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The hidden side of co-creation
in complex multi-stakeholder environment:
when self-organization fails and emergence overtakes

1 INTRODUCTION

Co-creation has become a kind of a 'silver bullet': something to provide a solution for the fiscal and service delivery problems faced by governments and public service organisations worldwide. Co-creation has been justified on several grounds, of which the most alluring are perhaps that co-creation conceives service users as active partners rather than passive service users, co-creation promotes collaborative relationships between service providers and users, and co-creation puts the focus on the effectiveness of services. Seemingly, co-creation is based on the ideal of active citizenship and on the logic of effective production combining the complementary and substitutive capabilities possessed by different stakeholders, particularly citizens who use services. Hence, co-creation can be conceptualised as a mode of cooperative action, which is based on the complex combination of both top-down steering (from government and service providers to service users) and bottom-up organising (from service users and service providers to government).

As a practice, co-creation is seen in an affirmative light. It is identified with the progress and improvement of the state of affairs without much questioning. Apart from potential benefits of co-creation, this chapter explores situations in which co-creation comes something unintended and unexpected that should be examined closely. It is expected that co-creation produces not only new thoughts, ideas and solutions, but also new kinds of political, ethical, economic, cultural, and managerial dilemmas. As an example, the skewness in distribution of the participants in co-creation processes means that the most active and the ones in higher social status tend to dominate in participation and the voice of the rest remains unknown.

Using the complexity lens, this exploratory and conceptual chapter focuses on dilemmas introduced by "bottom-up organising" of co-creation – particularly on self-organisation processes, which produce emergent patterns that no-one chose or wanted. At the heart of the argument is that higher-level (good) behaviour emerges from the self-organising interactions within the system. Consequently, managers and organisations have been advised to build up cooperation-friendly conditions that allow the positive emergence to happen. Without questioning the appealing ideas concerning the power of self-organisation and emergence, however, this chapter focuses on the dark side of self-organisation and emergence. Exploring several examples where the process of self-organisation has caused unproductive, unwanted and unintended emergence, this chapter claims that co-creation has the faces of Janus; on the one hand co-creation may

improve the effectiveness of services, while on the other hand, it introduces new dilemmas and unexpected outcomes.

The objective of the chapter is to theoretically explore the meaning of self-organisation and emergence in complex co-creation settings and to seek potential new theoretical frames to address the phenomenon. The chapter contributes to the whole by introducing a theoretically sound framework, which sheds light on the promises and pitfalls of co-creation. In addition, this chapter contributes both to the complexity sciences and to the public service research. The chapter supplements complexity theory as it sheds light on the negative implications of emergence and self-organisation. In this sense, the chapter rectifies the positive bias in complexity literature – particularly in management-oriented literature – which mostly conceives emergence, and its cousin self-organisation, as useful for organisations. The chapter also contributes to the public service research by providing theoretically founded explanations for unintended and unexpected consequences of co-creation.

This chapter is structured as follows: after introduction, section 2 presents our definitional understanding of complexity of co-creation and discusses the concepts of self-organisation and emergence. Section 3 presents the promises of co-creation by explaining two opposite service logics "linear value delivery logic" and "interactive value creation logic". In addition, the section discusses preliminary findings from the co-creative pilots conducted in ten European countries. Sections 4 and 5 focus on examples of different forms of co-creation such as the exploitation or "participatory diversion" and exploration in the form of fourth sector type "pop up participation". In section 6, we study how systemic distortion, or even co-destruction, may emerge out of co-creation. We will provide a variety of real-life examples adopted from several past and ongoing research projects in which the authors are involved. Finally, in section 7, we close our argument by presenting a framework highlighting the different sides of co-creation and its many features.

2 CO-CREATION THROUGH 'COMPLEXITY LENSES'

It sounds reasonable to claim that co-creation processes are complex by nature. Complexity does not only refer to situations that are difficult to understand or complicated to handle, but to a basic property of a co-creative system. Seeing through complexity thinking, complexity is not necessary to be considered neither 'bad' nor 'good'; it is just that it helps us to understand the nature of the world – and the systems – we live in (Mitleton-Kelly 2003: 46–47). The strength of complexity thinking is that it may explain why the whole is more (or less) than the sum of the parts and how all its components come together to produce overarching patterns as the system evolves and adapts (Mitleton-Kelly 2003; Stacey 2010). It may even provide a new way to combine the science and art of management (Richardson 2008).

In recent years complexity thinking has been used widely as a theoretical framework in public policy and administration studies. As some examples, Christensen & Lægreid (2011) used complexity thinking in searching for hybrid public administration, Morçöl (2012) attempted to develop a coherent and exhaustive complexity-informed framework for public policy, Cairney (2012) explored the challenges to be overcome before

complexity theory can become valuable in politics and policy making, Geyer (2012) provided a 'complexity cascade' to be applied in policy making in education and health sector, Klijn & Koppenjan (2012) tried to build a bridge between complexity thinking and governance network theory, Ansell & Geyer (2017) introduced 'pragmatic complexity' as a new foundation for moving 'evidence-based policy making', and Murphy, Rhodes, Meek & Denyer (2017) used complexity leadership approach to manage entanglement in public sector systems. Despite of growing interest in complexity thinking, it seems that there still exists a lack of a common understanding of complexity in the field of public policy and administration (Gerrits & Marks 2015), and also a lack of empirical studies that test the theory in different contexts.

Following the logic of Cilliers (2005) and Richardson (2008), however we believe that complexity thinking could help to reveal limits to what is known about organisations, and therefore it also enables us to understand more about what we can and cannot achieve with management based on linear logic and causal reasoning. For our purpose, we use complexity thinking as conceptual frames to understand and explain why initiatives of co-creation in complex multi-stakeholder environments sometimes fail.

Complexity in co-creation derives from two interlinked sources. First, the process itself is complex due to the interdependence of a variety of stakeholders. Interdependency points out that actions by any stakeholder may affect – constrain or enable – related stakeholders and the whole system. Interdependencies between stakeholders allow information and other intangible resources to travel within and outside the co-creative system, and they can be used either for creating something new and potentially valuable for strengthening the status quo. Second, stakeholders have different and contradictory expectations and demands for co-creation. The valuation of benefits and costs of co-creation is based on incommensurate measures. While some put emphasis on effective service delivery, others appreciate that provided services meet users' needs.

We agree with Bourgon (2009) who claims that governments must accept that "no single actor, not even the State, controls all the levers that are required to achieve the results people really care about". In addition, we believe that the key to the problem — and its solution — are complex systems that merge the activities of multiple stakeholders. Seeing co-creation as a complex system forces to focus on system-level results. The system-level approach stresses the reality that public, private and third sector organisations must work in synergy with citizens to achieve the desired outcomes and create public value (Bouckaert & Halligan 2008).

Drawing on the complexity of problems and diversity of perspectives, we think that it would be worthwhile to search for the secret of co-creation from the self-organising and emerging nature of the relationships within the system and between the system and its environment. Adapting Mitleton-Kelly (2003) and Stacey (2007) and many other complexity scholars, we refer with *self-organisation* to a more or less spontaneous process without outside applied coercion or control. The process of self-organisation, in turn, is necessary to produce *emergence* – a new level of order. A clichéd saying "the whole is more than the sum of its parts" implicates that self-organisation can produce emergence, which cannot be predicted or decided in advance. Emergence cannot be fully understood on the basis of what is known about the components of the system. Self-organising activity, which may lead to the emergent order of the 'whole' is fundamentally

based on the number and the strength of the connections between the participants and the differences between the participants. This argument can be based on the principle of 'requisite variety' (Ashby 1956). Requisite variety refers to a state where systems' internal variety is sufficient to match the environmental variety. The greater the diversity of the system, the more adaptability and fitness it has (Uhl-Bien & Arena 2017). The diversity of the system's parts spreads into the rest of the system as a result of connections. Instead of being "a magical sundering of causality", we see emergence and self-organisation as "an outcome of variegated and constructed dynamics generated out of interactions" between the lower level actors that constitute the system (Hazy, Goldstein & Lichtenstein 2007). This means that while the complex system is aggregated from its parts, the interplay of these parts produces emergent patterns, which cannot be analytically reducible to the constituent parts (Stacey 2010). While emergent phenomena are seen occurring on the macro level (Goldstein 1999), however, the emergent whole has causal power in affecting micro-level components and processes. Blitz (1992), for example, has portrayed the duplex nature of emergence as 'downward causation'.

In practice this could mean, for example, that emergence results from the self-organising process where each participant – public organisations, private companies, and non-profit organisations – continually decide with which other organisations to engage, and what information and other resources to exchange with them (cf. Jalonen & Juntunen 2011). Citizens also have important roles in co-creation processes of many public services, such as social and health care services. They participate and influence the production and outputs, for example, by providing information about their health and by exercising rehabilitation actions. Co-creative practices simultaneously emerge from the decisions and actions taken in micro-level, and they also affect on those micro-level decisions and actions.

Although both self-organisation and emergence have been widely accepted as central phenomena within the complexity literature, there are, however, some differences in their interpretations. On the one hand, there exists an approach that sees the emergent whole as bubbling up from the micro-level interaction. The emergent whole represents 'global' whereas self-organisation coincides with 'local'. From this point of view self-organisation and emergence can be used to explain why things 'just happen' without a visible reason (e.g. Stacey 2007). Self-organisation and emergence are something very opposite of participants' intentions. A strong argument for this is given by Mintzberg (1979), who has described emergent strategies as "strategies without clear intentions, actions simply converging into patterns". Taking this view seriously means also that self-organisation and emergence are always unique processes in the sense that the search for generalised and average characteristics of those processes should be abandoned (cf. Aasen, 2009).

On the other side of the spectrum are researchers who call into question the 'spontaneity' of self-organisation and emergence. Hazy *et al.* (2007), for example, suspects the existence of pure spontaneous self-organising processes of creating order out of chaos. Particularly, he is concerned of the moral message 'spontaneity' implies when it is applied literally. Hazy *et al.* (2007) challenges the notion that "simply put together the right conditions and the hoped-for result will 'bubble up' or 'emerge' on their own, spontaneously and fully-formed as new processes and strategies that dramatically increase the competitive advantage of the organization". He ironically continues, "as

many managers and scholars soon learned, it doesn't happen that way. Emergence in real organizations requires constant attention, support and resources, and the 'success' of emergence […] depends in large measure on the quality of resources and attention that individuals and managers bring to the process." However, it is important to notice that Hazy *et al.* (2007) and his like-minded do not argue against the existence of emergence or self-organisation – all they suggest is that emergence and self-organisation are processes that can and also should be guided.

Whether seeing emergence and self-organisation as 'spontaneous' or as 'guided' processes, what is of importance is that both views accept that the 21st century's challenges cannot be solved without collaboration between different participants. It is reasonable to assume that the co-creators are facing wicked problems. Wicked problems are problems which have no definitive formulation; solutions are not true or false; there is no test for a solution; every solution has a consequence; they do not have simple causes; and they have numerous possible explanations which in turn frame different policy responses (Raisio, Puustinen & Vartiainen 2018; Daviter 2017). Therefore, we suggest that it would be useful to study the challenges of co-creation with "the lens of self-organisation and emergence". Not least therefore that self-organisation and emergence have built-in potential to pull co-production in two directions – *success* and *failure* – at the same time. The rest of this chapter discusses how the process of self-organisation may create emergent co-creation patterns that are not in accordance with the interests of the participants involved in the practices.

3 PROMISES OF CO-CREATION

In many studies from the 1980's and onwards, *co-production* has been identified as the new emerging paradigm for delivering public services (e.g. Bovaird 2007). Benefits of co-production are cited as including better service quality, customer-oriented services and less costly public services. The rising interest in co-production was mainly due to the economic pressures that state agencies and public organisation were facing in delivering public services. It can be claimed that this is still the case in late 2010s, but co-production has also received some extra attention for being able to enhance the citizen orientation in public services, to promote the role of the underprivileged and to encourage the actions of a civil society (e.g. Brandsen & Pestoff 2006). It has been employed in a predominantly positive manner as one of the remedies from keeping public services from collapsing all together. A bit simplified, co-production is based on linear and goods-dominant logic of value creation (cf. Vargo & Lusch 2004) and resonates with New Public Management movement (Hood 1991). Public services are seen as 'vehicles' in which value is embedded and through which value is delivered to users.

Despite of many benefits related to co-production, it has also been questioned on the basis that the reality of public services is increasingly complex, fragmented and interdependent world (Osborne 2018). Arguably the linear value delivery logic does not work in the complex reality where value is realized in use and in particular context. *Co-creation* has been proposed as a strategic direction for taking seriously the critique of co-production. Co-creation builds on the idea that people who use services work with professionals to design, create and deliver services. It has been suggested, that involvement of end-users in the planning process as well as in service delivery is what

distinguishes co-creation from co-production (Osborne & Strokosch 2013; Voorberg, Bekkers & Tummers 2014). Co-creation assumes "an interactive and dynamic relationship where value is created at the nexus of interaction" (Osborne 2018: 225). This conceptualisation of co-creation suggests a clean break with New Public Management thinking because value for the service user and the public service organisation are not created by a linear process of production but rather through an interaction in which the service user's wider life experience is part of the context (ibid.). In other words, public services cannot deliver value to the users but they can make a 'service offering' that has the potential to create value for users (ibid.).

Under the umbrella of co-creation, users' roles can vary from co-implementers to co-designers and even co-iniators (Voorberg *et al.* 2014). As co-implementers users participate in delivering services, as co-designers users decide how the service delivery is to be designed, and as co-initiators, users set the agenda to be followed by the public body (ibid.).

The Co-creation of Service Innovation in Europe project[1] was launched to increase service innovations based on co-creative design. The project aims to develop initiatives that advance the active shaping of service priorities by end users and their informal support networks, and contribute to social inclusion through co-creating public services by engaging diverse citizen groups and stakeholders in varied public services. In addition, the project focuses particularly on the potential of ICT to widen participation in co-creating public services. The project includes several real-life pilot projects developing innovative solutions to complex social challenges. The following brief analysis of the promises of co-creation is based on Rapid Evidence Assessment (REA) about the current state of co-creation in ten European countries (Sakellariou 2018). REA is a type of evidence review that aims to provide an informed conclusion on the volume and characteristics of an evidence base, a synthesis of what that evidence indicates and a critical appraisal of that evidence. The main purpose was to get a thorough evidence synthesis to inform policy and practice and to explore what is effective and what is not.

First, the odds of successful implementation of co-creation can be increased by ensuring the participation and commitment of groups closely working with the target groups and service-users themselves in the co-creation process already during the planning phase of co-creation initiatives. Instead of strictly defined objectives and procedures that must be followed, the key is to encourage the stakeholders to search applicable solutions through interaction. Involvement and interaction enables that the development and outcomes are actually serving users targeted purpose.

Second, the greatest challenge and at the same time the significant basic element in co-creation is the persuasion of the service providers and service users to participate. While co-creation promotes the power of service users, however, we find out the role of public servants should not be underestimated when initiating and implementing co-creation projects. When they are well informed, trained and committed to co-creation methods and goals they become the key players in enhancing co-creation. The key is that public servants understand and accept that outcomes might be something very different than

first anticipated, and that co-creation is possible only when it is conducted in close and respectful collaboration with all stakeholders.

Third, promoting and ensuring the diversity of 'co-creators' it is important to use a wide range of different ways by which they can participate. By combining physical (e.g. citizen panel) and virtual spaces (e.g. social media), it is possible to enable different voices to be heard and improve the fit between services offered and services needed.

Forth, although co-creation processes are primarily bottom-up processes, however, they can and should be supported by legal framework and governmental guidelines. It was found out that regulatory support can create fruitful conditions for co-creation to flourish and an open space for the implementation of co-creation.

Despite the potentiality and popularity of co-creation it does not mean that co-creation is easily implemented and that it functions under all circumstances. Co-creation is not self-evidently valuable as means in itself. Failures are to be expected, and co-creation has the potential of becoming co-destruction. When successfully implemented, co-creation gives people a possibility to communicate, express their views and ideas and feel part of the design and implementation process, but it can also have unintended and unwanted consequences if implemented without proper design and with poor engagement of various stakeholders. Next, we will turn our attention to the various sides of co-creation and explore the different features found therein.

4 PARTICIPATORY DIVERSION

Co-creation as described above is an ideal type of construction. As such, it is an objective to be pursued, but it must be accepted that it is rarely realized in its full capacity. Several factors challenge the realization of the ideal. These are, among others, the trivialization of public participation (e.g. Fung 2015), "rescripting" of community aspirations (e.g. Parker, Lynn & Wargent 2015) and using co-creation as a mere legitimizing (e.g. Virta & Branders 2016) or placating (Lee Jenni, Peterson & Katz 2015) tool. We consider these different barriers to genuine co-creation to form collectively a category we title *participatory diversion* (see Luoma & Lindell 2019). With participatory diversion, we refer to situations where public authorities, consciously or unconsciously, involve citizens in co-creation processes that are inadequate and at worst, a mere illusion of participation. In such situations, the ownership and control of co-creation processes remains exclusively with public sector actors, and citizens stay as mere bystanders.

As a phenomenon, participatory diversion is not a novel one. Already in 1969, Sherry Arnstein highlighted such negative participatory processes in her, now famous, *ladder of public participation*. This typology consists of eight levels of public participation. From the bottom up, the two first rungs are manipulation and therapy. For Arnstein (1969) these belong to a class of non-participation. On these levels, the aim is not in genuine participation, but in "educating" or "curing" the participating citizens. The next three rungs, informing, consultation and placation, form a class of tokenism. When participation is understood as tokenistic, participating citizens may have a voice, to a degree. However, the decision-making power remains with the official decision-makers. Final rungs, partnership, delegated power and citizen control, belong to a class of citizen

power. Power is then shared with or fully redistributed to citizen participants. Of the rungs, partnership seems to fit best the ideals of co-creation (see also Rock, McGuire & Rogers 2018).

Arnstein's ladder of public participation was a product of its time, and has since been criticized as well as developed further (see e.g. Tritter & McCallum 2006; Hurlbert & Gupta 2015). For example, Torfing, Sørensen & Røiseland (2016) point out the antiquatedness of citizen control – the self-government of the people – idealized by Arnstein. In response to an ever more complex operating environment, where collaboration, instead of any such single actor strategy, is called for, they present their own typology, *a ladder of co-creation*. This typology consists of five levels, where on the lowest rung citizens are empowered and encouraged to co-produce their own services. On the second rung, value is produced also for other citizens, for example through voluntary work, in cooperation with public agencies. On the third rung, citizens take additionally part in providing input to the service design (e.g. through public hearings or crowdsourcing). On the fourth rung, participation advances to mutual dialogue between different societal actors. Fifth rung is the most comprehensive one. Torfing *et al.* (2016: 11) define it as follows:

> "The final rung is when relevant and affected actors from the public and private sector participate in institutional arenas that facilitate collaborative innovation based on joint agenda-setting and problem definition, joint design and testing of new and untried solutions, and coordinated implementation drawing on public and private solutions."

However, the above-described ladder of co-creation lacks the undesirable and detrimental rungs included in the Arnstein's typology. These are the rungs we understand as participatory diversion. One such rung is what Fung (2015: 521) calls "the park bench problem". This refers to a situation where the choices and stakes of co-creation processes are trivial, akin to having a power to decide on the colour of park benches. Citizens have then a possibility to take part and influence, but not in a truly meaningful way. This triviality may eventually lead to widespread disappointment and even apathy. The issue of triviality occurs in certain branches of government more strongly than in others. For example, Virta and Branders (2016) highlight security governance as one such area, where participatory processes are often de-politicized and even circumvented by the public authorities. The possibility of citizens having an authentic voice on questions of safety and security may seem for public authorities as too unpredictable, uncontrollable and ambiguous (see also Torfing *et al.* 2016; Raisio, Puustinen, Norri-Sederholm & Jalava forthcoming).

On another rung, there may exist a situation where citizens are initially promised a stronger voice in co-creation processes, but which eventually is rescripted. Citizen input is then rewritten to "planning language", downplayed and even written out of the final product. The promised partial ownership and control of the process becomes a mere illusion. (Parker, Lynn & Wargent 2015.) This can be understood as a tokenistic practice where public authorities make perfunctory gestures of including citizens in the co-creation of public services (see Torfing *et al.* 2016).

As a third example of participatory diversion, we highlight the usage of co-creation as a legitimating device and a tool for placation (see e.g. Lee Jenni *et al.* 2015; Virta & Branders 2016). In such situations, participatory processes are used to legitimate plans and decisions that have already been made. The aim is to gain support through informing and placating citizens. Citizens' role is then akin to participating in "a kind of customer feedback event" (Virta & Branders 2016: 1151). All the examples above are such where initiating, planning and implementing public services becomes something that is fundamentally done *for*, not *with* the citizens.

5 SELF-ORGANIZING FOURTH SECTOR

Participatory diversion, however, does not automatically lead to passivity or apathy. Citizens may also begin to rebel and radical social movements may emerge. Due to increasing dissatisfaction with the public authorities, citizens are then striving to find ways to have a stronger impact and even take over power. These actions often take forms such as demonstrations and marches, but may eventually extend beyond democratic forms of protest and even include civil disobedience and violence. (Kotus & Sowada 2017.) While we acknowledge the importance of such actions, in this section of the article, we highlight a more prosocial model of *fourth sector* type civic activity, which does *not act against* public authorities, but *acts regardless of* them. Mäenpää & Faehnle (2017: 78) define the activity in question as follows:

> "By the fourth sector, we refer to the area of civil society that, with its quick, lightly organised, proactive and activity-centred nature, is structured outside of the third sector, or the field of non-governmental organisations."

The definition highlights a do-it-yourself (DIY) spirit and a yes-in-my-backyard (YIMBY) attitude. Mäenpää, Faehnle & Schulman (2017) consider digitalization as one of the key reasons for the rise of such fourth-sector type activity. Technology enables continuous, real-time, and place-independent communication, which manifests, for example, in social media groups emerging around topical issues. This leads to citizens being more empowered than ever to act and take matters into their own hands (Faehnle *et al.* 2017).

As examples of fourth sector type civic activity, Mäenpää & Faehnle (2017) consider, among others, local movements, peer-to-peer trade and services, social peer support, and hacktivism. Also, Böse, Busch & Sesic (2006), studying the cultural sphere in Vienna and Belgrade, have written of fourth sector. They consider fourth sector to be identified by its transitory, subversive, and fluid nature and being exemplified by DIY cultural activity. Rask *et al.* (2018) have examined fourth sector in the context of responsible research and innovation. For them, fourth sector "is an emerging field, composed of actors or actor groups whose foundational logic is not in the representation of established interests, but rather, in the idea of social cooperation through hybrid networking." (ibid. 46) Fourth sector has been studied also in the context crises and disasters (see Raisio *et al*. forthcoming). In this context, fourth sector includes spontaneous volunteers and emergent citizen groups who, for example, take part in tasks such as search and rescue, providing food, drink, and shelter, and collecting and distributing relief supplies. As an example, in the refugee crises of 2015, public authorities all over Europe were overwhelmed by the informal self-organized responses of citizens in providing support, such as shelter and provisions, for refugees (see Lorenz, Schulze & Voss 2018).

Self-organization is one of the defining characteristics of the fourth sector (see Rantanen & Faehnle 2017; Raisio *et al.* forthcoming). In the context of urban development, Boonstra & Boelens (2011: 113) provide a definition of self-organization that is well suited to describe the fourth sector type civic activity: "initiatives that originate in civil society from autonomous community-based networks of citizens, who are part of the urban system but independent of government procedures". Such self-organizing civic activity has been considered to include various positive aspects. Among the foremost is the fourth sector's adaptability and agility. Self-organizing civic activity is based on improvisation and creativity, often making fourth-sector actors capable of acting more flexibly, unconventionally, and quicker than actors in other sectors, whose actions are limited by various rules and regulations (Mäenpää & Faehnle 2017; Polanska 2018; Raisio *et al.* forthcoming). In addition, owing to them having a certain elasticity, fourth-sector practices may be an attractive way of contributing for citizens who cannot, or do not want to, engage in activities for a prolonged period (see Polanska 2018). This reflects the changing nature of volunteering. Instead of traditional volunteering based on committing their time to third-sector organizations, individuals desire more autonomy, are prepared for an episodic style of volunteering, and develop more loyalty to causes important to them than to a specific organization. (See Grönlund 2016; McLennan, Whittaker & Handmer 2016.)

The growth of the fourth sector, at least in the context of participatory diversion, 'turns the tables' between public authorities and citizens. To put is simply, it is then not so much citizens who adapt to the actions of the public authorities, but public authorities who adapt to the new operating environment, that is, the emergence of the self-governing fourth sector. Mäenpää & Faehnle (2018: 43) define the relationship between fourth sector and public authorities as *hybrid governance* (see also Johanson & Vakkuri 2017). They consider this as more suitable than, for example, co-governance or partnership due to two factors. First, fourth sector actors are cautious of too tight relationship, as it "might melt their identity and operating methods with those of others, fearing that they would thus diminish their own role as actors." Second, as fourth sector actors, due to their self-organizing, fluid and temporary nature, are not legal entities, public authorities "cannot share responsibility for decisions with these civic actors, and cannot make legally binding contracts where the other party is not a legal entity." Hybrid governance is then more about interaction processes between different societal actors than decision-making power or contracts. (ibid.)

Mäenpää & Faehnle (2018) have tried to outline such interactions in their eight-step model of hybrid governance. Steps include such as where fourth sector acts on its own (step 1), where fourth sector actors are in dialogue with public authorities (step 4), and where dynamic fourth sector and more rigid public sector form an integrated system (step 8). Public authorities can then choose, context-wise, different strategies to react and adapt to the self-organizing fourth sector. The choice is then not a simplistic binary decision, for example, between *control* or *enable* (see Raisio *et al.* forthcoming).

6 SYSTEMIC DISTORTION LEADING TO CO-DESTRUCTION

Public authorities (mis)using co-creation in the form of participatory diversion or citizens acting regardless of public authorities in harmless self-organizing civic activity

are not the ideal type of co-creation described in the third chapter of this article. But they are not particularly dangerous or destructive either. They just disguise some other sort of action as co-creation. Organizations and organizing have always had a darker side, which has also been acknowledged and studied in several disciplines (Bella, King & Kailin 2003; Linstead, Maréchal & Griffin 2014). On the other hand, self-organization and emergence, as well as co-creation, have all too often been treated in a merely affirmative light (Bella 2006). We have an inherent tendency to believe that when bringing people together in an organized settings good deeds and things will automatically arise.

In the case of co-creation, seen through the lenses of complexity, we would like to draw the attention to systemic effects, to the logic of systemic distortion. Systemic distortion may happen even when "good people" come together in "good faith" to do "good things", like in co-creation (King, Down & Bella 2002: 163). No-one intends to do any harm, but the evil emerges out of the interconnections of the parts and the non-linear, dynamic interactions. (Bella 2006; Bella *et al.* 2003; see also Kotus & Sowada 2017.) Systemic distortion is more likely when there are multiple stakeholders with competing interests and competing goals, and when power imbalances are present. Such situations have been studied for example in health care (Friedman, King & Bella 2007), tobacco industry (Bella 1997) and crisis and emergency situations (Johannessen 2018). That is also precisely the case with co-creation. Regardless of the actual substance and context of the co-creative actions, there are by definition multiple stakeholders – at least public authorities, NGOs, private sector actors and citizens, in many combinations. They might have an overall common goal, for example the production of better public services or more civic participation, but they always have (slightly) competing interests. The power imbalance is also notable. Public authorities are considered the legitimate power holders in many cases of co-creation whereas the others compete for the power and resources left from there.

In order for the systemic distortion to emerge there must also be systemic distortion of information in the given system (see e.g. Bella 2006; Bella *et al.* 2003; King *et al.* 2002). This refers to a situation where some information is ignored, distorted, left unsaid or misinterpreted. It creates a continuous reinforcing cycle of misinformation, misinterpretation and misconduct. The distortion of information is often not intentional – it comes naturally in social systems, where people promote their own interests, tend to blame "others" for mistakes, or do not want to blame anyone, covering up for mistakes in order not to disturb the system or put anyone into shame and so on (ibid.). This in turn may lead to systemic organizational defensive routines, where our espoused theories and theories-in-use differ – we do not act the way we say or believe we do (see e.g. Argyris 1999). Systemic distortion worsens even further when we realize that most often we actually think in a linear manner – A leads to B, or B is a consequence of A – not in systems terms, cyclically or in circles (King *et al.* 2002). In other words, we ignore feedback loops, systemic effects and non-linearity that characterize complex systems.

Systemic distortion in co-creation may lead into what we would like to call *co-destruction*. It is the opposite of ideal co-creation, an unintended and unwanted co-creation. It is the dark side that emerges when self-organization fails. Kotus & Sowada (2017) point out one form of co-destruction in their article where they describe different types of participation in urban management. They call it disorder: not only is there actually no participation (no co-anything), but the entities or actors involved do not even perform their basic functions. Everyone considers themselves of being treated unfairly and having

no say in the process. Everyone is having a growing desire to seize power and take more radical steps. (Ibid.: 81.) This is a case where the self-organizing fourth sector (see chapter 5) is striving to take over power, but at the same time feeling dis-empowered. Public authorities are not only performing a participative diversion, but they are directing their efforts to provoke confrontation and authoritarian rule. Interests and goals are hidden, action is not open, power imbalance and battle is notable, as is the systemic distortion of any information possibly available in the system.

Somewhat different example of systemic distortion was uncovered in the social and health care sector in Finland at the time of writing the article. A large private company providing housing and care for elderly was charged for wide spread neglect of customers all over the country. Opening up the case brought forth a classic case of systemic distortion of information inside the organization. The situation can be analysed as an example of co-destruction. Public authorities and private sector were co-creating, or at least co-producing the services, and also the customers or their advocates were actively involved. The goal and intention was undoubtedly good - quality services for the elderly. Not one of the actors involved was intentionally malicious. But there were, and are, multiple stakeholders with varying interests and power imbalances. The public authorities mainly responsible for financing the services obviously wanted the services inexpensively. The customers also wanted the services inexpensively, but also with good quality. The company wanted to make profit. Customers had the least power in the process, being often disadvantaged due to physical and mental conditions. Since there is lack of services for elderly in the society, it is more or less seller's market, hence leaving the public authorities often without much choice. Adding to this was the shortage of care personnel. Lack of personnel lead to situations where there was neglect of customers, or even open misconduct. This had to be covered. And the cover up had to be covered. Soon no-one knew what the real situation was or had been. The "others" were blamed. Public authorities blamed the company, when customers of their advocates complained. Personnel said they were not listened to by the management. The management said they did not know about the situation etc. The vicious cycle of co-destruction was operating in the "context of normal behaviours acted out by a number of well-intended people" (King *et al.* 2002: 163).

7 DISCUSSION AND CONCLUSIONS

While co-creation is a lucrative concept within public services, it has also been criticized for being too vague. Gebauer, Johnson & Enquist (2010), for example, have pointed out that co-creation has been used inter-changeable with co-production, and for many (e.g. Voorberg, Bekkers, Fleming, Timeus, Tonurist & Tummers 2017: 366) co-creation has been limited solely to "the involvement of citizens in the initiation or design of public services". Emphazising *value* co-creation in public service context has also been seen problematic. Osborne (2018), for example, has identified four reasons why value creation in public services differs from private service firms. First, for public services the retention of customers and repeat business is likely to be a sign of service failure, whereas for firms they are key objectives. Second, many service users in public services (e.g. prisoners) are coerced to use services. Third, the concept of customer is blurred in public services because of multiple end-users and stakeholders with conflicting ideas about what is valuable. Fourth, public service users have a dual role as both a service user, but also a

citizen who may have a broader societal interest in the outcome of a service (ibid.). The problem of value co-creation is well presented in the co-destructive case of elderly care described in the previous chapter 6.

The ideal co-creation works in an environment of dynamic balance between exploitation and exploration (see Figure 1). Exploitation is characterised as refining, selecting, implementing and executing operations, whereas exploration is an organisational activity based on searching, risk taking, playing, experimenting, discovering and innovating (March 1991). While exploitation rests on established routines and modes of routines, exploration emphasises the identification of new opportunities and alternatives (ibid.). The ideal co-creation is also controllable in a sense that there are shared goals, intentions and values. There exists a feasible convergence of all parties involved, and at best the ideal co-creation is characterized by enabling governance. Where there exists exploration, but the exploitation in the situation decreases, we enter the era of pop-up participation or self-organizing fourth sector. From the part of public authorities, it is a sort of "laissez-faire" governance. Let the civil society deal with it, if they are willing to. When exploration activities decrease and exploitation remains at high levels, we face the participative diversion. It is a form of pseudo-co-creation, an illusion of participation and collaboration. It is characterized by systemic rigidity, again mostly from the part of the public authorities wishing to stay in control. Too much exploitation will not foster co-creation. Finally, where there is no exploitation and no exploration, at its worst, we enter co-destruction powered by systemic distortion.
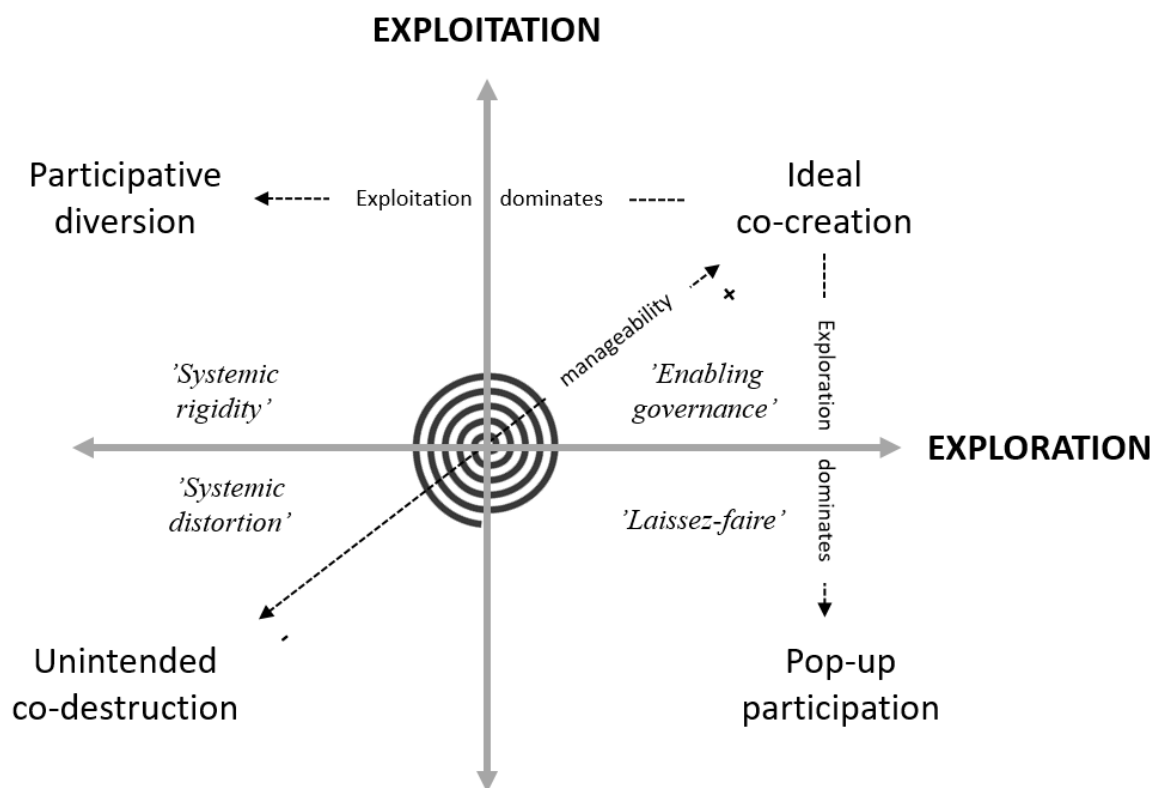
Figure 1. The matrix of co-creation.

The simultaneous appearance of exploitation and exploration is called organizational ambidexterity (e.g. Uhl-Bien & Arena 2018). In the general sense of the word, ambidextrous refers to being able to use both arms. In relation to this, figure 1 presents *a matrix of co-creation*, where, in the upper right corner of the matrix, actors taking part in co-creation processes are – metaphorically speaking – able to use their both arms, to innovate and to produce, to be ambidextrous. In the upper left corner, actors work one-armed, only using their left-arm, and not being able to take advantage of the full potential of the co-creation processes. The same applies to the bottom right corner, where actors are only using their right-arm. In the former case the strong, but inflexible and tense left arm goes with public authorities. In the latter case the frail, but flexible and loose right arm belongs to civil society. In the bottom right corner of the matrix, all actors are collectively altogether armless, and at the mercy of (destructive) self-organization and emergence.

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