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False promises of co-production in neighbourhood regeneration: the case of Dutch community enterprises

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ABSTRACT

Many European countries are implementing austerity measures alongside trends of welfare state retrenchment. Entrepreneurial forms of active citizenship are considered as a new form of public management to fill gaps left by spending cuts and to continue neighbourhood regeneration. Inspired by British practices, Dutch citizens are trying to set up community enterprises (CEs) to provide services or other benefits for residents in deprived neighbourhoods. Based on a qualitative panel study, this article reveals supportive responses but also resistance from local governments and housing associations. Within a positive policy discourse on co-production, institutional responses often encompass forms of ‘counter-production’ that hold CEs in full uncertainty about crucial conditions for their business.

KEYWORDS Austerity; community enterprises; self-organization; neighbourhood regeneration; co-production

1. Introduction

Neo-liberalism and welfare state retrenchment have shifted the economies of advanced western states and are reshaping the ways in which citizens, public, private and third sectors interact with each other. In the aftermath of the economic crisis, many European countries are implementing austerity measures and cuts in public policy, alongside longer trends of welfare retrenchment. To mitigate such challenges, entrepreneurial forms of active citizenship are considered as a new form of public management in Europe. Citizens are expected to organize to fill in gaps left by government spending cuts in healthcare, education, and employment (Alford 2009; Hurenkamp, Tonkens, and Duyvendak 2011; Van Eijk and Steen 2014, 359).

Entrepreneurial forms of active citizenship in urban neighbourhoods have been conceptualized in various ways such as co-production (Bovaird 2007; Verschuere, Brandsen, and Pestoff 2012), civic enterprise (Wagenaar and Van Der Heijden 2015), and self-organization (Van Meerkerk, Boonstra, and Edelenbos 2013; Uitermark 2015). There is a growing, EU-wide interest in entrepreneurial forms of active citizenship, such as social enterprises (SEs) (European Commission 2014). Spatially confined forms, such as community enterprises are described as a subset of SE. Community enterprises (CEs) often arise from a shared perception that there are ‘… serious deficiencies in a particular area which need to be
addressed and where the perception is that other agencies are unlikely to provide solutions’ (Bailey 2012, 26–27). These deficiencies may relate to social, economic, and demographic issues such as deprivation, poor health, inadequate housing, or a lack of community facilities (Peredo and Chrisman 2006; Gofen 2015). Thus, many CEs arise in response to social and financial challenges which affect deprived neighbourhoods that are former urban regeneration target areas, where regeneration programmes have come to a stop after policy changes (Bailey 2012). In the context of budget cuts and policy reforms, the Dutch government has recently published a white paper in which it emphasizes its aim to offer room for societal initiatives and support citizens in taking up societal issues themselves (BZK Ministry of the Interior 2013, 3; Peeters 2013; Wagenaar and Van Der Heijden 2015). As part of this recent promotion of active citizenship, the search for community-based, entrepreneurial forms of self-organization has sparked a large interest in experiences of British CEs, and the extent to which this form of active citizenship may be transferable to the Netherlands. CEs are considered as a new form of self-organization and public management, through being self-sufficient and independent from government, while simultaneously aiming for strategic alliances with governments and other local stakeholders (e.g. Bovaird 2007).

Despite the scientific and societal relevance of CEs, there is surprisingly little empirical research on community-based entrepreneurship in Western Europe (Bailey 2012; Pierre et al. 2014). The available research consistently shows that CEs (need to) co-operate with various stakeholders, including local governments, to achieve better outcomes. As such, the rise and practice of CEs can be interpreted as an example of co-production (see Bovaird 2007), which is the focus here. Previous studies have applied an inside-out perspective, focussing on the perspective of citizens in CEs, implying that the role of professionals in co-production is understudied (Brandsen and Honingh 2016, 429; Osborne, Radnor, and Strokosch 2016, 649). Studying this aspect of co-production is crucial to understand their responses to requests and proposals from active citizens, and to identify shared and opposing interests. In sum, there is a lack of empirical knowledge on practices leading towards (or diverting from) co-production in the context of community entrepreneurship (see also Daskalaki, Hjorth, and Mair 2015; Gofen 2015).

This article will fill this gap by assessing the responses of local governments and housing associations to nascent Dutch CEs, through the lens of co-production. The aim of the article is to reveal the impact of organizational factors on the responses of these local institutions and individual professionals, respectively, to the bottom-up initiatives of CEs in their constituency. ‘Organizational factors’ here refer to all factors within the organizations of professionals that determine the actions of these professionals to a large extent, such as mission, policy objectives, responsibilities, and resources. The research question is: how can various and ambivalent responses from local government professionals be explained, especially in the context of a national policy discourse that champions active citizenship and ‘do-it-yourself’ democracy (BZK Ministry of the Interior 2013)? As opposed to co-production, the term ‘counter-production’ will be coined to conceptualize actions from public institutions that discourage or hamper steps towards co-production, for whatever reason.

A unique feature of this study is the application of a panel design with repeated semi-structured interviews with the same respondents in order to monitor changes over time. Whereas entrepreneurship research has been dominated by quantitative
approaches, this article meets the calls for more longitudinal, qualitative, and inductive approaches in local entrepreneurship research (Henry and Foss 2015; Fledderus, Brandsen, and Honingh 2014). The article is structured as follows. The next section provides a theoretical background by outlining the concept of CE in the context of co-production. The background of the study, data collection, and analysis will be subsequently explained. The main part discusses the outcomes of the study. Finally, conclusions and recommendations for further research are presented.

2. Community enterprise from a co-production lens

2.1. Community enterprises

Entrepreneurship is commonly believed to improve the economic strength and innovation of countries and cities, but also of neighbourhoods and communities (Welter, Trettin, and Neumann 2008; Shane 2009). Resident-organized, community-based entrepreneurial activities are increasingly seen as solutions for deficiencies in public services and neighbourhood regeneration efforts (Bailey 2012). CE is often described as a subset of SE, but there are clear distinctions between the two types. CEs define their social purpose in relation to a defined population or sub-group living in a spatially defined area (Bailey 2012, 4; Pierre et al. 2014, 253), whereas SEs are not by definition tied to a specific (target) area. Compared to the literature on SEs, the volume of work on CEs and their definitions is still relatively limited. Based on the work of Pearce (2003), Peredo and Chrisman (2006), Teasdale (2010), Somerville and McElwee (2011), Bailey (2012), Pierre et al. (2014) and Healey (2015), CEs are defined as businesses which are:

- established by people living and/or working in a (spatially) defined community,
- independent, not-for-private-profit organizations, which are owned and/or managed by community members,
- locally accountable and highly committed to delivering long-term benefits to local people, by providing specific goods or services,
- seeking to generate a surplus through, at least in part, engaging in trade in the marketplace, and reinvesting the surplus in the business or community,
- bearing economic risks related to their activity, and strongly committed to involving local people and other partners in their activities.

In other words, CEs are created upon the collective capacity of community members to create a new type of organization that acts more like a business than ‘traditional’ resident platforms, but is strongly geared towards creating ‘added value’ for community members. This added value often takes the shape of goods or services delivered, ranging from local facilities (shops, pubs, libraries, recreational, or healthcare facilities), community centres and community development to affordable housing, property management and consultancy. From a service management perspective, such services can contribute to the co-creation of ‘public value’, in the sense that they contribute to achieving societal objectives such as cohesion or well-being (Osborne, Radnor, and Strokosch 2016, 643). CEs need to acquire funding in various forms (subsidies, loans) to start up their activities. Key to the functioning of CEs is that they acquire assets, that is, buildings, land, or other sources from which they can draw capital to run their business. They usually depend on volunteers to do
much of the work and employ only few if any paid staff. From a perspective of co-production behaviours (Alford 2016, 683–684), CEs provide enhancement of other ‘selves’ through residents doing volunteer work for CEs, and contributing to better quality of and societal benefits generated by these services. Individual CE members have various motivations for engagement in co-production to volunteer, but they usually adhere more to community-centred than self-centred motivations for doing so (see also Van Eijk and Steen 2014 and Section 2.2). Because one or two people often make the difference in CEs, by mobilizing a wider community, CEs are a good example of Pestoff’s (2014) statement that co-production is often a mix of individual and collective action.

Somerville and McElwee (2011, 323) argue that CE can be understood in terms of capital that is simultaneously economic, social, and cultural, by creating wealth, developing community, and transforming local culture. The distinction between bonding, bridging, and linking social capital (Putnam 2000; Woolcock 2001) is also relevant in this context. CEs’ organizational base may be rooted in bonding social capital (i.e. close ties between friends and association members), but reaching out in the neighbourhood may require the building of bridges across other networks, residents, and communities: bridging capital. Because CEs never work in isolation but usually co-operate with local actors, building relationships with other organizations is crucial to CEs (Somerville and McElwee 2011; Healey 2015), thus emphasizing linking capital. This brings us to the issue of co-production.

2.2. Factors affecting co-production in the context of CE

The concept of co-production stems from the work of Ostrom on the management of common-pool resources (e.g. Ostrom 1990). A renewed interest has appeared in public management literature regarding co-production by groups of citizens. After observing that co-production has become one of the ‘woolly words in public policy’, Osborne, Radnor, and Strokosch (2016, 640) define co-production as ‘the voluntary or involuntary involvement of public service users in any of the design, management, delivery, and/or evaluation of public services’. Bovaird and Loeffler (2012, 1121) define co-production as ‘the public sector and citizens making better use of each other’s assets and resources to achieve better outcomes and improved efficiency’.

From the perspective of community-based enterprise, co-production can create a range of benefits. First, its empowering role, transferring power from professionals to users and thus strengthening the voice of the users. As co-production locates users and communities more centrally in the decision-making process (Bovaird 2007, 846), it requires fundamentally changing relations between governments and citizens, as they both take on new roles, tasks, and responsibilities. A second benefit is the potential to ‘mobilize community resources not otherwise available to deal with public issues […] and allows social capital to be more thoroughly exploited’ (Bovaird 2007, 855). Third, community co-production can produce positive spill overs by fostering local activism in other areas (Ostrom, 1996). Theoretically, co-production between CEs and local governments fits well in the conceptual framework by Osborne, Radnor, and Strokosch (2016). CEs represent a ‘Type II’ in which value is created through a conscious and voluntary act to improve the design and delivery of public services and as such meet community needs. CEs can also be considered as a ‘Type IV’ by focussing on the conscious and voluntary involvement of service users
in the co-innovation of new forms of public service delivery, to respond to social needs in the future (Osborne, Radnor, and Strokosch 2016).

In practice, co-production is far from straightforward, as many individual and organizational or service system-related factors determine to what extent co-production in public service provision arises. In terms of individual factors, personal motivation is of primary importance. According to Bovaird and Loeffler (2012, 1119), ‘citizens are only willing to co-produce in a relatively narrow range of activities that are genuinely important to them and are keen that their co-production effort is not wasted by public agencies’. Citizens’ motivation thus depends on the importance or salience of the service provided (Pestoff 2012; Van Eijk and Steen 2014). Other individual factors are level of education, the urge for personal control, self-interest (tangible benefits), sociality (an individual’s desire for a sense of belonging), and expressive values (see Alford 2009), as well as a sense of responsibility, citizens’ perceived ability to effectively influence service provision, and their ability to access social capital (Pestoff 2012; Voorberg, Bekkers, and Tummers 2015). Time, ease, and effort to become involved, and distance to the service provider further affect citizens’ motivations (Alford 2009; Verschuere, Brandsen, and Pestoff 2012; Van Eijk and Steen 2014).

For the purpose of this article, the primary research interest concerns organizational factors. Co-production places the spotlight on the importance of institutional conditions for community-based entrepreneurship. Based on a systematic literature review, Voorberg, Bekkers, and Tummers (2015, 1342) have identified four organizational factors that affect co-production. First, the compatibility of public organizations with respect to co-production, that is, the ‘presence or absence of inviting organizational structures and procedures within the public organization’ (ibid.) and infrastructures to communicate with citizens. A second factor is how public officials and politicians perceive co-production upfront. They may consider co-production as unreliable, because of unpredictable behaviour of citizens (Roberts et al. 2013). Hence, ‘political and professional reluctance to lose status and control’ can explain the unwillingness to support co-production’ (Voorberg, Bekkers, and Tummers 2015, 1342). Third, a ‘risk-averse, conservative administrative culture’ may explain why citizens are not considered as a reliable resource providing partner (1342). A fourth factor is a lack of incentives to start co-production. For public officials, ‘it is often unclear to what extent public services can be improved by incorporating citizens or how co-creation creates budgetary benefits’ (1343).

Citizens’ potential for engagement in co-production is not randomly distributed across population and space. Both the ability to self-organize and the command over community assets, resources, networks, and social capital are disproportionately more often in the hands of more advantaged community members (Bovaird 2007, 856). Co-production can strengthen insider/outsider dynamics, either because such advantaged groups safeguard their interests or because other institutional mechanisms discourage certain groups from engaging at all (Verschuere, Brandsen, and Pestoff 2012, 12; Fledderus, Brandsen, and Honingh 2014, 436). This raises equity issues, in the sense that ‘excluded communities should not have to “participate” in order to have the same claim on service quality as other members of society have’ (Taylor 2003, 165).

Conceptually, several different types of co-production can be distinguished. These types are based on the extent to which citizens are involved, not only in the implementation but also in the design of professionally produced services, and the
extent to which citizens are engaged in tasks that are part of the core process of service delivery, or complementary to this core process (Brandsen and Honingh 2016, 432, see also Bovaird 2007). A final note must be made in relation to sustainability of co-production. Pestoff (2014) has warned that ‘politicians […] must avoid the trap of thinking that “big is beautiful” and that they can simply promote larger and larger units of the same type of citizen participation and co-production. The idea of scaling-up of successful social innovations and social enterprises, represents a mechanistic, mass production perspective of service provision’ (Pestoff 2014, 393). This warning is particularly relevant in the context of CEs, which are by definition rooted in varying local contexts of needs, collective action and communities, and therefore not well suited for policy scaling-up efforts.

3. Background of the study

The growing interest in nudging citizens to take up responsibility and entrepreneurial forms of active citizenship has also occurred in the Netherlands (Hurenkamp, Tonkens, and Duyvendak 2011; Peeters 2013; Wagenaar and Van Der Heijden 2015). In 2013, the Dutch Ministry of the Interior published the white paper ‘Do-It-Yourself Democracy’ stating that ‘The Cabinet aims to offer room and trust for societal initiatives and actively support the transition towards a do-it-yourself democracy, which is a form of citizens’ taking a part in deciding to take up societal issues themselves’ (BZK Ministry of the Interior 2013, 3). Within this context, the LSA (National Association of Active Residents) initiated a programme with a Dutch equivalent of CEs (Bewonersbedrijven). The underlying assumption is that the British concept of CEs is transferable to the Dutch context. In terms of policy mobilization, the approach suggested by McCann and Ward (2012) helps us to understand the difficulties related to such a transfer. Policies can be considered as assemblages of fixed and mobile pieces of expertize, regulations, and institutional capacities, and policymaking as a ‘multiply scaled, relational and emergent social process’ (328). It is obvious that both the assemblages and processes are different between the two countries. However, the LSA has shown to be aware of this complexity, by making a plea for a clear re-interpretation of British experiences by Dutch actors, and thus a mutation of the original British concept (LSA 2015). This stance towards transfer appears to reflect a ‘figurative uprooting and making mobile of certain places as referential components of particular models’ (McCann and Ward 2012, 329). In other words, the unfolding Dutch practices are inspired by British experiences, but take their own route of development.

As part of the experiment, aspiring CEs were invited to produce business plans that were evaluated by an external selection committee established by the LSA. If approved, CEs acquired starting capital to cover initial running costs and to develop a sound financial base. Additionally, CEs set up a board in the early stages of their inception, to initiate and maintain communication with their target groups and to involve them in the decision-making of the CE (Kleinhans et al. 2015). During this start-up process, LSA provided counselling to initiators, on business models, finance, entrepreneurship, management, and legal issues.

The author of this article has led a study that followed these experiments for almost 3 years (July 2012–April 2015). Using a panel design, repeated interviews (2–4 times in 3 years) with similar respondents were conducted, as well as observations
and document analysis. The interviews were targeted at CE initiators (usually residents), other involved residents and professionals from local governments and housing associations who were closely involved in the initiatives. This article uses a pool of 18 interviews with professionals, but this is not a random sample. We have primarily interviewed professionals who co-operate with or support CEs on their own accord, making it rather a form of ‘purposive sampling’. These respondents’ opinions may not necessarily be representative of other professionals who work with CEs.

Interviews were conducted in the offices of respondents, using a semi-structured interview guide with open-ended questions regarding professionals’ opinions of and experiences with CEs in their constituency. Interviews lasted between 45 min and 2 h and were recorded and subsequently transcribed verbatim for content analysis. The thematic analysis of the transcriptions consisted of three steps. First, the overarching themes of interest in the research context were identified: (1) professionals’ perception of residents’ initiatives in general and CEs in particular, (2) compatibility of local governments, housing associations, and CEs, (3) co-operation and frictions with nascent CEs), and (4) other interesting factors revealed explicitly in professionals’ narratives. These themes are partly structured on the basis of the organizational factors affecting co-production identified by Voorberg and colleagues (2015). Second, coding of text in the transcripts was performed inductively, identifying key words and phrases that corresponded to the four themes. Third, connections between the emergent themes and factors were analyzed. In order to safeguard their anonymity, respondents are denoted by their institution and city only. Considering the single-country focus and relatively limited number of case studies, the results cannot generalized, although other studies will be discussed that provide similar findings.

4. Results

4.1. Attitudes towards nascent CEs

The current societal and political context forces public officials and politicians to develop (initial) positions and upfront perceptions of co-production with citizen initiatives, which is one of the organizational factors identified by Voorberg, Bekkers, and Tummers (2015; see also Section 2.2). In line with the positive Dutch policy discourse (see Section 3), the dominant opinion among the interviewed professionals is that neighbourhood residents should have ‘room’ to develop initiatives (CEs, in this study), for which local institutions should act supportively and adapt a facilitating role, as exemplified by the following quote:

Our focus is on resident initiatives and citizen power, that is, what neighbourhoods can do themselves, what residents can do themselves, and the role that local government can take in this matter. (LG, Leeuwarden)

This view echoes the long-standing idea that voluntary, community-based agencies are better positioned to meet the needs of their constituency, residing closer to the people being served and being less bureaucratic than public institutions (Gilbert 2004, 114). The quote also reveals the local government’s awareness that resident initiatives can ‘mobilize community resources not otherwise available to deal with public issues […] and allows social capital to be more thoroughly exploited’ (Bovaird 2007, 855).
Another factor behind a positive a priori attitude is of a more mundane, financial nature. Many local governments and housing associations are forced to cut budgets, so they are no longer able to financially support community-based projects. However, a ‘game changer’ can appear when community-based initiatives identify clear opportunities that incorporate a business model to which a local government does not have to contribute financially (through subsidies). An often mentioned example is the use of empty public buildings, such as former schools, community centres or parish halls, as a crucial asset base for CEs to develop their business model (see also Section 4.2):

I really want that empty building to have a social function and added value for the neighbourhood. And how you actually create added value, that does not matter much… Local governments do not have a penny any more for this kind of developments. So when a community enterprise knocks on my door and tells me: “we will be self-sufficient”, yes, then I will actually strike it lucky as a local authority. (LG, Amersfoort)

This quote reflects a clear potential for co-production; the staff member understands how his local authority and the respective CE can use of each other’s assets to achieve better outcomes (as expressed by the term ‘added value’) and improved efficiency, that is, the key dimensions of co-production (Bovaird and Loeffler 2012, 1121; see also; Bailey 2012). It also reflects a realization that co-production often is a two-way dependency (Alford 2016). CEs are not just dependent on local governments for help, but the latter also rely on CEs to contribute work. Thus, the potential of CEs to create societal value and budgetary benefits forms a clear incentive for the local government to venture into co-production. This presence of such incentives is one of the four organizational factors identified by Voorberg, Bekkers, and Tummers (2015; see Section 2.2). There is a clear awareness that CEs go beyond ‘traditional’ community-based activities by income-generating activities in the marketplace (see Section 2.1), and reinvesting the surplus in the community. In other words, CEs bring more resources into the-coproduction than ‘only’ volunteers, ideas and enthusiasm, thus increasing external benefits and enlarging the potential for alignment of common interests and objectives:

And right at the moment that a well-functioning community enterprise arrives on the scene, with a business model that also includes social aspects, our housing association will benefit, not only in financial terms, but also in societal and economic terms. (HA, Hengelo)

The quotes above appear to reveal highly favourable conditions for co-production between CEs, local governments, and housing associations. However, when CEs start operationalizing their ideas and seek to engage in co-production, problems start to arise. The remainder of this article will deal with a number of issues.

4.2. Acquiring assets (buildings)

In the context of austerity regimes, many local authorities seek to move away from subsidy-based policies to approaches in which bottom-up initiatives are rewarded. Under conditions that vary strongly per case, CEs are sometimes allowed to use former school buildings, sports centres, and former care homes. This type of asset provides opportunities for establishing a business model and generating resources for achieving CEs’ social aims (Aiken et al. 2011; Bailey 2012) and this is what several cases aim for (see Table 1). In the context of co-production, allowing CEs to use such public buildings is a clear resource contribution from a local authority or housing association.
However, the path to using, renting, or even buying these empty buildings is far from straightforward. In striving to save or generate money, many Dutch local governments face choices over whether they sell off, rent out or transfer such assets to private parties (including CEs). Depending on political preferences and negotiations, these outcomes may be either favourable or highly unfavourable for nascent CEs. A clear example of local government’s considerations appears in the following quote:

Yes, the costs of this building are high, and we bear these as local government. And now we have another aim, which is having as little as possible real estate in our portfolio; only keeping those properties which are necessary from a societal perspective. Even of these properties, it is said “should we remain owner of the city hall?” This [CE] initiative absolutely has a social end, which is why we want to evaluate it neatly but we would first like to see the business case of the community enterprise. (LG, Haarlem)

In some cases, local governments are trying to sell properties at market prices, disenabling CEs from making a bid (see also Nederhand, Bekkers, and Voorberg 2016, 1077). In other cases, local governments and CEs establish favourable agreements, varying from situations in which no rent is charged but only utility costs paid (Zaanstad), to relatively favourable rent prices. In one case, an empty primary school has actually been sold to the local CE for a symbolic price of one euro (Emmen), thanks to a strong local political commitment to make this CE succeed. This strong commitment was rooted in the recognition of shared interests of both actors. The local government had previously demolished the old neighbourhood centre, but lacked the resources to build the newly planned multifunctional neighbourhood centre, due to the crisis. The CE envisioned the building both as a widely desired neighbourhood meeting point and as an opportunity to rent out working spaces to local self-employed people, thus generating an income. Consequently, the local government enabled the CE to execute this plan, which would solve the municipal problem of an absent neighbourhood centre to a large extent, without having to invest public money in new construction. This is a good example of the two-way

<table>
<thead>
<tr>
<th>City</th>
<th>Name of the CE</th>
<th>Assets and main component of the business model</th>
<th>Interviewed professionals*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alkmaar</td>
<td>CE not established</td>
<td></td>
<td>LG</td>
</tr>
<tr>
<td>Amersfoort</td>
<td>Kruiskamp Onderneemt!</td>
<td>Renting out office/work spaces, recreation facilities</td>
<td>LG (2 persons)</td>
</tr>
<tr>
<td>Arnhem</td>
<td>Bewonersbedrijf Malburgen</td>
<td>Renting out rooms &amp; office spaces</td>
<td>HA, LG</td>
</tr>
<tr>
<td>Den Bosch</td>
<td>CE not yet established</td>
<td></td>
<td>LG</td>
</tr>
<tr>
<td>Emmen</td>
<td>BewonersBedrijf Op Eigen Houtje</td>
<td>Renting out office/work spaces, food &amp; health, recreation facilities</td>
<td>LG, HA</td>
</tr>
<tr>
<td>Haarlem</td>
<td>‘t Badhuis</td>
<td>Renting out office spaces and reception rooms</td>
<td>LG</td>
</tr>
<tr>
<td>Hengelo</td>
<td>Bewonersbedrijf Berflo Es</td>
<td>Services, facilities, maintenance of public space.</td>
<td>LG, HA</td>
</tr>
<tr>
<td>Leeuwarden</td>
<td>Bewonersbedrijf ’t Geerdink</td>
<td>Services, facilities</td>
<td>LG</td>
</tr>
<tr>
<td></td>
<td>BewonersBedrijf Heechterp-Schieringen (BBHS)</td>
<td>Service provision and maintenance of public spaces</td>
<td>LG (2 persons)</td>
</tr>
<tr>
<td>Sittard</td>
<td>CE not yet established</td>
<td></td>
<td>LG</td>
</tr>
<tr>
<td>Venray</td>
<td>CE not yet established</td>
<td></td>
<td>LG</td>
</tr>
<tr>
<td>Zaanstad</td>
<td>Stichting BewonersBedrijven Zaanstad</td>
<td>Renting out office spaces, providing care, renovation works</td>
<td>LG (2 persons)</td>
</tr>
</tbody>
</table>

*LG: civil servant from the local government; HA: housing association employee.
dependency between public service organizations and service users (Alford 2016). We have also found examples of local policies thwarting CEs’ plans to take over the management or ownership of properties. It is beyond the scope of this article to analyze the notion of asset transfer in depth (but see Aiken et al. 2011, for a detailed analysis of the UK). Apart from local governments’ intention to sell properties at market rates, several other factors account for a laborious asset transfer to Dutch CEs, such as doubts regarding CEs’ expertize with exploiting public buildings, legal pitfalls in relation to risks, liability and accountability, the required nature of the transfer (rent or sale to the CE), and a critical view of local government officials on planned activities of CEs. The issue of doubts regarding CEs’ capabilities will be revisited later in this article.

4.3. Compatibility of public institutions and CEs

The compatibility of public organizations with respect to co-production is another important organizational factor. Compatibility refers to a ‘presence or absence of inviting organizational structures and procedures within the public organization’ (Voorberg, Bekkers, and Tummers 2015, 1342; see also Section 2.2). Despite the generally positive a priori attitudes, many respondents critically reflected upon the role of their own organization in the efforts to create co-production with a nascent CE. A partial explanation is a lack of knowledge that limits well-considered co-productive responses from the respective local governments and housing associations:

It’s a jump into the dark. Our policymakers have a lot of knowledge concerning existing rules and regulations, but they have absolutely no clue about local resident initiatives and what these groups want to achieve. (LG, Leeuwarden)

This quote reflects the situation in which ‘linking capital’ (see Woolcock 2001) between residents and local institutions still has to be built in order to embark on co-production. Our purposive sample (see Section 3) includes professionals who cooperate with or support CEs on their own accord and the analysis reveals that many of them can be considered as ‘boundary spanners’: officials who are constantly negotiating between their own organization and the outside environment, in this case represented by CEs, in order to match interests and actions (Van Meerkerk, Boonstra, and Edelenbos 2013; Edelenbos, Van Meerkerk, and Schenk 2016). While the interviewed officials are basically enthusiastic about the CEs they work with, they encounter resistance whilst trying to take forward CEs’ initiatives. Boundary spanning is required within their own organization, in order to evoke ‘co-productive responses’ but sometimes even more basic, that is, queries for information, as is shown in the following quote:

I do need information from my colleagues from the legal department. But I enjoy no benefit whatsoever from a legal lecture of one-and-a-half hour. I need to know precisely what is possible and which minimal preconditions should apply to this [CE] initiative. (LG, Emmen)

Obviously, we cannot conceive of local governments as a single actor for co-production because of internal divisions; not only between departments but also between different civil servants (see also Nederhand, Bekkers, and Voorberg 2016, 1072). In this context, several boundary spanners felt they were unintentionally placed in the
role of a new type of public service professional, defined by Bovaird (2007) as a ‘coproduction development officer, who can help to overcome the reluctance of many professionals to share power with users and their communities and who can act internally in organizations (and partnerships) to broker new roles for coproduction’. However, there are cases in which barriers do not stem from reluctance but from frictions with legal tasks and mandates of local governments.

In their mission to tackle perceived deficiencies in local facilities or service provision, the entrepreneurial efforts of CEs often cross through policy domains, such as health, housing, and employment. Within these multi-actor settings, CE may encounter problems in terms of institutional ownership. Unemployment is a case in point. Dutch local governments have a legal obligation to re-integrate unemployed people into paid employment. Several CEs address a perceived lack of work training programmes and internships to upgrade peoples’ skills and abilities as part of this re-integration procedure. When CEs start to develop activities to address this gap, frictions with governments arise. While CEs are basically trying to solve problems bottom-up, local governments are tied to their legal tasks, mandates and hierarchical administrative relations that are usually beyond the scope (and understanding) of CE boards, with the result that CEs may unjustly perceive government reactions as a token of unwillingness. However, moving beyond established mandates is extremely challenging, which is illustrated by the following example. Many practical affairs and arrangements around employment and social benefits are managed by the UWV (Uitvoeringsinstituut Werknemers-verzekeringen), a national institution responsible for the implementation and administration of employee insurances and associated social benefits. In co-operation with local governments, the UWV is also responsible for the re-integration of unemployed people into the labour market. Several studied CEs are developing work training programmes or internships for this particular target group. However, offering their programmes to clients of UWV clearly moves beyond established practices of this institution, as is apparent from the following excerpt from an interview:

Respondent: ‘This CE tries to create work training programs, and this requires us to have regular contacts with the UWV, but this has been very difficult both for the CE and for us… It is a different way of working. We sometimes ask them [UWV employees] for people right out of their files, and they are not used to that…. The procedure moves beyond the beaten tracks of the local government. Some of them [UWV employees] are prepared to constructively think along with us, but others aren’t. And we of course run into laws and regulations. …

Interviewer: But you cannot just nose into these people’s files, can you? That’s of course a matter of privacy.

Respondent: Yes, of course it is. What we do is that we just say ‘we have a place available in the program, do you [the UWV] have a suitable candidate?’ Or we come across people of who we think would fit perfectly in our program and these people ask us: “we are on social benefits but can we join the program?” We will then ask the UWV for permission to enrol these people, but it is always difficult.’ (LG, Zaandam)

Unemployed UWV clients who are enrolled in work training programmes can maintain their social benefits. However, this is not the case for unemployed people who perform volunteer work for CEs. Without clear permission from the UWV, these volunteers may lose their benefit payments, because their activities are considered as ‘work’ that may keep them from submitting job applications. In other
words, the legal tasks of the local government (through the UWV) not only hamper CEs’ efforts to target unemployed people for their work training programmes or internships, but also to recruit volunteers. Considering the dependency of CEs on volunteers for doing a large part of the work (Bailey 2012; Kleinhans et al. 2015), this is a major barrier towards expanding CE activities.

A final issue relates to the durability of contacts between CEs and local officials. Several respondents have observed that their own institutions do not offer easily accessible contact options, with officials from different departments contradicting or even counteracting each other. Once contacts are established, exchange of knowledge and information can initiate co-production. However, budget cuts negatively affect opportunities for establishing co-productive contacts, due to rapid staff turnover and increasing workloads of remaining officials, who have even less time to develop relations beyond their organization.

4.4. Risk aversion, trust and accountability

The (in)compatibility of public organizations with regard to co-production can also be affected by a ‘risk-averse, conservative administrative culture’, another organizational factor identified by Voorberg, Bekkers, and Tummers (2015, 1342; see Section 2.2). A local government official from Leeuwarden exemplified the line of least resistance, that is, sticking to established ways of working while new practices may be more effective:

Local city councils are steering on “scope and money” and for many civil servants, it is easier to check compliance of initiatives with rules and conditions for granting subsidies than establishing contacts and stimulating citizens’ initiatives, such as CEs. (LG, Leeuwarden)

This in line with work of De Wilde et al. who found that the degree to which local institutions are subject to Neo-Public Management-based performance targets and accountability structures, influences their ability and willingness to support community groups and develop flexible relations with them (De Wilde, Hurenkamp, and Tonkens 2014, 3379; see also; Alford 2016). Hesitant and inadequate responses from local institutions can also be explained by risk aversion which is rooted in negative experiences with previous initiatives. For example, the neighbourhood Berflo Es in Hengelo (see Table 1) once tried to create a citizen-run form of neighbourhood maintenance, which was at that time sponsored by the local authorities, and which relied upon voluntary work done by local residents, in scheduled work shifts. Later on, when the new CE came up with the idea to do something similar, it prompted immediate resistance from the local government:

There is the issue of past performance that contributes to scepticism within our department. Several years ago, there was a kind of neighbourhood maintenance in exactly the same neighbourhood [where the current CE is now active]. This turned into a complete disaster because of residents who failed to keep their promises. So this is a frustration we [local officials] have to deal with as well. Images of the past that went wrong… (LG, Hengelo)

Such experiences do not contribute to the perception of residents as reliable resource partners. This creates a catch 22 situation. The only way to erase the memory of past experiences is by producing a track record of successful activities, but it actually requires co-production with the government to get to this point.
In other words, trust is an important element in these relations. For a more precise understanding, the distinction developed by Lewicki and Bunker (1996; cited in Fledderus et al. 2014) is helpful. Calculus-based trust is rooted in a calculation of rewards and costs for being trustworthy or not. Knowledge-based trust relies upon the information available to predict future behaviour and intentions. Identification-based trust forms when all parties involved understand each other’s goals and needs, so it relates more to co-production than the other forms (Fledderus, Brandsen, and Honingh 2014, 438). From the perspective of local governments, nascent CEs often score low on both calculus-based and knowledge-based trust, because they are unpredictable in the start-up phase. Despite their inclination to work towards identification-based trust in CEs (see Section 4.1), many interviewed local professionals claim to withhold full trust because of fears, legal restrictions, and power issues. A strong concern is that co-production dilutes public accountability, by blurring the boundaries between public, private, and voluntary sectors (Bovaird 2007, 856). Dutch officials struggle with accountability in relation to citizens’ self-organization because they expect to be held accountable if things go wrong, even though they know that CEs themselves are partly accountable for the outcomes (see also Fledderus, Brandsen, and Honingh 2014). Several interview respondents reported that their organization focussed on minimizing or even excluding risks, for example, in relation to the conditions for using a former school building, maintenance responsibilities, fire prevention and regulations of food hygiene and catering permits. Apparently, the behaviour of co-producing citizens is seen to be more unpredictable than that of passive service users (Bovaird and Loeffler 2012, 1130), which is not conducive to giving trust to active citizens.

4.5. Perceived lack of entrepreneurial qualities

Stimulating entrepreneurship in deprived neighbourhoods is seen as a crucial element in strengthening economic development through the creation of jobs and increased labour productivity, and increasing social inclusion (Blackburn and Ram 2006). Simultaneously, however, residents in deprived communities are often viewed to lack key entrepreneurial attributes and skills (OECD 2003; Welter, Trettin, and Neumann 2008). The same issue appeared in this study. Several CEs have appointed main entrepreneurs (in Dutch: zakelijk leiders) in an early stage, and they appear to be more effective in terms of building the CE’s business model and generating an income than CEs without a main entrepreneur. However, it is too early to tell whether this applies more generally to nascent Dutch CEs. Several interview respondents observed a lack of skills and knowledge among CE initiators. This is considered as a threat to their success:

With only enthusiasm and having their heart for the matter, things will not turn out well. It is challenge in this situation not to take over some of the work […]. They [active residents in the CE] have to do it themselves. I do not want to have the child on my lap. (LG, Emmen)

Most interviewed professionals are convinced that the nascent CEs will not succeed without support from their organization. Some professionals even observe a lack of professionalism, which seems to suggest that they have much higher expectations of CEs than of more ‘traditional’ resident associations. In the case of Hengelo, both the housing association and the local authority made a clear point on this matter:
Until recently, Berflo Bedrijf was an organisation with lots of emotions and enthusiasm, but with an unclear direction and little professionalism, which made it very difficult for us to cooperate with them. (LG, Hengelo)

I have told them [Berflo Bedrijf]: Inspiration is brilliant, but if you want to be an enterprise, a solid financial base will be an absolute precondition. (HA, Hengelo)

The finding with regard to this CE is not unique. Our study has revealed that entrepreneurship was an underdeveloped characteristic of most case studies. Those citizens previously active within resident boards and ‘traditional’ associations have experienced great difficulties in turning their minds from making plans for activities, to entrepreneurship targeted at acquiring the resources needed for the realization of the CEs’ social ‘core ambitions’. To put it simply, they know how to spend money, but not how to earn it (Kleinhans et al. 2015). This resounds with the call of Daskalaki and colleagues (2015, 421) who claim that it is ‘our obligation to counteract this discourse of “everyone can become an entrepreneur”’ (see also Shane 2009).

5. Conclusions and directions for further research

This article has analyzed the responses of local governments and housing associations to the rise of CEs in the Netherlands. CEs are a particular entrepreneurial form of active citizenship. The literature has revealed that these forms of self-organization respond to austerity regimes and public policy reforms by providing services, jobs and other benefits for residents in deprived neighbourhoods, thus contributing to neighbourhood regeneration (Somerville and McElwee 2011; Bailey 2012; Healey 2015).

While CEs are supposed to be self-sufficient and independent, they usually (need to) co-operate with local stakeholders, such as local governments, housing associations, and care providers, combining resources to achieve better outcomes. This article set out to reveal the impact of organizational factors on the responses of these local institutions and individual professionals to CEs in their constituency, from the lens of co-production. Data from a qualitative panel study of nascent Dutch CEs (Kleinhans et al. 2015) were used.

In the context of a Dutch policy discourse that strongly favours active citizenship, ‘do-it-yourself’ democracy and entrepreneurship, this article has revealed a large discrepancy between professionals’ positive attitudes towards CE start-ups and institutional responses. While local professionals comply with the self-organization discourse, their accounts reveal ambivalent and contradictory responses of their organizations, supporting and simultaneously resisting ‘disruptive’ entrepreneurial actions from citizens, despite efforts from boundary spanners to prevent or mitigate this resistance. Instead of (steps towards) co-production, institutional responses often turn out as forms of ‘counter-production’ that keep CEs in full uncertainty and dependence about the acquisition of assets, crucial information or (legal) consent for various activities, sometimes smothering the motivation of CE initiators. As such, institutional responses have damaged the trust that was initially built by positive interactions with CE initiators (Fledderus, Brandsen, and Honingh 2014). Hence, the positive attitudes of local professionals regularly convey false promises regarding the actual willingness of their institutions to co-produce services and benefits with CEs.
In line with the typology of Voorberg, Bekkers, and Tummers (2015), this article identified several organizational factors affecting co-production. On the positive side are upfront supportive perceptions of professionals regarding CEs’ relevance and activities (factor 2), as well as incentives for local institutions to enter into co-production, due to potential budgetary benefits of CE activities (factor 4). However, the compatibility of public organizations with respect to co-production (factor 1) is hampered by lack of knowledge, frictions with legal tasks, tensions around institutional ownership, and limited durability of contacts between CE staff members and local officials. A presence of ‘risk-averse, conservative administrative cultures’ (factor 3) explains why active citizens are often not considered as a reliable resource providing partner (Voorberg, Bekkers, and Tummers 2015, 1342), which is exemplified by reports of past failures of active citizens and doubt with regard to their current entrepreneurial qualities. Local governments especially may prefer to stick to established routines, have negative previous experiences with bottom-up citizens activities and fears with regard to liability and accountability if CEs ‘mess up’. This finding matches the discussion by Evers and Brandsen (2016) on the difficulties of political-administrative systems to take up the ‘messages’ from local social innovations such as CEs, and barriers to the ‘mainstreaming’ of such innovations, because local governments, in this case, are not very susceptible to the messages invoked by CE practices.

While CEs are considered as a new form of self-organization, the analysis has shown that CEs are far from independent from local institutions. On the contrary, local governments appear to cast a ‘shadow of hierarchy’ by exercising control through a range of subtle and complex governance strategies (Nederhand, Bekkers, and Voorberg 2016, 1064). Clear examples are (not) making empty public buildings available to CEs, not giving trust to the activities initiated by CEs for reasons of risk aversion (‘5 years ago, they failed’), not helping to establish cooperation between CEs and other governmental actors (such as the UWV), and openly doubting the entrepreneurial qualities of CEs. A more constructive approach is necessary, as ‘sustainable co-production is not only a question of citizens/users assuming greater responsibilities for the provision of welfare services, but also granting them greater rights in designing, commissioning, delivering, and evaluating them’ (Pestoff 2014, 398).

Follow-up research must reveal whether counter-production will be fatal to citizens’ efforts or that CEs will ultimately overcome the related problems and manage to act more independently. In any case, the relationships between CEs and local institutions need to develop in order to have CEs fully operational. Experiences from the UK and the USA show that this takes decades rather than years (Bailey 2012; Varady et al. 2015), but the economic, social and political conditions in these countries continue to be fundamentally different from the Netherlands, which strongly limits comparison of CE models. As discussed earlier, the notion of scaling-up of highly contextualized CE efforts represents a ‘mechanistic, mass production perspective of service provision’ (Pestoff 2014, 393).

Nevertheless, future research should pay attention to the question which types of CEs are more effective than others in relation to inner organization and decision-making vis-à-vis other local actors as well as involving local residents in decision-making and service delivery (see also Pestoff 2014, 399). From the perspective of local governments, there are several reasons to doubt their willingness to relinquish their ‘shadow of hierarchy’, even in light of positive discourses on citizens’ self-organization.
(BZK Ministry of the Interior 2013). First, risk aversion and a political reluctance to lose status and ‘control’ inhibit effective government steps towards co-production (Bovaird and Loeffler 2012). Second, giving full room to self-organization may result in increasing differences between community groups’ resources and success, and hence issues of social inclusion and exclusion of weaker groups, which is highly unacceptable for politicians. Finally, the lack of empirical research on community-based entrepreneurship in Western Europe leaves scientists, policymakers, and citizens with open questions regarding the added value of CEs in terms of delivered benefits to deprived communities (Bailey 2012; Pierre et al. 2014; Varady et al. 2015) and the durability of this type of self-organization (Edelenbos, Van Meerkerk, and Schenk 2016; see also Pestoff 2014). These are clear challenges for further research in the burgeoning field of community-based entrepreneurship and public management.

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