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Enhancing public service innovation through value co-creation: Capacity building and the ‘innovative imagination’

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IMPACT

Funders, policy-makers and public service managers should be aware that inputs can be designed into the innovation process in order to build capacity among staff engaged in innovation in public services. The article shows that upskilling, cohort creation and an enhanced innovative mindset can be generated through a structured programme, with the integration, application and use of such resources facilitating value co-creation processes. Barriers to and facilitators of innovation are also identified. These include senior management buy-in and allocation of time.

ABSTRACT

This article considers how a perspective on value co-creation, known as ‘service-dominant logic’ (S-D logic), contributes to theoretical and empirical understandings of the processes underlying social innovation and co-creation in public services. Specifically, this explores how adopting a service ecosystems perspective to interpret empirical data regarding participation experiences in a UK public service innovation programme, enhances understanding of learning and knowledge exchange processes, experimentation and value co-creation in public service innovation projects.

KEYWORDS

Capacity-building; mindset; public services; service-dominant logic (S-D logic); social innovation; value co-creation

Introduction

Innovation in the public sector is increasingly hailed as the vehicle through which ‘wicked problems’ and societal challenges can be tackled, with public service innovation and social innovation frequently proposed as concepts and strategies for improving the efficiency and quality of public services (Meijer, 2019; Voorberg et al., 2015). Implicit within such assumptions is the level of agency which actors possess to initiate, undertake and evaluate innovation projects. Moreover, the capabilities and tools available to actors involved in the innovation process has been identified as a key factor influencing this process in the public sector (Arundel et al., 2019). Despite these assertions, research regarding the capacity of public sector staff to innovate, and the methods they use to do so, is limited (Saari et al., 2015; Torfing, 2019).

A growing consideration in the development of innovative and responsive public services is the extent to which citizens are involved in design and delivery processes. Indeed, co-creation with citizens is viewed by policy-makers and politicians as both as a necessary condition and ‘a cornerstone for social innovation in the public sector’ (Voorberg et al., 2015, p. 1346). Reciprocal and trusting relationships are a key component of such initiatives (Fox et al., 2019). However, it should not be assumed that all the actors involved in these processes, including ‘professionals’, have been trained or feel equipped with the necessary skills to effectively participate and co-create meaningful outcomes. Limited attention has been paid to the extent to which professionals at all levels may influence the success or failure of co-creation initiatives; or the potential for co-creation to have adverse consequences, with the evidence base for co-creation somewhat limited (Fox et al., 2019; Osborne & Strokosch, 2013; Wilson et al., 2018). Indeed, Dudau and

colleagues (2019, p. 1577) question whether we have been ‘enchanted’ by the normative assumptions underpinning co-creation which presume outcomes of better (public) services.

This article presents findings from a qualitative research study, conducted as part of an evaluation of a public service innovation programme in the UK. The programme offered blended funding (grant and repayable loan), non-financial and research capability support to public and third sector organizations undertaking innovation projects. The study examined perceptions regarding how participation in the programme facilitated experimentation, learning and knowledge exchange, and potential value co-creation for those designing, delivering and using public services. Perceived challenges and facilitators to undertaking innovation were also explored. In doing so, the empirical research for this article focused on tools and skill sets in relation to how public sector staff are enabled to innovate, as well as seeking to understand their capacity to do so. These are areas which have been identified as important facilitators for achieving sustainable and strategic change in the co-creation of social innovation (CoSIE, n.d.). The programme reported in this article, while not conceived as a ‘social innovation’ programme, aimed to develop processes that were inherently social and mainly supported and funded innovation projects which aimed to improve social outcomes. It therefore offered useful insights into the social processes underlying innovation in public services (Grimm et al., 2013).

Marques and colleagues (2018) argue that the theoretical and empirical foundations of social innovation could be developed through engaging with ‘emerging and well-established concepts, which cover overlapping themes’ (p. 506). Hence this article draws on the developing body of work concerning value co-creation in services marketing

and public management (specifically service-dominant logic or 'S-D logic') as a framework from which to explore social innovation and co-creation in a public service context, and to interpret and analyse the empirical findings reported in this article (Dudau et al., 2019; Eriksson & Hellström, 2021; Vargo & Lusch, 2004, 2016).

'S-D logic' is one of a number of approaches to value co-creation that has been applied to a public service context (see also Cluley & Radnor, 2020; Grönroos, 2019; Osborne, 2018). S-D logic emphasizes a 'logic of togetherness' (Joiner & Lusch, 2016, p. 26) and proposes that value (defined as benefit or an increase in well-being) is co-created through the interactions and activities of actors during which specialized competencies, such as knowledge and skills (resources), are exchanged and subsequently integrated and utilized by the beneficiary (Vargo & Lusch, 2016). The S-D logic framework also facilitates exploration of the multi-actor and multi-level nature of value co-creation through a service ecosystems lens, and thus has been proposed as relevant for the analysis of public policy and design (Petrescu, 2019; Strokosch & Osborne, 2020; Trischler & Charles, 2019). The relational and interactional emphasis in value co-creation is of particular relevance for enhancing and understanding social innovation (Fox et al., 2019).

While recognizing that there are various perspectives on value co-creation, as well as conceptions of 'value' in a public service context (Cluley & Radnor, 2020), this article does not enter into discussion regarding their propositions, relative merits, similarities or differences. Instead, this article considers how the value co-creation framework proposed in S-D logic, specifically the 'service ecosystem' lens, can enhance understanding of both the social processes underlying innovation (for example interaction; sharing resources, co-operation) in public services (Grimm et al., 2013) and how participation in a public service innovation programme facilitates the development and exchange of skills to undertake (social) innovation.

The remainder of this article is organized into three main sections. The first provides an overview of the literature regarding: social innovation, co-creation and how these are variously conceptualized; and S-D logic, value co-creation and its relevance to social innovation. In doing so, this section of the article explores the potential inter-connectedness of these concepts. The second section outlines the methodology adopted in the empirical study of the UK public service innovation programme. The third section summarizes the findings of the research study. The final part of the article uses these data to consider how the processes underlying value co-creation enhance understandings of social innovation in a public sector context, and potentially build 'social capital'—for example the links, shared values and understandings that facilitate trust and working together (Keeley, 2007, p. 102).

Social innovation, co-creation and value in public services

Social innovation and co-creation: the search for conceptual clarity

Social innovation and co-creation have been described as 'magic concepts', which share the characteristics of broadness, normative attractiveness, implication of

consensus and global marketability (Pollitt & Hupe, 2011; Voorberg et al., 2015). Social innovation, while a pervasive and prominent concept among academics and practitioners, is one which remains elusive in terms of definition. There is variation in terms of both the use and conceptualization of 'social innovation', which has led to concerns that that concept has been stretched so far as to be at 'breaking point' (Grimm et al., 2013, p. 440; Marques et al., 2018).

Part of the definitional challenge surrounding 'social innovation' arises from duality in the potential of social innovation to both meet pressing social needs and use new social processes to deliver both products and services (Fox et al., 2019; Grimm et al., 2013). In an attempt to address this lack of conceptual clarity, Marques and colleagues (2018) distinguish between four types of social innovation (structural social innovation; targeted social innovation—either radical or complementary; instrumental social innovation). The scope of the projects participating in the innovation programme reported in this article mainly fell into the category of targeted complementary social innovation. This term describes activities which 'seek to improve the production and delivery of certain goods and services, without radically reshaping current institutional arrangements or power structures' and may emphasise such concepts as co-design and broad participation (Marques et al., 2018, p. 503).

The concept of 'co-creation' has been viewed as a 'manifestation of social innovation' (Fox et al., 2019, p. 6). However, it is also a slippery concept and variously defined across disciplines. Within the public management literature, the term 'co-creation' is often associated with 'co-production' and is used interchangeably to signify levels of involvement and participation of end-users of services in the planning, design, delivery and audit of services and to denote shifting of responsibility from providers to users of public services (Fotaki, 2011; Voorberg et al., 2015). Osborne (2018) disputes the similarity between the concepts of co-creation and co-production arguing that co-production assumes a linear process in which the public service organization is dominant whereas, in co-creation, the relationship is dynamic and interactive and 'value is created at the nexus of interaction' (p. 225). This latter perspective draws on services management and marketing literature whereby 'co-creation' is predominantly framed as the co-creation of value, rather than of services (Voorberg et al., 2015).

The shift from 'services' to value is important as this challenges the notion that value is predefined and subsequently delivered to end-users, and alternatively advocates that value is created 'in-use' (value-in-use), and is unique to a particular context (Chandler & Vargo, 2011). Value is thus viewed as a temporal concept, situated in lived-experiences, which emphasizes the relationships between services, citizens and the communities in which they are based (Fox et al., 2019; Hardyman et al., 2015, 2019; Strokosch & Osborne, 2020). Moreover, it is argued that the key metric and purpose underpinning public services, public service innovation and social innovation should be the creation of value (Fox et al., 2019; Osborne, 2018).

S-D logic, value co-creation and social innovation

S-D logic is an evolving theoretical framework, which offers an alternative perspective on how value is created through

exchange. A key tenet of S-D logic is the proposition that 'service' (the application of resources for the benefit of another or oneself) is the fundamental basis for all economic (and social) exchange. In contrast to perspectives which differentiate between 'goods' and services', S-D logic proposes that 'service' is a core feature of both (Lusch & Vargo, 2019). S-D logic builds on the resource based view (RBV) of the 'firm' in that 'resources' including specialized skills, expertise and knowledge are viewed as a source of strategic benefit. RBV, however, focuses solely on the supplying organizations' resources and how these are deployed to create a sustainable advantage. In contrast, S-D logic advocates the inclusion, exchange and integration of resources supplied by multiple actors (for example service providers, people with lived experiences; other stakeholders) in a network of relationships (Peters, 2019; Trischler & Charles, 2019).

Value co-creation is a concept used in S-D logic to capture how 'benefit' or 'enhanced well-being' (value), for oneself or other actors is created through the processes of service exchange and resource integration. Service exchange enables actors to access resources and, through resource integration (the process of combining resources within the context of existing resources), potentially produce new resources from which value is co-created (Vargo & Lusch, 2011; Wieland et al., 2012). S-D logic proposes that actors are not able to deliver value to another actor. Instead, potential value is offered through promises of potential value or benefits (value propositions). Multiple actors may be involved in the co-creation of value propositions (Lusch & Vargo, 2019). Although value co-creation can be seen as a collective action, S-D logic proposes that value is always individually perceived and determined (mainly by the service beneficiary) on the basis of use (Trischler & Charles, 2019). Later refinements of S-D logic have further elaborated on 'value-in-use' to capture the contextual nature of value and value co-creation and how institutionalized social norms and rules may influence the way actors integrate resources and co-create value (Vargo & Lusch, 2016).

The S-D logic framework facilitates both 'zooming in' and 'zooming out' in terms of perspective from dyadic, one-to-one encounters (micro-level) to incorporate a wider configuration of actors (service ecosystems) at multiple levels (Vargo & Lusch, 2016). The network centric perspective on value proposed in service ecosystems views all actors as resource integrators in a network of other actors, as well as potential innovators (through rebundling and recombining innovations to develop new innovations) or co-creators of value (Lusch & Nambisan, 2015). Value co-creation is, therefore, viewed as a process which is collaborative, occurs at the individual level, the relationship level and the network level where actors: contribute and receive resources; interact and collaborate, and integrate resources more extensively through the activities of a 'web of actors' respectively (Petrescu, 2019, p. 1740). When considering this application to a public service context, the service ecosystems lens views value creation as 'a multi-actor phenomenon involving dynamic and complex value constellations made up of citizens, volunteers, nongovernmental partners and others' (Trischler & Charles, 2019, p. 27). This is important, as framing value constellations in this way, has the potential to shift the

focus away from professionals to also capture the knowledge, and experiences of citizens, service users and wider stakeholders engaged in innovation (Wilson et al., 2018).

The S-D logic perspective on value also has implications for public policy development, as greater understanding of the circumstances, lived experiences and social context in which value is created for individuals is required at the micro-level, in order to ensure that relevant actors and resources are in place at a macro-level to potentially have an effect on both the problem and solution (Trischler & Charles, 2019, p. 24). Fox and colleagues (2019) see these relational elements of value co-creation as highly relevant for social innovation in public services.

On the basis of the literature reviewed, it can be seen that the application of a value co-creation perspective and service ecosystems lens can contribute to understandings of social innovation and co-creation in public services in two ways:

- An understanding of innovation processes concerns the ability and willingness of actors to co-operate, link, share ideas and exchange vital resources across both inter and intra-organizational networks (Bekkers et al., 2013). S-D logic facilitates exploration of these processes and the potential for these to lead to the creation of value.
- A collaborative approach to resource exchange and integration may; facilitate better use of common resources and greater capacity to address public interests and needs, and enhance the social capital of those involved in social innovation (Eriksson & Hellström, 2021; Fox et al., 2019; Grimm et al., 2013).

These areas were of particular interest in our analysis of the empirical study—the main locus of value explored was at the individual level for participants in the innovation programme, as 'end-users' of this particular 'service'. However, we also considered the potential for value to be co-created for wider beneficiaries (for example colleagues, intended end-users of the innovation) involved in the innovation project development or design (Dudau et al., 2019).

Empirical study

This section provides an overview of the innovation programme under investigation in this article and the methods used to collect and analyse data concerning programme participants' experiences of both taking part in the programme and undertaking innovation projects in a public service context.

Programme overview

The innovation programme in our study offered public and third sector organizations the opportunity to secure competitive grant funding to prototype and pilot an innovation project (through a research and development phase), followed by the opportunity to implement the project at scale (with additional loan funding). This article focuses on the research and development phase.

In addition to grant funding, tailored non-financial support was also offered to participating project teams. Programme participants were required to attend a series of training

days and workshops (run by the innovation programme delivery team) to support the development and evaluation of their innovation projects. The training days introduced participants to a range of innovation tools (for example theory of change/problem-solving) and methods (for example innovation, research and development and service design methods). Practical exercises were also incorporated to enable programme participants to apply the various tools and approaches to their innovation projects. Workshops focused on setting up the innovation projects; refining the research and development plan; and identifying concerns or additional support needs. In addition to these events, monthly catch-up calls were held with programme participants. A range of other non-financial support was provided externally (for example financial modelling support, data analysis, infographics).

Observations presented in this article are based on interview data collected from two cohorts of participants who completed the research and development phase of the programme. As the programme is still underway, data are not yet available regarding the diffusion and adoption of the various innovation projects. These projects span a range of public service areas (health, social care, environment, emergency services) and were mainly proposed by frontline practitioners/managers.

Research methods

Study design: This study adopted a qualitative research design, which is well suited for discovering the views and perspectives of people and making sense of meanings assigned to behaviours and experiences (Shortell, 1999). Semi-structured interviews were used to encourage participants to share rich descriptions of their experiences of participating in the innovation programme. The research question that we sought to address was:

How the innovation programme supported or hindered the development of the innovation projects.

Topics explored in the interviews concerned development and skills, partnerships and networks, and innovation challenges and facilitators. The S-D logic framework was drawn upon to inform the interpretation and analysis of the study data rather than the study design.

Participants: The participants in this study were members of teams from a range of public and third sector organizations, which varied both in size and field. Four of the innovation project teams were a combination of more than one type of organization (for example public/third sector; public/private sector). The roles of respondents in their own organizations were predominantly a mixture of front-line practitioners and managers. The majority of the projects focused on service improvements in their field rather than community development. Project team members were invited to participate in interviews as part of the evaluation for the innovation programme. Participation was voluntary.

Interviews: A total of 33 interviews (31 single participant interviews, two combined participant interviews) were conducted with 26 programme participants from 12 of the 15 project teams who obtained funding to take part in the research and development phase of the programme. These participants were recruited from two cohorts of innovation programme participants. Interview participants from the

first cohort were interviewed at the end of the research and development phase. Interview participants from the second cohort had the opportunity to take part in an interview at the beginning and end of the research and development phase. Nine programme participants from five project teams were interviewed twice. Interviews were conducted between 2018 and 2019.

Data analysis: All the interviews were fully transcribed and imported in to NVivo 12 for analysis. Analysis of the interviews was guided by Braun and Clarke's (2006) stages of thematic analysis: data familiarization; initial code generation; identification of potential themes; review of themes, defining and naming themes and report production. Preliminary categories for coding the interviews were developed on the basis of listening to audio files/reviewing and reading interview transcripts. This initial review phase led to the identification of four broad categories. Two researchers independently coded a sub-sample of interviews using the initial broad categories and then compared their results to enable further refinement and assessment of potential themes and to assess coding consistency. Additional refinement of coding and identifications of themes was undertaken during the review of the whole data set, as common patterns of meaning and associated dimensions were identified.

Findings

The analyses of the interview data led to the identification of the following key themes: skills/knowledge (exchange and integration); attitudinal shift; value perceptions; facilitators; and barriers.

Skills/knowledge (exchange and integration)

The development of new or enhanced resources (skills and knowledge) through participation in the innovation programme emerged as a key theme. These resources included specific innovation tools, methods and processes, as well as those concerning the relational aspects of innovation. For one interviewee, participation in the programme enabled a 'new language' to be used to capture their work, which they previously perceived as lacking: 'if you're coming at service development from a practitioner point of view, you have no language to describe a lot of what you do'. Another participant illustrated how the 'new resources' introduced in the programme complemented and enhanced their existing skillset: 'being able to draw on the fact that I already deliver loads of training and work with [client group]. So I could use that plus these new tools and then it, it was really successful because I suppose I already have those skills'.

Attention was also drawn to the range of actors (i.e. project team members; programme staff; other project teams in the cohort, and external stakeholders such as third sector, public sector organizations and service users) involved in knowledge and skills exchange processes, and the extent to which 'new resources' were applied and/or exchanged within and across innovation projects, as well as more widely. The programme team were viewed as an important resource to project participants in terms of the knowledge and skills they offered, but also in terms of facilitating connections to other networks of actors: 'being

exposed then to people that I never would have been, in the past, I think has been, been really important’.

Several participants noted how the innovation project ideas were refined or redesigned in light of the contributions from various stakeholders, which at times occurred through multiple and iterative exchanges between the project team, service providers and intended client group/citizens designing, delivering and potentially using the service. In doing so, value propositions were refined and co-created by multiple actors.

So that was kind of [client group] saying that we want you to educate us. So they led the agenda. They provided the agenda and said, ‘This is what we want to know’. And then the service providers came in and then had that conversation, and then went with ‘so for us to do this, what do you need, because this is what we can provide currently’... and the [client group] are going, ‘Yeah. That’s not helpful. But if you did this, this and this’. So the service provider has gone away and gone, ‘Actually we’ll see what we can do’.

Participation from a range of stakeholders was perceived as a key aspect of the innovation process in terms of shaping the nature of the work undertaken, and increasing the potential relevance and future success of the projects. This is important because complex challenges and needs may be better met through multi-actor, collaborative resource integration (Eriksson & Hellström, 2021).

Attitude shift

This theme captures expressions of changing mindsets around innovation and its feasibility brought about with reference to experiences of the programme. This incorporates general change in attitude toward innovation, whereby innovation is viewed as both desirable and achievable, as well having the confidence to bring about innovative change: ‘it has given me confidence to kind of say, actually we can do something big and we have got the potential to be the first people to do this and we can be the leaders and the innovators’.

For shorthand, we have called this ‘the innovative imagination’. Examples of the innovative imagination include participants expressing confidence in their capacity to innovate, as well as willingness to apply ideas and tools introduced through the programme to other projects. This also incorporates reflections on the development of ideas—either on the topic of innovation, or a refinement of thinking about innovation including, personal reflections on how to do it, or what has been learned. These points illustrate how resources drawn upon to facilitate value co-creation can also include self-generated activities such as positive thinking and sense-making (McColl-Kennedy et al., 2012). One of the key areas where participants identified an attitudinal shift concerned engaging with a range of stakeholders from the outset of the project, in particular those using services:

By participating in the programme, doing the pilot, that has completely made us think in a different way in terms of how we need to market and sell what we’re trying to achieve for people. And it has to come from the voice of the people that are using the services and that’s loud and clear.

For several participants, this reflected a change to their previously held views or individual ways of working, with value co-creation and innovating relationships constituted

as both a positive and necessary part of innovation: ‘for me, innovation is about changing somebody’s life, making it better. You can’t change their life unless you understand what their life is like in the beginning’.

Participant responses regarding ‘the innovative imagination’ also focused on a range of areas associated with experimentation, and learning and knowledge exchange, such as embracing risk; asking critical questions; permission to reflect before taking action; considering how to incorporate changes into practice; engaging critics, and the importance of building and fostering relationships through innovation processes.

Value perceptions

The analysis of participant responses revealed that discussions relating to resources went beyond ‘information exchange’ to wider perceptions of the benefit or value that was gained or might be generated in the future through application and use of resources. These perceptions related to ‘individual level’ value for programme participants: ‘I personally feel massively enriched by this process and I know that I’m going to use a lot of the processes and structures that I’ve picked up along the way in the next project’, and extended to anticipated benefits for wider groups of actors, such as the organizations participants were based in, other public service providers, service users, clients or wider communities:

Talking to other partners that we’ve met with, other organizations and looking at innovative ways in terms of how we can write an application to work in a much more joined-up way with other organizations in the third sector. And the benefit and strength of working with others I think is enabling us to think more innovatively and puts us in a much stronger position to write bids and do more work on innovation.

Previously we’ve been very much about well, no we’re the [type of organization], we make the decisions and, you know, we’ve got the responsibility and all that sort of stuff... now, instead of us making all the decisions, we’re passing that responsibility to the [client group], in a group and they have the autonomy to do that.

In addition: ‘if it does do what we think it’s going to do, the [client group] lives are going to be completely different’.

The participant responses captured in this theme illustrate perceived value in relation to enhanced knowledge and skills; new or changed networks and relationships emerging through the innovation process; and the potential to shape the lived experiences of ‘citizens/clients’ once implemented. These are important aspects of the social innovation process, and potentially illustrate the temporal and contextual nature of value.

Facilitators

Contextual factors viewed as facilitating or enhancing the innovation work included those specific to the ‘home organizations’ of project teams and the innovation programme scheme. Perhaps, unsurprisingly, key facilitating factors in relation to home organizations were resources focused in terms of strong management buy-in and having time specifically dedicated and protected for the innovation project.

Four main facilitating factors were associated with participation in the innovation programme: the nature of

the relationship between project teams and the innovation programme team; the legitimacy or elevated kudos of the project; access to the knowledge, skills and networks of the programme team; and the introduction to new tools and methods to innovate. Interview responses indicated that the programme team was viewed as both a critical friend and coach, who could provide support for any concerns, provide objective feedback and challenge project team's thinking. This relationship was viewed as an 'unexpected success' of the programme by one interviewee, as well as one which was more widely perceived to enhance the confidence of project team members and engender trust:

... having built up relationships with like yourself and others it's this confidence that if, if things are not right or things need to be told or things need to be changed, it's that implicit trust that you would tell us. Likewise, we feel comfortable that we can turn around to you and say, we don't agree with that. It's not going to work for us.

The combination of the relationship with the team and access to 'people, resources and sounding boards' was perceived as invaluable by one interviewee, and a sentiment expressed by a number of participants. The participant responses discussed here illustrate the importance of the resources exchanged and integrated during programme participation, but also the relational aspects of the innovation process.

Barriers

This theme captures the main factors perceived as impeding the development of projects. These related predominantly to the home organizations of project teams, rather than the innovation programme structure. Key issues raised related to: the degree of 'buy-in' by senior managers and frontline staff; a 'risk-averse' culture, and the availability of time to undertake the work. While senior management support was viewed as vital, support from frontline staff involved in delivering changes required for the innovation project were also important. Challenges in relation to buy-in ranged from active opposition (a small number of instances), through to 'lip service' and benign neglect, to also include lack of senior management support as a consequence of staffing changes: 'So that's been the biggest challenge, is people-key stakeholders as in the people who will own it once it's running buying into it'.

Further issues reported by project teams concerned institutional culture, specifically a fear of failure: 'people are afraid to fail, there is a big problem with that I think personally', and risk aversion, 'our sector's very risk averse and they can very happily chug along doing things the same way forever more'. Having time to dedicate to the project was an issue for a number of teams, who were often juggling multiple projects or did not have ring-fenced project time. Clearer expectations regarding time to engage in the various elements of the innovation programme was raised as an impeding factor by some programme participants.

These points illustrate how value co-creation processes can be impeded. Difficulties are highlighted in terms of accessing the resources of senior management in terms of time, and the capacity to legitimize or authorize project developments. Furthermore, it was apparent that the value propositions forwarded by participants, did not always reflect those of other staff within the organization. Thus illustrating how institutional arrangements (i.e. rules and

norms), also shape value co-creation processes (Vargo & Lusch, 2016).

Discussion

The focus of the innovation programme was primarily on building the capacity of public service practitioners to develop, implement and evaluate innovation projects rather than mobilizing citizens per se. However, the findings from the interview data reporting programme participant perceptions indicates that, through developing new skills sets, participants feel more able to meaningfully engage with, support, and mobilize citizens (and service users) in social innovation initiatives. A number of programme participants reported building new relationships, and widening the range of stakeholders and perspectives in the prototyping and testing phase of their project ideas, as a consequence of participating in the innovation programme. For some practitioners, this represented a new or changed way of working. These are important aspects of the innovation process, as key features of social innovation concern: altering the 'playing rules' between the involved stakeholders, and producing outcomes which matter through the involvement of relevant stakeholders in the design, implementation or adoption of an innovation (Bekkers et al., 2013).

The interviews with participants in the innovation programme demonstrated patterns and engagements with the programme-specific inputs, and also the growth of what we refer to as the 'innovative imagination', i.e. the increased capacity to understand their potential and ability to effect change within their organization and for the communities they serve. To do so, they refer to the legitimacy provided by the project architecture; knowledge and skills development, application and utilization of skills within their teams, organizations and the communities they work with, and the perceived capacity to improve services. We conclude from these data that various inputs can be designed into the innovation process in order to effectively build capacity by upskilling, and by fuelling the innovative imagination. These are important process outcomes which have the potential to enhance both social innovation processes and value creation at an individual, organizational and wider societal level (Demircioglu & Audretsch, 2017; Torfing, 2019).

The application of a service ecosystems approach to interpret the empirical study reported in this article has facilitated understanding of how resources were exchanged and integrated by project team members and other actors involved in the development of their innovation projects. These interactions and exchanges occurred within and across the project team, the programme delivery team, partner organizations, and other public sector organizations, as well as incorporating other key stakeholders such as citizens, client groups and their carers. The S-D logic framework proposes that 'resources are not: they become' (Vargo & Lusch, 2004, p. 2): in other words, resources are viewed as dynamic and shift over time in line with experiences, context and the integration of new resources. This perspective on resources was reflected in interview participant responses, with some respondents indicating that the new skills and tools introduced through programme participation, had bolstered or enhanced

existing knowledge, as well as leading to new or different ways of working.

The empirical findings of the research study reported in this article support the propositions within the S-D logic framework that value is co-created through the application, exchange and integration of resources of multiple actors in service ecosystems. Study participants discussed the benefits or perceived value experienced through participating in the programme, and/or the anticipated benefit(s) or value that may arise as innovation projects were further developed or implemented. This included perceived or anticipated value or benefit for individual programme participants, their wider teams and organizations as well as those for other stakeholders (predominantly citizens, service users and their carers). As the innovation projects had yet to be implemented, value was mainly experienced by practitioners participating in the innovation programme. However, service users were engaged in the co-design of some of the projects and in doing so, co-created value propositions, which may later facilitate value co-creation.

Although the findings of this study indicate the relevance of the S-D logic perspective to understandings of social innovation, there are a number of caveats to consider in its wider application to social innovation. The S-D logic view on value co-creation is one that is inherently positive, in that interactions are viewed as collaborative and co-operative. There is, however, the potential that these interactions are, 'antagonistic, adversarial and coerced in nature', with varying combinations of relationships—some of which may be conflictual (Strokosch & Osborne, 2020, p. 429; Petrescu, 2019). This variation means that there is potential to destroy value, as well as create it, in a public service context (Engen et al., 2021). The service ecosystems perspective in S-D logic usefully draws attention to the contextual aspects of value co-creation, but does not directly address asymmetries in terms of power and knowledge, which may exist between various stakeholders. Furthermore, resource integration in S-D logic is assumed and implies that value is not accomplished until resources are integrated. Failure to integrate resources may result in an absence of value co-creation (McColl-Kennedy et al., 2012). This is an important consideration in the context of social innovation initiatives and projects which incorporate a wide range of stakeholders. Co-learning may be required before participating citizens, service users and practitioners are able to optimize and benefit from the resources offered and actively participate (Hardyman et al., 2019).

On the basis of the evidence reviewed here (literature and empirical study data), this article makes a number of contributions. First, we propose, in line with Fox and colleagues (2019), that adopting a services perspective (specifically S-D logic) on value co-creation enhances understandings of the relationships between social innovation and co-creation, as this focuses attention on the dynamic processes of knowledge and skills exchange, and the subsequent integration, application and potential use of such resources to generate value.

Second, this study illustrates public service practitioners' perceptions of how capacity building and knowledge and skills exchange processes facilitate value creation or anticipated value for individual practitioners, and the public service organizations and communities they serve. In doing

so this adds to understandings of the multiplicity of actors involved in value co-creation and social innovation processes, and perceived barriers and facilitators to undertaking innovation.

Third, this study contributes at a policy level to practitioner based, rather than exclusively academic, understandings of the barriers and facilitators to designing, planning, and experimentation in innovation projects. The experience of participating in a 'scaffolded' innovation programme helps to shape a mindset in which innovation is positive, feasible and desirable, and it warrants serious attention in future policy initiatives and academic discussions.

Conclusion

This article has considered how the S-D logic service ecosystems perspective on value co-creation contributes to theoretical and empirical understandings of social innovation and co-creation in a public service context. Specifically, we investigated how the S-D logic framework enhances understandings of how participation in a UK public sector innovation programme facilitated the development and exchange of skills to undertake (social) innovation, and perceived barriers and facilitators to undertaking social innovation in this programme.

Key areas of focus in the interpretation of the study data concerned perceptions regarding the exchange, integration and application of knowledge and skills; the nature of relationships with various stakeholders; and the potential for value to be co-created for those designing, delivering, or using public services. In doing so, we investigated the potential to enhance the social capital of those involved in the innovation projects through a structured innovation programme (Keeley, 2007; Grimm et al., 2013). In addressing these themes, this article responds to calls in the public management literature for further research regarding the processual nature of resource integration (Eriksson & Hellström, 2021). This also contributes to empirical understandings of the capacity, methods and tools used to innovate by those working in the public sector (Arundel et al., 2019). Furthermore, the interpretation of the perceived barriers to undertaking innovation from a practitioner perspective, supports those identified in the academic literature (for example lack of management support, staff resistance, risk-averse culture) and contributes a combined perspective on obstacles to innovation (Arundel et al., 2019; Bekkers et al., 2013).

Limitations of this study concern the single case study design of the programme. As such, the numbers of participating project teams are potentially small compared to other initiatives. Although the interview-based approach facilitated in-depth understanding of key relationships and the phenomenon under investigation, the findings may not be representative of all public sector organizations (Arundel et al., 2019). Additionally, it was not possible to explore co-creation and innovation processes as innovation projects were being scaled or implemented.

Lessons

The findings of this study are particularly relevant for policy-makers and funders of public service innovation initiatives. Training public sector staff in research and innovation

methods, alongside financial and non-financial support, can facilitate a positive innovation mindset and enhance perceptions regarding the tools or skillsets that practitioners have available to them to innovate. This is important, as experimentation and motivation are intrinsic and crucial factors for achieving innovation in the public sector context. The opportunity to experiment may enhance capability, knowledge and experience, as well as the propensity to innovate (Demircioglu & Audretsch, 2017).

Developments

Future work could consider adopting a multiple case study approach and/or compare innovation programmes undertaken across a wider geographical context and over a longer timeframe. Research focusing in this area might enable a comparison of both the processes underlying social innovation as well as the outcomes, such as the value created or destroyed through such initiatives for those citizens, groups or communities whose 'needs' the innovation aims to address (Arundel et al., 2019). This may enable exploration of how relationships and 'innovation mindsets' are sustained over time, as well as the longer-term outcomes of innovation projects.

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