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To cite this article: Eugene Guribye (2017): Co-creation of Linking Social Capital in 'Municipality 3.0', Journal of Civil Society, DOI: [10.1080/17448689.2017.1402857](https://doi.org/10.1080/17448689.2017.1402857)

To link to this article: <https://doi.org/10.1080/17448689.2017.1402857>



Published online: 20 Nov 2017.



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## Co-creation of Linking Social Capital in 'Municipality 3.0'

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### ABSTRACT

There is great interest in co-creation of welfare production between municipalities and the civil society in the Nordic countries. Using linking social capital as a theoretical point of departure and examining a qualitative case study in Norway, I critically assess the concepts of co-creation and 'Municipality 3.0'. It is suggested that even in countries with high trust in the authorities, building linking social capital in the shape of interorganizational networks is a complex process fraught with potential barriers related to trust, network building, municipal resources, and statutory laws and regulations. And while outcomes are promising, they are far from certain.

### KEYWORDS

Co-creation; linking social capital; Municipality 3.0; Nordic countries

### Introduction

In the past few decades, there has been an increasing focus on new forms of public management which acknowledges the mutual dependency between organizations, including non-governmental organizations (e.g. Giddens, 1998; Kooiman, 1993; Rhodes, 1997; Stoker, 1998). Proponents of the so-called 'Third Way' between neoliberal marketization and Social Democratic statism advocate a shift towards the *Welfare Society* in replacement of the Welfare State (e.g. Giddens, 1998). This implies an emphasis on *active* citizens who share the responsibility of their own and others' welfare (Stoker, 1998). This shift, which is often framed as a development from *government* to *governance*, challenges established boundaries between the public, private and voluntary sectors and areas of responsibility related to social and economic tasks (Rhodes, 1997).

In the Nordic countries, welfare states have been developed with a broad scope of public services, social safety nets, universal healthcare and free education. However, analysis suggests that this mode of operation may not be economically sustainable in the near future due to demographic changes and increased welfare expenses (e.g. Normann, Rønning, & og Nørgaard, 2013; Roksvaag & og Texmon, 2012). In recent years, this has sparked a renewed interest in governance-related solutions in the Nordic countries, where the concept of *Municipality 3.0* (Kommune 3.0) has generated a lot of interest in *co-creation* of welfare production between the municipality and the civil society (Guribye, 2016; Torfing, Sørensen, & Røiseland, 2016).

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Initially branded as a new welfare strategy in the Danish municipality of Skanderborg, *Municipality 3.0* is a concept which includes all citizens, institutions and organizations within a local area in the welfare production, rather than merely public institutions with their professionally employed civil servants. In other words, welfare production is no longer perceived as the sole responsibility of the public sector, but of the entire population. In similar ways, often embracing the concept of *Municipality 3.0* and acknowledging their governments' calls for an entirely new mode of welfare production with increased participation from the civil society, many municipalities throughout the Nordic countries are currently exploring how to cope with this kind of transition in practice.

In this article, I will critically assess the concept of *Municipality 3.0* as first and foremost an ideological construct. I will argue that the push towards governance and co-creation of welfare production warrants strategic efforts on the part of the public sector at generating *linking* social capital, in the shape of trusting cooperative relations across institutionalized authority gradients in society (Szreter & Woolcock, 2004). These efforts need to be analysed both in the context of the myriad laws regulating public services in the Nordic welfare state models and in the context of participation in the civil society in the Nordic countries, which is already among the highest in the world (Folkestad, Christensen, Strømsnes, & Selle, 2015). And we need to ask the question whether the push towards *Municipality 3.0* actually relieves civil servants of tasks, or whether it in fact involves the addition of a *new set of tasks* in the form of developing expertise in creating social networks and platforms for interaction with the civil society. It will be argued that by generating *linking* social capital across the sectors, municipalities may deliberately increase *bridging* social capital between individuals and organizations within the civil society. They may also facilitate co-creation of welfare production between the two sectors, but it will be argued that there are many potential barriers along the way, and that the outcomes of this co-creation almost by definition remain far from certain.

As a case study, I will analyse large-scale processes of collaboration between the public and voluntary sector in the municipality of Arendal in Norway as part of the project 'With a Heart for Arendal' (WHFA; *Med hjerte for Arendal*). The project has generated considerable national interest and involves collaboration between the municipality and around 100 civic organizations, sparking a host of projects in diverse fields such as elderly care, integration of refugees, drug-related care and the combat of child poverty. Thus, the project seems to be a well-suited case for analysing issues related to *Municipality 3.0* in an everyday municipal context: What challenges are involved in generating networks and platforms for co-creation? What are the advantages of creating these networks? And does co-creation really break down boundaries between public and civic tasks and roles in welfare production?

## Linking Social Capital

Research throughout the past decades has provided a rich empirical base as evidence of tremendous value production within the civil society. Social capital, defined as civic networks, norms and social trust that may facilitate coordination and cooperation for mutual benefit (Putnam, 1993), has been regarded as a key factor in welfare areas such as social cohesion, integration, economic success, health, language acquisition, child welfare, career

decision-making and well-being (e.g. Derose & Varda, 2009; Dika & Singh, 2002; Ferlander, 2007; Gordon & Jordan, 1999; Kumar, Calvo, Avenando, Sivaramakrishnan, & Berkman, 2012; Portes, Guarnizo, & Landolt, 1999; Szreter & Woolcock, 2004; Wilkinson, 1996). These studies have contributed to spark the increasing focus on the role of the civil society and social capital in relation to the development of the welfare state (e.g. Giddens, 1998; Guribye, 2017; Putnam, 1993; 2000; Rothstein & Stolle, 2008; Wollebæk & Selle, 2012).

Scientists have discerned between different forms of social capital, such as *bonding*, i.e. trusting cooperative relations within the local community as a whole, and *bridging*, i.e. trusting cooperative relations between heterogeneous groups and social networks within the local community (Putnam, 2000; Woolcock, 2001). However, governance solutions and co-creation of welfare production seem to warrant the establishment of another kind of social capital, across institutionalized sectors in the society. Researchers have referred to these kinds of trusting cooperative relations between people who are interacting vertically across explicit, formal or institutionalized power or authority gradients in society as *linking* social capital (Dahal & Adhikari, 2008; Guribye, 2013a; Lindstrom & Saucedo, 2002; Szreter & Woolcock, 2004; Woolcock, 2001). In theory, *bridging* social capital may provide distinct civic organizations and groups with access to resources and information available within other organizations, networks and groups. But *linking* social capital in the shape of publicly facilitated meeting places for civil society actors may augment the generation of this kind of bridging social capital. Furthermore, networks and platforms for co-creation between civil society and the public sector may tie these resources in the civil society together with resources, policies and overall welfare strategies within the public sector.

Thus, *linking* social capital is important because while *bonding* and *bridging* social capital may enable people to 'pull themselves up' without state involvement, we need a larger focus on the role of the state and politics in relation to social capital (Claibourn & Martin, 2000; Fine, 2001; Harris, 2002; Pathirage & Collyer, 2011; Wollebæk & Selle, 2002). This involves political relationships and the role of public institutions such as the police and legal system, the implications of universal and just welfare services, and the development of policy frameworks in relation to the generation of social capital in the civil society (Guribye, 2017; Rothstein & Stolle, 2008; Wollebæk & Selle, 2012). By focusing exclusively on social relations in the civil society and overlooking the structural frameworks these relationships are shaped in, there is a risk that the concept of social capital may potentially work *against* the interests of disadvantaged groups, rather than *for* them (Harris, 2002). In other words, the civil society simply cannot be analysed as an autonomous social field.

In the Nordic countries, strong relationship between the public and voluntary sectors is an integral component of the welfare state model (Wollebæk & Selle, 2012). Factors such as the organization of the welfare state, agreements about service provision by non-public actors, institutional frameworks and cultures for civil action all affect the interplay between the public and civil sectors (Loga et al., 2016). In 2014, 61% of the Norwegian population participated in voluntary work, primarily in the cultural and leisure field (Folkestad et al., 2015), while the level of generalized trust has consistently remained one of the highest in Europe (OECD, 2011). The authorities have aimed at providing a benchmark welfare state model with extensive public social services financed by relatively

high taxes, while simultaneously strengthening the role of voluntary organizations (Lorentzen, 2004). Public policies, rules and regulations, funding schemes and other types of public support mechanisms directed at the civil sector play important roles in relation to the way it is organized (Guribye, 2017; Ødegård, Loga, Steen-Johnsen, & Ravneberg, 2014; Predelli, 2008; Takle, 2015). In recent years, Norwegian authorities have signalled a shift in the welfare policy towards a more liberalist doctrine of involving the civil society more strongly in welfare services and community building (e.g. White Paper no. 39 (2006–2007); White Paper no. 47 (2008–2009); White Paper no. 34 (2012–2013)). Municipalities, especially those with limited economic means, are encouraged to facilitate active contribution from the civil society in order to address increasing demands for quality and quantity of welfare services. In practice, this implies efforts at generating *linking* social capital in the shape of networks and platforms for co-creation. This presupposes a process of dialogue, learning and building of trust.

### Municipality 3.0

The concept of *Municipality 3.0* has drawn considerable attention in the Nordic countries in recent years, and may be linked to the terms *co-creation* and what they refer to in Denmark as ‘the new welfare alliance’ (Holdt, Hygum, & Gerber, 2014; Torfing et al., 2016; Ulrich, 2016). In the municipality of Skanderborg, where the term was coined, *Municipality 1.0* is described as an antique way of government based on authority, rule and regulations, and in which the citizens were primarily considered to be minions without much influence on public affairs. Moving forward to *Municipality 2.0*, the public sector, characterized by New Public Management, has primarily become a service provider, with local politicians who determine goals and financial frameworks in dialogue with professionals and customers, i.e. citizens. In the proposed *Municipality 3.0*, reflecting the so-called ‘Third Way’ described above, active and engaged citizens are supposed to team up with civil servants to take on the responsibility for their communities. The role of politicians will be to stimulate activity in the community, while municipal civil servants are expected to be concerned with identifying local resources within the community, create networks and facilitate co-creation.

Needless to say, this is not an accurate historical analysis of changes in the municipal sector where the development tends to be characterized by segmentary overlaps rather than distinct, consecutive periods (Andersen & Pors, 2016). What is at the heart of this liberalist construct is the issue of the most effective use of resources for welfare production within local communities. The central idea is that strategic efforts on the part of the public sector at facilitating co-creation may somehow liberate resources within the local community which could make it possible to decrease public welfare production. However, it has been suggested that this kind of co-creation involves a high degree of unpredictability, and that the outcomes are far from certain (Guribye, 2016; Ulrich, 2016).

Borrowed from the business world, where it has been argued that value creation increasingly occurs through co-creation between businesses and users (e.g. Prahalad & Ramaswamy, 2004), *co-creation* now also implies finding welfare solutions together with the citizens (Guribye, 2016; Holdt et al., 2014; Torfing et al., 2016; Ulrich, 2016). Each participant contributes with resources and knowledge and works collaboratively to find solutions to mutual challenges. However, co-creation may span from projects with

a high degree of predictability, such as when the municipality invites citizens to contribute to waste recycling, to projects with far less predictable outcomes in which citizens take the initiative and extend an invitation to the municipality to participate (Ulrich, 2016). In the latter types of projects, the municipality must relinquish its governing role and act as an equal partner, while acknowledging that there is no guarantee that co-creation necessarily will result in new and better solutions. Furthermore, these kinds of self-organizing, inter-organizational networks (Rhodes, 1997) may involve mutual dependency between organizations based on trust and continual negotiation of rules and regulations. Whereas we are used to a strong focus on *results* within New Public Management welfare projects, there may in fact be no consensus on desired results in co-creation projects; rather there may be many preferences (Rhodes, 1997). One of the central tasks of managing these networks is to maintain relations across time. Thus, the establishment and maintenance of trust become more important than formal contractual agreements and expected results.

While traditional areas of responsibility may be challenged, citizens' legal rights to services are indisputably stated in a number of laws regulating public government. In Norway, for example, this includes the Act Relating to Social Services (*Sosialtjenesteloven*), Act Relating to Municipal Health and Care Services (*Helse- og omsorgstjenesteloven*), the Public Administration Act (*Forvaltningsloven*) and many more. This implies that there are important issues related to the municipalities' legal obligations to provide welfare services and the ideological drive to increasingly involve the civil society in the welfare production. Thus, when the Danish municipality of Aarhus publically stated that 'welfare is not a municipal task' (Aarhus Municipality, 2015), it was met with considerable critique. Legally, welfare is indeed a municipal task in Denmark, and voluntary organizations tend to be wary of these demarcation lines (Guribye, 2016; LaCour, 2014).

The Nordic welfare state model furthermore encapsulates systems such as the National Insurance (*Folketrygden*) which is an obligatory national social insurance system financed through taxes in order to secure necessary support in cases of disease, injury, pregnancy, birth, unemployment, age, sole provider responsibility, death, expenses for medical treatment and rehabilitation. Thus, the high tax levels in the Nordic countries are related to the broad spectrum of welfare services provided by the public sector for its citizens. It is difficult to imagine a *Municipality 3.0* in which citizens become welfare producers to a far larger degree than today, whilst maintaining today's tax levels. The high level of trust in public institutions in the Nordic countries is a prerequisite for the *universal* welfare state model (Wollebæk & Selle, 2012). Consequently, we cannot start to dismantle the welfare state and expect the same results. This context, then, provides an important backdrop for our research issues.

## Methods

The study builds on action research following *WHFA* from its inception in 2012 throughout 2016. The author has collaborated closely with actors within the project and contributed with systematic reviews of relevant international research literature and empirical data collection and analysis of ongoing processes within the project. This knowledge has been projected back into the project, analysing and resolving collaborative challenges and identifying success criteria. Data collection consisted of ethnographic fieldwork, qualitative in-depth interviews, document analysis and an online survey conducted in 2015.

The fieldwork involved participation in the advisory board of the project, as well as in various executive committees, meetings, funding applications, excursions, seminars and events, keeping weekly, if not daily contact with the project leader and other participants in the project. Qualitative interviews with representatives of the six major organizations participating in the project at the time were conducted by the author in 2013, while a second round of nine qualitative in-depth interviews were conducted by a second researcher in 2015. Additionally, relevant documents such as plans, steering documents, relevant acts, project proposals, city government decisions, etc., were analysed.

The online survey conducted among representatives of 13 organizations in the advisory board in 2015 focused on issues related to trust, collaboration and knowledge about the other organizations. A simple frequency analysis was employed to gain a superficial understanding of the issues in focus. The concept of *linking social capital* was operationalized by analysing the strategies and processes related to the generation of trust and networks between the municipality and the civil society in its particular context. Similarly, *bridging social capital* was operationalized by analysing contextualized processes related to the generation of trust and cooperation between actors in the civil society, including voluntary organizations as well as active citizens involved in welfare production.

The overall collection of qualitative data was analysed by category analysis methods using NVIVO software. A series of 'nodes' consisting of recurring themes and categories were initially created and eventually grouped into larger clusters of themes related to the research issues. Findings were, as previously stated, triangulated with participants in the project throughout the process, providing both important feedbacks on the progress and direction of the project, but also conversely providing feedback on the relevance and validity of the analysis.

One of the advantages of participatory action research is that it involves the pursuit of practical solutions to issues of pressing concern to stakeholders in their communities (Reason & Bradbury, 2001). This makes it possible to invest in the establishment of trusting, reciprocal relationships with informants, which is a key element in all ethnographic fieldwork in order to gain access to information (Emerson, Fretz, & Shaw, 1995; Guribye, 2013b). Thus, the more subjective position which followed from employing action research was not merely an undesirable artefact in conflict with the ideals of the 'neutral observer', but a methodological choice to gain access to information within a community – in this case the advisory board of the project. The practical involvement with the stakeholders in developing platforms for co-creation, for instance, allowed the researcher to gain better knowledge about challenges involved in the process. An analysis of these challenges, set in the context of other relevant research, was presented to the stakeholders in the project. It is unlikely that this process influenced the findings of the current study in other ways than standard triangulation processes as a validation measure in the social sciences.

## The Inception of WHFA

Arendal is a medium-sized municipality in southern Norway of around 40,000 citizens. With a background in some of the white papers described above, and more importantly a history of consistent welfare challenges coupled with financial limitations, initiatives were taken in the municipality in 2011 to initiate systematic collaboration with the civil

society. Five major voluntary organizations in Arendal were invited to collaborate: Red Cross (Røde Kors), Blue Cross (Blå Kors/T5), the Salvation Army (Frelsesarmeen), the Norwegian Health Association (Nasjonalforeningen for folkehelsen) and the then recently established Church City Mission (Kirkens Bymisjon). A workshop was organized for civil servants in the municipality in order to identify tangible needs and ideas about possible areas for collaboration with the voluntary sector. The participants identified needs in work with dementia, youth, substance abuse, social housing, preventive health work, psychiatry and intellectual disabilities. The municipality initially seemed primarily concerned with co-creation in fields where they are not legally obligated to deliver services. They were primarily looking for ‘extra hands and legs’ as a supplement to the public services: ‘We have a need for “hands for pushchairs”<sup>1</sup> and excursion friends who can accompany users to cafes and so on’; ‘We have a need for volunteers who can take on some driving assignments on both days and evenings’. There seemed to be an agreement that ‘the municipality has to define tasks and areas, and be clear about what we ask for help with’. But participants also pointed at a need for more knowledge and competence about the organizations in the civil society. The municipal leadership was also concerned with ‘making sure that we get something in return for the grants we provide’. In other words, the municipality wanted to govern the collaboration, define the areas of collaboration and assign tasks to the voluntary organizations in return for financial compensation.

However, when meetings with the organizations were arranged, new propositions were formed on the basis of the organizations’ own needs for interaction with the municipality. The organizations highlighted the need to develop a system for information and dialogue between the two sectors, as well as the importance of avoiding competition for individual volunteers with the municipality. Some public nursing homes had recently started to engage volunteers in their work, without involving voluntary organizations. Thus, the two sides of the partnership initially had quite different views on the nature of the partnership.

Nevertheless, a pilot project was agreed upon in order to find a model for collaboration. This was partly built on the *Platform for interaction between the voluntary and public sector*,<sup>2</sup> developed by the Association of NGOs in Norway (*Frivillighet Norge*) and the Norwegian Association of Local and Regional Authorities (*Kommunesektorens interesse- og arbeidsgiverorganisasjon (KS)*). The platform states that interaction should be based on equality and mutual respect for each other’s roles, and the voluntary sector should supplement, rather than replace public services. The public sector is encouraged to collaborate with voluntary organizations rather than competing with them over individual volunteers. Furthermore, the public sector is encouraged to develop a comprehensive policy on voluntarism on all levels, laying the grounds for an active and expanding sector. Thus, the project gradually built an increasing understanding of the premises for co-creation between the two sectors.

The pilot project resulted in a model for interaction, with an advisory board consisting of representatives from the municipality and the organizations, as well as the Norwegian Association of Local and Regional Authorities, and the author as an action researcher. The role of the advisory board was to have the responsibility to anchor and coordinate the project, focusing on motivation, development and execution according to the plan.

In 2012, a four-year project was initiated, mainly with external financing. The main objectives of the project, which was now called *WHFA*, was to inspire citizens to

become socially engaged, to inspire each organization, and to strengthen collaboration between the civil society and the municipality. Theoretically speaking, then, the project warranted *bridging* social capital to strengthen collaborations between different organizations within the civil society. Moreover, it warranted *linking* social capital in the shape of trusting collaborative networks between the municipality and the civil society.

## Collaborative Challenges

In order to build a foundation of trust that could facilitate collaboration on various projects, the main focus was initially on internal networking and trust-building activities within the advisory board. The plan was that the leader of the advisory board was to become a 'Citizen Mayor' (*Medborgermester*) by election, recruited from the civil society. However, no potential candidates were interested in taking on this task. While the idea may have had its merits, trust between the partners was still to be developed and the project was still completely unknown within the general population. Thus, it was not feasible to elect a 'Citizen Mayor', and as a temporary solution, a representative of the municipality was elected as the leader of the advisory board, with an executive project leader recruited from one of the organizations. However, in effect this created an unfortunate asymmetry of power within the advisory board in favour of the municipality. The project leader was responsible for following up decisions made in the advisory board, but experienced that the board leader delegated tasks that were not properly anchored in the board. For instance, meetings were organized with municipal institutions with the expectation that the project leader would recruit volunteers for them. 'This is not right, and I have to go behind the lines to explain to the institutions what the project may and may not contribute with'. One of the partners expressed the concern with the situation this way:

There are big posters at the institutions from the municipality, they want their own volunteers. I am trying to tell them that we depend on volunteers, who pay their fees, in order to survive. This is the only way we can manage to finance our work. So they [the municipality] are creating obstacles for us.

The organizations were also generally uncertain about the intentions of the municipality. As one of the partners expressed it: 'These are two separate worlds. We are a high-competence specialist organization, but all the municipality needs, is more hands'. The legal boundaries of the organizations' part in welfare production were a major point of concern among the partners. The fear was that statutory municipal tasks would be 'pushed over' on the organizations. One of the partners stated that:

There is a balance between statutory tasks and voluntary tasks. We don't always know where the boundaries are drawn. There is a serious balance there. We don't want to become involved in what is not our job. We are supposed to be a supplement, we are not supposed to be the municipality.

In this context, the partners also had difficulties in deciding what exactly they could collaborate on. More than a year was spent on meetings within the advisory board, without committing to a joint project. One of the partners expressed the frustrations with the progress of the project in this way:

There we were, stuck in a whole lot of meetings, where a lot of time went to discuss the wording in the summary of the last meeting. And to make formal regulations for our tasks. So, we stood at ease for at least a year.

Channelling this frustration, the organizations decided to have their own meetings without the municipality present, deciding on a mutual project they were ready to commit to. One of the partners suggested a project to prevent loneliness which had been a major focus in this particular organization. However, the project turned out to be difficult to implement in most of the other organizations, and the other partners struggled to understand exactly what the project was about. Furthermore, it was uncertain what the role of the municipality would be in this project.

Another challenge was the fact that the commitment to collaboration with the civil society was poorly anchored in the rest of the municipality. There was no general policy on volunteerism, the lines of communication between the advisory board and the municipal leadership were not adequate, and the organizations experienced collaborative challenges in their meetings with municipal institutions. One of the partners stated that:

In the beginning, we felt that the staff was opposed to our involvement in the institutions. They seemed afraid of us in a sense. That we were stepping over a line, something to that effect. We found this very strange [...] so this situation made us a little hesitant.

In other words, while the municipality had invited the organizations into formal collaboration in one context, some municipal institutions seemed reluctant to collaborate in other contexts. This may be linked with the legal boundaries of municipal versus civil sector tasks, as well as limited resources among staff for interaction with volunteers. But it also suggests that the commitment to co-creation in the municipality was not adequately anchored in its various institutions.

Meanwhile, the general lack of progress in the project was a point of concern within the municipality. Importantly, facilitating a formal network was not enough per se to create bridging and linking social capital. The lack of mutual trust was clearly a major barrier against co-creation in the project. And although the municipality was facing major financial challenges, it was not seeing any results from this project it had helped finance. Thus, after a year of meetings, the project was in dire straits.

## **Towards Network Facilitation**

On the background of this situation, the municipality took major steps to reorganize the project in 2013, supported by advice from the ongoing action research. Firstly, an external executive chairman of the advisory board was brought in to replace both the municipal interim leader and the project leader. Secondly, the quest to make the partners commit to a mutual project was abandoned in favour of focusing primarily on facilitating networks and building trust for co-creation. In other words, emphasis was on creating linking and bridging social capital.

The first of these changes implied that the experience of an asymmetrical power balance was effectively eliminated. Since the executive chairwoman was not previously affiliated with the municipality or the organizations, her neutrality became a major asset for building trust, and accordingly, bridging and linking social capital. The partners were

convinced that the chairwoman had no stakes in either 'side', and gradually gained trust in her professional skills, competencies and judgements. What is more, since this person was new in town, so to speak, she committed to outreach principles through ethnographic approaches. This implied visiting and learning about activities, work and priorities in both municipal institutions and a broad spectrum of distinct organizations in town. Furthermore, she strived to participate in various arrangements and daily work when possible, stating that:

It was by carrying cups and plates and taking part in the daily activities, if you know what I mean, that I gained an understanding of how people work and what is going on in town. It was almost participant observation. It contributed to making us get to know each other, and helped building trust.

In this way, she was gradually able to build trust along with a knowledge base about each organization, and these became fundamental resources in the project. The focus was on building an extensive network of actors who would benefit from getting in touch with each other, learning about each other's activities, and collaborating on mutual projects *if this was mutually desired*.

Before long, around 100 organizations were embedded within the network. The advisory board was reorganized as a network meeting place, gradually inviting in a series of new actors. This included new organizations, the chamber of commerce, the Deputy Mayor and representatives of the municipal leadership to ensure better lines of communication between the advisory board and the rest of the municipality.

One of the benefits of the previous year's activities within the advisory board was that the five initial organizations had gained new knowledge about each other's activities. This made it easier to avoid competition, and rather develop supplementary services. This process was now strengthened, with the new partners sharing information about their activities. The executive chairwoman facilitated communication of activities in social media, connected partners on request, set up and brokered meetings, assisted in funding applications, organized inspirational lectures, seminars and arrangements. She was also strongly involved in counselling among the partners, providing advice and support, and when necessary, mediating conflicts.

The progress was closely monitored by the research team. By early 2015, an online survey conducted among representatives of 13 partner organizations on the advisory board showed that 77% of the respondents had 'very high' or 'high' trust in the other partners. In May 2015, partner organizations and the municipality were invited to a workshop with group assignments where the participants stated that participation in WHFA was 'inspiring', 'motivating', 'important' and 'meaningful'. Furthermore, it was stated that participation provided a wider network and the opportunity to get to know other activities in order to 'see what we may provide of services that are still missing'. One of the participants stated that 'there are many engaged individuals with new ideas and who provide positive energy'. In an interview in 2015, one of the original project partners expressed that:

I think it has been excellent with the new executive chairwoman, she came from the outside and was not anchored in any organization. She managed to keep the balance. We've discussed whether the project should be anchored in one organization, but then you'd lose some of the dynamics where everything is neutral.

Once linking and bridging social capital in the shape of networks and trust was starting to become established, real opportunities for co-creation eventually emerged. Rather than forcing a mutual project on *all* partners, the municipality and the ‘old’ and ‘new’ organizations now started to find projects to collaborate on where it was natural in light of each organization’s competencies, priorities and capacities. At this point, network participation had provided each actor with plenty of knowledge about the other actors. Across the years, this process resulted in a high number of projects and collaborations in a broad spectrum of areas.

## Co-creation

An example of a co-creation project that tended towards a *Municipality 3.0* approach was ‘The Fortress’ (*Fortet SMS*), which started as an initiative from a socially engaged citizen who had several ideas for a project to include children and youth from poor families (particularly immigrants) in free leisure time activities. At the time he got in contact with WHFA, he had already enlisted a local boxing club and sports association. The latter had been offered to take over an abandoned army fortress by the municipality in 2008, subsequently renovating it for the purpose of various sports activities, lodging for up to 50 people, and exploration of local cultural history. The engaged citizen had an idea to use the fortress as a base for various activities for the target group, bringing other organizations into the project in order to offer a wide range of activities.

On the background of the established knowledge about local organizations, WHFA facilitated a series of meetings with potential collaborators in the project, including the municipality. Each organization was invited to contribute with their particular competence and unique set of resources to ensure a more comprehensive and coordinated effort. A wide range of possible activities were sketched, and an even wider range of possible network connections were made possible. For instance, collaboration with the municipality made it feasible to recruit users from local schools and adult education centres. Several potential funding sources were also identified, and a dedicated group started to work on applications. However, one of the funding sources required the municipality to be the primary applicant, and there were disagreements between the municipality and the organizations with regards to which projects should be prioritized. The result was that both WHFA and the organizations withdrew from the collaboration, leading one of them to remark that: ‘I have no intention of becoming a useful idiot for the municipality whenever it suits them. We [the civil society] have a value in our own right’. Eventually, the municipality showed greater understanding for the priorities of the organizations, and funding was secured from several funding sources.

In practice, co-creation was never to be devoid of friction, along with practical challenges related to employment and leadership. The funding sources required one of the organizations to be financially and formally responsible for the project. Thus, the project was split up into various sub-projects with their own funding, and it became a challenge to create dialogue between the different parts. Furthermore, one of the organizations whose representative took the position as Chair of the advisory board faced serious challenges in terms of capacity due to other circumstances and events. Thus, WHFA often needed to step in to resolve challenges along the way.

However, the engaged citizen who was now project leader proved to be quite resourceful on his own. For instance, when the planned collaboration with another organization to transport users out to the fortress ended up being too expensive, he came up with the idea to develop a technological solution. Thus, he initiated collaboration with a local business venture with expertise in information technology to develop a downloadable app. Members of local Rotary and Lions clubs were enlisted as drivers to be coordinated with end users through the app, which was tested with the aid of a young citizen with considerable skills in information technology. This person had faced considerable health challenges throughout his life, which unfortunately had set him somewhat outside the local community for many years, but the project leader had become an acquaintance and invited him into the project. This enabled him to make use of his resources and become a part of the local welfare production rather than merely remaining a passive user.

In this way, by aid of *bridging* and *linking* social capital, the project gradually developed by making use of resources of individuals and organizations within the civil society, as well as in the public and private sectors. While this collaboration entailed a series of challenges throughout the project, it also enabled the partners to supplement each other's work. By focusing on each other's strengths and competences, the project network was able to offer comprehensive services for the target group which would otherwise have been out of range for a single organization or the municipality alone.

Importantly, however, this did not in any sense imply that this co-creation process replaced statutory municipal services. In fact, rather than relieving the municipality of workload, the entire process on the contrary warranted *more* resources from the municipality. The municipality had made the project feasible in the first place by offering the fortress to the local sports association, by facilitating networks and support through WHFA, by recruiting users from local schools and adult education centres, and by acting as a dialogue partner throughout the process. Meanwhile, public welfare production proceeded as usual, the possibly preventive effects of the project still somewhere in the future.

## Conclusions

This study set out to investigate issues related to *co-creation* and *Municipality 3.0* in an everyday municipal context: What challenges are involved in generating networks and platforms for co-creation? What are the advantages of creating these networks? And does co-creation really break down boundaries between public and civic tasks and roles in welfare production?

In theory, it was assumed that co-creation warranted the generation of *bridging* and *linking* social capital. The study shows that inviting partners into a network is in itself not necessarily enough to generate *bridging* and *linking* social capital to facilitate co-creation of welfare. Rather, active building of trust remains a key factor. Bear in mind that Norway is a country with record-high trust in governmental authorities. In 2012, 71% of the population had trust in the national government, compared to 43% on average in the OECD countries (OECD, 2014). Meanwhile, the level of generalized trust is among the highest in Europe (OECD, 2011). It is a perfect example of the kind of low-stratified society that Putnam (1993, 2000) argues for as ideal for widespread trust and participation. Social capital, allowing collective problem resolving more easily, is theoretically supposed to arise from the prevalence of this kind of trust in a society

(Coleman, 1988; Fukuyama, 1996; Putnam, 1993). However, the present study suggests that in the case of *linking* social capital, generalized trust in other people and the authorities may not necessarily imply that trust is already present in networks between municipal and civil society actors. In other words, trust may be contextual (Guribye, 2013a), implying that in order to further develop our understanding of *linking* social capital (and its implications for *bridging* social capital), we need to understand the politically, historically and socially dynamic contexts that these network relations are embedded in.

In our context, the particular dynamics in the Nordic welfare state model between the public sector and the civil society with its unprecedented high levels of participation seems to be the crux of the matter. Furthermore, voluntary organizations have a long tradition in the Nordic countries as driving forces in relation to political agendas, and as welfare producers (Lorentzen, 1994; Wollebæk & Selle, 2012). They are often well-organized with local, regional and national levels that coordinate actions and contribute to make it possible for NGOs to push forward local agendas on a national level in close dialogue with the authorities. Moreover, more than 300 organizations, representing over 50,000 local and regional organizations are members of the Association of NGOs in Norway (*Frivillighet Norge*), an umbrella forum working to further the interests of the civil society and its organizations in dialogue with the authorities. The notions of *Municipality 3.0* and the Norwegian authorities' increased ambitions on behalf of the civil society seem to challenge the established relationships between the public sector and the civil society. The authorities have outlined a new top-down modus operandi for municipalities, from primarily being a service provider to increasingly becoming a facilitator of what Torfing et al. (2016) label *co-creation of welfare*. This *governance* form of management (Rhodes, 1997; Stoker, 1998) implies mapping and making use of resources within the civil society, and facilitating and supporting networks across sectors. However, as we have seen, the civil society seems concerned with maintaining the traditional pillars of the Nordic welfare state model, with NGOs as a supplement to public services, not a replacement: 'We are not supposed to be the municipality'. Hence, on a municipal level, trust needs to be built in the co-creation networks, and mutually desirable agendas have to be agreed upon, bottom-up rather than top-down.

It seems to somehow be taken for granted that on the background of the high trust and high participation in the Nordic countries, the path to co-creation of welfare should be pretty straightforward. The present study suggests that this may not be the case. The initial experience of asymmetry of power within the project formed an effective barrier against co-creation, even after more than a year of network meetings. The introduction of a neutral facilitator not anchored in any of the partner organizations or institutions eventually helped build trust within the network and facilitate a myriad of co-creation projects. Research from other countries has shown that *neutral* backbone support organizations may in fact often be a success criteria in the facilitation of projects where groups of actors from different sectors become mutually engaged in a common agenda to solve specific societal challenges (Kania & Kramer, 2011). Thus, while it may take more effort and resources than the authorities may believe, trust may indeed be established to facilitate co-creation. But does co-creation lead to the desired outcome?

The authorities' emphasis on civil society resources in future welfare solutions is highly related to an increasing lack of public resources (e.g. Normann et al., 2013; Roksvaag & og Texmon, 2012). The 'Third Way' approach mirrored in *Municipality 3.0* rests on the

assumption that co-creation with the civil sector will somehow liberate untapped resources. While this may be the case in countries where participation in the civil sector is fairly low, we need to remind ourselves that in the Nordic countries it is already record high. One may ask how exactly the citizens in these countries are supposed to put in even more of their free time for voluntary work. Furthermore, the Nordic welfare state model is anchored in a wide range of laws regulating statutory municipal welfare services, making it implausible for municipalities to completely abandon *Municipality 2.0*, for lack of a better term. Examining the matter more closely, rather than *freeing* municipal resources, the push towards *Municipality 3.0* in fact seems to demand *more* municipal resources, warranting the development of expertise in network facilitation in addition to statutory welfare service production.

Furthermore, the present study supports the observation that forms of co-creation in which the municipality takes a back-seat position and lets the civil society lead the way may be characterized by a high degree of unpredictability (Ulrich, 2016). The outcome is far from certain. Furthermore, whereas the shift towards governance has created new pressures to ensure that welfare services provided by voluntary organizations are delivered in an effective manner (Laforest & Orsini, 2005), evidence-based practices are not yet accepted as the benchmark for service delivery in the voluntary sector (Dillenburg, Fargas, & Akhonzada, 2007). Among other things, the organizations compete for the resources of volunteers who are concerned with drawing lines between work and voluntary social engagement (LaCour, 2014). There is a need to maintain a balance in which too much professionalization and too much focus on evidence and evaluation may lead to loss of voluntary resources. Thus, outcomes remain difficult to measure without also measuring outcomes for the volunteers themselves. Top-down ambitions on the part of the authorities on behalf of the civil society come with an inherent risk. There is a thin line between facilitating social engagement and implicitly demanding it. In countries such as Poland, for instance, where the level of voluntary work is among the lowest in Europe, people are still struggling with issues of trust in the authorities and the long-term consequences of mandatory voluntary work during the Communist regime (Guribye, 2017; Pospíšilová, 2011).

However, the present study also suggests that municipalities may across time gain experience, build trust, facilitate networks and generate *bridging* and *linking* social capital which may enable a more *effective* use of resources within the civil society. Different organizations often compete for funding and have overlapping activities. By gaining knowledge about each other's work, competences, strengths and limitations, it becomes possible to co-create projects in more coordinated ways in which each organization contributes with their special expertise. Thus, one of the strengths of putting in the hard work to generate *linking* social capital seems to be that it seems to also generate *bridging* social capital among the organizations. Thus, whereas the Association of NGOs in Norway remains a national umbrella forum, comprehensive forums and networks may also be established on a local level to facilitate dialogue with municipal authorities. After trust has been built, this kind of network may enable forms of co-creation in which each actor may focus on mutually reinforcing activities on their own premises and contribute towards what may have a far greater collective impact (Kania & Kramer, 2011). The focus is on enabling citizens to bring their own resources into play when they so desire.

This kind of approach has much in common with so-called Asset Based Community Development (ABCD; Kretzmann & McKnight, 1993). Developed in a US context where citizens simply cannot expect the same extent of welfare services as in the Nordic countries, ABCD approaches focus on mapping and connecting community resources among local organizations, institutions, businesses and individuals, rather than making needs, gaps and problems the key focal point. The latter approaches, proponents of the ABCD methodology claim, often give rise to competition for finances among potential external service providers (Kretzmann & McKnight, 1993). ABCD or *Municipality 3.0* approaches on the other hand may enable local communities to build themselves from ‘bottom-up’ rather than from ‘top-down’. This entails becoming more aware of local resources and capacities and building *bridging* and *linking* social capital to connect these resources. This may seem a potent way forward towards co-creation of a more sustainable welfare production, but we need far more locally contextualized studies to increase our understanding of the realities.

## Notes

1. All quotes have been translated from Norwegian.
2. <https://www.ks.no/globalassets/ny-plattform-frivillighet-2015.pdf>

## Acknowledgments

The study forms part of the larger research project OFFRI: Models for collaboration between the public and voluntary sectors, financed by the Regional Research Funds in Norway and conducted in close collaboration with Arendal municipality and With a Heart for Arendal (Med hjerte for Arendal). The author wishes to thank Lisbeth Iversen, Dagfinn Wold Haavik, Roger Normann, Trond Stalsberg Mydland, Håkon Sivertsen, Jens Peter Jensen and Per Gunnar Disch for valuable discussions of findings in the light of other studies within the overall project.

## Disclosure Statement

No potential conflict of interest was reported by the authors.

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