

AUTHORS

VICTOR PESTOFF

Center for Civil Society Research, Ersta Sköndal Bräcke University
College, Stockholm (Sweden)
Victor.Pestoff@esh.se

YAYOI SAITO

Faculty of Human Sciences, University of Osaka (Japan)
ysaito@hus.osaka-u.ac.jp

INVITED PAPER

COVID-19, Co-production and Governance of Japanese Healthcare Providers

ABSTRACT

The COVID-19 pandemic underlines the importance of citizen support for and compliance with public health goals. This paper explores the contribution of governance to the staff's work environment, and patient participation in public financed healthcare services. More staff control over their daily work-life tasks will promote greater work satisfaction; in turn, more satisfied staff will provide better quality services than dissatisfied staff. Therefore, it considers three models for governing public financed services: a democratic, multi-stakeholder model, a stewardship model, and a more traditional "command and control" model. The paper investigates whether a participatory governance model allows the staff greater autonomy and promotes a multi-stakeholder dialogue that facilitates greater user/citizen participation. It also asks how public financed service providers can develop institutions that facilitate, foster and institutionalize user/citizen participation. Furthermore, the paper presents a case study from the Minami Medical Co-op in Nagoya, Japan and concludes that participatory governance can serve as a "best practice" for other public and private healthcare providers.

KEY-WORDS

COVID-19, CO-PRODUCTION, GOVERNANCE, HEALTHCARE, JAPAN

1. Background: COVID-19 and the importance of citizen input

The COVID-19 pandemic has fundamentally changed our perspective on the role of citizens in public health systems worldwide. They are no longer primarily regarded as bystanders and/or passive recipients of medical services from healthcare experts and professionals. Now their resources and contribution are recognized as necessary, if not crucial, both to protect themselves and to achieve important public health goals. Citizens are reminded daily that they can and must play an active role in preventing the spread of COVID-19. Initially, they were asked to wash their hands, practice physical distancing from one another, not to gather in large crowds and wear masks, both for their own safety and that of others, as well as to help reduce the load on crowded healthcare facilities. These measures were politicized in some countries, sowing confusion and making it harder to elicit public support for and gain compliance with them. More recently, with the growing availability of vaccines in some countries, citizens are urged to get a COVID-19 vaccination. Once again, this is not only for their own safety and that of their family, friends and others, but also to help reduce the burden on crowded healthcare facilities. In addition, it also helps prevent the development and spread of new variants of the virus, which is necessary for reaching “herd immunity”. These actions are designed to speed up the reopening of many businesses and social functions, including schools, which were “shut down” during the pandemic. None of this would be possible to achieve without the support and participation of citizens.

Nobel Laureate Elinor Ostrom and her colleagues coined the concept of “co-production” in the 1970s to describe the potential relationship between public sector professionals and ordinary citizens who often use and depend on public services in their daily lives (1996). Co-production is conceived as the potential relationship that could exist between “regular” producers (street level police officers, schoolteachers or health workers) and “clients” who want to be transformed into safer, better-educated or healthier persons (Parks et al., 1981; Ostrom, 1996). Ostrom also notes that while citizen participation is crucial for achieving co-production, they will not actively contribute to co-producing public services unless the latter reflect important needs that are of consequence to them (*ibid.*).

Alford’s comparative study of user participation in public service provision in Australia, England and the US, shows that client commitment to co-production in all but the simplest of tasks, usually depends on incentives other than financial rewards (2009). Solidarity and reputational rewards often comprise greater incentives to co-produce than financial rewards. Pestoff (2012) links individuals’ motivation to co-produce social services with the private value they experience as service users. Such benefits can also extend beyond themselves, and involve their family, loved-ones and friends. Alford and Yates (2016) show that in three policy areas, public safety, environment and health, co-production activities with high levels of personal benefit are more readily performed than activities resulting in mainly general public value. Letki and Steen (2021) argue that the willingness to contribute to general public value increases with community attachment and decreases with ethnic diversity.

“Administrative citizenship” refers to a perspective where citizens have rights and obligations that both permit and require their active involvement in the provision of some public services (Bertelli and Cannas, 2021). It argues that compulsory co-production is justified when individual participation in an activity is considered essential for proper service functioning and/or the pursuit of “community public interests”. In fact, employees in several branches and sectors of the economy were declared “essential workers” early in the pandemic and they could not, therefore, refuse to work for health reasons or the risk of catching COVID-19. Yet, extending this approach to ordinary citizens is highly contested and making co-production compulsory leads to a politicization of public health recommendations and citizen pushback. Many simply refused to follow public guidelines about wearing a mask, respecting physical distance and gathering in crowds during the pandemic in 2020 and 2021. They protested over closing nonessential businesses and schools, which illustrates the challenges facing this approach in many countries. Now, demonstrations against such measures occur frequently in several countries, and sometimes they even turn violent.

Citizens have the resources, assets and capacity relevant to making a significant difference to the outcomes of modern society, especially during times of pandemic, and they are willing to engage in positive social purposes. However, the public sector is not designed, organized, incentivized nor experienced in making use of the rich potential of citizen contributions to co-production of public services (Loeffler, 2021). Ostrom considers several structural variables important for overcoming social dilemmas (2009). Similarly, Pestoff (2014) addressed the sustainability of citizen/user participation in the provision of public services. He argues that focusing on small group interaction can provide a necessary strategy for achieving sustainable co-production. In order to realize the full potential of citizen participation in healthcare, it is crucial to expand our perspective from individuals and their motivation to the group level where clients can act collectively. The organizational structures of service providers are key since they can facilitate or hinder citizen/user participation. Therefore, the research project on Co-production and Japanese Healthcare (see Section 3) adds a collective action dimension to the equation by considering cooperative healthcare providers (Pestoff, 2021).

In light of the radically changed reality brought about by the COVID-19 pandemic, recognition of the potential contribution of support and compliance by citizens for their own well-being and for achieving public health goals becomes an essential but challenging aspect of post-COVID healthcare. Recognizing this may be necessary, but it probably is not sufficient for eliciting their long-term engagement as co-producers. Such a commitment may require empowering them in a way that promotes participatory models of healthcare. This, in turn, reflects questions about what kind of healthcare systems will develop after the COVID-19 pandemic. Will they continue to focus mainly economic and market mechanisms, or might they facilitate expanding public healthcare provision to guarantee adequate service for all or most citizens before the next pandemic? This paper explores a different alternative and asks whether there is another way to provide healthcare, one based on collaboration and partnership between patients and professional providers. If so, can it realize some of the synergies promised by theories of co-production?

However, the classical distinction between acute and chronic illness has some ramifications for the role of citizens and patients in co-producing their own and other healthcare. Citizens and patients can play a role in both types of situations, but their role is usually perceived being quite different. Nevertheless, the fact that citizens are attributed an active role in one situation may have a spillover impact on our expectations on other situations. Requiring citizens to wear a mask in public, maintain social distance and get vaccinated during the COVID pandemic may lead some to adopt an “administrative citizenship” perspective also when it concerns life style illnesses, like type II diabetes, obesity, use of opioids, etc.

2. Key concepts

Several key concepts are briefly introduced below to promote a better understanding of a new collaborative model of healthcare. They include co-production, internal and external efficiency, work environment and governance.

2.1 Co-production

Prior to the COVID-19 pandemic, there was a gradually growing interest in, and practice of, increasing public participation in healthcare provision. More than a decade ago, the World Health Organization (WHO) maintained that there were three ways or mechanisms to channel public participation in healthcare governance: “choice”, “voice” and “representation”. Choice mostly applies to individual decisions in selecting insurance providers and/or services. Voice tends to be exercised at the group or collective level to express public or group views about service shortcomings or suggestions for improving them. Representation implies a formal, regulated and often obligatory role in the process of healthcare governance (2005). Co-production can potentially combine choice, voice and representation, by actively engaging citizens in the provision of public services (Pestoff, 2008; 2009). In the UK, Hudson recently argued that public and patient engagement in healthcare is “an idea whose time has come” (2014), while the Office of Public Management states that co-production is the new paradigm for effective health and social care (Alakeson, Bunnin and Miller, 2013).

Co-production is often noted by the mix of activities that both public service agents and citizens contribute to the provision of public services. The former are involved as professionals or “regular producers”, while “citizen production” is based on voluntary efforts of individuals or groups to enhance the quality and/or quantity of services they receive (Parks et al., 1981; Brudney and England, 1983; Ostrom, 1996). In advanced societies, there is a division of labour and most persons are engaged in full-time production of goods and services as regular producers. However, individual consumers or groups of consumers may also contribute to the production of goods and services, as consumer producers. This mixing may occur directly or indirectly.

Peters (1996) states that mobilizing and harnessing resources beyond the command and control of leaders in the public and private sectors becomes increasingly crucial for the sustainability of society and the achievement of both public and private goals. Citizens provide critical resources today, both in their role as professional service providers and users/citizens or co-producers of public services. So, it is necessary to consider how best to mobilize and harness their resources. Moreover, in order to mobilize vast latent or currently unused resources in the public sector a participatory administration model should focus on empowering the lower echelons of the service providers and their clients that would decentralize much of the decision-making to them (ibid.). This should be reflected in the staff's work environment, work satisfaction and how they perform their daily tasks.

2.2 Standardized and flexible services in healthcare

Healthcare, as a service, is not only subject to a high degree of asymmetry of knowledge between the professional providers and the service users. There is also a high degree of uncertainty about service quality and how to define it, both from the patient/user's and professional provider's perspective (Hirschman, 1970). Citizen/user involvement in service provision depends on the degree of complexity and uncertainty in terms of achieving good service quality. Standardized services often require a less complex or extensive form of citizen involvement in service provision, while services that involve a high degree of user/citizen uncertainty often demand a higher degree of their involvement in service provision (Blandi, 2018). Patient/citizen involvement in healthcare services, particularly chronic care, involves a lot of uncertainty on the part of citizens. These services are highly complex and subject to rapidly changing technology and technical advances in service provision, particularly with the advent of ICT solutions. In addition, patient/citizen experience increasing uncertainty about their own needs. Their needs may change with new diagnostic and treatment options, as well as changing life cycle circumstances or different stages in the development of a given disease and its treatment. Here service quality requires much greater patient interaction with the front line staff in order to identify and define the patient's needs, to discuss the alternatives available to them and finally to agree on the best and most realistic treatment (ibid.).

The need for greater citizen involvement in more complex services can therefore acquire an economic-political dimension not normally associated with simpler or less complex public services. This has clear ramifications for how best to organize healthcare services and promote efficiency and effectivity. Blandi distinguishes between internal and external efficiency, where high internal efficiency may require standardization or mass customization of services, yet some degree of flexibility may be necessary to achieve external efficiency (ibid.). Under such circumstances, the staff needs to interact with external actors, i.e., their clients, in a flexible fashion in order to help them identify and define their needs, including their changing needs. In cases of high user/citizen uncertainty, a service provider's efforts to achieve internal efficiency can, in fact, diminish its efforts to achieve high external efficiency, and thus, reduce the overall efficiency and effectiveness of a service. This implies a dual or split approach to organizing healthcare between the back and front office (ibid.). Back

office staff can provide standardized services, like booking visits, billing services, ordering supplies, arranging for maintenance, etc., while front office staff, like nurses and care workers, require much greater autonomy in their daily tasks to achieve the flexibility necessary for promoting a healthcare provider's external efficiency (ibid.). Moreover, this requires adopting a systems approach to complex issues involving feedback loops to guarantee appropriate organizational flexibility that can promote greater patient participation in healthcare design and delivery.

2.3 Work environment and “unhealthy work”

Karasek and Theorell (1990) note that work-life stress is related to both physical illness and lower productivity. They developed a two dimensional demand/control model to understand, analyse and explain work environment and its physical and psychosocial impacts on workers and organizations. They combined these two dimensions into a fourfold classification of jobs. Low demands combined with high control result in low-strain jobs, while low demands and low control lead to passive jobs. High demands combined with high control result in active jobs, but when control is low it produces high-strain jobs. The latter are usually considered most debilitating in work-life.

Similarly, Pfeffer's latest book on human resource management, *Dying for a Paycheck* (2018), laments the fact that management practices can literally sicken one million and kill 10,000 employees annually, yet they fail to improve organizational profitability or performance. He notes that ill health from work place stress adversely affects productivity and drives up voluntary turnover that costs employers and society more than half a trillion dollars per year in the US (ibid.). Yet, the costs of toxic workplaces result in social pollution that is passed on to various parts of the public health and welfare systems, not to mention individual employees in the form of ill health. He concludes that “[...] work organizations have a choice: to create work places and implementing management practices that create physical and mental ill-health, that literally kill people, and that drive up healthcare costs in the process, or they can make different choices that result in the opposite outcomes” (Pfeffer, 2018: 211). Such choices are part and parcel of their corporate governance. Do their governance models only encompass the interests of a single stakeholder, the firm's owners, or can they perhaps comprise several of them, including the workers, and even their clients?

2.4 Governance

The concept of governance gained extensive attention about 25 years ago, and soon became a buzzword in social sciences. It is used in a wide array of contexts with widely divergent meanings. Van Kersbergen and van Waarden's (2004) survey of the literature identified no fewer than nine diverse definitions of the concept, while Hirst (2002) attributes it five different meanings or contexts. He includes economic development, international institutions and regimes, corporate governance, private provision of public services in the wake of New Public Management, as well as new practices

for coordinating activities through networks, partnerships and deliberative forums (ibid.), or New Public Governance. Hirst argued that the main reason for promoting greater governance is the growth of “organizational society”, noted as big organizations on either side of the public/private divide in advanced post-industrial societies that leave little room for democracy or citizen influence. This is due to the lack of local control and democratic processes for internal decision-making in larger organizations, whether public or private. He argues, therefore, that the concept of governance points to the need to rethink democracy and find new methods of control and regulation that do not rely on the state or public sector having a monopoly of such practices (ibid.).

Governance at the micro level refers to systems and processes concerned with ensuring the overall direction, supervision and accountability of an organization (Cornforth, 2004). Spears, Cornforth and Aiken (2014) present six different models of corporate governance for nonprofit organizations, including principle-agent theory, democratic theory, stakeholder theory, resource dependency theory and managerial hegemony theory. They note that both control and collaboration are essential elements of these theories, and there is always a need to balance them (ibid.). Accordingly, control helps to overcome human limitations through vigilance and discipline, while collaboration taps individuals’ aspirations via cooperation and empowerment. From a business administration perspective, governance models usually focus on the relationship between the board and top management of a third sector organization (TSO) or cooperative. However, employing a more holistic or encompassing approach, based on different academic perspectives, like political science, social work or sociology, would call for broadening the focus. The CEO and board are very important, but they do not provide the whole picture, so we intend to include other major stakeholders in our purview, in particular the users/citizens.

Governance can play an important role for developing new methods and models for improving the work environment in enduring welfare services and including additional stakeholders. For example, the three models employed for studying governance in Japanese healthcare are the command and control model, the stewardship model and the democratic, multi-stakeholder model (Pestoff, 2019; 2021). The command and control model is based on the Weberian ideal for public bureaucracy. The stewardship model assumes that managers want to do a good job and will act as effective stewards of an organization’s resources, in collaboration with the main stakeholders. As a result, senior management and the stakeholders or members of an organization are seen as partners. The role of the board is primarily strategic and board members are selected on the basis of their professional expertise, skills and contacts and they should receive proper training. By contrast, the democratic model includes ideas of open elections based on “one member one vote”, pluralism, representation of different interests and accountability to its members. The board is often recruited from lay members and its main function is to represent the diverse interests of the organization’s members (Cornforth, 2004).

The three models proposed here can be distinguished by the degree of autonomy given to the staff in terms of their everyday work-life and the degree of inclusiveness of various stakeholders in discussions and decision-making. Differences between them can be visualized by the step-stool

figure below, where staff autonomy is represented by the vertical and inclusiveness on the horizontal axis. The higher up a governance model is on the stool, the more autonomy it gives to the staff and the farther to the right, the more inclusive it is of other stakeholders, while the lower down on the stool, the less autonomy given to the staff and the farther to the left the less inclusive it is.

Figure 1. Staff autonomy and stakeholder inclusiveness in three models of governance

Command & Control	Stewardship	Democratic, Multi-stakeholder
Low	Medium	High

Source: Pestoff (2021: 189).

3. The Japanese project: work environment and governance

We will now turn our attention to the project on Co-production, Work Environment and Service Quality in Japanese Healthcare for an empirical base to explore these questions and models. It includes an Organization Study, a Staff Study, a Patient Study and a Volunteer Study.

Japan has a unique healthcare system with two user-owned cooperative healthcare providers (United Nations, 1997; Kurimoto, 2015). Together the Koseiren of Japanese Agriculture (JA) and the Health and Welfare Co-op Federation (HeW CO-OP) of the Japanese Consumer Co-op Union (JCCU) manage nearly 200 hospitals with almost 50,000 beds, which is more than the total number of hospital beds in Sweden and Denmark combined. Data for this project was collected by questionnaires to the staff at eight cooperative hospitals across Japan in 2016 and compared with similar data from the staff at two public hospitals in Osaka in 2017. The sample of the Staff Study from the 10 hospitals reached 6,859 with a response rate of 72.1%. Data for the Patient Study was collected in 2017 by questionnaires to patients at four cooperative hospitals and resulted in 631 completed questionnaires (Pestoff, 2021). Findings from these two studies provide the empirical basis for this paper.

The Staff Study explored the contribution of governance to the work environment and service quality of public financed services. Based on the Karasek and Theorell “demand, control, support” model we expected that more staff control over their daily work-life will promote greater work satisfaction and more satisfied staff that, in turn, will provide better quality services than dissatisfied staff. The Karasek/Theorell Demand/Control model of work environment was highly relevant for exploring the relationship between work environment and service quality in Japanese hospitals. We found a pattern where nearly one third of the staff at these ten Japanese hospitals have Low Strain

jobs, one third High Strain jobs, while the remainder is divided between Passive and Active jobs. We documented the impact of these four work-life or job categories on several work environment indices including, among others, Work Satisfaction, Influence and Service Quality. In particular, these four work-life categories have a clear impact on service quality, where three of five staff members with Low Strain jobs claim high Service Quality, while only one of four staff with High Strain jobs make the same claim. Moreover, we found that Work Satisfaction was closely related to Service Quality. More than two thirds of the staff that was highly satisfied with their job said that the service quality was high, while less than one fourth of those who were least satisfied claimed high service quality. The Staff Study shows that work environment and service quality are positively related. Thus, a healthy work environment not only results in greater work satisfaction, but it promotes better service quality, while an unhealthy work environment results in lower service quality (Pestoff and Saito, 2018).

Governance systems can help explain some of the most notable differences in work environment, in particular, work satisfaction, and service quality. Governance systems can be viewed from various angles. A key perspective is the degree of autonomy given to staff and clients to interact and resolve certain issues by themselves related to service provision and service quality. Also, the degree of inclusiveness of various stakeholders or “publics” is important to consider. The three governance models embody different levels of autonomy and inclusion in decision-making for both the staff and clients, illustrated earlier in Figure 1. Greater flexibility combined with more dialog with key stakeholders seems to promote better service quality.

The first step is a hierarchical command and control, top-down model that allows for little autonomy or discretion to the staff and restricts the influence of stakeholders outside the organization, like patients. Traditional public services embody the hierarchical model. The middle step is a corporatist model based on a 70-year public private partnership in Japanese healthcare that started at the end of World War II to provide healthcare to large groups residing well beyond the reach of the public services. Finally, multi-stakeholder organizations are found on the top step. They embody a bottom-up democratic model of governance that has existed and evolved in Japanese healthcare for nearly 80 years. It is worth noting that differences between these three steps or models do not simply involve the staff or the service users alone, but both groups together. To achieve the highest level of autonomy and become viable both groups need to be present and actively involved (Pestoff, 2021).

Finally, the Staff Study considered control and influence at Japanese hospitals in relation to their governance model. Democratic multi-stakeholder models promoted greater staff control and influence than either the stewardship or command and control model. It also presented data about the frequency of contacts with three key stakeholder groups: patients, volunteers and the local community. It demonstrates that staff discussions at democratic multi-stakeholder hospitals with these stakeholders about hospital affairs are more inclusive than discussions at the other hospitals. The proportion with “high” network answers ranges from 35.1% in a democratic governance model

to only 16.2 % in a command and control governance model. This suggests that governance models are an important contextual or intervening variable between work environment and service quality and can also promote more patient participation and co-production (ibid.).

4. Patient participation and two kinds of co-production

The analysis of data from the Patient Study reflects a model of patient needs, hospital structures and enhancing institutions that can promote patient participation and influence and their service satisfaction. A brief summary of the Patient Study shows that these two patient groups have different reasons for choosing their healthcare provider, one that closely reflects the hospital's social values. In addition to the hospital and/or staff's reputation, patients were either motivated by instrumental reasons or by values related to their membership in a health co-op. In general, we found that patients in Medical Co-ops participate more in community activities, more of them volunteer at their healthcare provider and in different types of activities. The Patient Study showed that Medical Co-op patients participated more actively in most types of hospital events. In particular, this includes making investments in their healthcare provider, via a membership contribution, participating in community activities, attending local membership meetings and volunteer activities (ibid.).

Moreover, as members of a health co-op, they can voice their opinion on important issues in several different ways. Not only can they talk directly with the professional staff or use the suggestion box, they can also participate in hospital committee meetings and in local meetings of the health co-op, etc. (Pestoff, 2019; 2021). Patients at the Medical Co-op also felt more capable of and willing to express their opinion about the hospital and its services than Koseiren patients. However, this study also demonstrated that patients at both hospital groups were generally quite satisfied with the hospital's staff and services, and nearly the same proportion of patients at both hospital groups, more than two-thirds of them, stated that they would recommend it to friends or acquaintances (ibid.).

The Patient Study suggests that being a patient in a Medical Co-op probably does not mean the same thing as being a patient at a Koseiren hospital. Patients at the Medical Co-ops are more than just patients, since they are also members of a health co-op. This creates ties that bind and provides them with a feeling of ownership that gives them certain rights and responsibilities not shared by non-members. Thus, membership provides the social glue that enables and facilitates their working together for a common goal, i.e., the members' health and well-being. Koseiren patients, by contrast, were indirect members via their affiliation with a local or regional branch of the agricultural federation, Japanese Agriculture, and, therefore, remained primarily hospital patients or clients. These comparisons of patient participation in Medical Co-ops and Koseiren healthcare provision demonstrated that there are different levels and different kinds of patient participation, particularly when patients are members in health co-ops rather than simply a patient or client at a hospital.

Thus, patients at the Medical Co-ops have the possibility of challenging traditional relationships of power, control and expertise in healthcare, rendering it the joint product of the activities of both patients and professional healthcare providers (*ibid.*).

In addition, health co-op members are encouraged to join Han study groups¹ in order to bring their diet, exercise and life-style into balance, as part of their effort to promote preventive medicine. Moreover, members are recruited to relevant hospital committees and many of them also are board members and/or hospital directors. Such opportunities both foster and institutionalize the role of members as co-producers of their own and others healthcare. These opportunities are not available to the patients at Koseiren hospitals. They do not have the rights and responsibilities of health co-op members; rather they are patients at Koseiren hospitals. Lacking the features of transformative co-production, they are part and parcel of Koseiren's aspirational approach to co-production. Furthermore, given the hierarchical command and control model of governance found in public healthcare (Pestoff, 2019), co-production in public hospitals will most likely be limited to the aspirational variety. Nevertheless, these two different approaches to co-production might have something to learn from each other in terms of best practices (*ibid.*).

This begs the question what hospitals can do to encourage and facilitate patient participation. The Medical Co-ops promote the active participation of patients in a variety of ways and they have institutions that can facilitate and foster patient inclusion in the internal workings of their healthcare provider. By expecting patients to become a member of the health co-op, the Medical Co-ops are able to extend the rights and responsibilities of membership in a very different fashion than in Koseiren, since it lacks direct individual patient membership. Thus, membership in a health co-op provides a key to facilitating and fostering active patient co-production at the Medical Co-ops. Patients who are direct members in health co-ops have more positive attitudes about many aspects of the healthcare services and they are more active in the provision of their own healthcare (*ibid.*).

Thus, the Patient Study illustrates that there are two kinds of co-production: aspirational and transformative. Aspirational co-production is limited to describing and recognizing the potential benefits of co-production, paying lip service to it, and accepting the marginal or ad hoc contributions of citizens to public financed services. This may eventually include finding ways to gradually accommodate the input of citizens to the provision of public services, in one fashion or another. However, in no way does it question or challenge the power asymmetry between the professional service providers and citizens. The primary purpose of aspirational co-production appears, therefore, to be legitimization of the status quo. Transformative co-production, on the other hand, includes encouraging co-production by actively facilitating, fostering and institutionalizing it. The primary

¹ "A Han-group is a basic unit of health and welfare co-ops, helping people be and stay well. It is made up of three or more members. Mutual, peer-to-peer support is complemented by that of doctors, nurses, physiotherapists and social workers. These professionals are collaborative partners in a community-led model of integrated health and home care services. Trained volunteers also play a role." (http://beingwell.plunkett.co.uk/inspirations/han_groups_japan/#:-:text=A%20Han%2Dgroup%20is%20a,nurses%2C%20physiotherapists%20and%20social%20workers). See also Pennucci (2021).

purpose of transformative co-production is the democratization of service provision. This leads to the conclusion that if a healthcare provider wants to embrace transformative co-production in the 21st Century it must develop a proactive strategy for encouraging patients to participate actively in internal workings of their healthcare provider and including them in discussions about its services, its future, and in its decision-making. In order to achieve this, it needs a sustainable policy to facilitate and implement it. However, opening an organization for transformative co-production is a very long and complicated process; so, there is no quick fix (ibid.).

5. The Minami Health Co-op during the initial phase of the COVID-19 pandemic

The Minami Health Co-op (MMH) operates two hospitals, five clinics, one long-term care facility and seven home care support offices etc. in the southern part of Nagoya. It was started as a health co-op by doctors and local residents after the 1959 Ise Bay Typhoon that killed over 5,000 people. Today the main MMH hospital has 313 beds, divided into 26 departments, but according to its public health mandate, it does not treat infectious diseases, so it has no beds designated specifically for COVID-19 patients. This case study focuses instead on long-term care facilities and home care activities. However, given the threat that COVID-19 poses to elder citizens, this seems appropriate. During the initial phase, MMH developed a seven-point policy to respond to COVID-19 that allowed it to work with, and around, some of the challenges posed by the pandemic (Saito, 2021).

Nurses from MMH attended dozens of information meetings by and for staff of its home care services to respond to their questions and address their anxiety. They normally lack knowledge about infectious diseases and how to prevent them. Personal Protective Equipment (PPE) also became a key issue. The home care staff usually only wear an apron, rather than a medical uniform or scrubs and they do not change it between visits, since their clients do not normally suffer from infectious diseases. So, it was decided to require them to use hospital PPE that could be changed between home visits, to reduce the spread of COVID from one client to another (ibid.).

MMH estimates that 80% of the local residents living near the hospital belong to the health co-op, while 40% of health co-op members also volunteer, thereby contributing essential support and input to cooperative health and eldercare, not available to traditional services. Local members, residents and users can become involved in several different ways. The Community Support Center help network between staff at the hospital or long-term care facilities and residents in the local community. Japan faced a serious mask shortage between February and June 2020 and initially, hospital doctors were limited to one surgical mask per week. People rushed to the pharmacy to buy masks, but they were sold out everywhere. Therefore, Prime Minister Abe promised to intervene and send surgical masks to all medical institutions and two cloth masks to each household in Japan. Nearly 200 million EUR were spent on this effort, but when they finally arrived in June, they were usually too small or did not fit right and most of the public had already bought them in shops by

then. In the meantime, once local residents in Minami became aware of the mask shortage, they began making cloth masks for the healthcare and long-term care staff. After, they proceeded to make and distribute cloth masks to elderly people in the neighbourhood. This allowed them to check on their health status, discuss their anxieties and report sick neighbours to the MMH hospital, a local clinic or their Community Support Center (ibid.).

At the outset of the pandemic, people were encouraged to socially distance or isolate themselves. Yet, many elderly persons were worried about spending all their time at home. While distributing the cloth masks, MMH volunteers encountered people who wanted to restart their activities as much as possible, or experienced trouble because they were not able to go shopping or who experienced physical deterioration from not leaving home or going out for a long period. Moreover, COVID-19 interrupted home care services all over the country. The elderly and their families were hesitant to use them due to the fear of infection, without credible information to protect themselves. As a result, many care providers went bankrupt nationwide, given the decline in demand. Therefore, local MMH volunteers and service users started study sessions (Hankai) on preventing COVID infections for a small number of people in parks, and invited health specialists who worked at MMH to address them. They could learn how to prevent infection, so they continued to use the MMH home care services. Now there are “park Hankai” throughout Minami to spread information and combat misinformation about COVID and “walking Hankai” so people can get some exercise, while keeping safe social distance (ibid.).

This case shows that MMH regards its staff members and local residents as equals or partners in health and eldercare and its policy promotes a shared responsibility for implementing it. Rather than merely being a response to the unique situation posed by COVID-19, it represents a continuation of MMH’s efforts to engage its members as co-producers of their and others healthcare and long-term care (ibid.).

6. Summary and conclusion

Japan has a unique system with two user-owned or cooperative healthcare providers. Together they operate nearly 200 hospitals, 500 clinics and 50,000 beds. However, they differ from each other and from public hospitals, in terms of their work environment, governance models, service quality and social values. This paper compares cooperative and public healthcare providers at ten hospitals across Japan and analyses survey data from the staff, as well as from the patients at four of them in terms of their work environment, patient participation and governance models. Several key concepts were introduced to understand and appreciate the unique contribution of cooperative healthcare to achieving public health goals and outcomes.

Peters (1996) notes that citizens provide crucial resources for achieving both public and private goals, but today they have little influence on organizational decisions. Therefore, it is necessary to consider how best to mobilize and harness resources beyond the control of leaders in the public and

private sectors. One model for achieving that is by focusing on lower level service providers and their clients. Participatory administration decentralizes much of the daily decision-making to these specific groups (ibid.). Blandi (2018) distinguishes between internal and external efficiency in service organizations. Standardized services promote internal efficiency, while flexible services augment external efficiency. Flexibility is crucial in healthcare in order to overcome client uncertainty, due in part to technical advances and in part to the lack of knowledge by many patients about their own medical needs (ibid.). Adopting a participatory approach in healthcare allows front-line healthcare workers greater freedom to reach agreement with patients about the best possible treatments and it helps patients to overcome their uncertainty. It also recognizes and legitimizes an active role for clients in their own healthcare.

The Karasek and Theorell (1990) model for work environment expects that the level of demand and control experienced by the staff in their work life determines whether they have low-strain or high-strain jobs, as well as their experiences of service quality outcomes. The Japanese study shows that low-strain jobs provide healthy work conditions, while high-strain jobs correspond to Pfeffer's discussion of "toxic work". It also documents that higher levels of staff satisfaction with their job are correlated with higher evaluations of the service quality provided by their hospital and that notable differences exist between the three hospital groups in their work environment and service quality.

However, exploring staff autonomy and well-being alone is insufficient. Similarly, only focusing on the role of users/citizens in co-production is also insufficient. Either approach only provides half of the story at best. It is necessary to consider both sides of the coin in order to understand the role of and the interaction between the staff and users/citizens in participative public governance. Only by studying the impact of different governance models on both the main actors in co-production, the staff and users/citizens, can we begin to understand the importance of governance models for promoting participative public governance.

This study also focuses on how the unique collaborative structures of cooperative providers can facilitate, foster and institutionalize citizen participation in healthcare. The Patient Study addresses issues related to the importance of membership. Patients at the Medical Co-ops are more than just patients, they are also members of their healthcare co-op. Being a member creates ties that bind, and it also provides them with a feeling of ownership that gives them certain rights and responsibilities not shared by non-members. Thus, membership provides the social glue that enables and facilitates their working together for a common goal, i.e., the health and well-being of all members. This allows us to distinguish between aspirational and transformative co-production. The latter embodies an active healthcare literacy outreach policy that educates and engages members to develop and pursue their participation in their own and others health and well-being. This model also relies on actively and collectively engaging healthy persons in lifestyle choices related to healthcare issues. It encourages them to audit their own blood pressure, the salt and fat content in their diet, etc., and relates these basic health facts to maintaining a healthy diet and getting regular exercise, together with, others.

Three models of governance were contrasted here, i.e., “command and control”, stewardship and participatory governance, represented by public, agricultural and consumer co-op healthcare providers respectively. The three different governance models were arranged in a step-stool fashion to illustrate the degree of staff autonomy and stakeholder inclusion. The first step is a hierarchical command and control, top-down model that allows for little autonomy or discretion to the staff or inclusion of the clients. Traditional public services embody the hierarchical model. The middle step is a corporatist model for providing healthcare and social services to large groups beyond the reach of traditional public services. Finally, multi-stakeholder organizations are found on the top step that represents the highest level of staff autonomy and client inclusion. They embody a bottom-up democratic model of governance that exists in some non-governmental organizations, co-operatives and social enterprises. It is worth noting that differences between these three steps or models do not simply involve the staff or the service users alone, but rather both groups together. To achieve the highest level of autonomy and become viable they both need to be present and actively involved.

Thus, this study demonstrates that participatory governance promotes a partnership between patients and professional healthcare providers that results in more satisfied staff, better service quality, more engaged patients, a robust health literacy outreach and a unique, coherent set of social values. Difference between hospital groups do not seem related to the profit orientation of a healthcare organization, being public or private nor of its ownership form, per se. Governance models appear more important for realizing participatory administration than ownership forms. Rather, healthcare governance reflects several other major factors that contribute to co-production in healthcare (ibid.). In sum, the three healthcare groups studied here demonstrate notable differences in their work environment, governance, service quality and social values. Taken together, factors like an empowering work environment, an inclusive and democratic governance model and social profiles based on inclusive values are key factors in fostering and institutionalizing transformative co-production in healthcare.

Finally, the case study of Minami Medical Co-op shows that it regards its staff, members and local residents as equals or partners in health and eldercare and its policy relies on sharing responsibility for implementing it. Rather than merely being a response to the unique situation posed by COVID-19, it represents a continuation of MMH’s efforts to engage its members as co-producers of their and others healthcare and long-term care.

These findings provide the core elements of a potentially new post-COVID model of healthcare, one based on co-production. However, it should be noted that greater citizen participation and attributing them an active role in their own and others health and well-being does not comprise a “silver bullet” for solving all the challenges facing healthcare today. However, this study identifies several key factors that can contribute to transformative co-production. Cooperative healthcare in Japan demonstrates the full potential of a participatory model in practice, not just in theory. It provides a new, unique healthcare model for a post-COVID-19 world and shows it is possible to make co-production work on a larger scale. Hopefully, it can serve as a reference or best practice for attempts to sustainably engage citizens in promoting their own and other’s health and well-being and achieving public health goals and outcomes.

References

- Alford, J. (2009). *Engaging Public Sector Clients. From Service Delivery to Co-production*. London, New York: Palgrave MacMillan. DOI: <https://doi.org/10.1057/9780230235816>
- Alford, J. & Yates, S. (2016). Co-production of Public Services in Australia. The roles of government organizations and co-producers, *Australian Journal of Public Administration*, 75(2): 159-175. DOI: <https://doi.org/10.1111/1467-8500.12157>
- Alakeson, V., Bunnin, A. & Miller, C. (2013). *Coproduction of Health and Wellbeing Outcomes. The New Paradigm for Effective Health and Social Care*. London: Office of Public Management.
- Bertelli, A. & Cannas, S. (2021). Law and Co-production: The Importance of Citizenship Values. In: E. Loeffler & T. Bovaird (Eds.), *Palgrave Handbook of Co-production of Public Services and Outcomes*. London, New York: Palgrave, Macmillan, p. 193-209. DOI: https://doi.org/10.1007/978-3-030-53705-0_10
- Blandi, V. (2018). *Customer Uncertainty. A source of organizational inefficiency in the light of Modularity Theory of the Firm*. Unpublished thesis (PhD). University of Trento, Italy.
- Brudney, J. & Edwards, R. (1983). Towards a Definition of the Coproduction Concept, *Public Administration Review*, 43(1): 59-65. DOI: <https://doi.org/10.2307/975300>
- Cornforth, C. (2004). The Governance of Co-operatives and Mutual Associations. A paradox perspective, *Annals of Public and Co-operative Economics*, 75(1): 11-32. DOI: <https://doi.org/10.1111/j.1467-8292.2004.00241.x>
- Hirschman, A. (1970). *Exit, Voice & Loyalty*. Cambridge, MA & London: Harvard University Press.
- Hirst, P. (2002). Democracy & Governance. In: J. Pierre (Ed.), *Debating governance, authority, steering and democracy*. Oxford: Oxford University Press, Chapter 2.
- Hudson, B. (2014) Public and Patient Engagement in Commissioning in the English NHS. An idea whose time has come? *Public Management Review*, 17(1): 1-16. DOI: <https://doi.org/10.1080/14719037.2014.881534>
- Karasek, R. & Theorell, T. (1990). *Healthy Work: Stress, Productivity and the Reconstruction of Working Life*. New York, NY: Basic Books.
- Kurimoto, A. (2015). Social Enterprise Models Providing Health and Social Services in Japan, *ICSEM Working Paper*, n. 7. EMES Network.
- Letki, N. & Steen, T. (2021). Social-Psychological Context Moderates Incentives to Co-produce: Evidence from a Large-Scale Survey on Park Upkeep in an Urban Setting, *Public Administration Review*, 81(5): 935-950. DOI: <https://doi.org/10.1111/puar.13340>
- Loeffler, E. (2021). Co-delivering Public Services and Outcomes. In: E. Loeffler & T. Bovaird (Eds.), *Palgrave Handbook of Co-production of Public Services and Outcomes*. London, New York: Palgrave, Macmillan, p. 387-408.
- Ostrom, E. (1996 [1999]). Crossing the Great Divide: Coproduction, Synergy, and Development, *World Development*, 24(6): 1073-1087. Reprinted in 1999 in: M. D. McGinnis (Ed.), *Polycentric Governance and Development. Readings from the Workshop in Political Theory and Policy Analysis*. Ann Arbor, MI: Univ. of Michigan Press, Chapter 5. DOI: [https://doi.org/10.1016/0305-750X\(96\)00023-X](https://doi.org/10.1016/0305-750X(96)00023-X)
- Ostrom, E. (2009). Social Cooperation in Collective-Action Situations, *Neue Kölner Genossenschafts- wissenschaft*. Cologne: Rösner, H.J. & F. Schulz-Nieswandt.
- Parks, R. B., Baker, P. C., Kiser, L., Oakerson, R., Ostrom, E., Ostrom, V., Perry, S. L., Vandivort, M. B. & Whitaker, G. P. (Eds.) (1981 [1999]). Consumers as Co-Producers of Public Services: Some Economic and Institutional Considerations, *Policy Studies Journal*, 9: 1001-1011. Reprinted in 1999 in: M. D. McGinnis (Ed.), *Local Public Economies. Readings from the Workshop in Political Theory and Policy Analysis*. Ann Arbor, MI: Univ. of Michigan Press, Chapter 7. DOI: <https://doi.org/10.1111/j.1541-0072.1981.tb01208.x>
- Pennucci F. (2021). Victor Pestoff: Co-production and Japanese Healthcare: Work Environment, Governance, Service Quality and Social Values, *Journal of Entrepreneurial and Organizational Diversity*, 10(1): 88-91. DOI: <https://doi.org/10.5947/jjeod.2021.006>

- Pestoff, V. (2008). *A Democratic Architecture for the Welfare State*. London & New York: Routledge. DOI: <https://doi.org/10.4324/9780203888735>
- Pestoff, V. (2009). Towards a Paradigm of Democratic Governance: Citizen Participation and Co-Production of Personal Social Services in Sweden, *Annals of Public and Cooperative Economy*, 80(2): 197-224. DOI: <https://doi.org/10.1111/j.1467-8292.2009.00384.x>
- Pestoff, V. (2012). Co-production and Third Sector Social Services in Europe. Some concepts and evidence, *Voluntas*, 23: 1102-1118. DOI: <https://doi.org/10.1007/s11266-012-9308-7>
- Pestoff, V. (2014). Collective Action and the Sustainability of Co-production, *Public Management Review*, 16(3): 383-401. DOI: <https://doi.org/10.1080/14719037.2013.841460>
- Pestoff, V. (2019). Work Environment and Service Quality in Japanese Healthcare, *Zarządzanie Publiczne/Public Governance* 1(47): 5-17. DOI: <https://doi.org/10.15678/ZP.2019.47.1.01>
- Pestoff, V. (2021). *Co-production and Japanese Healthcare; Work Environment, Governance, Service Quality and Social Values*. London & New York: Routledge. DOI: <https://doi.org/10.4324/9781003099208>
- Pestoff, V. & Saito, Y. (2018). Work Environment in Japanese Health and Eldercare Providers. Paper presented at the *ICA Research Conference, 4-6 July, Wageningen, Netherlands* and at the *13th ISTR Conference, 10-13 July 2018, Amsterdam, Netherlands*.
- Peters, G. (1996). *The Future of Governing. Four Emerging Models*. Lawrence, KS: Univ. of Kansas Press.
- Pfeffer, J. (2018). *Dying for a Paycheck. How Modern Management Harms Employees Health and Company Performance*. New York, NY: Harper Business.
- Saito, Y. (2021). How did Japanese “Community-based Integrated Care System” work during the Covid-19 Pandemic – difference between bottom-up model and bureaucratic model. Paper presented at the *5th Transforming Care Conference, 24-26 June 2021, Cà Foscari University of Venice, Italy*.
- Spears, R., Cornforth, C. & Aiken, M. (2014). Major perspectives on governance of social enterprise. In: J. Defourny, L. Hulgård & V. Pestoff (Eds.), *Social Enterprise and the Third Sector*. London & New York: Routledge, Chapter 7.
- United Nations (1997). *Cooperative Enterprise in the Health and Social Care Sectors – A Global Survey*. New York: UN.
- Van Kersbergen, K. & van Warden, F. (2004). Governance as a Bridge between Disciplines, *European Journal of Political Research*, 5(3): 227 – 243.
- World Health Organization (2005). *Ninth Futures Forum on Health Systems Governance and Public Participation*, Copenhagen: WHO.