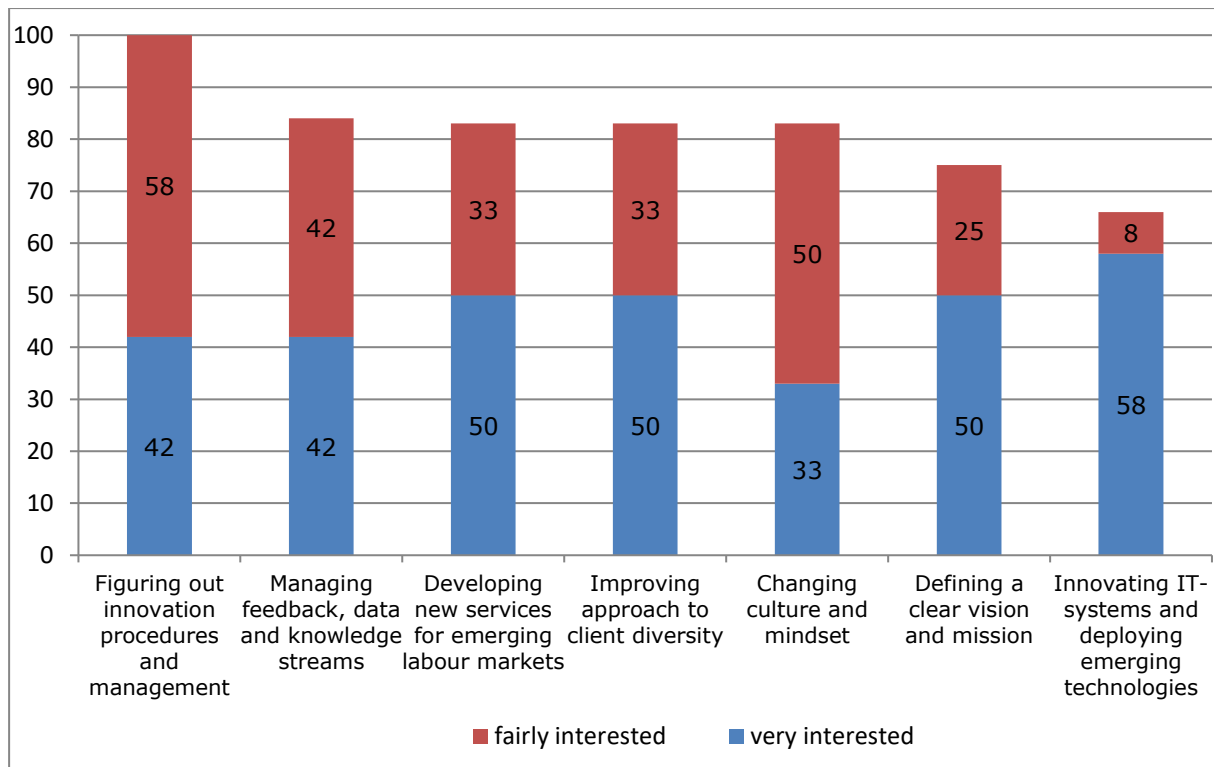
An analysis of CSM reveals that the majority of PES have a specialised unit or CSM department generally situated in the quality department, analytical department, customer service department or in a combination of these departments (European Commission 2016, p. 19). The organisation of the co-creation process does not appear to be as institutionally anchored as the CSM process. Some PES have established specific units for the co-creation process and some PES provide separate budgets for co-creation. The distribution of the various organisational models among the twelve responding PES is as follows:

- Specific unit and separate budget/resources 33%;
- Specific unit but no separate budget/resources 8%;
- No specific unit but separate budget/resources 17%;
- No specific unit and no budget/resources 42%.

The question on departmental responsibilities for carrying out co-creation processes reveals there is a wide range of organisational solutions. Seven PES (58%) distributed the responsibility between two or more departments (BE-Le Forem, BE-VDAB, BG, CZ, DE, DK, EE) and five PES (42%) concentrated responsibility in one department (BE-Actiris, FI, FR, SE, SI). Two PES (BG, BE-VDAB) involve the quality department and six PES (BG, BE-Actiris, BE-Le Forem, CZ, DE, SE) involve the products or customer department. However, the organisational structure varies widely between PES and no clear pattern is visible. Furthermore, because the success of co-creation processes has not yet been evaluated, no organisational model can be identified as preferable.

3.3 Challenges of co-creation identified by the participating PES

Finally, the participating PES were asked about the challenges they face with respect to co-creation of services. **Figure 4** shows that all items identified are more or less of equal importance for the PES. All participating PES were 'very' or 'fairly interested' in the challenge 'figuring out innovation procedures and management'. The item 'innovating IT-systems and deploying emerging technologies' had the lowest score with an overall response rate of 66% for 'very interested' and 'fairly interested'. Although this item is the lowest on the list, it did receive the highest number of responses for 'very interested' of all challenges. In summary, the answers indicate that co-creation is a challenging and complex issue and many aspects are not clear.

Figure 4: Relevance of challenges in the co-creation process (in %)

N = 12. Source: Pre-event Survey on Co-creation in PES 2019.

4. Discussions at the workshop

4.1 The workshop topics

The following three topics were selected for discussion at the workshop:

1. Strategic level and contextual factors;
2. Active involvement of different groups;
3. Process design and organisation-wide implementation.

The workshop took place on 25 - 26 September 2019 in Stockholm, Sweden and was hosted by Arbetsförmedlingen, the Swedish PES, with participating PES from Belgium (Actiris, Le Forem and VDAB), Bulgaria, Czech Republic, Denmark, Estonia, Finland, France and Germany. After an introduction to the topics of the workshop, there was a presentation on the Swedish Greenhouse technique as an example of a sophisticated co-creation process (see chapter 4.2). The three topics mentioned above were then discussed, based on and considerably enriched by PES' experiences and practices in relation to co-creation.

In particular the French PES, Pôle emploi, has long-standing experience of its co-creation instrument *Le LAB National*, which was set up in September 2014. Le LAB provides a dedicated, physical space for French PES staff, jobseekers, employers and stakeholders to come together and work on creative and innovative solutions related to employment services. Le LAB has four main elements: (1) an open space; (2) an innovative approach and method; (3) internal stakeholders; and (4) external stakeholders. A professional team supports every LAB session to facilitate the success of innovation projects.

The method used by Le LAB is the Accelerated Solutions Environment (ASE), which is a collaborative way of working based on three phases: SCAN, FOCUS and ACT. Each session is co-designed and customised to meet all objectives and focuses on building strategy and alignment within a group.

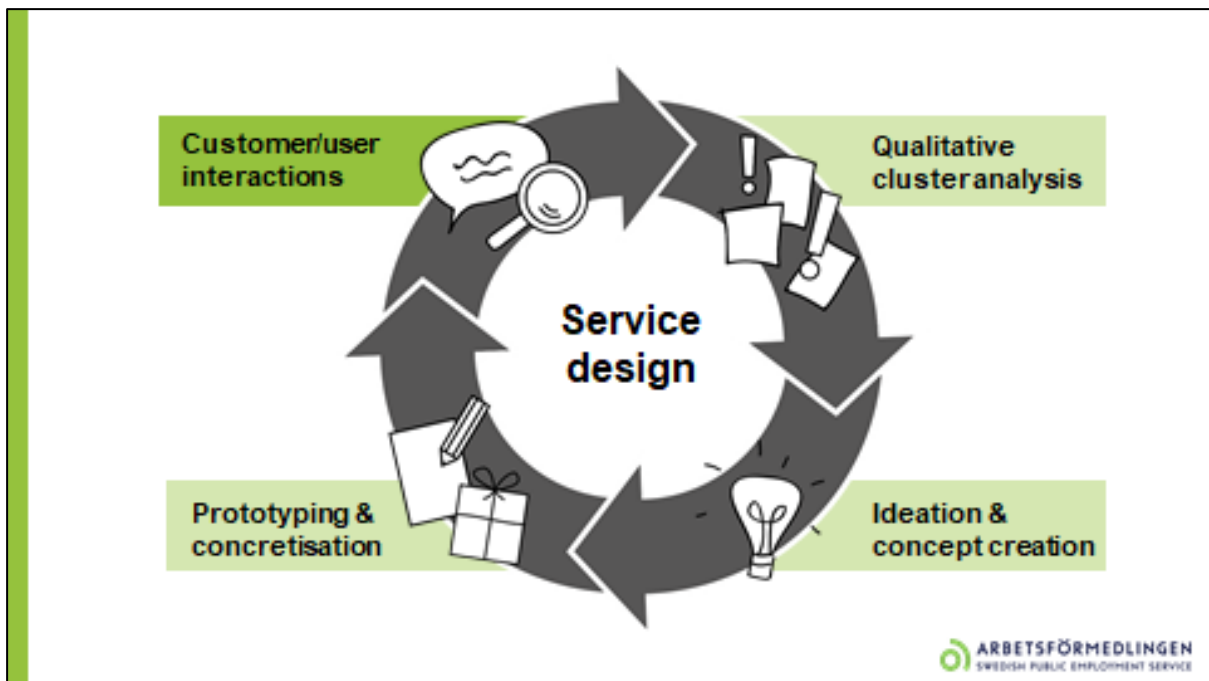
Le LAB offers the 'flash co-design' – a collaborative and creative approach based on sessions with internal and external stakeholders at key points in the progress of a project (1-4 day sessions). There have already been 121 sessions with more than 5,400 participants. Le LAB has managed to reach different target groups including hard-to reach groups, such as disabled jobseekers and unemployed persons in remote areas far away from the labour market.

Several spaces are available for co-innovation processes, such as a plenary area for workshops, and the launch and closure of projects, five workspaces especially designed for small groups, and a reception area to offer a warm welcome to participants. There are currently eight physical LABs operating all over the country. The Pôle emploi LABs network is the first network of French public services. It allows Pôle emploi to lead several LAB sessions on the same topic simultaneously, resulting in local co-designed solutions to global issues.

4.2 The Greenhouse technique of Arbetsförmedlingen, the Swedish PES

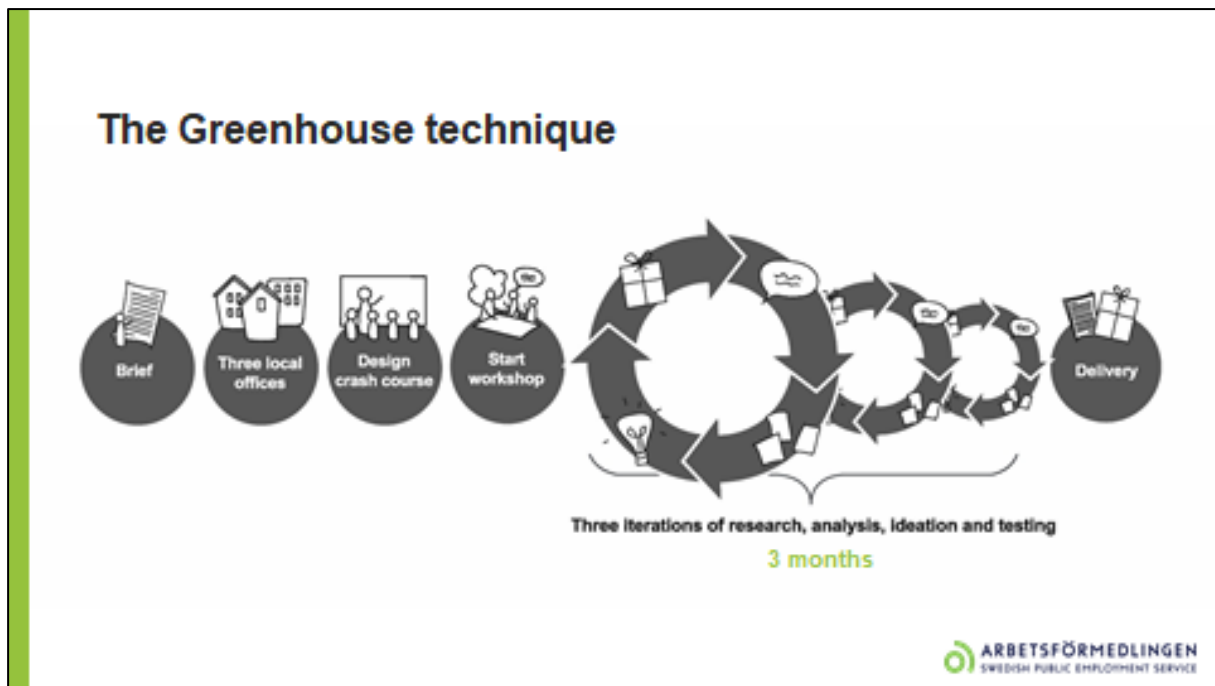
In 2013, a framework agreement with a service design agency was established in order to improve the quality of services of Arbetsförmedlingen, which had suffered from low customer satisfaction rates compared to other public authorities. The Greenhouse technique was developed internally to work systematically on the factors identified to improve PES services. The technique is based on a service design methodology and consists of four elements (**Figure 5**): (1) in-depth investigation of customer/user interactions; (2) qualitative cluster analysis; (3) ideation and concept creation of the new services and tools; and finally (4) their prototyping and implementation.

Figure 5: Basic elements of the service design within the framework of the Swedish Greenhouse technique



Source: Korhonen, N. and Gustafsson, C. (2019): The Swedish Greenhouse technique, presentation at the Thematic Review Workshop, 25 September 2019, Stockholm.

Usually starting with the decision to put a specific problem on the agenda, the circle is thus embedded in the complete process (**Figure 6**).

Figure 6: The complete process of the Greenhouse technique

Source: Korhonen, N. and Gustafsson, C. (2019): The Swedish Greenhouse technique, presentation at the Thematic Review Workshop, 25 September 2019, Stockholm.

The customers' perspective is always the starting point for any activity. The main method used in the Greenhouse technique is qualitative in-depth interviews or testing new services with customers. The qualitative data is analysed using cluster analysis in order to identify common pain points and customer needs. The main goal of the Greenhouse technique is to engage the local offices and employment officers in service development rather than keeping the knowledge at head office level. The process usually leads to specific deliverables after three months.

When a Greenhouse initiative begins, normally a dedicated team of two persons from central resources is allocated to carry out the initiative together with the local staff, according to a predefined model. A basic approach composed of four stages is often used before the final decision to start a Greenhouse is taken. The approach uses gardening metaphors to set the scene and define the purpose and scope for the Greenhouse.

The basic approach is composed of four stages:

1. **Seeds** for the key question 'what'? E.g. testing ideas, developing a concept, gathering insights on a specific area/question. It is essential to have a clear scope for the Greenhouse;
2. **Gardeners** for the key question 'with whom'? E.g. employment officers, managers, how many, from where, how much time can they allocate for the co-creation activities;
3. **Structures** for the question 'how'? E.g. how long, where and when. The Greenhouse technique transforms different professionals into service designers and researchers. It is therefore important to identify who are the 'gardeners' and with whom should the services be co-created. Clear structures and timelines are required to ensure co-creation with different actors is run efficiently and so as to provide guidance in an otherwise non-linear service creation process;
4. **Fertilisers** for the question 'with which help'? E.g. training, education courses, guidelines, templates and tips, mentors and facilitators, resources. The co-creators are often new to design techniques and need support during the

development process, which can be carried out through training courses, for example.

Several factors are decisive for the success of the technique. The most important are:

- Continuous and holistic consideration of customers' perspectives including an open and clear communication with customers in order to build a relationship of trust;
- Involvement of local staff supported by qualified professionals from the dedicated unit responsible for co-creation and following a clear and structured process;
- Strong support from senior management and allowing staff to make mistakes (possibility of failure). This is especially necessary because middle management might set up barriers or engage in delaying tactics if they are concerned they may lose competencies, influence or even their position.

Arbetsförmedlingen has carried out various co-creation processes⁹ using the Greenhouse technique with the involvement of more than 50 local offices and over 300 staff. However, there are still challenges such as (1) the risk of working in or establishing silos; (2) setting the 'right' priorities; and (3) last but not least organisation-wide implementation.

Arbetsförmedlingen currently faces the challenge of how to take the technique to the next level: co-creation of services between public organisations. The starting point was the realisation that one public agency alone cannot solve the mismatch of competencies on the labour market and the need to involve other authorities with responsibilities in the field of employment, training and education. Co-creation with the participation of other public authorities identified challenges, for example, different views on responsibilities, or practical challenges, such as different ministries responsible for the area of expertise. Although the challenges should not be underestimated and the process of coming together time-consuming and dependent on individual and subjective factors, the results are encouraging. The key main achievements could be summarised as: (1) a common foundation; (2) a shift in perspective from silos to system-thinking; and (3) introducing service design as a hands-on method. Therefore, the approach has also been approved for joint co-creation of public authorities.

5. Important findings and key conclusions

This chapter presents the most important findings and key conclusions of the workshop clustered according to the three main topics discussed at the event.¹⁰

5.1 Role of contextual factors and strategic aims

Legal constraints and **budgetary restrictions**, among other contextual factors, such as institutional settings and economic conditions, appear to be the most important obstacles to the co-creation processes. In particular, legal constraints can be used as an excuse for inaction. However, data protection regulations like the General Data Protection Regulation (GDPR) only appear to be a relevant obstacle for a few PES.

With regard to the overall framework, the **administrative culture** is an important factor for co-creation. Public administrations are hierarchical organisations traditionally not very open to innovation and change. Clients are generally seen as more or less passive recipients of services (one-way interaction). However, co-creation requires a co-operative culture which not only permits but actively facilitates two-way communication and interaction. Clients need to be viewed as a valuable source of information and managers

⁹ The technique is also used for the improvement of internal organisational structures and procedures.

¹⁰ It should be noted that during the workshop there was considerable information exchange and further co-operation agreed, which corresponds with the Network's aim to foster exchange of experiences between PES.

and staff of public authorities need to be ready and able to communicate and co-operate with clients on an equal footing. The government can support an open attitude, for example by encouraging citizens to make innovative proposals, which can in turn foster the openness and readiness of the organisation for innovation.

At the **strategic level**, it is very important to have **clear strategic aims** about what co-creation entails. In this context, basic questions have to be answered such as: Is the aim of the co-creation to save money and resources? Or is the aim to provide tailored services which accurately meet the needs of clients? Is co-creation a key factor on the pathway towards a more customer-orientated organisation? The overall framework for co-creation must correspond with the project's aims.

In this context it is also important to clarify the potential and limitations of co-creation. A **clear understanding** of these issues prevents deficient or unsuccessful efforts. Co-creation is not an all-purpose tool for all the problems facing PES. To work well, there needs to be sufficient time for the co-creation process. Furthermore, it is important to recognise that co-creation processes need **adequate resources** in terms of money, time and staff, in particular empowered and trained staff.

Senior management need to be aware of the performance potential and limitations of co-creation. There should also be a realistic risk assessment, as an integral part of innovation, including the risk of suboptimal solutions, outputs not fulfilling the intended purposes, and even the risk of total failure. As a precautionary measure, an adequate risk management at strategic level can minimise risks or make them manageable.

Taking into account this context, as described briefly above, the importance of broad and sustained **support of senior-management** is evident. This support is necessary in all phases of the innovation process, starting from establishing the preconditions including openness and readiness for change, making adequate resources available, ensuring high quality process steps, and last but not least, ensuring the comprehensive and sustainable implementation of the new services, tools and other products through the whole organisation.

5.2 Design of the co-creation process and organisation-wide roll-out

The **design of the process**, based on clear strategic goals, is a very important feature of co-creation. In particular, **comprehensive and thorough planning and preparation** of the process is crucial for success. A well-structured process supports the implementation of each step, making the whole process manageable for the process-owner and prevents deviations. Co-creation is a **complex and time-consuming process** and risks becoming detached from reality. A well-structured process is able to react flexibly and quickly to unexpected changes, unintended outputs and any deviations. **Comprehensive and thorough monitoring** of the co-creation process is equally important in order to minimise the risk of failure.

The comprehensive design of the process comprises in particular the following issues:

- Stages and intermediate steps of the co-creation process with a suitable technique, preferably with small groups and specific qualitative methods based on available resources;
- Type and degree of the participation of clients, staff and stakeholders and their open access to the process;
- Creation of an open, collaborative environment to create collective intelligence;
- Professional assistance (trained staff, perhaps external expertise) for the use of qualitative methods and also for quantitative analysis if foreseen;
- A common toolbox of methods, while each process and each session is treated as a unique event and methods adapted accordingly.

Because of the uncertainties and risks with regard to the future-oriented outputs, comprehensive and careful planning, implementation and monitoring of the process using modern, appropriate methods and techniques is absolutely necessary. However, there can be **no total prevention against risks**. The responsible persons must be aware that risks have to be taken to a certain degree, and including the possibility that staff may make mistakes.¹¹

At the workshop there was an extensive discussion as to whether a **dedicated centre** for co-creation is necessary. This issue is of particular interest to the smaller PES. It was generally agreed that centres, such as those in France or Sweden with their pools of specialised staff, could be very useful but that they are not absolutely necessary. Without such facilities, PES, even the smaller PES, can carry out proper co-creation processes if the key elements are considered adequately.¹²

In the existing literature, it is generally considered that the third phase of innovation, the **organisation-wide implementation**, is often neglected. Obviously, it is not easy for participants in the co-creation process to assume responsibility for, or even influence, the roll-out processes. In most PES the traditional organisational hierarchy is responsible for the roll-out. However, at the workshop the middle management was identified as a key player and a potential source of barriers and obstacles for the co-creation process, starting with the initiation of co-creation and their level of active participation, and ending in potentially effectively hindering the comprehensive and sustainable implementation of new services or tools. It was assumed that fear of losing influence and power, or even their position, might be the main grounds for a defensive attitude. It is thus essential to ensure that the middle management are on board from the outset, and that any fears are addressed and dispelled.

5.3 Active involvement of different groups

The active involvement of customers, stakeholders and staff is often considered to be the **core element** of co-creation.¹³ For a carefully planned approach, the methods, intensity and timing of participation are the most relevant elements.

The discussion focused on the **hard-to reach groups** of clients such as the unemployed in areas remote from the labour market, NEETs and other vulnerable groups. Different approaches were discussed at the workshop. Some PES are using specialised agencies which search for, select and motivate clients to participate in co-creation. Other organisations co-operate with NGOs, such as organisations for the disabled, to reach clients. Furthermore, the need to locate and visit vulnerable groups at home or where they meet was mentioned. For instance, in the case of adolescents it might be necessary to look for them at metro stations where they tend to meet up.

With regard to **employers**, owners of **small enterprises** in particular also form part of the hard-to reach groups. In order to motivate employers, tailored information on the process and the expected advantages of the results are relevant. Positive experiences were reported when methods were adapted to the needs of employers, for example using tailor-made intensive individual interviews instead of 'time-consuming' workshops. A further key for successful participation of individual employers appears to be the integration of employers' organisations.

Another issue is ensuring a high degree of **representativeness of participants**. It was agreed at the workshop that it is very important to estimate customer needs correctly, which at first glance might require large samples so as to be academically sound.

¹¹ At the workshop the readiness to make mistakes was considered a relevant factor for success.

¹² In this respect the Estonian and the Danish PES can serve as examples.

¹³ See also Kallio, K., Lappalainen, I. and Tammela, K. (2013).

However, an absolute degree of statistical representation is not feasible in a forward-oriented procedure. Hence, two conditions must be taken into account. Firstly, it is necessary to find an acceptable balance between statistical representativeness on the one hand, and a valuable innovation process with viable products in a reasonable timeframe on the other hand. Secondly, it is important to assess critically the impacts of possible sample bias.

Accordingly, the requirements calling for representative samples found in the literature review (chapter 1.2) must be interpreted in a relative manner, because the practical procedures of co-creation do not allow for an absolute degree of representativeness. A workable compromise must be found without completely neglecting scientific standards.

It became very clear at the workshop that in order to ensure active participation, **trust** between the professional facilitators, the staff, the clients, end-users and stakeholders is essential. All participants must be aware of the sensitive nature of the issue and handle it responsibly. Inter alia, this requires clear and detailed information, an open, respectful working environment based on a level-playing field throughout the whole process. Professional moderation methods can foster creative collaboration.

The **degree and methods of involvement** are important in order to encourage the active participation of groups. It is evident that limited participation poses a significant problem for the success of co-creation.¹⁴ Therefore, it is best to involve customers, staff and stakeholders as early as possible. A crucial pre-condition for a successful co-creation process is the use of suitable professional techniques and methods, such as focus groups, moderated discussions and qualitative interviews. 'Professionals' who moderate processes using suitable methods are required. Furthermore, staff training is needed, in methodologies and issues such as openness for innovations and readiness to communicate with customers on an equal footing. In this context, toolboxes for the professional 'facilitators' were seen as useful.

A lively discussion took place on the role of material or financial **incentives**. Some PES have negative experiences with incentives or refuse to use them on the principled grounds that public agencies do not reward civic activities and that co-operation in the frame of co-creation is a type of civic duty. Other PES reported positive experiences with compensation and they argued that an appropriate compensation would among other issues reaffirm the value of the client's support, opinion and participation in the process as well as the time invested. This latter was considered relevant because the time customer groups are required to invest differs substantially. While some approaches limit co-operation to an interview, others request co-operation over a few days.

The **participation of other public authorities** in co-creation processes was considered a challenge, in particular if the process aims at merging activities or the joint offer of newly-created services. Only a few PES such as France, Sweden and Belgium (VDAB) have already gained experience in such sophisticated co-creation processes. However, it was agreed that the emerging challenges of labour markets cannot be tackled by PES alone and that co-operation with other public authorities, such as those responsible for education, training and health, will become increasingly important.

5.4 General remarks and overarching conclusions

Co-creation is becoming increasingly important for PES¹⁵ and is considered a key to becoming a client-centric organisation able to offer tailored and customer-oriented services.

¹⁴ See e.g. Durugbo, C. and Pawar, K. (2014) and Kallio, K., Lappalainen, I. and Tammela, K. (2013).

¹⁵ This is confirmed by the results of the pre-event survey where the majority of PES (seven) consider that its importance will increase by the end of 2022.

However, there is **no common concept or definition** available, which has both advantages and disadvantages. On the one hand, the creation of new services can be subject to co-creation, such as personal and IT-based services, IT-tools, mediation and coaching tools, integration of services, offer of joint services by different organisations, co-operation of different authorities and the improvement of workflows. It can also include the review and reform of existing services and tools. On the other hand, the concept is not suitable for all problems and purposes. Hence, realistic expectations about the potentials, limitations and risks of co-creation are an essential pre-condition for its successful use.

At the same time, it is important to recall that **co-creation is future-oriented** and inevitably **connected with risks and uncertainties**, including the risk of total failure. The forward-looking nature of co-creation requires risk assessment and the careful balance of academic and scientific requirements on the one hand and what can be practically managed given the uncertainties and contextual factors on the other hand. These requirements should be addressed at different levels:

- A careful balance is very important for the design of the process at the next lower level when, for instance, decisions on the duration and resources must be taken. Furthermore, a decision must be made as to the point when 'innovation' is considered sufficient;
- A careful balance is also necessary at an operational level, for instance, as far as possible, the structure and size of the group of customers should meet academic quality standards in terms of representativeness, and quality of information and data.

Practical solutions, including workable compromises, are needed because time and resources are limited. Hence, **viable products are the goal** and not 100% perfection.

However, risks should be minimised as far as possible, and co-creation should be carried out with rigour and precision at all levels (strategic to operational) and in all phases (planning, implementing, monitoring and also review). A **well-structured but flexible process design** and the **support of the senior management** is required throughout the whole process.

Trust at all levels and between all participating individuals and groups is an essential ingredient for co-creation. Furthermore, it is needed for effective partnerships and to ensure sensitivity, in particular because traditional bureaucratic service delivery often fails to take into account this 'soft' factor. Professional facilitators and the empowerment of participating staff appear to be useful pre-conditions to ensure a sensitive approach.

On an operational level, **continuous balancing**, as mentioned above, allows for the active participation of clients, staff and stakeholders. Some basic and interrelated principles include: (1) the need for a **co-creation engagement strategy** that answers the questions: who should participate and at which stages? how to select and motivate potential participants? and what should be the extent of their engagement? (2) the availability of a **procedure to select the co-creation technique** which ensures that adequate methods and instruments are available; and (3) the establishment of a **co-creation dialogue** based on trust and facilitated by trained staff or external experts.¹⁶

However, co-creation does not necessarily need a fully equipped, dedicated centre. As examples at the workshop revealed, smaller PES without such a centre are able to carry out co-creation processes, if they have a clear mission and a well-structured concept based on the fundamentals of quality assurance.

¹⁶ The same view is expressed by Kallio, K., Lappalainen, I. and Tammela, K. (2013).

The **organisation-wide roll-out** is decisive for the success of the co-created services, tools or products. There are numerous barriers and obstacles for an organisation-wide implementation. It is a time-consuming to ensure comprehensive and sustainable use of the new or reformed services or tools, which need to be monitored and assessed, for example using the PDCA-cycle of Plan, Do, Check and Act. This third phase should not be underestimated.

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Annex: List of core elements of co-creation processes

The following list contains relevant elements of co-creation processes and may serve as a first orientation for gaining experience with co-creation.

Contextual factors and strategic level

- It is crucial that management and staff have realistic expectations about the potential and limitations of co-creation. It is important to be aware that the future-oriented approach brings risks and uncertainties, and even the risk of failure;
- The specific constraints and contextual factors have to be carefully considered. The use of a 'complete copy' of an example from another country is usually not possible;
- The administrative culture must be open and ready for innovation. Staff must show willingness to communicate with customers and stakeholders on an equal footing;
- Throughout the process, the support of senior management, including the availability of sufficient resources in terms of money, staff, time and equipment, must be ensured;
- The aims of co-creation must be clear (e.g. save money, tailor-made services) and they should relate to the strategic goals of the PES.

Process design and implementation

- Co-creation is a demanding exercise and therefore needs careful design of the process and its different steps, starting with extensive planning and preparation;
- The process design must facilitate the creation of a collaborative and creative atmosphere in order to gain the co-operation of customers, stakeholders and staff;
- Communication and co-operation must be open, motivating and comprehensive, but avoid information overload. Trust is an essential ingredient, which needs sensitive co-operation and mutual appreciation between all actors;
- The methods and techniques used for collaboration and engagement at different stages must be professional and appropriately used by trained and experienced persons. Professional staff should act as facilitators;
- The need for training and/or empowerment of staff to ensure good co-operation has to be analysed carefully;
- The associated risks need an accurate balancing of academic and quality requirements on the one hand and the need for delivering products within the timeline on the other hand. The goals of co-creation are viable products, not perfection.

Active engagement of different groups

- The precise definition of groups to be involved, such as (front-line) staff, customers, stakeholders and other authorities, is crucial for success. The same is true for the stages and degree of engagement of the different groups;
- The sample of customers involved should be as representative as possible, but also practical. Customers should participate from an early stage;
- The creation of trust and the capacity to communicate on an equal footing and show appreciation is essential. This needs empowered staff and professional facilitators.

Organisation-wide implementation

- The organisation-wide roll-out of the new services, tools, or other products is crucial for the success of co-creation but often disregarded. Again, the support of the senior management is important, in particular to overcome barriers and obstacles, for example, those set by the middle-management.
- Comprehensive and sustainable roll-out requires careful planning, implementation, monitoring and review/adaptation of the implementation measures.

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