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Review Article

Examining progress in research on public value

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ABSTRACT

This article reviews a new three-volume collection of previously published articles on how public or private organizations are operationalizing the principles of public value: firstly, 'Measuring the public value of e-government: A case study from Sri Lanka'; secondly, 'New Public Management to public value: Paradigmatic change and managerial implications', and lastly, 'Developing an understanding of result-based management through public value theory'. All three articles in this paper also explain how public value creates service, trust, and other positive outcomes, and how public organizations use public value in measuring the dimensions of public value generation in terms of e-government. Finally, an article on the idea of public value has been proposed as a way of understanding government activity, informing policy-making and constructing service delivery. Employing public value as a tool for result-based management through New Public Management, and achieving it through public organization is an essential recommendation of this article.

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Introduction

The number of articles in public administration, especially on public value, has been expanding. The trend has been for articles to become more specialized in public or private organizations in terms of measuring performance and encapsulating the multiple dimensions of productive processes. Most importantly, public services are characterized by claims of rights by citizens to services, and the most valuable factor in the service, public value, can maximize stakeholder value in the service, enhance management and make the service the best that it can be.

This paper reports on progress in research on public organizations and three articles are reviewed. The first is 'Measuring the public value of e-government: a case study from Sri Lanka' (Karunasena, Deng, & Singh, 2011). The second article is 'New Public Management to public value: paradigmatic change and managerial implications (O'Flynn, 2007). The last article is an issue from the perspective of executives who engage public value theory in developing an understanding of executive managers' perceptions, behaviors, and responses to changes introduced by result-based management (Try & Radnor, 2007). In this paper, I shall investigate the progress of research on public value. Public value in public organizations can create service, quality, and trust. Organizations can sustain their performance and make citizens/customers satisfied with their process of work by using a public value approach, but how can public value be performed well? The managers in public organizations are the best sources of information to answer this question.

The article is organized as follows. The first section introduces public value theory. The second section reviews the three articles which employ public value as an approach. The third section reviews arguments on public value as a paradigmatic change. The fourth section concludes the article.

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Public Value Theory

The theory of public value, developed by Professor Mark Moore at the Kennedy School of Government (Coats & Passmore, 2008), is an exploration of how public organizations are operationalizing the principles of public value. It focuses on the role of public engagement and amplifies the idea that public services are different from private competitive markets. The objective of public value is to offer public managers a simple instrument to articulate the goals of their organization. Moreover, public value is designed to get public managers to think about what is most valuable in the service that they run, and to consider how effective management can make the service the best it can be (Coats & Passmore, 2008).

Kavanagh (2014) also stated that public value asks public officials to consider the benefits and cost of public services not only in terms of dollars and cents, but also in terms of how government actions affect important civic and democratic principles such as equity, liberty, responsiveness, transparency, participation, and citizenship. In the same way, public value also seeks to provide public officials with the ability to talk about the net benefit of government actions, while overcoming the limitations inherent in attempting to create a "bottom line" that is analogous to that of the private sector.

In addition, an understanding of public value in greater detail is represented by the 'strategic triangle'. The strategic triangle shows three goals that are related to each other (see Figure 1).

Figure 1 also shows that when a given strategy or action has legitimacy and support (for example, democratic legitimacy and community/governing board support) and when the government has the operational capacity (for example, financial and other resources are easier to obtain), the implementation of the strategy of action could be effective, and public value will be created.

However, Moore (as cited in Kavanagh, 2014) also proposed that to accomplish these three goals, we should review four key points about strategic management that underpin Moore's approach:

- Attempts to import private sector strategic management techniques into the public sector are fundamentally flawed because of fundamental differences in the purposes and nature of public and private organizations. Consequently, a distinctive approach to value creation is required for public sector organizations.
- According to Moore, "strategic management" in the public sector has generally entailed: (1) focusing on the long run over the short run; (2) attending to large issues with a big impact on performance, rather than small issues with impacts on productivity; and (3) concentrating on ultimate ends, rather than needs.
- Public managers often view performance management as a technical challenge rather than a political or philosophical one. Moore contends that the political and philosophical aspects of public performance management are at least as important as the technical aspects.
- To produce value, public officials must consider the entire "value chain". The value chain starts with inputs and moves to the production processes (for example, policies, programs, and activities) used to transform the inputs into outputs, which then affect a client (for example, a citizen or beneficiary), which leads to the social outcome that was the intended aim of the activity. Public management is often focused on just one part of the value chain; for example, traditional line item budgeting is focused almost exclusively on the "inputs" aspect of the value chain.

Three Examples

The theory of public value is an approach that explores how public organizations operationalize the principles of public value by focusing on the role of public engagement which distinguishes public services from private competitive markets.

Before I begin to examine the three articles, I would like to review one of the researchers—Try (2006)—who used public value theory to examine the executive take-up of result-based management; "Mind the gap, please". The purpose of his research was to analyze the contribution of public value theory in understanding executive adaption of result-based management in a public sector environment. He found that the elements of public value theory contribute to an enhanced understanding of the constraints in adopting result-based management. However, the
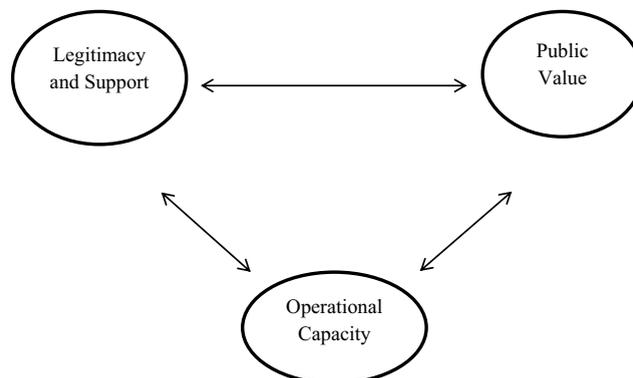

Figure 1 The strategic triangle

research concluded that the components of public value theory—service, outcomes, and trust—do not have equal weight in their contribution to enhanced understanding. The research found that greater managerial control and influence over program outcomes supported stronger acceptance of result-based management.

In the following section, three research articles are reviewed on how public value can be enhanced in the public sector by using NPM as an approach. The first article was written by Karunasena, Deng, and Singh at the School of Business Information Technology and Logistics, RMIT University, Melbourne, Australia; the second article is by O'Flynn, from the Australian National University, and the third article is by Try and Radnor from Warwick Business School, the University of Warwick, Coventry, UK. These articles will be examined to demonstrate the various ways organizations employ public value to improve their organizational performance.

Karunasena et al. (2011) presented a third example of a more elaborate view of the public value of e-government using a case study from Sri Lanka. They observed that there are many indications that the public value of e-government in Sri Lanka was far from satisfactory. All indications are of weaknesses in both the supply and demand sides of e-government, the lack of e-services, low ICT usage in government, and low uptake of available e-government services. In Sri Lanka, e-government is mainly carried out because it has gone through a number of phases to improve the effectiveness and efficiency of public services. Three of the drivers that play a vital role in e-government development are technology, users, and cost. United Nations Department of Economics and Social Affairs (UNDESA, 2003) stated that "People express preferences, the government uses ICT to enhance its own capacity to deliver what people want, and eventually public value is created". So, the government of Sri Lanka recognizes the need for the effective adoption of rapid ICT to improve the delivery of public services. There are six distinct strategies that were also mentioned in this paper to facilitate the implementation of specific e-government initiatives as follows (Information and Communication Technology Agency of Sri Lanka, 2005):

- an information infrastructure development program to ensure affordable access to information, communication, electronic services, and other content;
- a coherent investment strategy to provide transparent, effective, and efficient public services by re-engineering government processes and empowering technology;
- an e-society development program to empower the most vulnerable communities in Sri Lanka by promoting innovative use of ICT;
- an ICT-literate development program to build up an ICT-skilled workforce;
- an ICT industry development strategy to develop the domestic ICT sector to ensure sustainable economic growth in the country; and
- a program designed to create policy and a regulatory environment, and to develop leadership and institutional capacity building to support ICT-based developments and reforms.

A second example of a study on public value is provided by O'Flynn (2007), who was interested in the idea of public value as a way of understanding government activity, informing policy-making, and constructing service delivery. For this reason, an approach by reviewing New Public Management (NPM) and contrasting it with the public value paradigm has emerged. In this article, first, the NPM paradigm was evaluated in terms of principles, practices, and premises. The paradigm is built on economic foundations which define government activity, policy-making, and service delivery. The author mentioned three theories that are related to NPM—public choice theory, principal-agent theory, and transaction cost economic and competition theory. The NPM paradigm, starting at the end of the 20th century, is a post-bureaucratic paradigm of public management in many countries, such as in an Australian context, in a marketization phase that focuses on: internal reforms and corporate planning based on central goals; comprehensive program budgeting; management improvement programs; contract employment for managers; central auditing; and performance monitoring of individuals (Alford, 1998). NPM has been subjected to

Table 1
Paradigms of public management

	New Public Management	Public Value Management
Characterization	Post-bureaucratic, Competitive Government	Post-Competitive
Dominant focus	Results	Relationships
Managerial goals	Achieve agreed performance targets	Multiple goals including responding to citizen/user preferences, renewing mandate and trust through quality services, steering network
Definition of public interest	Individual preferences are aggregated	Collective preferences are expressed
Performance objective	Management of inputs and outputs to ensure economy and responsiveness to consumers	Multiple objectives are pursued including service outputs, satisfaction, outcomes, trust and legitimacy
Dominant model of accountability	Upward accountability via performance contracts; outwards to customers via market mechanisms	Multiple accountability systems including citizens as overseers of government, customers as users and tax payers as funders
Preferred system of delivery	Private sector or tightly defined arms-length public agency	Menu of alternatives selected pragmatically

Source: Adapted from Kelly, Mulgan, and Muers (2002), O'Flynn (2005) and Stoker (2006) cited in O'Flynn (2007)

ongoing investigation. Second, the author also mentioned that the public value paradigm represents principles, practices, and premises. Public value has become an increasingly popular area of study and, related to the paradigm of NPM, means that outcome, quality, and trust are key constructs that can create value by governments. Stoker (2006) stated that public value is more than a summation of the individual preferences of the users of public services. It is collectively built through deliberation involving elected and appointed government officials and key stakeholders, which means that tax revenue from citizens should be created through economic prosperity, social cohesion, or cultural development. Both previous sections have examined the principles, practices, and premises of both NPM and public value. Subsequently, in the last section, the author indicated that public managers are key people who should steer networks, create and maintain trust, and respond to the collective preferences of the citizenry. Table 1 presents more information on the paradigms of public management.

There is a new public paradigm that can be compared and contrasted with NPM regarding the adoption of a public value perspective, which will represent a further paradigmatic change.

Finally, Try and Radnor (2007), initiated a typology of the elements of public value theory. They stated that the public sector is still developing an understanding of results-based management, programs, and the services of the public sector by combining public value creation with program legitimacy and operational and administratively feasibility (Moore, 1995). In particular, the creation of public value should be the ultimate goal of public sector programs and activities. In this research, the author also stated that the public sector incorporates three levels—the public sector level, the program level, and the executive level. Moore's (1995) model suggested that at the program level, executives need to create public value and must address three key areas:

(1) Services—cost effective provision of high quality services;

(2) Outcomes—achievement of desirable end results; and

(3) Trust—support a high level of trust between citizens and government.

For Moore's model, there is one question in this research, Does public value theory assist in understanding the limited progress in implementing results-based management within the public sector?, One conclusion also mentioned in this study was that public value theory is a useful lens with which to identify the limitations and constraints of RBM. Moreover, the implementation process also focuses on each public value element. Therefore, a summary of the case study in this research is provided in Table 2.

In addition, the author stated that at the public sector or political and central agency level, executives will act rationally and rewards for success should be limited, but there should be considerable punishment, especially for failure and public disclosure of poor programs. Lastly, at the executive level; the author cited that achieved outcomes will result from using time requirements, and it is very important because it is a central issue. Moreover, accountability is more important than actively managing for results. In summary, this article suggests that public value theory allows the assessment of executive perceptions of result-based management and integrates public value and result-based management.

Discussion: The Relationships Between the Three Strands of Research on Public Value

The three strands of research are related to each other. The first article stated that e-government is a second

Table 2
Summary of the case study

Issue	Analysis of case study
Results-based management	- Executives were aware of results-based management and the need to demonstrate program results, but have made limited progress to-date - Inappropriateness of implementing private sector management techniques without adjusting and adapting for inherent differences between private and public sectors - Significant concerns over lack of corporate tools, knowledge, experience - Acknowledgement of systematic impediments to successful integration of RBM, especially political elements - A certain level of cynicism regarding meaningful political/senior executive support
Accountability	- Consensus on importance and role of public sector accountability - Conflicts between accountability for outcomes and administrative compliance - Issues associated with horizontal accountability within a traditional culture of vertical accountability are not resolved - Limited consequences for failure to achieve results, to program or individuals
Management information and reporting	- High reliance on verbal and informal information to management - Very limited use of structured information systems (i.e. financial systems) - Few executives have access to performance management/executive information systems and expressed no perception that such information would improve their management capability - General consensus on potential problems of results reporting: program complexity, horizontal elements, information quality, potential for unanticipated consequences - Further complicated by existence of Access to Information Legislation, requirements to simplify (for reporting) complex programs, time-lags between actions and results, causality

Source: Try and Radnor (2007)

revolution in public management after NPM emerged. It will transform both public services and the fundamental relationship between government and citizens. The first article indicated that Sri Lanka is a country that needs to enhance its functions in public services. Consequently, the government has attempted to set up e-government in their country, but there are barriers. The government has faced some problems when implementing e-government policy. The relationship between NPM and e-government is also addressed in the second article, which stated that NPM is a pragmatic change and has managerial implications. The New Public Management approach begins by setting objectives in terms of operational budgeting and resource allocation, whereas implementation impacts goods and services. In this approach, emphasis on achieving the goals will be measured (Babajani, 2010 as cited in; Fatemi & Behmanesh, 2012). There are seven principles that indicate that managers in governmental organizations should employ more active control and personal management to move towards effective management (Yamamoto, 2003). New Public Management focuses on efficiency (outputs). In contrast, accountability for outputs is specified by targets and key performance indicators. So, in the second article, NPM provides an interesting way of viewing what public sector organizations and public managers actually do. The purpose of this article is to examine the NPM approach by reviewing new public management and contrasting this with public value.

In this article, NPM was found to be an approach in which public organizations should employ a series of strategies to increase efficiency and effectiveness in the delivery of services. That is to say, e-government can be implemented successfully in public organizations that employ NPM strategies. In addition, both of these articles also stated that public value can be a concept that can be employed to enhance accountability in the delivery of services. Public value is a popular means that can take a pragmatic view about a framework to gather information using a process to improve the quality of the decisions that public managers make. Greater public manager accountability provides more channels to engage people/citizens in the process of decision making to enhance service delivery. Over the past decade, the government has sought to demonstrate this in various ways by listening to the public in many areas of policy. Value is created by public services through public managers' decisions on what services to provide and how they justify the allocation of resources to specific outcomes, and carry out strategic planning and development processes that are consistent with public value (Coats & Passmore, 2008). Over the last 15 years, there has been an increasing shift away from governments directly providing public services towards the outsourcing of service provision to contractors from the private and voluntary sectors. Public service reform is a step that drives the provision of public value both internally and externally. Public managers are increasingly being called upon to consider a wider range of service delivery options, including public-private partnerships, joint ventures, and arrangements for co-production. As a result, both NPM and public value are vital parts that governmental organizations should be concerned about when they need to enhance public service delivery.

Each of the articles reviewed in this paper focused on the sides of the public value triangle. The last research that I have reviewed is "Developing an understanding of result-based management through public value theory" (Savoie, 1994). This paper was carried out using a case study approach. Interviews were carried out with leading executives in the federal government of Canada, where NPM is unique. As noted, the case study engaged 16 executives consisting of representatives from "central agencies", executives responsible for evaluation, accountability and/or performance management functions from several departments, as well as external consultants. Effective management of results would implicitly require performance information on outcomes and trust. The content of this paper is related to outcomes where accountability for the outcomes must be linked to the decision-making authority that is capable of influencing program outcomes, and that accountability without this managerial flexibility is simply a paper exercise (Try & Radnor, 2007).

The global paradigm shift in public sector management, which expanded through the 1980s (Savoie, 1994), became collectively known as New Public Management (Hood, 1991; Pollitt, 1990; Pollitt & Bouckaert, 2004). The third article also focuses on strategic services to become result-oriented, similar to result-based management, which was mentioned to answer the research question of this paper by integrating public value and result-based management in the public sector.

In this paper, public value is created when a given strategy or action has legitimacy and support and when the government has the operational capacity. It can be shown that public value and NPM support each other. Consequently, the public sector should integrate public value and NPM as an approach.

Moreover, public value should be implemented in every public organization to enhance customer satisfaction and trust because more trust in public service delivery can create more sustainability for public services.

Conclusion: Implementing Public Value for Result-based Management Through New Public Management

Public value has been a powerful theory in public sector research and has contributed significantly to our understanding of the expansion of the public value paradigm. Three key components of public value are firstly, services, which allow for the delivery of public value through actual service encounters for customers. This also includes the distribution of equity or fairness for citizens. The second component, outcomes, is the achievement of desirable end results, which is supported by the process of governing in sector planning. The third component relates to trust, confidence, and legitimacy in the public sector. Trust will effectively encourage citizens to think of ways to join or cooperate in government activities. The challenges of efficiency, accountability, and equity are motivational forces that rest on a vision of humanity. So, a new means of thinking about government activity, policy-making, and service delivery which directly highlights the key

differences in public management is important for public sector managers in order to make their actions successful and to fulfill citizens' needs.

Public value has been applied as a tool to achieve many working processes in an organization. It can also be used to set goals and performance levels and to identify the true functional requirements that can help to eliminate problems. This management approach is a creative, systematic, and functional way to improve customer satisfaction. Moreover, an organization will also achieve result-based management objectives.

Nowadays, New Public Management is used world-wide to govern public processes to ensure that public organizations can maintain and improve public work functions to enhance customer satisfaction. Implementing public value as a tool for result-based management through New Public Management is advisable and can be achieved by public organizations both now and in the future.

Conflict of interest

No conflict of interest.

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