Bureaucracies' Extended Arm in Co-creation: A Study of Institutional Complexity in the Context of Public Services

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Abstract

Co-creation, as a central strategy of the New Public Governance (NPG) paradigm, is deemed essential to address complex societal challenges. A qualitative, in-depth study was conducted to explore collaborative processes between the Norwegian Labour and Welfare Administration (NAV) and three external organizations. The aim of co-creation among these actors was to limit/prevent outsiderness by providing more individualized work inclusion services to young adults facing vulnerabilities. Our study examines collaborative processes between NAV and external actors in work inclusion efforts and explores how institutional complexity within NAV influences the potential for co-creation among these actors. We found that the bureaucratic logic of the Traditional Public Administration (TPA) within NAV forces external actors to engage in challenging, time-consuming procedures, turning them into bureaucracies' extended arms rather than independent contributors of resources. Additionally, core principles of New Public Management (NPM), such as resource control and optimization, overshadow the importance of shared responsibility, equality, and knowledge sharing (NPG). With NAV as an example, the article demonstrates the importance of effectively managing institutional complexity in public organizations to succeed in co-creation. It contributes empirical and contextual examples of co-creation processes in the public sector, as the co-creation literature is still very theoretical, descriptive, and conceptual.

Practical Relevance

➢ Our research highlights the valuable contribution of external actors to the development of more effective and personalized public solutions for young adults facing vulnerabilities. For example, external actors assist young adults with various practical tasks assigned by NAV, advocate for their needs in meetings with NAV, and empower young adults to make informed decisions for themselves throughout the work inclusion process.

➢ To effectively leverage the resources of collaborative partners, public organizations like NAV should avoid establishing collaborations based on NPM strategies centered around resource control and sanctioning. Instead, it seems crucial to prioritize collaborations grounded in trust, shared responsibility, and equality, which fosters knowledge sharing.

➢ Simplifying bureaucratic procedures and using plain language can enhance the accessibility of public services for vulnerable individuals, consequently reducing the workload for external actors who must provide them with bureaucratic system counseling.

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Introduction

In many European countries, there is a growing population of young adults who are Not in Employment, Education or Training (so-called NEETs). In 2022, 11.7% of young adults aged 15–29 in the European Union fell into this category (Eurostat, 2023). This group of young adults is experiencing increased psychological issues, making them vulnerable to social exclusion and marginalization (Frøyland, 2022). Developing innovative solutions to address the complex problem of outsiderness among young adults is a major political priority. However, numerous conditions can lead to NEET status, making this group of citizens diverse (Fyhn et al., 2021; Stanwick et al., 2017). Hence, finding a definitive solution to the problem can be especially challenging (Assmann & Broschinski, 2021; Frøyland, 2019; Frøyland, 2022).

To assist this group of young adults in achieving their work-related goals, comprehensive support is required from a broad array of social, educational, health and rehabilitation services (Bakken & van der Wel, 2023; Skjold & Munkejord, 2023). Collaboration across sector boundaries and agencies, for example, by establishing networks, partnerships and cross-sectoral teams, is assumed to be essential for success. Through this collaboration, a pool of resources is made available (Frøyland, 2022; Rønningstad et al., 2022). This approach aligns with the main ideas in the New Public Governance (NPG) paradigm. Here, the nucleus to handle such complex societal challenges is *co-creation*, which can be defined as 'practices that mobilize the experiences, resources, and ideas of a plurality of public and private actors in the creation of public solutions' (Torfing et al., 2019, p. 797).

The Norwegian Labour and Welfare Administration (NAV) is in charge of carrying out public labour market policies. NAV offers various benefits, such as unemployment benefits and work assessment allowances. Municipal NAV offices are crucial in providing work inclusion services for young adults, as they collaborate with a range of external service providers to ensure holistic and comprehensive service offers. Through this, NAV functions as a gateway to a range of services (Andreassen & Reichborn-Kjennerud, 2009; Lægreid & Rykkja, 2014). For this reason, in several Norwegian municipalities, there are now several examples of co-creation measures between NAV and external actors.

However, in both research and practice, co-creation has proven to be challenging (Baptista et al., 2020; Rossi & Tuurnas, 2021). One important but little-explored aspect is the impact of *institutional complexity* within hybrid organizations, such as NAV, operating within multiple governance paradigms simultaneously (Nederhand et al., 2019). There are few empirical studies that have explored how co-creation (as a main NPG strategy) aligns with already established strategies and institutional logics from Traditional Public Administration (TPA) and New Public Management (NPM) (Nederhand et al., 2019). Studies have pointed out that managing to balance these different logics is important for NAV to successfully carry out its operations (Fossestøl et al., 2015; Røhnebæk & Breit, 2021; Sønderskov et al., 2022). Various ways of responding to institutional complexity within NAV (Fossestøl et al., 2015), as well as in other contexts (Nederhand et al., 2019), have been shown. However, empirical research on how the institutional complexity within NAV affects collaborative initiatives with external actors, including understanding the causes of co-creation barriers (Baptista et al., 2020), is limited.

To address some of the gaps in this area, this article provides insights from a qualitative study on the collaborative initiatives among a local NAV office, a private organization providing work inclusion services, psychological health services, and a local career guidance center. Together, these actors work to support young adults in vulnerable situations in completing their education and finding employment opportunities. The article's research question is as follows: *How does NAV collaborate with external organizations in work inclusion efforts, and how does institutional complexity affect the potential for co-creation?*

This article contributes to the literature on institutional complexity in public organizations by providing empirical data on its impact on public service provision. Second, it provides new insights into the research on work-inclusion services by taking into account the significant, yet underexplored, factor of multi-agency (van Berkel, 2017). Finally, the article presents research on co-creation processes that is contextualized and grounded in real-life examples, making a valuable contribution to the co-creation literature, which is still largely theoretical, descriptive, and conceptual (Sicilia et al., 2019).

Co-creation and Institutional Complexity

Since the mid-90s, NPG reforms have been viewed as a necessary response to the increasing fragmentation and functional differentiation of the public sector and a tool to tackle complex societal challenges (Andersen et al., 2020; Lægreid & Rykkja, 2015; Sønderskov et al., 2022). NPG utilizes network theories and advocates for collaboration among multiple interdependent actors to provide public services (Osborne, 2006). By emphasizing collaborative problem-solving, *co-creation* is specifically stressed within this paradigm (Andersen et al., 2020; Merlin-Brogniart et al., 2022; Torfing et al., 2019). Today, co-creation is increasingly described as the emerging phenomenon of interactions between the public sector and society. By working together and sharing their expertise and resources, various organizations from both the public and private sectors can co-create value that improves public services and creates better outcomes for society (Torfing et al., 2019). In co-creation processes, the involved actors are, ideally, interdependent, and the relationship between them is horizontal, meaning that they should participate on an equal footing. Thus, co-creation is considered a tool for public organizations to mobilize resources to deal with challenging societal issues with high complexity (Ansell & Torfing, 2021), such as work inclusion and social exclusion (Frøyland, 2022; Rønningstad et al., 2022). In co-creation, public organizations do not position themselves as a supreme authority, nor do they strive to copy private businesses. Instead, it serves as a facilitator and active participant in constructive collaboration with relevant actors capable of contributing to the resolution of shared problems. Here, both public and private actors must overcome institutional boundaries and actively engage with the experiences, ideas, and resources of all involved stakeholders (Torfing, 2019).

Even though public organizations are now being encouraged to part-take in and utilize NPG strategies such as co-creation, strategies from previous governance perspectives (TPA and NPM) have not been immediately abandoned. As a result, many public organizations today operate within a complex blend of governance ideas from all three paradigms, which they have to balance. The governance ideas related to TPA, NPM, and NPG often conflict, posing challenges for public organizations to navigate them (Nederhand et al., 2019). For example, in TPA, the bureaucratic logic is well-rooted (Andersen et al., 2020): Public organizations are structured as rational systems with standardized functions to ensure predictability and stability in delivering public services aimed at protecting citizens from arbitrary decisions and power abuse. Therefore, resource allocation is clearly regulated (Andersen et al., 2020; Nederhand et al., 2019; Sønderskov et al., 2022). However, the standardization of TPA is often found to be in conflict with NPG. For example, while network logic involves shared problem-solving and negotiations in interaction with other actors (Osborne, 2010), bureaucratic logic requires public officials to make decisions based on existing regulations and political decisions (Nederhand et al., 2019). Therefore, in TPA, there is no opportunity for service users to provide input on the design of public services, while user participation and co-creation are the core principles of NPG (Tortzen, 2019). Within the TPA framework, service users are perceived as passive and disempowered subjects, expected to comply with public rules and decisions and accept authoritative recommendations (Torfing, 2019).

In NPM, managerial logic is central, which focuses on the improvement of public services through an increased focus on systems that improve efficiency, for example, by using performance indicators, most often expressed quantitatively (Hood, 1991). Furthermore, NPM led to the introduction of principal–agent models (Andersen et al., 2020). Here, the public sector is a *principal* who employs one or more *agents* (e.g. private service providers) to achieve their objectives (Andersen et al., 2020; Pindyck & Rubinfeld, 2018). NPM systems often have a strict budget structure, which can pose challenges when it comes to addressing unexpected tasks that require immediate allocation of resources. This is in direct conflict with the goals of NPG, where a key objective is to customize public services, whether provided by private agencies or not, to meet the specific needs of each service user. However, the resources required for such modifications typically exceed the allocated budget (Nederhand et al., 2019).

When different, often conflicting, governance paradigms coexist within an organization, institutional complexity occurs (Fossestøl et al., 2015). The concept of institutional complexity is developed from theories of institutional logics, which allows us to explore the connections

among socially constructed institutions, structures, and individual agencies (Thornton & Ocasio, 2008). *Institutional logic* is defined as 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality' (Thornton & Ocasio, 1999, p. 804). Failing to navigate the complex institutional landscape that arises from competing governance paradigms can result in conflicts related to goals, leadership, or organizational structures, which may cause executive dysfunction (Sønderskov et al., 2022; Hansen & Waldorff, 2020).

Organizations that must enact elements of multiple and conflicting institutional logics are described as hybrid organizations (Mair et al., 2015), and this understanding forms the basis for our discussion on hybridity in this article. However, hybridity is a very ambiguous concept, and has become a broadly used concept in public management theory and practice (Johanson & Vakkuri, 2017; Karré, 2023). Therefore, other descriptions of hybrid organizations have been made. Some hybrid organizations are described as such because they find themselves at the intersections of seemingly pure forms or distinct domains, such as the market, state, and civil society, each with its own dominant norms, values, and institutional logics (Johanson & Vakkuri, 2017; Karré, 2023). Also, some organizations are described as hybrid when they manage to combine institutional logics in unprecedented ways (Battilana & Dorado, 2010).

Studies have shown that organizations experiencing conflicts between different logics employ various internal strategies to respond to these conflicts (Fossestøl et al., 2015; Nederhand et al., 2019). Fuglsang and Møller (2020) pointed to four distinct strategies. First, they can choose to simply reject or ignore certain logics. Second, they can create specialized units to handle each logic independently. Third, they can gradually address tensions between logics when they occur. Finally, they can find compromises between different logics.

Methodology

Research design and methods

Our methodological approach involved ethnographic field research. Our field study context was a Norwegian municipality that experiences significant challenges related to the social exclusion of young adults. In this setting, we aimed to gain a comprehensive understanding of the co-creation process where NAV collaborates with external organizations to help young adults in vulnerable situations finish school or enter the labor market. During our data analysis process, we narrowed our focus to specifically explore the experiences of front-line employees in external organizations collaborating with NAV.

In our field study, we specifically studied how the front-line employees in various organizations assisted young adults aged 18–30 in reaching their work-related goals. Many of these young adults faced several challenges, such as financial instability, difficult family situations, and housing issues. Furthermore, many of them had experienced neglect during their childhood. They struggled with mental health challenges and required access to psychological services, as well as services that focused on work opportunities. Due to a combination of these factors, they were particularly vulnerable to unemployment. Since 2017, NAV has been operating with *mandatory activation,* which means that the benefit receipt is conditioned by participation (Gjersøe & Leseth, 2021; Lidén & Trætteberg, 2019). In our study, the young adults' mandatory activities mainly involved work training. Other tasks included career guidance, applying for higher education, or reading for exams to finish school. For the young adults, the consequence of not participating in these mandatory activities was a financial cutback or at least a threat of such.

In our field study, we utilized participatory observation and in-depth interviews. By observing front-line employees' meetings with young adults over an extended period, we gained a deep understanding of the nuances of these service interactions, as well as the different employees' decision-making processes, their prioritization, and the challenges they navigated. The participatory observations were supplemented with audio recordings of these meetings, providing a rich dataset for analysis.

Of the 30 observed and audio-recorded meetings, 23 were immediately followed up with individual in-depth interviews with the meeting participants. A semi-structured interview guide with only a few questions was used to capture the informants' experiences of the meetings. The participants were asked to openly reflect on how the meeting went, their relationships with the young adults they were working with, and the other actors involved in the young adults' processes. The interviews with the front-line employees offered a unique window into their motivations, beliefs, and the intrinsic values they deemed crucial in assisting young adults. To augment our understanding, we also studied the experiences of young adults receiving services from the involved organizations. By listening to their narratives, we gained valuable insights into the effectiveness and impact of the support provided, offering a holistic view of the front-line employees' work from the recipients' perspectives.

The interviews and observations were interactive, meaning that the interviews provided leads for the observations in the subsequent meetings, and the observations generated curiosity and formed the basis for the subsequent interviews (Tjora, 2006). During the study, the interviews gradually became more focused on themes that were relevant to the employees' work or specific incidents that had arisen in the young adults' cases. In addition, while the interviews captured the experiences of the participants, the observations provided an independent perspective (Tjora, 2006), for example, on the group dynamics in the meetings.

Informants and data collection

The data collection started in January 2020, when the first author observed and recorded one meeting and conducted two interviews: one before the meeting and one afterward. She suspended the data collection from March to September 2020 due to COVID-19 restrictions. The remaining and major part of the data collection was conducted between September 2020 and June 2021. The front-line employees involved in our study were employed across diverse organizations, including the youth team at the local NAV office, psychological health services, a local private organization providing work inclusion services (called 'AllAboard'), and a local career guidance center. The organizational diversity highlighted the collaborative nature of their efforts to address the unique challenges faced by vulnerable young adults.

Table 1. Front-line employees involved in the study and their work tasks

Front-line employees	Work tasks
Advisor 1 in NAV's youth team	Individual follow-up and guidance, work assessment, guidance regarding economic support, handling and building documentation about work ability. Worked mainly with disability benefit applications in this study.
Advisor 2 in NAV's youth team	Individual follow-up and guidance, work assessment, consider start of measures (services from AllAboard), assess whether these measures lead to long-term goals regarding work and adjust if not, guidance regarding economic support and application forms.
Advisor 1 in AllAboard	Assist young adults in mapping work objectives, finding suitable work-training possibilities, creating weekly plans, and providing close-up support.
Advisor 2 in AllAboard	Assist young adults in mapping work objectives, finding suitable work-training possibilities, creating weekly plans, and providing close-up support.
Psychological Health Worker 1	Weekly conversations about mental health, motivate and support.
Psychological Health Worker 2	Weekly conversations about mental health, motivate and support
Employee at career center	Providing individual career guidance

Table 2 shows the number of observations of meetings between front-line employees and young adults and the number of in-depth interviews conducted in relation to these meetings.

Table 2. Number of meeting observations and in-depth interviews

Informants	User meetings (observations and audio recordings)	Average length (hours)	In-depth interviews	Average length (hours)
Psychological Health Worker 1	1	1,30		
Psychological Health Worker 2	6	1,15	5	0,40
NAV employee 1	1	1,15	1	0,30
NAV employee 2	5	1,0	3	0,15
AllAboard employee 1	14	0,45	10	0,15
AllAboard employee 2	2	1,0	2	1,0
Employee Career Guidance	1	1,0	2	0,10
Total	**30**	**28,09**	**23**	**10,58**

Three of these meetings were the so-called 'triangle meetings', where the employees in NAV, those in AllAboard and a young adult met. There were two triangle meetings between NAV employee 2 and AllAboard employee 1, and one triangle meeting between NAV employee 2 and AllAboard employee 2.

The first author did not schedule any meetings; the involved organizations arranged these as part of the original process in each young adult's case. The selection of young adults was made by NAV and the psychological health services based on a few open criteria. Front-line employees were not actively selected but recruited because of their involvement in the cases of young adults.

Ethical considerations

Our study involved individuals in vulnerable situations. NAV's youth team and the psychological health services were involved in designing a data collection that would not negatively affect the young adults. The study was recommended by the Norwegian Agency for Shared Services in Education and Research.

Data analysis

Tjora's (2006, 2017) stepwise deductive-inductive approach inspired the data analysis. This approach is particularly useful in analyzing rich qualitative data that initially seem unclear and confusing. This method helped us avoid taking shortcuts from the empirical data to theorizing and to ensure that our conclusions were not prematurely drawn. The first step of the analysis was purely inductive coding, where the aim was to extract the essence of the large dataset and reduce its volume. In this initial step, we only coded the experiences of front-line employees, excluding those of young adults. Next, the front-line employees' experiences were categorized based on which organizations they worked for before we continued to generate *empirically close* (EC) codes (Tjora, 2017) from the descriptions of each front-line employee. Examples of these EC codes are 'makes my job more difficult,' 'young adults' health is getting worse,' 'has nothing to do with economy,' 'the requisition says,' and 'good at seeing the young adults' needs.'

The next step was to group the EC codes based on our research focus: the front-line employees in the external organizations` experiences of collaborating with NAV to help young adults finish school or enter the labor market. Examples of these new codes are 'interaction with NAV,' 'aim of individualization,' and 'providing help within control.' We now saw that the external organizations' experiences were largely about how NAV's practices and procedures affected their work directly, but also indirectly by creating difficulties for the young adults they

worked with. In the next step, we found that these experiences could be categorized into four groups, which we will present in the next section. In the final step, we explored how the informants' experiences could be understood as manifestations of the governance paradigms TPA, NPM, and NPG and their co-existence. We acknowledge that these governance paradigms are broad labels and not mutually exclusive. For analytical purposes, we use the characteristics of each paradigm as ideal-typical examples.

Collaboration Between NAV and External Actors

The analysis highlights four ways in which the external actors collaborated with NAV to assist young adults in vulnerable situations in reaching their goals throughout the work inclusion process. In collaboration with NAV, the external actors: 1) assisted young adults with various practical tasks assigned by NAV, 2) empowered young adults to make good decisions for themselves in interactions with NAV, 3) advocated for the needs of young adults towards NAV, and 4) experienced being controlled and monitored by NAV in their work.

Assisting the young adults with practical tasks

Throughout the work inclusion processes, the young adults faced challenging and anxiety-inducing practical tasks assigned by NAV. Our analysis highlights the crucial role played by front-line employees from external organizations, namely AllAboard and psychological health services, in assisting young adults to overcome these challenges. In addition to their primary focus on finding work training opportunities and providing mental health support, they assisted young adults in interpreting information from NAV. They helped them understand how to manage different practical tasks, for example, which documents they were required to provide and how to fill in application forms correctly.

For example, shortly after a meeting with NAV, a young adult turned to a psychological health worker to seek practical advice. (S)he felt stressed because NAV requested a lease contract as part of an ongoing application for financial support, which could not be provided at the time. Although unfamiliar with these application processes, the psychological health worker did her best to assist the young adult:

> Your lease contract? I think that you should send it over, because this is what your challenge is right, that you haven't had any financial support now, and not had any money to pay your rent. And what they want is a confirmation of the exact amount, right? They (NAV) have to understand this. (Psychological health worker)

The psychological health worker highlighted the importance of receiving regular updates on the practical tasks being handled at the moment to ensure that all essential tasks were completed on time. During her meetings with the young adults, she often discussed the details of NAV-related tasks, such as different financial support systems to which these young adults could apply.

> Has there been any recent meeting with AllAboard or NAV after we last talked? (…) How did you experience that? (…) what is it that you have to carry out next? And what do you have to apply for… because I need to be updated. (…) Because you have work assessment allowance (AAP) now? (…) Have you understood exactly what that is? (Psychological health worker)

This scenario indicates that the services offered by NAV are complex and challenging for young adults in vulnerable situations to use independently, to the extent that they require continuous support to do so.

Empowering the young adults to make good decisions for themselves

In particular, the psychological health worker continuously motivated and supported the young adults in not merely following NAV's decisions but actively making good decisions for themselves in meetings with NAV. In an interview, the psychological health worker described,

> It is about… (S)he should be allowed to have her own voice, (s)he should be allowed to have an opinion. (…) should be allowed to disagree. (S)he should also disagree with me if (s)he disagrees with me. (…) It's no one else that is supposed to decide. But sometimes, as a young adult, you are maybe a bit unsure, can I say no to this? What happens then? (Psychological health worker)

The psychological health worker actively empowered the young adults to not let anyone else take control of their lives. For example, a young adult was planning to attend a meeting with AllAboard because (s)he felt it was mandatory, the day after (s)he had experienced a severe crisis in her life, and her mental health was not good:

> (S)he (the young adult) was actually planning on going to this meeting, (…) just because it was scheduled. Then I have been the one that… I have not been saying "you should not go", but "how is it for you to attend that meeting? (…) So that's how I must work, I must check, is this the right decision? Because they need to practice, get to know themselves, and create boundaries for themselves. (Psychological health worker)

Furthermore, the employee at the career guidance center encouraged the need for the young adults to be in charge, and not NAV. The employee described that

> Often it was NAV that booked a meeting with us, on behalf of the young adult, because they thought that that the young adult needed career guidance", and sometimes the young adults came to meetings stating that "NAV sent me here". (Employee career center)

The employee explained how this was problematic because of the power imbalance between NAV and the young adults.

These findings indicate that in interactions with NAV, young adults in vulnerable situations merely follow NAV decisions and struggle to have a say in their work inclusion process.

Advocating for the young adults' needs

The external actors used much time and resources to advocate for the young adults' specific needs to be taken into account in NAV decisions. For example, their private economy was a significant topic of discussion in several meetings. All young adults involved in the study were financially supported by NAV and had no other source of income. Managing challenges regarding their economic situation was a common task for the employees at AllAboard and the psychological health services. An employee at AllAboard expressed her thoughts on what she found was insufficient financial support provided to a young adult by NAV, which she believed harmed the individual's mental health. This, in turn, hindered the young adult's ability to participate in the work-training opportunities provided by AllAboard.

> I don't have anything to do with economy and stuff. But to understand that people can manage to live on (amount of money from NAV) … That I cannot understand. (…) at least I know, for myself, if you cannot make it work economically, your health isn't getting any better. (…) It is kind of difficult now, my role in this. Because I don't have anything to do with the economy, as I said, that's on NAV. (…) then the whole process stops. (S)he has worked so hard and had such a good process… and then… So it is difficult now. (…) (AllAboard 1)

In this specific case, the employee decided to act on behalf of the young adult and put pressure on NAV to provide more resources:

> (…) NAV has to enter the field and see what they can do … shall we see ... (starts writing on the computer). I will send an email to your contact person in NAV right away. (…) they simply have to say a bit more about how they can contribute (AllAboard 1).

This effort made by the employee at AllAboard pushed NAV to discuss other income solutions for this young adult specifically. The employee further described this as an ongoing issue for several of the young adults. Another AllAboard employee said,

> We do experience that, if the financial part is not in place… I have had participants where I have said… I understand that you are having trouble today. What is it? I haven't received what NAV has promised me, so I don't really know if I'll have food on the table for my kids tomorrow. And then they don't have much focus on the work-oriented tasks, right. So for us it is very important that such things are in place. (…) And that's why it's important to have meetings with NAV (…) so I get to say something about, you know, that this is their responsibility. (AllAboard 2)

AllAboard employees advocating for the young adults' needs in meetings with NAV indicate that while AllAboard has service individualization as a first priority, NAV works more according to bureaucratic rules and regulations.

Feeling controlled and monitored by NAV

When NAV determined that a young adult needed resources provided by AllAboard, they sent a request for assistance. The purpose of NAV's requisition was to describe the specific services AllAboard should provide. This request from NAV significantly influenced AllAboard employees' approach toward the young adults and their cases. For example, in an initial meeting, the employee at AllAboard directly used the requisition from NAV to create the meeting agenda, and the requisition strongly guided their conversation. The employee also used the requisition directly to create plans for the young adult ahead. The employee further used the requisition to clarify that her main job was to meet NAV's requirements:

> We work for NAV. They send us a... what can I say... an assignment with a requisition that we have to undertake. And the goal is to, first of all, respond to what NAV wants (…) Let's take a look at the requisition. (…). Here it says... «Name» needs guidance on her process to get paid work. Finishes school in (year) and have some exams to finish in (time of year). (Employee 1 AllAboard)

As the quote illustrates, the employee read through the document word-by-word to inform the young adults of which areas she would be focusing on in the time following. In this way, the AllAboard employee's own professional opinion, expertise and voice became almost invisible in the meeting. While the employee at AllAboard was not technically employed by NAV, she became an extension of NAV, acting like their representative in meetings. During an interview, the employee further explained her obligations to NAV regarding the demands that NAV set for her:

> As soon as the participant does not fulfill the demands, we have to report back to NAV. We must report as soon as possible so they (NAV) don't pay for a service that is not exploited. (Employee 1 AllAboard)

The excerpt portrays a scenario in which the employee at AllAboard is accountable to NAV, ensuring efficient resource utilization.

Furthermore, according to young adults' work inclusion processes, the involved actors had the so-called 'triangle meetings' to discuss the cases. Shortly after such a meeting, the employee at AllAboard described,

> I think it went okay. We have done what we were supposed to. NAV is satisfied, so we are satisfied (laughs) (…). Of course, if NAV had disagreed with what we have done, we would have to think differently. (…) (Employee 1 AllAboard)

Apparently, the AllAboard employee was content with the meeting because NAV expressed satisfaction with her work and plans. Note that the employee laughed while making the comment, suggesting that she found humor in what she said. From her laughter, it seems that she recognized the awkwardness. She had previously emphasized that individual young adults' wishes and needs are the decisive factor in the planning process. The comment indicates that she was aware that her primary focus should be on assisting young adults in achieving their goals rather than solely concentrating on NAV reaching theirs. Furthermore, she stated having to alter her plans if NAV does not agree, indicating a lack of control over the process and decreased autonomy in her work.

Another employee at AllAboard described that because NAV is his contractor, he needs to be cautious about what he shares in meetings with them:

> (…) it is, in fact, NAV that is my contractor. The one that gave me a job. Then I need to think more carefully through what I say and how I consider my plans and such. (…) that our plans are within the "frames" that we are supposed to work within, which NAV has decided. (Employee 2 AllAboard)

He explained that, especially if the NAV representative is not familiar to him, he makes sure to show that the plan he has made adheres to their requirements, being careful not to disclose any unexpected events that deviate from the original plan. In some cases, despite his differing opinions, he refrains from strongly disagreeing with the NAV employee. He says "I can try to discuss a bit with NAV… But I must try to balance it because I can't attack NAV. I can't have that many opinions". (Employee 2 AllAboard)

Based on these experiences, the triangle meetings appear to be a means for NAV to monitor the performance of AllAboard's employees, to provide feedback if their work is deemed unsatisfactory, and to regulate the services they offer.

Even though AllAboard, through their continuous contact with young adults, has much knowledge about their individual needs, NAV holds considerable decision-making authority over the plans and aims created for the young adults' work inclusion process, especially the resources used to reach these aims.

For example, the employees at AllAboard expressed feeling closely monitored and controlled by NAV in their work and that they had to make plans within NAV's frames:

> So, it is expressed by our leader that they (NAV) are watching what we are doing closely. We are measured on everything. How many times we are in touch with employers, how do we work with… it`s everything. (…) What kind of control is this? Then I am just thinking that I have to do what I think has to be done in the individual's case. (…) then my leader and NAV can just come and criticize me. I'll give them good answers. (Employee 2 AllAboard)

This quote illustrates how AllAboard's collaboration with NAV is shaped by some contractual conditions set by NAV, which the employee at AllAboard feels have a major negative impact on how he conducts his work: He feels controlled and lacks the autonomy to adjust his services to the best for the individual young adult. The employee further described,

> I've become quite good at seeing what kind of needs they (young adults) have. And then, within certain frames, of course, I am willing to bend the rules a bit if I see that it helps the person I'm working with. (…) I think it (the system/NAV) makes my job more difficult. (Employee 2 AllAboard)

He felt it was necessary to bend the rules set for him in the contract with NAV to provide the help needed in the given context. He confidently stated that his extensive work experience equipped him with the knowledge to provide optimal support to the young, but the contractual rules set by NAV hindered him from fully exploiting his competencies.

Is There Potential for Co-creation With NAV?

In our analysis, we identified several facets of collaboration between NAV and external actors in work inclusion efforts. In the following section, we will delve into these findings, examining them through the lenses of co-creation theories and institutional complexity. Furthermore, we will explore how institutional complexity influences the potential for co-creation with NAV.

Bureaucracies' extended arm

First, the analysis illuminates that in collaboration with NAV, the external actors, particularly psychological health services are forced to deal with challenging, time-consuming procedures in an attempt to help the young adults navigate NAV's services, effectively turning them into NAV's extended arms. These tasks, such as filling out forms for economic support and documentation, appear to be closely associated with NAV's need to perform as a rational system with standardized functions to ensure predictability and stability in delivering public services, which, importantly, is aimed at protecting citizens from arbitrary decisions and power abuse (Andersen et al., 2020). However, these findings highlight the challenges that service users have with navigating bureaucratic structures within public services, which is also shown by Caswell and Danneris (2019), and underscore the importance of reducing these barriers for service users to access them, especially those facing vulnerabilities.

Furthermore, our analysis illuminated that the external actors had to continuously motivate and empower the young adults to communicate their own needs and wishes to NAV, helping them make good decisions for themselves and not merely follow NAV's directions. The young adults became passive recipients of services rather than active participants. This "pacification" of service users can be seen as a consequence of public organizations, shaped by TPA over decades, lack mechanisms for direct engagement with service users (Tortzen, 2019; Torfing, 2019). Also, the external actors had to advocate for the young adults' needs towards NAV, putting pressure on them to take their individual needs into account in decision-making. This indicates that NAV does not have service individualization as a first priority. A proximate explanation is that NAV, due to TPA logics, is primarily responsible for making decisions that

ensure resource optimization in compliance with existing regulations and political decisions. Also, public organizations in Scandinavia place a specifically strong emphasis on the "public ethos", and the objective of guaranteeing equality for all service users and preventing arbitrary decisions is well-established. This also challenges the establishment of new, competing logic (Nederhand et al., 2019; Andersen et al., 2020).

Our findings indicate that the TPA logics within NAV extends far beyond NAV's immediate services, exerting significant control over the services provided by the external actors as well. Hence, the prevalence of the bureaucratic logic within NAV leads to a situation where NAV, instead of taking on the role of a facilitator of the creation of new ideas and knowledge, which is essential in co-creation (Torfing, 2019), emerges as the dominant and superior actor in the collaboration with external actors.

Controlling, instead of co-creating

Further, the analysis illuminates that the employees in the private organization AllAboard felt monitored and controlled in their work, hindering their ability to help the young adults in the way they felt was best. Even though these employees were the ones providing close follow-up support to the young adults and knew their needs the best, they described having to adjust their plans if NAV did not approve. This signals a diminished level of control, reduced autonomy, and a lack of influence in the processes they are involved in.

Our findings indicate that the collaboration between NAV and the private collaborating organization seems to be strongly influenced by NPM principles. It seems like NAV has established clear performance criteria for this external organization and has implemented several strategies to keep them in check. The experiences of AllAboard indicate a principal–agent relationship (NPM) between these two actors, where AllAboard acts as an agent employed to achieve NAV's goals (Andersen et al., 2020; Pindyck & Rubinfeld, 2018). Instead of building a partnership based on trust, equal participation, and shared decision-making (NPG) and actively utilizing their knowledge to enhance public solutions (Torfing, 2019), NAV keeps the private organization at an 'arm's length,' controlling their work and sanctioning them if they use resources unnecessarily or fail to achieve agreed objectives (NPM) (Andersen et al., 2020). This relates to previous studies showing that even though private actors are increasingly involved in providing public services, the public sector in Norway has a tradition of keeping these actors at a distance (Andersen et al., 2020).

Co-creation as the way forward

In work inclusion research, there is broad consensus that collaborations between a range of relevant actors to create a pool of resources is essential to effectively provide adequate support for young adults facing vulnerable circumstances (Frøyland, 2019; Frøyland, 2022; Rønningstad et al., 2022). Our study contributes to this perspective by highlighting the crucial role that external actors play in supporting young adults during their work inclusion process. While co-creation is frequently proclaimed as a 'magical concept' (Voorberg et al., 2015), our findings highlight the challenges of achieving successful co-creation processes between welfare bureaucracies and external actors due to conflicting governance ideas.

Our findings illustrate how NAV, through interactions with external actors, must enact elements of multiple and conflicting institutional logics, thereby becoming hybrid (Fossestøl et al., 2015; Mair et al., 2015; Sønderskov & Magnussen, 2021). However, NAV seems to cope with this institutional complexity by rejecting or ignoring certain logics and solely focusing on some of them, as previously observed by Fuglsang and Møller (2020). Our study shows that in these external collaborations, NAV relies heavily on the logic of TPA and NPM, disregarding fundamental principles embodied in NPG. This approach leaves little room for the exchange of knowledge, collaborative problem-solving, and equal partnerships (NPG) between these actors. The dominance of TPA and NPM logics in these collaborations creates a situation where the external actors are primarily occupied with "putting out fires" caused by NAV rather than contributing constructively to the creation of improved public solutions.

While numerous factors influence the labor market, our findings indicate that in order to integrate young adults into the labor market, NAV should avoid using strategies centered around

resource control and sanctioning in their collaborations with external resource contributors. Instead, it seems crucial to establish external collaborations based on trust, shared responsibility, and equality to facilitate knowledge sharing and resource utilization. Simplifying bureaucratic procedures could increase public service accessibility for individuals facing vulnerabilities and reduce the workload for external actors who assist them with bureaucratic system guidance.

The governance model involving the outsourcing of direct interactions with citizens to private service providers by public welfare bureaucracies is implemented by many countries and was originally associated with New Public Management (NPM). This model is expected to provide benefits that a public monopoly cannot, such as increased efficiency, improved service quality, and responsiveness (Considine et al., 2018). Even though various issues have been identified within this model, such as private providers cherry-picking the easiest referred clients (Considine et al., 2018), our study illustrates a 'no way back' scenario, as NAV does not have the resources to maintain good enough client interaction themselves. Hence, it is important to find ways to fully utilize external knowledge in order to help young adults reach their work-related goals, especially those who face vulnerabilities.

Prospectively, we would suggest that welfare bureaucracies such as NAV could, through engaging more in co-creation, benefit from leveraging the expertise of private contractors more extensively and granting them greater autonomy to utilize their competencies more effectively.

However, it is crucial to ensure that this approach does not compromise the core mission of welfare bureaucracies: maintaining a functional welfare state where all citizens are protected from arbitrary decisions and resources are utilized efficiently (Andersen et al., 2020; Nederhand et al., 2019; Sønderskov et al., 2022). This places pressure on NAV to effectively manage the institutional complexity arising from such co-creation processes and to find solutions that harmonize NPG logics with those of TPA and NPM. Overall, the articles' practical examples from work inclusion initiatives highlight the crucial role of public organizations in managing institutional complexity for successful co-creation in this context.

This study has some limitations. First, we acknowledge that the juxtaposition of TPA, NPM, and NPG has some challenges. Even though it has become customary to apply these three categories analytically, we acknowledge that they are very broad labels and not mutually exclusive. In this manuscript, these labels are used as shorthand for interpretation while they cannot be separated properly from one another. It has been argued that it has become very challenging in practice to categorize governance ideas into distinct paradigms (Christensen and Lægreid, Sønderskov et al., 2022), as they will inevitably overlap to some degree. Additionally, other governance paradigms have been identified, contributing to a fuller understanding of the complexity of today's public sector (Andersen et al., 2020). Secondly, our case context is one NAV office in a municipality with a higher percentage of young residents facing difficulties in completing their education and finding employment compared to the country as a whole. More in-depth studies at several NAV offices can provide a broader perspective, capture more challenges, and uncover cases that better handle the challenges associated with co-creation settings characterized by institutional complexity with elements of TPA, NPM, and NPG.

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