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To cite this article: Petri Virtanen & Harri Jalonen (16 Oct 2023): Public value creation mechanisms in the context of public service logic: an integrated conceptual framework, Public Management Review, DOI: 10.1080/14719037.2023.2268111

To link to this article: https://doi.org/10.1080/14719037.2023.2268111

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Published online: 16 Oct 2023.

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Public value creation mechanisms in the context of public service logic: an integrated conceptual framework

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ABSTRACT

This conceptual paper maintains that mainstream public management theories have failed to incorporate public services as a fundamental part of the public administration system. That failure does a disservice to the potential of public services to address societal betterment through the creation of public value, which can strengthen democracy. This paper presents an integrated conceptual framework to help make sense of the public value creation flows in the context of politics (encompassing public policy and public service goal attainment) and public service outcomes. We suggest there are four flows creating public value.

ARTICLE HISTORY
Received 8 February 2023; Accepted 3 October 2023

KEYWORDS
Public service logic; public value; public leadership; co-creation; value-in-use

Introduction

This paper’s argument rests upon an assertion that mainstream management theories, specifically new public management (NPM) and new public governance (NPG) – as reflected, for example, by Hood (1991, 1995, 2004), Klijn and Koppenjan (2016), and Gialtema et al. (2019) – have failed to integrate public services into public management doctrines in a way that links public service delivery, co-creation, and the value-in-use experienced by service users with the enhancement of public value. Although the concept of new public service was conceived as an alternative to NPM and NPG (e.g. Denhardt and Denhardt 2011, 2015), this connection with mainstream public management doctrines and public services still does a disservice to the potential of public services as a mechanism to enhance societal betterment through providing public value. That public value manifests, for example, in the form of strengthened democratic structures in society, new opportunities for citizens to be involved in policymaking, transparent public administration practices, new initiatives to develop collective resilience, new options to address society’s wicked problems such as social exclusion, and creating a better future for coming generations.

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This paper considers this disservice a practical, legitimation-related, and conceptual failure with complex roots. Mazzucato and Ryan-Collins (2022, 348–349) suggest that welfare economics and public choice theory strongly influenced the development of NPM and NPG (e.g. Hood 1991, Osborne and Gaebler 1993). These public management doctrines addressed the risks of government failure and suggested that governments adopt strategies from the private sector to maximize the value they provide. The argument was based on the conviction that the public value aspect had not been incorporated into mainstream public management paradigms. This concept of public value emphasizes the important role of public-sector managers ‘… in mediating between the need for efficient and procedurally correct services and the engagement of citizens in developing public services and policy’ (Mazzucato and Ryan-Collins 2022, 345). We develop this failure argument further in line with Osborne (2020, 17) and build upon our earlier work related to public services and service innovations (e.g. Virtanen and Stenvall 2014; Virtanen et al. 2023; see also Bason and Austin 2022).

This paper aligns with the framework of public service logic (PSL), which has been informed by service-dominant logic (SDL) and, latterly, by service logic (SL) (e.g. Osborne 2020, Osborne et al. 2013, Kinder and Stenvall 2023) and which has attracted an increasing body of research over the last ten years (e.g. Osborne 2018; Osborne et al. 2014; Osborne et al. 2015; Osborne and Strokosch, 2013; Pestoff 2018; Petrescu 2019; Radnor et al. 2014; and Røhnebæk et al. 2022). That research has built on marketing science theories addressing SDL and SL (e.g. Karpen et al. 2012; Lusch and Nambisan 2015; Lusch and Vargo 2011; Tadajewski and Jones 2021; Vargo and Pels, 2009).

While acknowledging the differences between PSL and SDL, it should be noted that both originate in systems thinking. Services operate as open systems, in contrast to natural and closed systems (see Scott 1992). In the PSL context, Osborne (2020, 46) stated that public services constitute service ecosystems that function by linking separate service providers to enhance societal public value and value-in-use in the context of service users. Prinz (2012) designated public services as open systems: Rather than working as closed, individual systems, human minds operate and function relationally in ways that are fundamentally open to input from other minds.

The goods-dominant logic approach (Vargo and Lusch 2004) assumes that value can be manufactured in dyadic relationships, embedded in public services, and delivered to users. Subsequently, NPG raised awareness of the importance of inter-organizational networking and governance and the potential for the co-production of public services. It is also noteworthy that co-production in the context of public administration and public policy is differentiated from general service management from the perspective of leadership, accountability, and the role of service users and citizens (e.g. Osborne and Strokosch 2013; Pestoff 2018).

Taking the idea of a conceptual paper outlined by Gilson and Goldberg (2015, 127), we aim to construct ‘… an integrated framework, provide value-added, and highlight directions for future inquiry’ regarding the logic of public services, public value, and public leadership. We aim to provide a comprehensive understanding of how these interconnected facets function individually and as a whole. While existing research has extensively covered the opportunities and challenges of public value and its creation (e.g. dos Reis and Gomes 2023; Meynhardt 2021; Page et al. 2015), our study introduces a unique angle by examining how leadership practices, human-centred approaches, and the value-in-use perspective collectively contribute to the
delivery of public value. Specifically, our paper seeks to contribute to the discussion of how mechanisms that relate to public services to generate public value could be broadened and made more transparent. We seek to consolidate and extend the current body of knowledge and identify gaps, unanswered questions, and areas of contention that warrant further research. The literature for the conceptual analysis was collated systematically and signposted by the authors’ recent research on these topics to provide a continuation of analysis published in Public Management Review and other top-ranked journals (e.g. Jalonen et al. 2020; Virtanen et al. 2023; Virtanen & Stenvall 2014).

One of the main contributions of our research is to introduce the concept of public value creation flows, a concept that addresses a specific lacuna within PSL literature. While PSL effectively highlights the critical role of interactions between service providers and beneficiaries, it has not explored the underlying mechanisms that facilitate value creation sufficiently. By introducing public value creation flows, our research bridges this gap, offering a structured framework to guide understanding of how value is generated, transferred, and realized in public service settings. This new perspective provides a nuanced understanding of the diverse mechanisms through which public value is created, extending existing literature on how societal public value emerges and gains momentum. Unlike static models, our flows concept recognizes public value creation as a dynamic, ongoing process involving elements like effective leadership, user experience, and collaborative practices. The current research also contributes to the field by exploring the concept of human-centred co-creation. This innovative angle aligns with recent calls for more participatory approaches in public services (e.g. Ansel and Torfing 2021; Osborne 2020; Nabatchi 2012) and has the potential to reshape discussions around citizen engagement and service design. We emphasize that while much of the co-creation discourse focuses on citizen involvement (e.g. Haustein and Lorson 2023; Voorberg et al. 2015; Wellstead et al. 2022), effective leadership plays a critical role in facilitating or hindering this process, a factor that our flows concept brings to the limelight. This paper is linked to research emphasizing the significance of leadership as an enabler of value creation (e.g. Ongaro et al. 2021, Parker et al. 2023).

The research gap and theoretical frame

The distinctions between private and public services have been subject to extensive scholarly discourse. For example, Osborne (2018, 226–227) noted that value, as observed in the private sector, primarily focuses on customer retention, repeat business, and profitability. The essential aim is to harness customer activities to ensure sustained and profitable business. The customer relationship is well-defined, and customer engagement is voluntary. In contrast, value in the public services context is more complex. Repeat business in the public sector might indicate service failure, such as repeated visits to healthcare practitioners, because a health issue remains unresolved. Seddon et al. (2019, 21) label this as failure demand consisting of demand caused by a failure to do something or do something right for the customer. Furthermore, users of public services are often unwilling or coerced clients, as with the prison population or those reliant on child protection services.

Additionally, public services might cater to multiple stakeholders with varying definitions of success. Public service users often engage with multiple entities, creating intricate value relationships rather than simple dyadic ones. Moreover, users of public
services are also citizens, meaning individual service outcomes become intertwined with broader societal interests and public value (e.g. Bozeman 2019).

This paper relies on earlier research by adopting a general view that value co-creation in the context of service usage offers an important lens on the role of public services in modern societies. Dudau et al. (2019, 1581–1582), for example, argue that the 'co-paradigm', i.e. co-design, co-production and co-creation entered the discipline of PSL in subsequent waves, partially overlapping, and some more long-lasting than others, but each with key characteristics reflective of prevalent thinking around public services at the time. Furthermore, Osborne and colleagues (e.g. Osborne et al., 2020; see also Trischler et al. 2023) focused on value creation within the context of public service ecosystems, building upon the idea that value creation takes place at different levels of ecosystem structure focusing on different practice and outcomes (institutional level/public value, public service delivery level/collaborative governance, and individual level in-between service providers & users/PSL creating value-in-use).

Broadening the perspective on public value creation in the context of public services, it becomes clear that existing research has approached service-usage-related value creation and the more widespread public value creation through public services from a variety of perspectives related to interaction (e.g. Cluley & Radnor, 2020), intentional transparency (e.g. Scott & Meijer 2016), collaborative challenges assessment (e.g. Page et al. 2015), problem-solving (e.g. Kitchener et al. 2023), collaborative leadership (e.g. Parker et al. 2023), innovativeness (e.g. Crosby et al. 2017; Torfing et al. 2021), and conflicts and tension (Jaspers and Steen 2019; Rossi and Tuurnas 2021).

Research on PSL and the creation of public value has to date focused extensively on Dudau et al.’s co-paradigm (2019, 1581–1582) mentioned above. The relevant context has been public service delivery from the perspective of practitioners, service staff, service managers, and service users, and the aim has been to build understanding from community-level practice rather than from overall public-sector or public-service-level practice (Cui & Aulton 2023; Jaspers & Steen 2021). Cui and Aulton (2023, 17–18) make an important point in affirming the importance of recognizing different value dimensions at individual, collective and societal levels to make judgements on how public value creation occurs in practice. Furthermore, public values have been analysed as a managerial practice highlighting public managers’ roles in facilitating co-creation and co-design with service users and local-level practitioners (O’Flynn 2021, Page et al. 2015).

Returning to the research gap this paper intends to fill, it is fair to acknowledge that the extant research has covered several dimensions of public value creation – including public value definitions, value creation processes and forums. However, this paper maintains that the domain of public services remains underexplored from a public value creation perspective since the extant research has not adequately covered public service goal setting and attainment, public services as-a-practice, value-in-use experiences from the perspective of service users, public managers’ leadership as-a-practice, or organizational and political accountability in the context of public services, both vertical and horizontal. Our approach resonates with the notion of adopting a multi-level analytical framework to bolster understanding of the public service ecosystem, as articulated by the principle of zooming in and zooming out (Trischler et al. 2023 originally, Vargo & Lusch 2017). This research amplifies the understanding of public value creation within the public service ecosystem in the existing literature by enhancing conceptual understanding and offering exploration spanning various levels, from
the micro-level experiences of service users – encompassing their lifeworld and value-in-use – to macro-level institutional arrangements and political accountabilities. This work, therefore, extends and enriches the idea that effective analysis requires the ability to alternately focus on different levels of the service ecosystem.

This paper discusses how intended public service value attributes determine public value and what kind of action and information flows determine the scope and nature of public value in the context of PSL and the practice of public service implementation. We suggest that public service planning and implementation take place in two realms, that of public policy and public service delivery and that of public service outcomes (Figure 1). This paper’s commitment to developing an integrated conceptual model to pinpoint flows that generate public value is connected to the idea that service usage itself – either in the form of intended value or value-in-use for services users – does not necessarily produce public value outcomes as a key public value determinant.

Value co-creation – and collaboration more generally – are often framed in predominantly positive terms, emphasizing their ability to enhance service delivery, encourage stakeholder engagement, and unlock innovation. According to Silvia (2018, 472), ‘collaboration has become a hammer and nearly all problems have become nails’. That framing is especially prevalent in the context of PSL, where the collaborative role of actors is considered essential for service provision and improvement. However, it is crucial to recognize that co-creating value is fraught with challenges, many of which are directly relevant to PSL. Steen et al. (2018) identified seven potential pitfalls of co-creation (and co-production) that could equally apply to the PSL framework. First, co-creation can be a means to increase the efficiency of public administration while reducing the costs of service production that fall on public administration. The deliberate enhancement of citizens’ roles simultaneously signals a deliberate rejection of responsibility for solving societal problems on the part of the public administration, which potentially undermines its legitimacy. Second, citizen participation can erode the accountability of the public administration, especially when the roles of public-, private-, and third-sector organizations become blurred. The more services are co-created, the more likely problematic situations will arise, as responsibility issues are
often overlooked in the chaos of development. Third, co-creation can lead to increasing numbers and diversity of actors, creating inefficiency in the form of rising transaction costs incurred in planning, management, and supervision. Fourth, participation can weaken democracy, as participation activity is skewed in favour of the better off in society. What is gained by introducing expert deliberation may be lost by constricting the representativeness and diversity of participants in the process. Fifth, co-creation can paradoxically increase inequality rather than strengthen democracy, a result of unevenly distributed power positions erecting barriers to participation. Those most likely to drive co-creation are those with the optimal positions, experience and expertise, and the ability to mobilize resources. The risk is that disadvantaged experiential experts will be relegated to a supporting role in co-creation. Sixth, the risk of failure in co-creation is increased by a lack of understanding of what motivates disadvantaged people to participate. That societal group must be recognized as active agents. Practices of co-creation that generate a debt of gratitude are effective barriers to participation. Seventh, the ultimate result of co-creation can be the destruction of value instead of its creation. That outcome occurs when the cultural, social, and economic aspirations and practices of those involved in co-creation lead to competition rather than cooperation among actors. Co-creation can, at worst, be a kind of societal Pandora’s box, which, when opened, can produce unpleasant surprises that are difficult to reverse (e.g. Cluley and Radnor 2020; Steen et al. 2018).

In summary, this paper furthers the recent critique of PSL by Kinder and Stenvall (2023, 7, 15–17), whose criticism included emphasizing the existence of value creation in public services and its aim of contributing to universalism and equal rights to the benefit of public service users. Kinder and Stenvall assert that aim is threatened by neoliberal austerity measures hampering citizens’ access to services and abrogating the fairness principle in society. In the context of this paper, the flows affecting public value creation broaden Kinder and Stenvall’s (2023) criticism. The flows generating public value should focus on the entire policy cycle from politics to public policies and service delivery and should encompass the public leadership function (e.g. referring to leadership values, principles, and related practice embedded in the context of human-centredness; see, e.g. Bason and Austin 2022, Virtanen et al. 2023). Public leadership is an important mechanism in this public value creation process because it employs values important to public value but also the means to secure them. Such means include practising public leadership by emphasizing collaboration and the adaptation of meta-skills that help overcome issues arising from societal complexities and siloed organizational cultures (e.g. Tammela 2023).

Public service as intentional value creation

Osborne (2020, 47) asserted that certain public service axioms are essential to comprehend the logic of public services. First, public service delivery does not allow for the transfer of ownership of the service, as is the case for a manufactured good, nor is it a tangible product but instead an intangible process. Second, public service delivery often aims to create value for service users. That value is delivered through heterogeneous consumer experiences (e.g. social services, primary schooling, and daycare for children).

In contrast, manufacturing and manufactured products deliver homogenous, standardized, and often digitalized products. Third, contemporary public services often
address the role of service users as active co-creators of services, emphasizing participation, horizontal accountability, and the practice of giving voice. Manufacturers of products more often produce services for passive consumers whose role is primarily to consume rather than co-create (Osborne et al. 2013).

The value logic described above addresses the underlying principles and assumptions that guide the design and delivery of public services through the service principles, values, and theory comprising PSL. This logic encompasses the values, beliefs, and ideologies that shape how services are provided and to whom. Value configuration, in turn, refers to the specific ways in which the value logic manifests in the structure, processes, and outcomes of public services (Trischler and Charles 2019, 2). Value configuration relates, for example, to service providers and users and how their values and priorities shape the delivery of services. While value logic is somewhat abstract, value configuration is more tangible and observable through its depiction of how services are delivered and experienced.

Public services literature addresses several different value configurations. Based on work by Stabell and Fjeldstad (1998), Eriksson et al. (2022) introduced three distinct value configurations: shop, chain, and network. The value shop configuration suits problems that are difficult to define, as traditionally seen in the social and healthcare environment. The setting demands bespoke solutions to manifestations that are hard to attribute. For example, the provider of care for the elderly could improve the overall well-being and quality of life of its elderly clients by tailoring services to meet everyone’s unique needs, considering their specific circumstances, and continuously adapting interventions based on observed outcomes. Rather than referring service users to a range of public service organizations, the value shop acquires expertise and examines cases concurrently. Accordingly, value creation is achieved by mobilizing resources to resolve customer problems. In the value chain, value is added in pre-defined steps in a linear refinement process. This approach is ideal when problems are well-understood and standardization is beneficial (Greiling and Van de Walle, 2006). Success depends on the availability of precise and consistent solutions for most users.

The value chain configuration is a provider-centric approach where value is primarily created for and captured by the service providers. The focus on measuring output has been criticized for diminishing trust in public employees and increasing the administrative burden (Behn 2003; Sievert et al. 2022). The value network is beneficial in providing long-term services such as those addressing chronic diseases and complex care needs, where the patient plays a significant role in managing their condition but requires support from public service professionals (Eriksson et al. 2022, 2076). It is often associated with services aiming to be user-friendly and responsive to the needs and preferences of the users. Trust and relationships form the basis of this value configuration. The value logic and value configuration perspectives are complementary as they help to create effective and efficient public services (value-in-production) that align with the priorities of the community being served (value-in-society) (e.g. Grönroos 2019; Osborne 2018).

Systems thinking in the context of public services is based on a range of theoretical roots, such as complexity and chaos research, self-organized systems, and autopoietic systems (e.g. Eppel and Rhodes 2018; Teisman and Klijn 2008). This new paradigm has approached systems as if they are unstable and changeable and viewed chaos and instability as normal and necessary conditions for system evolution (Morçöl 2005; Weber 2005). In practical terms, viewing public services as
self-renewing systems treats service systems as dynamic, emergent, and essentially self-renewing, which also affects their controllability. Self-renewing service systems can easily appear unclear, open-ended, and uncontrollable when assessed from the outside (Ståhle 2008).

In summary, public services operate in the context of public institutions and are increasingly connected to service ecosystems whose main aim is to create value. Propositions related to this value creation fall into two main categories. From the perspective of organizational philosophy, creating public value in the context of society resists societal stagnation and regression and creates societal sustainability and prosperity. Therefore, creating value-in-use presents service performance as a service experience (understood not in monetary terms but as a feeling of benefiting in the context of service usage). We will scrutinize these value categories in the following two sections.

**Public service connecting service users with public leadership and co-creation**

All public services are inherently based on the principle of human-centredness that involves people acting, co-creating, and networking with each other (e.g. Bason and Austin 2022; Virtanen et al. 2023). Human-centredness is part of the same narrative as the behavioural public administration approach that focuses on the relationships between the values of public service staff and public service delivery (e.g. Grimmelikhuijsen et al. 2017).

Value creation is a key operational principle following from the acceptance of human-centredness. Vargo et al. (2017) state that SDL involves service value being created in use and always being experiential, co-created, multidimensional, and emergent. The logic thus emphasizes the interactive aspect of value creation for service users. Seeing value as an emergent property also means that value creation cannot be reduced to a process with distinctive value producers and value consumers. Because value emerges through interactions, it can manifest in forms that cannot be predicted based on what is known of its constituent parts.

In the context of service usage, public service value typology is inherently multidimensional. Osborne (2020, 34, 76), for example, distinguishes four types of value: value-in-exchange (value as the price a service user must pay to get the service), value-in-production (value-add of being involved in co-design/creation of the given public service), value-in-use (value-add derived from the experience of using the services), and finally, value-in-context (value-add derived from service usage). Value-in-use is increasingly important owing to services having no intrinsic value for a service user but only as experienced reality from the service user’s perspective.

Service experience will be positive only when a service or good is used, and the service user receives value. In the context of public services, Osborne (2020, 86) reports five additional interacting elements of value from the perspective of service users: service experience and short-term satisfaction (personal well-being), service outcomes (medium-term effects and long-term impacts), whole-life impact (lived experience), capacity creation, and societal and community value. The value of this typology rests on the idea that it accounts for service deployment outcomes and service users’ life cycles. It is also important to note that there are spillovers from individual service
experiences to the collective good, manifesting in community-level benefits and individual and collective capacity building.

The service-user perspective on service usage emphasizes experienced-quality aspects when using services. Boksberger and Melsen (2011, 230–232) state that those forms of quality can relate to the utilitarian and/or behavioural perspectives of perceived quality. A utilitarian perspective would encompass the financial gains of service usage, and a behavioural perspective would encompass the social interaction side of using public services. Furthermore, the elements determining perceived quality can be interpreted differently, including as solutions brought about in service delivery and service interaction, service personnel attitudes and mindsets, convenient-to-deploy services, the speed of service, flexibility, and value for money (e.g. Medberg and Grönroos 2020).

Alford (2016) offers a rare exception in the research literature by connecting service user value-in-use experiences more broadly – reaching towards creating public value through public service delivery. Alford (2016) assesses value to service users as consisting of the service itself and whatever additional material or non-material incentives the organization offers to encourage service-user efforts and empowerment. This last point is important in two respects: First, in their capacity as volunteers, citizens participate in value creation and receive a mixture of non-material value types and disguised service outcomes, such as an affirmation of their normative values, a sense of belonging, an enhanced feeling of societal justice, and reinforcement of their social affiliations. Second, from the service provider (and public institution and policy planner) perspectives, the insight that government organizations at all levels (local, regional, and national) should be concerned about service users’ behaviour rather than their expenditure and passive service usage is important. These perspectives raise the question of using the co-creation of public services to foster a willingness to cooperate and strive for collective goals rather than the willingness to pay and adopt the passive service usage protocol of the service users.

Public delivery problems arise from the complexity of society providing the operational framework for public service delivery. The systemic nature of value creation also includes the potential for a dark side of value creation and value destruction (see Cui and Osborne 2022; Steen et al. 2018). In its simplest form, the term encapsulates how the creation of value for one can result in the destruction of value for another (Rossi and Tuurnas 2021, 257). Following King et al.’s (2002) notion of systemic distortion, Jalonen et al. (2020) provide a complexity-informed interpretation of value destruction. The study describes value destruction as more likely when multiple stakeholders have competing interests and competing goals and there is also a power imbalance. Value destruction can also be framed as a failure to realize public values , (Bozeman 2007; Schiff et al. 2022).

Public service as a determinant of public value

The public-value school of thought, partly following on from, and partly paralleling, NPM and NPG, has emerged as an influential framework for making sense of public services. The approach emphasizes three aspects of public service delivery in the context of public administration: delivering legitimate services, achieving social outcomes, and maintaining trust and legitimacy (e.g. Bozeman 2007; Bozeman 2019; Bozeman and Crow 2021; Mintrom and Luettjens 2017; Osborne 2020).
The public value approach emerged as a sort of antithesis to both NPM and NPG as the context of public services reaching beyond the debate away from an introspective focus on public service outcomes and efficiency expectations alone, emphasizing the wider importance to society of public service.

The concept of public value was originally presented by Moore (1995) and is dependent on three aspects: 1) how public activities bring value to service users, stakeholders, and citizens, 2) how public administration attracts resources and derives authority and legitimacy from the realm of politics, and finally 3) how public administration, public institutions, and public services perform from the perspective of efficiency and effectiveness, create service ecosystems, and ultimately seek to advance societal betterment (see also, McConnell 2010, 347–348; Criado and Gil-Garcia, 2019; Högström et al. 2016).

Moore (1995) concentrated on the public-sector management function of generating public value, which was presented as the public management counterpart to shareholder value (Bryson et al. 2017). Consequently, his framework concentrating on the actions and strategies that public managers ought to employ to generate public value has been depicted as normative (Moore 1995). Public value is embodied in public bureaucracies and organizations striving to achieve strong performance and social results through efficient, effective, just, and equitable operations (dos Reis and Gomes 2023). Since the publication of Moore’s work, the concept of public value has gained popularity among academics and acquired numerous definitions. It has been referred to as something valued by the public and manifesting in the form of collective benefits, services, and outcomes provided by public organizations and government institutions (Bryson et al. 2014). Hartley et al. (2017, 671) recognized three aspects of public value: 1) public value as a contribution to the public sphere, 2) public value as the enhancement of value via actions in organizational or collaborative contexts, and 3) the strategic ‘triangle’s heuristic framework, which consists of the public value proposition, the authorizing environment, and the operational resources that a public manager must coordinate to generate public value’. Alford and Hughes (2008, 131–132) stated that the essence of public value lies not with who produces it but with who consumes it. Citizens appreciate aspects including the institutional structures that allow markets and societal systems to run smoothly and efficiently. Such structures establish laws, preserve order, safeguard property rights and uphold contracts. Citizens cherish these elements partly due to the personal advantages they confer but also often for reasons that transcend their own self-interest. Citizens often have objectives or ambitions for the whole of society rooted in shared ethical values and collective goals.

While much has been written about public value, the concept remains contested (Hartley et al. 2017; Jacobs 2014; Meynhardt and Jasinenko 2021; Williams and Shearer 2011). There are several lingering questions, such as its unique conceptualization, how it is distinguished from similar concepts, and the extent of its effectiveness (Prebble 2018). The differences and similarities between the concepts of public value and public values are of particular interest (Hartley et al. 2017; Shaw 2013). Just like public value, public values also manifest in many ways. According to Bozeman (2007, 13), public values represent a collective agreement on 1) the entitlements, privileges, and rights that citizens should
(and should not) possess, 2) the responsibilities that citizens have towards society, the state, and each other, and 3) the guiding principles that should inform governmental actions and policies.

Nevertheless, the content of public values is far from consistent. One reason for that is the temporal constraints involved in defining them. The time relation refers to situations when public values change and evolve. It is also worth clarifying that public values always contain a normative element. For example, the existence of public spheres, the striving for progressive opportunities for citizens, the trustworthiness of public information, the distribution of societal benefits, the proper functioning of public institutions, and so forth. Bozeman and Crow (2021, 44–45) underline that public value propositions should be assessed from the perspective of failure and success as a minimum, an amendment to Moore’s (1995) three requirements.

In the context of striving for public value, Bandura’s (2001, 2006) arguments related to human agency types are substantial. Bandura identifies three intentional modes of agency in addition to the individual, proxy, and collective agency. Individual agency is present when a person (or, in this case, a service user, an individual policymaker, or a citizen) intentionally does something to achieve the intended consequences based on his or her own will and competencies. The proxy form of agency refers to acting through others better equipped to achieve the expected outcomes. Doing so involves strategic thinking to select the best option to influence policies. Finally, collective agency relates to achieving set goals through collaboration.

In summary, public value and public values are separate but interconnected concepts (e.g. Rutgers 2015). Public value concerns the benefits generated within public service ecosystems, and citizens function as the definers of public value. Public values, in turn, are the underlying principles and norms, such as transparency, accountability, efficiency and equity, guiding behaviour within the ecosystem. In other words, public values define what is appropriate and what is not. Public value and public values provide a lens on the realms of politics/public policy and public service outcomes.

An essential question is how to navigate in this kind of public policy context. Head (2022) states that the policy responses often seek piecemeal and constrained approaches to manage and solve wicked societal challenges (e.g. policy response types such as Avoidance, Denial and Minimal Responsibility, Coercive Controls, Compartmentalised Micro-Management, and Technocratic Problem-Solving, through an evidence-based approach). It would be naïve to focus on a what-works approach to solving complex problems without considering how we use our values to initially identify a problem (Botterrill and Hindmoor, 2012). Policymakers must prioritize issues and consequently exclude much of the available information (Cairney 2020). Head (2022) makes a relevant point by addressing more realistic, solutions-focused ways to make sense of wicked problems and deal with them (e.g. policy response types such as Incremental and Pragmatic Adjustment, Stakeholder Collaboration, and Coping and Prevention Policies). Similarly, Alford and Hughes (2008, 131) suggest a need for ‘public value pragmatism’ and state that ‘the best management approach to adopt depends on the circumstances, such as the value being produced, the context, or the nature of the task’.

The causes of value destruction related to public service delivery have been quite thoroughly documented in the research literature. Engen et al (2021, 295–297; see also Skarli 2021) list four main causes of value co-destruction: lack of transparency, mistakes by service professionals/frontline workers, lack of bureaucratic and
leadership competencies, and an inability to serve (raising the idea of the maturity of the service culture in public service organizations).

Røhnebæk et al. (2022) state that a value proposition embedded in public service can be described as a promise of a future realization of value creation. Value destruction is a failure to deliver on that promise: value failures are thus failed configurations of resources promised to service users. Røhnebæk et al. (2022, 4–5) propose that a value proposition constituting a promise originates in a sales context and is conventionally understood as the promise communicated by sellers to convince a buyer to purchase. Notwithstanding the superficial resemblance of private and public services, public services redistribute collective assets and seek to ensure that service users acquire the best possible value-in-use to which they are entitled in an effective, fair, and legal manner.

**Four PSL-related mechanisms generating public value**

Osborne and colleagues argued that as mainstream public management paradigms, neither NPM nor NPG addresses the importance of public services in the context of delivering public policies (e.g. Osborne 2020, 17, 176; Osborne et al. 2014). The reasons for such failure relate to a narrow understanding of public services and their legitimacy in society but also to a limited understanding of the role of policy instruments in the delivery of public services in the context of diverging responsibilities at different levels of governance (local, regional, and national).

This paper has focused on key fundamentals of PSL and has treated public value-generating flows – or passages – in the context of PSL that affect how public value is shaped in society. These flows (see Figure 2) follow from public service implementation through public service mechanisms, including public leadership and management models embedded in public services, intended value and value-in-use for service users and co-creation signposting. They ultimately result in enhanced or impaired public value.

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**Figure 2.** Public value outcome flows.
Although a conceptual paper is not designed to formulate a new theory, it should nonetheless establish connections between existing theories in compelling ways and identify correlations between concepts (Cropanzano 2009).

Gilson and Goldberg (2015, 128) rely on Whetten’s (1989) judgement criteria and argue that for a conceptual paper to be deemed valuable, it must adopt a problem-focused approach and elucidate the novel contributions within its content. Specifically, a conceptual paper should reasonably answer the question, ‘What is new?’ (Whetten 1989). We have aimed to provide a novel approach to the creation mechanisms of public value by integrating the relevant literature. This paper concludes that four flows affect how societal public value emerges and develops impetus. These four mechanisms run from (1) intended service usefulness for service users, (2) the practice of public leadership in the context of public services, (3) human-centred co-design and co-creation practices and (4) the value-in-use perspective in the eyes of the beholder, that is, concerning the service users.

The four integral mechanisms can be elucidated as follows: First, the construct of societal public value is influenced by the perceived utility of public services for their intended recipients. The finding signals the significance of developing services that meet the specific needs of users, thereby engendering satisfaction and potential benefits for society. The fundamental belief is that intentionally designed services to meet specific societal needs foster public value by boosting the standard of living, strengthening community bonds, and encouraging the fair distribution of resources and opportunities.

Second, the practice of public leadership within the scope of public services is critically important in generating and sustaining societal public value. Public leaders can inspire profound changes by presenting a powerful vision and nurturing a culture that values accountability and performance. The leadership function is especially crucial in public services, given the diverse interests and the often complex and contested nature of public policy issues. Leaders’ aptitude for navigating these challenges while promoting shared values and common goals could significantly influence the production and maintenance of public value (Bozeman & Crow 2021).

Third, the mechanism of societal public value generation is enhanced by the adoption of human-centred co-design and co-creation practices. Human-centred co-creation of services is fundamentally a power-with type of learning process and thus diametrically opposed to what Searle (2010, 145–147) described as deontic power encompassing various institutional power agendas emerging from obligations, authorizations, permissions, and requirements. This commitment resembles what Argyris (2005, 272) described as generative learning. That concept is built upon the idea of deploying collaboration, the best possible information, and jointly created knowledge and having the capacity to implement transformative change in an organization (and in the context of services) and run networks of service developers. Generative learning is essential from the perspective of human-centred public leadership because it engenders the power-with type of power modes based on persuasion, setting common agendas, dignity, mutual trust and respect. By embracing a user-centric approach and encouraging active participation from diverse actors, public services can foster inclusivity and responsiveness to community needs and expectations. The finding signifies a shift from a top-down, provider-driven model to a more participatory, collaborative model of service delivery, fostering public value by enhancing the relevance, accessibility, and effectiveness of public services.
Finally, the value-in-use perspective is a mechanism instrumental in shaping the emergence of societal public value. Essentially, the viewpoint suggests that value does not originate exclusively with the service provider. Instead, it is a combined creation forged from the interaction between provider and user. Value perception is subjective, hinging on the user’s unique experiences, preferences, and interpretations. Therefore, recognizing and comprehending this value-in-use viewpoint enables service providers to customize their services to match users’ specific requirements and situations. Doing so can enhance satisfaction, trust, and the overall value the public derives from the service provided.

As an overall synthesis, it is apparent that the current public service implementation and development atmosphere faces severe budgetary constraints, rapidly escalating service expectations, and the increasing influence of political populism. In that context, PSL offers a new way to approach public services that could facilitate value co-creation by service users and involve citizens in the value co-creation process (Osborne et al. 2013; Osborne et al. 2015; Osborne 2020; Petrescu 2019). We share the optimistic view of Petrescu (2019, 1747), who argues that adopting PSL ‘... can also contribute to better resource integration and distribution in the (service) network, especially considering the potential of the sharing economy in public services functioning’. In the context of this paper, public institutions emerge as an important feature of service ecosystems consisting of service providers from various societal sectors (e.g. Gillam et al. 2016; Kania and Kramer 2011; Lin et al. 2020).

**Practical implications**

The framework delineated in this article offers an actionable guideline for practitioners and policymakers in the public sector by focusing on four mechanisms that influence

<table>
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<tr>
<th>Mechanism</th>
<th>Example</th>
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<tr>
<td>Intended service usefulness</td>
<td>Designers of public services could conduct extensive user research at the policy formulation stage and incorporate citizen feedback loops to align the services closely with users’ actual needs. Public forums, focus groups, and digital platforms could facilitate this process. In addition, machine learning algorithms could analyse large-scale social media sentiment around public services, gauging real-time public opinion.</td>
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<tr>
<td>The practice of public leadership</td>
<td>Leadership training programmes could be devised to equip public managers with skills such as adaptive leadership that would help them guide their teams to achieve effective, human-centred service delivery. Strategic decision-making could also be enhanced through simulations of real-world scenarios related to public service.</td>
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<tr>
<td>Human-centred co-design and co-creation practices</td>
<td>Practitioners could involve citizens in the design process through participatory design workshops, community brainstorming sessions, or digital crowdsourcing platforms. A service design process with co-creation embedded in it is more likely to produce services that meet the community’s actual needs.</td>
</tr>
<tr>
<td>Value-in-use perspective</td>
<td>Continuous assessment mechanisms could be instigated, utilising tools like customer journey mapping and feedback analytics to evaluate how citizens experience the value of a service in real time. This development could form the basis for iterative service design and delivery improvement. In addition, advanced natural language processing techniques could automatically categorise and analyse open-ended feedback from service users collected from various sources.</td>
</tr>
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the emergence and sustenance of societal public value. Table 1 offers practical examples of how each framework mechanism could be applied.

Next, we discuss the principles, approaches, the role of information, and managerial implications in the context of value creation.

Notwithstanding the operational differences in service usage and, in a broader societal context, the creation of societal public value, there are similarities between the two value dimensions. They both foster trust and confidence that societal problems can be addressed effectively; however, it is important to note that there is no direct causality between the two dimensions, that is, a view that public service usage is a prerequisite for creating public value in the societal context. Nevertheless, research establishing a positive correlation between these two dimensions in service-user empowerment and well-being is growing (e.g. Balta et al. 2021; Sharma et al. 2017).

Another defining characteristic of public value creation is its collective nature. Collective sensemaking of service needs and public value refers to doing things together. Eriksson (2019) and Eriksson et al. (2022, 807) suggest it is important to focus on value propositions preceding value creation in the context of service co-creation. The same point applies in the context of creating public value through public leadership and providing appropriate forums for co-creation. Eriksson (2019) concludes that representative co-production becomes a type of group co-production that includes a strategy to address inequity in public services (see also Sønderskov and Rønning 2021). Creating value in public services and the context of public value in society presupposes that human agency is collective. Being a public service user means being part of the collective citizenship, accepting decisions made by the public authorities and, sometimes, political decisions that imply the (co-) destruction of value.

The third common principle in these value creation dimensions relates to leading public organizations and institutions. Things do not happen by themselves, but the focus is on the delivery and leadership, depending on the context. That assertion refers to good service management (Grönroos 2019) or the human-centred co-creation and leadership models adopted in public organizations and institutions (Bason and Austin 2022; Virtanen et al. 2023).

In the context of value-in-use creation and when creating public value (through public service delivery), service users and citizens are expected to have the competence to participate in governance through the relevant participation and co-creation methods. Research literature often ignores the philosophical and policy-studies approaches relating to influencing politics. Kettl (2002) analysed the administrative traditions of the US government since the 1780s and the emergence and development of the study of public administration (including concerning political science) up until the end of the twentieth century. The study highlights two contrasting perspectives in the context of participation in public policy-making: the Hamiltonian tradition, advocating strong executive leadership in the public realm, and the Jeffersonian tradition, emphasizing a strong process encouraging citizen input (Kettl 2002).

Following Kettl (2002), we would like to clarify that the Jeffersonian approach relates to societal trust-building. That is because the Hamiltonian tradition involves a top-down process in which the value of value creation is entrusted to the policy-making expertise of bureaucrats and the strong executive leadership of public services (see also Moon and Welch 2005). Under the Hamiltonian approach, the government makes decisions independently rather than soliciting citizen input through participation.
Contemporary world politics evidences a great divide between the two approaches. Politicians in many countries now view populism as a route to electoral success (e.g., Batory and Svensson 2019), and many countries do not yet have democratic and participatory policy-making principles in place. Although this top-down approach appears to prioritize efficiency, it does not necessarily optimize the quality of life in society (Kettl 2002; Peterson and Godby 2020). Executive-level policy initiatives will not necessarily translate to valuable street-level services (Lipsky 2010). The Jeffersonian tradition, in contrast, involves bottom-up processes and gives people a voice.

Overall, mutual co-creation presupposes the availability of insightful and relevant information (Considine 2022, 185–186, 203–206), particularly from the perspective of vulnerable groups and public service reforms. Considine (2022) holds that the development focus on the service-user experience requires information to be available to all stakeholders in co-creation and an open system informed by an ongoing and authoritative dialogue with the service users.

That direction of accountability refers to retrospective horizontal flows of information between service providers and service users: street-level relationships are key to making sense of how service systems work by relying on trust and empathy to grasp the idea of horizontal accountability (Hupe and Hill 2007; Lipsky 2010; Virtanen et al. 2018).

Finally, it would be naïve to think that value creation bypasses managerial issues and leadership functions. The work of Bozeman and Crow (2022) is an interesting example of problematizing leadership from the perspective of public values and value creation. That study highlights multiple problems and warns that public values management is not easily delivered. Public organizations are, for instance, connected to various societal actors (public, private, and non-governmental). Their functional contents fluctuate (e.g. environmental, social and health care, policing, and the military), which brings about diffusion in understanding the logic of public values. Most public institutions striving to deliver public values from the institutional perspective have multiple values as operational guidelines, which might conflict. Public institutions also suffer from life-cycle faith (they can make significant value contributions during some parts of their life-cycle, but not all). Approaching value creation from an institutional perspective necessarily involves people: people pushing for public values often do not engage with public value-focused organizations.

Conclusions and future research agenda

This paper presents an integrative framework to clarify the logic of how public value is generated through public service delivery. The framework includes four flows that affect public value as an outcome of public service delivery. These flows follow from public service implementation and the goals set for that service delivery, the practice of public leadership, co-creation and the value-in-use experienced.

It is important to note that emphasizing value-in-use and the public value approaches also challenges the conventional view on power dynamics. While acknowledging that public value creation can be affected by power differentials between users and public service professionals (Farr 2018), we suggest that the power imbalance does not necessarily lead to a paternalistic service delivery model where professionals dictate the terms of services. On the contrary, this paper situates users not as passive recipients
but as empowered actors equipped with the agency to influence, negotiate, and co-determine the contours of service provision. However, implementing that perceptual shift requires rethinking the role of professionals in public services. Rather than acting as service deliverers, those professionals should adopt a more facilitative role, harnessing users’ experiences and encouraging their participation in a meaningful and productive way. An empowered user base offers unique perspectives, experiential knowledge, and a ground-level understanding of public service problems that can enrich the service delivery process in ways that a professional-centric approach might not. Recognizing service users as active contributors to public service delivery not only alters the power dynamics but also promotes a sense of shared responsibility, public accountability, and mutual trust.

This conceptual paper illustrates how public value outcome moves between the realms of public policy and service delivery and that of public service outcomes. We sought to advance understanding of the topic by combining conceptual elements from the pertinent literature.

An overall synthesis of this article would suggest that the genesis and perpetuation of societal public value are shaped by the multifaceted interplay of forces, including the intended utility of public services, the exercise of effective public leadership, the adoption of human-centric co-design and co-creation approaches, and the recognition of the value-in-use perspective from the standpoint of the service user. Understanding and leveraging those mechanisms could potentially enhance the capacity of public services to create and sustain public value, thereby fostering societal well-being and progress.

The research agenda around public value creation is still developing, but the argument advanced in this paper highlights themes worthy of further exploration. First, there is the need for a detailed cultivation of how public service users and frontline public service professionals make sense related to value-in-use in using the public services and, additionally, how public policy planners create public value through planning and delivering public services. The question is how frontline public service professionals can enact the praxis of public value creation (see Jun 1994; Osborne et al. 2023). Obtaining the answer would require investigating how those professionals use a reflexive, critical consciousness to create and discover future opportunities.

Second, the field would benefit from more analysis of how public policy planners and public service managers create opportunities for better public service delivery that benefits society. The process should involve service users and non-users engaging in co-creation to solve service problems through local-level innovations and development models. Empirical research might focus on the following questions: How do local-level co-creation practices influence the ability of public service managers to create opportunities for improved public service delivery, and what methods engage citizens most effectively in those processes?

Third, it would be useful to explore whether the value-in-use and public-value axioms can evolve as institutionalized habits and norms (Rhodes et al. 2006) determining opportunities and incentives for value creation. Researchers might complement the work of Huijbregts et al. (2021) and Osborne et al. (2022) and examine the effect of institutionalized values being seen as socially desirable and their impact on the processes of value creation. The investigation might also encompass how those institutionalized values are enacted through public debate and public policy.
Fourth, we would benefit from more theoretical development of PSL with a systemic complexity theory perspective (cf. Eppel and Rhodes 2018; Teisman and Klijn 2008). Complexity theory provides a useful analytical and conceptual toolbox for making sense of emergent patterns, system-level dynamics, and actor-level self-organizing. It also permits analyzing situations where good intentions (value creation) have bad consequences (value destruction). Complexity-informed research focusing on instances where value creation intentions result in value destruction should be of particular interest. Attention should also be directed to how such situations could be mitigated or prevented.

Fifth, it would be necessary to empirically analyze how service ecosystems consisting of multiple service providers from various societal sectors (public, private, non-governmental) adopt a service users’ focused value-in-use service mentality and the mechanisms that create public value beyond service ecosystem performance metrics. This endeavor could be supported by the value justification approach developed by Boltanski and Thévenot (2006) and Brennan and Pettit (2004). Building on those studies’ premises that nothing is inherently valuable per se, value is context-bound and always dependent on prevailing practices, culture, and norms. Some general but incommensurable sources of value and means of value justification exist. It should be feasible to explore historic conventions of justification, which represent the prevailing conceptions of the common good. It is easier to justify public services by applying certain value foundations and justifications than others. While that may sound self-evident, the value justification approach has managerial implications. It helps identify value creation opportunities and the threats of value destruction within and beyond the service ecosystem. How do different societal sectors (public, private, non-governmental) within service ecosystems adopt a service-user focused value-in-use approach, and what mechanisms do they employ to create public value beyond service ecosystem performance metrics? How do these adoption strategies and mechanisms align with the value justification approach, and what options exist for identifying opportunities for value creation and threats of value destruction?

Finally, focusing on the built-in flexibility and agility of public service leadership training models is critical. Doing so will facilitate adopting PSL in the context of public service operating in complex environments around service ecosystems, co-creation mechanisms, and, ultimately, the improved strategic orientation of public service organizations.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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