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# Value Creation in the Public Service Ecosystem: Research Article An Integrative Framework

**Abstract:** *This article develops the concept of the “public service ecosystem” across four levels—the institutional, service, individual, and beliefs levels. It does this by integrating service management and marketing theory with public administration and management theory. Consequently, it explores both the dimensions of value and value creation within the public service ecosystem at each level, and the interactions and inter-relationships across these levels. It concludes with the key implications for public administration and management theory and practice.*

## Evidence for Practice

This article highlights important implications for practice in its conclusions:

- Public service management practice requires appreciating that value creation, for public service users and other key stakeholders, is not the purview of public service organizations solely but occurs within dynamic public service ecosystems.
- Consequently, both public service managers and politicians need to grasp that such value creation occurs across the institutional/societal, organizational, local milieu, individual, and belief levels of these ecosystems.
- This requires a shift for performance management for public service organizations away from internal value chains and to external value creation.
- Public service staff, managers, and politicians also need to embrace the necessity to mediate both between societal and individual value creation and between value creation aspirations of different stakeholders to a public service.

Re-evaluation of public administration and management (PAM) has occurred in the twenty-first century (Pollitt and Bouckaert 2017)—in part through the ongoing evolution of PAM theory but also in response to some of the tectonic changes in society over the past 20 years. These have included the digital transformation of society, increasing globalization, and most recently, the impact of the global COVID pandemic.

The dominant paradigm of the late twentieth century, New Public Management (NPM), offered a “product-dominant” approach<sup>1</sup> to the delivery of public services. It concentrated upon organizational efficiency and dyadic relationships between public service organizations (PSOs) and their users, often conceptualized as customers (Radnor, Osborne, and Glennon 2016). This frequently occurred within market or quasi-market environments though other models of the NPM also developed—such as the Dutch “Tilburg Model” that was influential within

Western Europe (Kickert 2003). Increasingly, though, the NPM has become subject to widespread critiques, including the appropriateness of its product-dominant assumptions, its challenge to democratic governance, its adherence to outmoded models of competition, and its introspective emphasis on the internal efficiency of PSOs rather than external impact (Funck and Karlsson 2020; Haveri 2006).

These critiques coalesced around a range of issues (Hood and Peters 2004; Kickert 2003). These included the ability/inability of PSOs to create external value through public service delivery, the lack of attention to broader networks of PSOs rather than individual PSOs, the failure to address citizens other than as atomized consumers (for example as active citizens at the interface of democracy and public service provision), and the preoccupation with models of public service delivery that drew heavily upon private sector manufacturing experience. These critiques led subsequently to the proliferation of alternative reform frameworks for understanding the delivery of public

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services (Osborne & Strokosch 2022), discussed further below. Four frameworks have been especially influential in the evolution of PAM theory and practice: *Public Value* (PV), addressing the societal impacts of public services; *Collaborative Governance* (CG), examining the role of the local milieu and organizational networks of public service delivery; *Public Service Logic* (PSL), addressing citizen value creation through public service delivery; and *Behavioral Public Administration* (BPA), focusing upon the psychology of citizens and staff engaged in public service provision.

While such approaches have evolved, currently PAM theory lacks an understanding about how the analytic foci of these post-NPM theories both are distinguished from and interlock with each other, and how they pose public service reform with different/competing priorities (Reiter and Klenk 2019). Addressing this gap in theory, this present article is a conceptual one. It presents the *public service ecosystem* (PSE) as an integrating framework to reveal the both the distinctiveness and synergies of these theories. Uniquely, at the core of our framework, we explore the varying discourses on *value and value creation* within these post-NPM theories, as part of a four-level nested ecosystem. Such a value creation focus is essential, we argue, to structure both the significant global discourses on value creation in public services currently emerging within PAM (Osborne, Nasi & Powell 2021) and the evolution of sustainable public services in the future (Cabral et al. 2019; Lindqvist and Westrup 2020).

The article commences by reviewing the above strands of theoretical development in PAM. It then examines the concepts of “value” and “value creation” and introduces the concept of the “public service ecosystem.” Subsequently, it draws these elements together to offer an integrative framework of value creation in public service delivery. It concludes by exploring the implications of this framework for theory and practice.

## The post-NPM Evolution of PAM

The framework presented here focuses on the four strands of PAM evolution identified above, as its dominant theoretical trajectories. Other important frameworks have evolved, such as Digital Era Governance (Dunleavy et al. 2006) and New Public Service (NPS) (Denhardt and Denhardt 2000), although none of these have assumed the import of the frameworks highlighted here. Digital Era Governance, for example, has remained primarily a descriptive account of the impact of digital technology on accountability and become subsumed within this broader accountability literature (Young 2020), while Denhardt and Denhardt (2015) have lamented that the NPS has not become a dominant framework despite its critique of the NPM.

### Public Value

“Value” has been a consistent element of the NPM discourse within PAM since the 1980s—such as the *Value for Money* and *Best Value* initiatives in the United Kingdom. However, critics have argued that such approaches either evaluated only costs and how to reduce them or used “value” as a proxy for performance (Kloot and Martin 2000). Subsequently, critics argued that the NPM marginalized value creation as a focus of PAM theory/research by its preoccupation with the “economic efficiency calculus of markets” (Hefetz and Warner 2007). Increasingly, these critics have argued that its preoccupation with cost reduction has undermined the

ability of PAM to understand or to provide non-economic forms of value-added to citizens through public services delivery (Farr 2016).

The first strand of post-NPM theory to address this issue was PV theory. Moore (1995) argued that in order for public services to secure societal legitimacy, they must create something substantively valuable for society (“public value”), be politically sustainable, and be operationally feasible. Underlying PV theory were the confident assertions that “[p]ublic value is what the public values” (Talbot 2009) and that PV concerns a “normative consensus” about the rights/obligations of citizens and the principles of effective governance (Bozeman 2007). Benington (2011) also acknowledged the potential for conflict between individual and society as the locus for value creation, privileging the latter over the former.

Increasingly though, this seductive simplicity has been challenged. O’Flynn (2007) argued that a “clear definition [of PV] remains elusive,” while Rhodes and Wanna (2007) have opined that its “ambiguous nature” has fuelled its popularity—“it is all things to all people.” Consequently, Alford and O’Flynn (2009) concluded that “we are still some way from being in a position to predict whether [PV] will prove to have enduring value in the [PAM] domain.” This debate continues today, with competing perspectives on the import of the PV construct, from the managerial to the societal (e.g., Faulkner and Kaufman 2018; Fukumoto and Bozeman 2019; O’Flynn 2021).

### Collaborative Governance

The genesis of this approach was in political science models of governance. Ansell and Gash (2008) claimed that it “promises sweet reward” and that “if we govern collaboratively, we may avoid the high costs of adversarial policy making, expand democratic participation, and even restore rationality to public management.” Equally, they warn that powerful stakeholders can manipulate the process and that distrust can become “a barrier to ... negotiation.” They argued thence for a contingent theory of CG. This position subsequently became integrated with emergent approaches to network governance (Klijn 2008), the New Public Governance (Osborne 2010), and open innovation (Fulsgang 2008) to create a unified theory of CG (Torfing and Ansell 2017).

While influential, CG has critics. Wegrich (2019) has argued that it simplistically assumes “that the organizational biases and behaviours typically limiting collaboration ... are simply bureaucratic weaknesses that organizational leaders can overcome if they only make an effort.” Others have argued that it is limited by its inadequate appreciation of gender inequalities (Johnston 2017), by power and trust imbalances (Ran and Qi 2018), and by leadership failures (Kinder et al. 2021). Moreover, CG is a broad school with competing perspectives on, for example, the contribution of third sector organizations to its practice (e.g. Ansell and Gash 2008, Emerson et al. 2012).

### Public Service Logic

Proponents of PSL have sought to explore public services “as services.” These proponents have argued against the hegemony of the NPM as a product-dominant approach to meeting societal needs and have emphasized rather value creation as a lens through which to appreciate the dynamics of public service delivery

(Osborne 2021). Inter alia, this body of work has explored the nature of co-production for public services (Landi and Russo 2021; Palumbo and Manesh 2021), public service design/co-design approaches (Trischler, Dietrich, and Rundle-Thiele 2019), the meaning of value destruction for public services (Engen et al. 2020), value creation for multiple (sometimes competing) stakeholders across public services (Powell, Gillett, and Doherty 2019), the impact of value conflicts on co-creation (Scarli 2021b), and the implications of this ongoing debate for PAM theory and practice (Dudau, Glennon, and Verschuere 2019).

This emergent strand of PAM theory thus argues for a “service-dominant” approach to PAM. Underpinning this approach is the centrality of “value” and “value creation/co-creation” in understanding the management and performance of public services. Voorberg, Bekkers, and Tummers (2015) presented an overarching review of the co-creation literature at that point in time and Cluley and Radnor (2020) have offered a possible conceptual model of co-creation—though it is not entirely clear how their “assemblage” approach is different from and/or evolves the concept of PSEs. Subsequently, Hardyman, Kitchener, and Daunt (2019) and Rossi and Tuurnas (2019) have explored the individual processes of such value creation, Hausteijn and Lorson (2021) have explored the links between co-creation, co-production and risk governance in public services, and Osborne, Nasi, and Powell (2021) have evolved a conceptual framework of value and value creation at the micro-level. Notwithstanding its strengths, PSL has been criticized for under-estimating the potency the barriers to value creation by/for citizens, including the impact of national state regimes (Duțu and Diaconu 2017) and the potential for “value creation” to be captured by existing elites (Torfing, Sørensen, and Røiseland 2019).

### **Behavioral Public Administration**

This is the most recent development in post-NPM PAM. It explores the application of psychological methods/insights to PAM theory (Grimmelikhuijsen et al. 2017) and focuses upon the values and behaviors of public service users and staff, and their impact upon public service delivery. Although it traces its roots back to the work of Simon (1947), BPA has evolved rapidly since 2018. It has embraced such issues as public service motivation (Breugh, Ritz, and Alfes 2018) and the impact of individual and societal values on performance management (Steccolini, Saliterer, and Guthrie 2020). While critics have argued that BPA is naïve in both its “cult” of the expert (Feitsma 2018) and its attempt to create a “post-political” neo-liberal discourse (Whitehead, Jones, and Pykett 2017), it has nonetheless become an increasingly influential school of PAM thought.

### **Interim Conclusions**

Thusfar, we have delineated four strands of PAM theory that have sought to reframe our post-NPM understanding of public service delivery. Our argument is not that these are alternative frameworks to be deliberated between. Rather each focuses on a different level of such delivery and impact: PV has focused upon the societal/institutional level, CG on the organizational/service level, PSL on the individual level, and BPA on the impact of individual values. The intention here is to bring these strands together within an integrative framework of the “public service ecosystem.” First though, we will explore service and PAM perspectives on value, value creation and ecosystems in more detail.

## **Value and Value Creation**

### **Contemporary Service Management and Marketing Theory**

Service management and marketing (SMM)<sup>2</sup> theory has undergone a profound transformation in recent years. It initially focused upon services as an industry and sought to differentiate them from manufacturing. Manufacturing was concerned with the physical transformation of raw materials into saleable goods, while service delivery was concerned with real-time processes and performance rather than physical goods. As such, SMM concentrated upon the co-production of services (Zeithaml, Parasuraman, and Berry 1985). However, scholars began to question this focus, leading to a re-conceptualization of SMM (Vargo and Lusch 2004) as “service-dominant.”

This re-conceptualization has reoriented SMM in two respects. First, it has shifted its focus from the production/co-production of services and to their *use/consumption*, and on how this creates value in the lives of consumers (Grönroos and Voima 2013). Other strands of management theory have also begun to address the nature of “value creation” within the commercial sector, but the SMM discourse is arguably both the most developed and the most influential (Galvagno and Dalli 2014). Second, it has shifted the emphasis from “services” as an industry and to “service” as a *value creation process*: services are thus distribution channels for service (Vargo and Lusch 2016).

Drawing upon Aristotle and Adam Smith, SMM theorists have argued that *product-dominant logic* is derived from the “value-in-exchange” of a product/service and is represented by its market price—value-in-exchange is represented by the price of a product/service in relation to its costs. Hence, maximum profit is achieved through standardization and economies of scale. In contrast, *service-dominant logic* is based upon “value-added” to a customer through service—the way that a service has changed their life (for good or ill). Services are “service-delivery vehicles”—it is how such services are consequently utilized by a customer that creates value—*value-in-use*. Such value is always phenomenological and subjectively determined by the customer (Akaka and Schau 2019).

Vargo, Akaka, and Claudia (2017) subsequently acknowledged that “use” alone does not explain fully how value is added to customers’ lives through service. It is also necessary to explore the context of the customer—their needs, expectations, prior experiences, and societal milieu. This is captured by the concept of *value-in-context* which “cannot be created independent of the beneficiary and then delivered.”

Use, consumption, and value creation have now become the core foci of SMM (Grönroos 2017). Production is only ever a means to an end. It creates resources (goods/services). The customer can subsequently choose, or not, to use these to create/co-create value, by integrating them with their own experiences/needs (Hansen 2019). Exploration of the “dark side” has also emerged, in that value destruction can also occur (Järvi, Kähkönen, and Torvinen 2018).

This value-creation focus of SMM is an inherently commercial one. Simply, but not unkindly, the motivation of businesses to enable value creation is not altruistic. They want to support value creation in the lives of their customers so that they return to repeat the

experience—hence establishing a long-term relationship as the basis of their business model. Such an approach may also (hopefully) result in socially desirable behavior or outcomes, but the motivation is intrinsically (and appropriately) commercial.

### **Contemporary PAM**

Value creation for public services is distinct from this commercial orientation, for four reasons. First, a business is invariably clear about who their (sole) customer is. For public services, there is rarely one customer/service user. There can be multiple users, as well as other stakeholders, who have an interest in the outcome of a public service encounter—all of whom can have different subjective perceptions of the value that they desire (Powell and Osborne 2020). A support service for vulnerable adults, for example, will meet the needs not only of these adults but also of their families, friends, and carers. Citizens who are not service users, or even associated with one, can also amass instrumental and expressive value from a public service—perhaps as volunteers (Musso, Young, and Thom 2019).

Second, not all public service users are willing. They can be coerced (prison inmates), mandated (school-children), and/or unaware (adults with dementia/schizophrenia) (Alford 2016). This is highly unusual in commercial services. Third, the public policy context is far more of an immediate determinant of PSOs activity than it is for businesses—such as in the case of public policy to develop sustainable communities (Malekpour, Brown, and de Haan 2015). Finally, it is not sufficient for the service experience, alone, to be a positive one. Public services must also meet social/economic needs. For this reason, approaches to value that rely on experiential/hedonic definitions alone are inadequate for public services. A public service process can be inherently unpleasant, even though the outcome might add value to the user. Surgery can be painful and distressing in the short-term but can add value to a patient's life in the longer term. Consequently, a more sophisticated approach to value for public services is required.

The rudiments of this approach are contained in the strands of PAM above: PV has explored value/beliefs at the institutional, political and societal level and their interaction with public service delivery; CG has explored the nature of inter-organizational relationships and contexts, and how value might be created within them; PSL has explored the individual level of value creation and the elements of such value; and BPA has examined the impact of individual beliefs and values upon individual value creation. What is required now is a framework to draw these strands together and offers a holistic understanding of value creation and public service delivery. This is provided by the service ecosystem framework. Three key concepts are deployed in this framework. *Co-design* is the collaborative engagement of the key stakeholders (such as public service users, their carers and family, and public service staff) in the design and/or re-design of a public service. *Co-production* is the collaborative involvement of these stakeholders in the management and delivery of a public service. *Co-creation* is the collaborative process of value creation by these key stakeholders to a public service.

### **Service Ecosystems**

#### **The Service Ecosystem**

The metaphor of the “ecosystem” has become a prevalent one in contemporary management theory (for example, in strategic management [Adner 2017] and in innovation studies [Granstrand

and Holgersson 2020]). All draw upon the metaphor of dynamic, interactive, and self-sustaining ecological ecosystems, first developed by Tansley in 1935 (figure 1), to understand complex organizational environments.

Vargo and Lusch (2016) hence argue that value creation is not solely the purview of individual businesses but occurs within complex and interactive *service ecosystems*, comprising the key actors and processes of value creation as well as societal/institutional values and rules. It has subsequently become the front-line of SMM theory (e.g., Mustak and Plé 2020; Payne, Dahl, and Peltier 2021).

#### **The public service ecosystem (PSE)**

Context has long been a preoccupation of PAM (Pollitt 2013), and systemic approaches also have a long history (e.g., Knapp 1984). The PSE approach goes further, to explore both context and system (Hodgkinson et al. 2017; Leite and Hodgkinson 2021). Petrescu (2019) has described it as a unifying framework through which to understand the complexities of public service delivery and value creation at the societal, service, and individual levels, while Trischler and Charles (2019) explored its import for public service design, and Best, Moffett, and McAdam (2019) have examined stakeholder salience within PSEs. Strokosch & Osborne (2020) offered an empirical exploration of PSEs and concluded that they

“... move us beyond the transactional and linear approach associated with NPM, towards a relational model where value is shaped by the interplay between all of these dimensions and not least by the wider societal context and the values that underpin it.” (436)

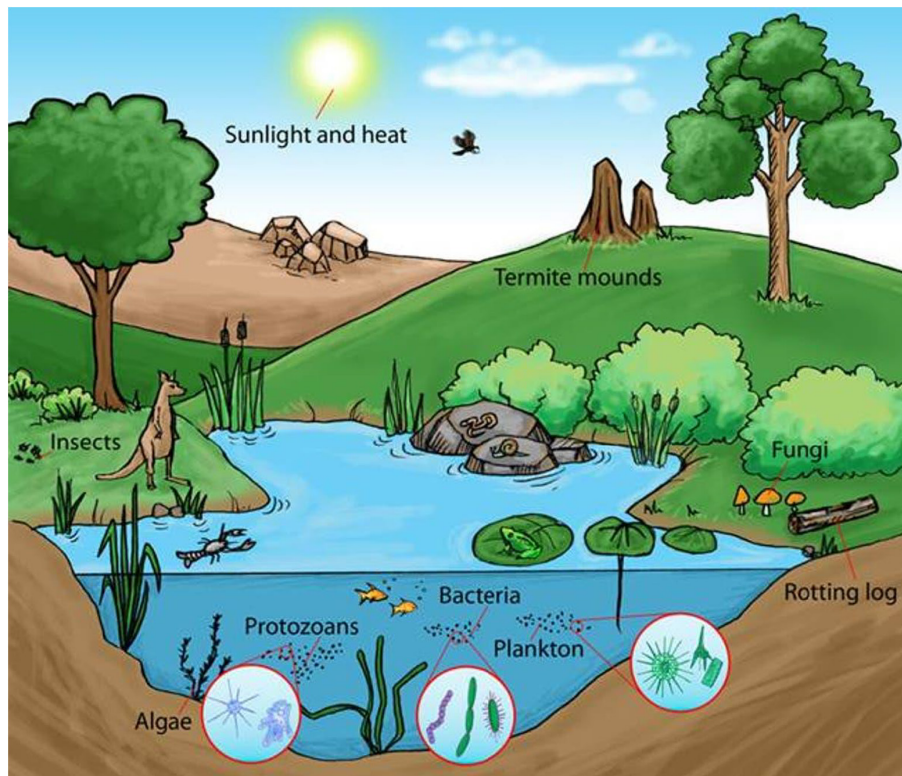
Rossi and Tuurnas (2021) have subsequently argued that PSEs reveal the complexity of value creation conflicts. Finally, Kinder et al. (2020, 2021) have explored learning and leadership within them and argued that PSEs have now replaced networks as the most persuasive framework for understanding public service delivery.

This current article builds on this prior work and argues that PSEs offer precisely the unifying framework that post-NPM PAM requires and which will allow us to integrate both the strands of PAM theory and the models of value creation identified above. It requires further development to do so, however, and that is the contribution of this paper. In particular it adopts, adapts, and extends the framework of Trischler and Trischler (2021). They identify three levels within the PSE: the macro-level (institutional level), the meso-level (multi-actor service level), and the micro-level (individual level). This resonates strongly with three of the strands of emergent PAM theory identified above. Thus, the macro-level identifies the institutional arrangements to legitimate value creation in society (PV), the meso-level explores the processes of value creation at the service/organizational level (CG), and the micro-level reveals the actuality of value creation for individual service users, staff, and citizens (PSL). To this, we have added the sub-micro-level to capture the impact of personal and professional beliefs/values upon value creation within the PSE (BPA).

#### **A Unifying Framework of Value Creation within PAM**

Our starting point is that public administration has traditionally emphasized the impact of societal and personal *values* upon the construction and enactment of public services (Kernaghan 2003)





Adapted from <https://www.zmescience.com/ecology/ecosystems-what-they-are-and-why-they-are-important/>.

**Figure 1 Ecological Ecosystem**

**Table 1** A Unified Framework for Value Creation and Public Service Delivery

Ecosystem level	Description <i>The impact of ...</i>	Theoretical lens	Value-added
Macro-level (institutional)	... societal norms, rules and beliefs upon value creation ("the atmosphere")	Public Value	Value-in-society
Meso-level (service system)	... organizational actors and networks, organizational rules/norms, the local community, and service processes on value creation ("the habitat")	Collaborative Governance	Value-in-production
Micro-level (individual service user/stakeholder)	... the user/stakeholder/staff on value creation ("the population")	Public Service Logic	Value-in-use and/or value-in-context
Sub-micro-level (beliefs)	... individual and/or professional beliefs upon value creation ("the sub-soil")	Behavioral Public Administration	Value-in-context

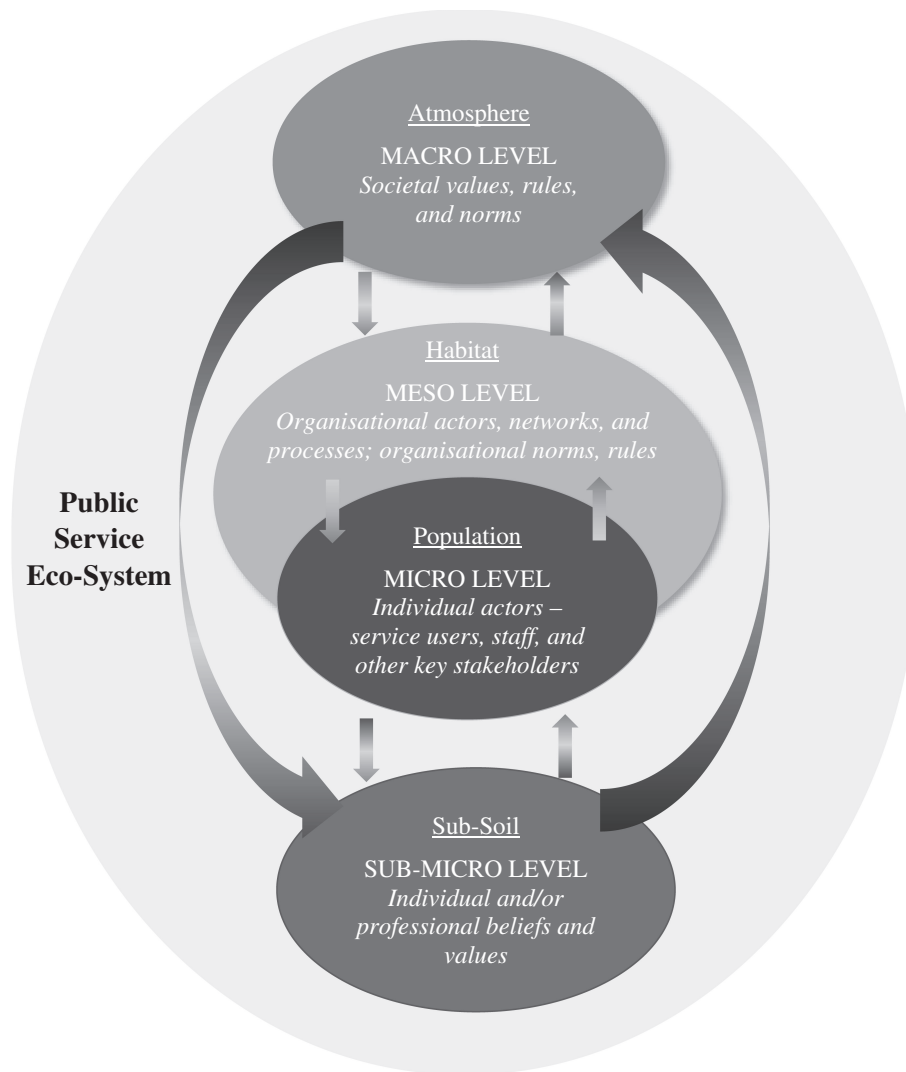
though this focus was somewhat lost during the managerialist preoccupations of the NPM. Our framework reintroduces this perspective and balances it with a discussion of value creation for individuals and society through the public service delivery, shifting attention away from the NPM preoccupation with internal value chains and towards an appreciation of the centrality of values and of external value creation as the arbiter of public service effectiveness (Hodgkinson et al. 2017). Value is created outwith of a PSO, and in the context of society, the service system and/or the lives of public service users and other key stakeholders.

Our interactive framework is presented in table 1 and figure 2. Thus the *macro-level* concerns the impact of societal values and institutional norms upon value creation through public services; the *meso-level* concerns the impact of individual PSOs and networks of PSOs upon such value creation, their organizational processes and norms and the local community as milieu; the *micro-level* concerns the role of individuals and individual action in value creation;

and the *sub-micro-level* concerns the impact of individual and professional values/beliefs upon value creation.

### **The Macro-Level**

This level draws on both PV theory and traditional Public Administration, and concerns the societal/institutional context of public service delivery and value creation. *On the one hand, this involves the impact of societal/institutional values, rules, and norms upon the context and processes of value creation* (Huijbregts, George, and Bekkers 2021). These will validate what types of value are socially desirable and what public service delivery processes are permissible, often enacted through political debate and public policy. In the 1980s, for example, "Pindown" was an innovative approach to controlling dysfunctional adolescents in the United Kingdom. Irrespective of its effectiveness however, it was deemed antithetical to societal values—and as closer to child abuse than therapy (Butler 2005). Different nations also articulate different norms about the permissibility of the death sentence for heinous



**Figure 2 The Public Service Ecosystem (PSE)**

offenders, based upon societal values (Vollum, Longmire, and Buffington-Vollum 2004). Such institutional values are not always consensual either, and value conflict can need to be mediated (Aschhoff and Vogel 2018).

Public managers can have only limited impact upon this institutional level. It is often a context within which they must operate. Effective public management requires that they comprehend and appreciate the impact of these institutional norms and rules upon the enactment of public services. It forms the operating environment for what public services may, or may not, do. This is not to say that public managers can never affect this institutional level, though. Operating in partnership with other stakeholders within a PSE they may work towards effecting change in societal values over an extended period of time—for example, in the way that societal beliefs about the capabilities and rights of autistic adults has been challenged and changed over the last three decades.

*On the other hand, it involves the extent to which public services create societal or “public value” (e.g., social inclusion), as discussed in PV theory (Bozeman 2019). In our framework, we denote this*

*as value-in-society. It can be realized in three ways. First, through the provision of “public goods” that are provided to all citizens, in order to avoid the “free rider” problem. Street lighting is the classic example of such a public good (Samuelson 1954). Second, it might be through a passive form of value creation, through the way that public services reflect underlying societal values, as discussed above. Third, it can also be a more active, if indirect, form of value creation. This concerns how instrumental public services (perhaps to reduce youth unemployment) can also create an indirect expressive value in society (such as social inclusion or active citizenship). Value-in-society is thus a cluster of three elements—the provision of public goods, the fulfillment of societal values, and the direct/indirect creation of value-added to society through a public service.*

#### ***The Meso-Level***

This level draws on CG theory and concerns the service level of public service delivery. It comprises the organizational networks of PSOs delivering a public service and also the service systems, technology, and processes that frame the “service journey.” It can also include the local community as the milieu of service delivery (Laitinen, Kinder, and Stenvall 2018).

This is the level within which public service managers can be most active—by the creation of value-creating resources (public services), by the governance of inter-organizational PSO networks, and by engagement with the local community. Value creation can also take place in two forms. The first is the creation of service-level value through organizational learning and the improvement/innovation of new forms of public services, through the co-design and re-design of public services (Bason 2017; Bason and Austin 2021). Such organisational learning is notoriously difficult, though not impossible. It invariably requires the admission of failure in the existing public service delivery modes, and which admission is problematic due to the media and political scrutiny/agendas that public services provoke (Flemig & Osborne 2019).

The second form is the creation of value for public service users, other stakeholders, and public service officials by their engagement in the processes of co-design/co-production of public services, irrespective of their outcomes (Brandsen and Honingh 2016; Nabatchi, Sancino, and Sicilia 2017). We denote this meso-level of value as *value-in-production*. For commercial services, as discussed above, production is only ever a preparatory stage to value creation through the use/consumption of a service—it does not create value in its own right (Sheth 2020). For public services, though, their production is not solely concerned with organisational sustainability, though this is important (Osborne et al. 2015). Value-in-production can be an “end in itself.” It can lead to the creation of value consequent upon involvement in the production process. Irrespective of the outcomes of a public service, being involved in co-design and/or co-production can create/destroy value in the lives of public service users, key stakeholders, and public officials. This value can take two forms. It can comprise the personal skills that these groups can accrue through being involved in the design and production of a public service, and/or the personal confidence that they gain from such processes.

Such value creation can occur through two processes. First, an individual can be involved in trying to establish a new community play-centre. This endeavor may ultimately fail, thus adding little to the community. However, this (failed) involvement in the design/production of a public service may actually add value-in-production to their life because of the new personal skills and/or personal confidence that being involved in these processes has enabled for them. Value-in-production is thus not contingent upon the creation of value for the end-users of public services, but it is nonetheless an important and unique element of value-added for public services that distinguishes them from their commercial counterparts.

Second, value-in-production also captures the value that may be added to third parties who are not direct public service users, but who are nonetheless involved in their design and production. This can include the family, friends, and carers of a public service user, as well as public service staff, as stakeholders within the PSE (Strokosch and Osborne 2020). However, it can also include citizens who are not direct stakeholders to the outcomes of a public service at all, but who are nonetheless involved in its design/production and who derives value from such involvement—the prime example being volunteers. Volunteers will seek their own value-in-production from a public service,

independent of its outcomes, in the form of acquired personal skills or confidence through volunteering (Haski-Leventhal et al. 2020).

Evaluating value-in-production is challenging. This is partly because of the reluctance to discuss public service failure, above. It is hard to evaluate improvement when failure is not an option. It is also partly because of the indirect nature of value-in-production, as a by-product of other processes.

### ***The Micro-Level***

This draws upon PSL and concerns the creation of value in the lives of public service end-users (and other key stakeholders). This is qualitatively different from value creation at the meso-level because it involves value creation as a direct result of the use of a public service, rather than from being involved in its design or production. At this level, service users and other stakeholders integrate resources created in the production process (i.e. public services) with their own needs, experiences, and expectations in order to create value in their lives. Public service managers and staff cannot control this process. They can make resources (public services) available to citizens in the form of value propositions (“service offerings”). However, the value created in a citizen’s life ultimately depends on how they integrate these resources with their needs, prior experiences, and expectations. Such value creation can be shared with public officials as co-creation, but the user is its arbiter. A teacher can offer learning resources to a class of students. How each student engages with these resources though will depend upon their experiences and expectations, while learning will be directly related to their individual needs.

Two types of value can be created at this level and which were previously noted in the SMM literature. First, *value-in-use* captures the phenomenological aspect of a public service encounter, in the way that it adds or detracts value from the life of a public service user. It also creates expectations (positive and negative) for the user about future public service interactions. This phenomenological aspect is closely related to the personal well-being of the public service user. The focus here is thus upon the experience of a public service rather than its outcomes. However, increasing evidence suggests both that this two dimensions are inextricably linked (e.g., in the case of oncological treatment [Dehghan et al. 2018]) and that the experiential dimension of public services is being challenged and transformed by the evolution of digital and virtual public services (Larsson and Skjølsvik 2021).

Such phenomenological value is not sufficient for public services, however. Second, therefore, *value-in-context* denotes the extent that a public service addresses the needs of a service user, within the unique setting both of their own life experiences and expectations and of the service ecosystem within which they are situated. This goes beyond the current focus in PAM theory on service outcomes (Cook 2017), to capture the impact of public services on the whole-life experiences of a public service user, as well as their expectations for the future (Strokosch and Osborne 2020). The elements of such individual level value have been explored further in Osborne, Nasi, and Powell (2021).

### The Sub-Micro-Level

This concerns the impact of individual personal and professional beliefs upon value creation, in a similar way to which the macro-level, societal, beliefs affect value creation at the institutional level. It draws upon BPA and concerns how individual and professional beliefs construct the individual context for value creation. This perspective is implicit in the concept of *value-in-context* though has rarely been made explicit in the literature. Our model draws this level into the light to allow its impact to be further explored and evaluated. We would acknowledge that this is the most under-developed element of our framework and requires significant evolution.

## Implications for Theory and Practice

### Implications for Theory

Thusfar we have integrated insights from PAM and SMM theory to offer a new framework to understand public services delivery. This framework builds upon important prior work on PSEs within the PAM community. It is rarely the case that one approach “replaces” another but rather that they build on each other to produce a “layering” of co-existing approaches (Lindsay et al. 2014). Thus, Hodgkinson et al. (2017) presented a Public Service Network Framework in order to conceptualize how value is created in public services. However, they use the concepts of “ecosystem” and “network” interchangeably and pay less attention to the nature/structure of the PSE itself. Trischler and Charles (2019) proposed a shift from a focus on “service” as the unit of output to “service” as a perspective on value creation. However, their focus is upon public policy, rather than PAM. Finally, Petrescu (2019) does explore the interaction of the macro, meso, and micro levels of the PSE. However, she focuses upon the organizational and individual actors to the exclusion of institutional, organizational, and individual values, processes, and norms. These are viewed, at best, as resources wielded by the key actors rather than significant elements in their own right.

Our contribution builds on these important articles but goes beyond them. We have used the PSE as a unifying framework to bring together the institutional, service, and individual levels of public service delivery. We have also adapted the SMM dimensions of value-in-use and value-in-context to a public service setting, and argued that these dimensions, by themselves, are not sufficient to capture the entirety of value creation in public services. We have thence argued for two further dimensions, value-in-production and value-in-society, as necessary additions. We have also added in the sub-micro level of individual beliefs.

Our article thus responds to the call of Dudau, Glennon, and Verschuere (2019) to explore further the utility and applicability of PSEs in PAM. Our original contribution is five-fold. First, we make explicit the structure of the PSE in a four-level nested framework. Compared to Hodgkinson et al. and Best et al., above, we believe that within this PSE, intro- and inter-organizational networks are essential, but not the whole. Other factors must be recognized, and the dynamics between the macro-, meso-, micro, and sub-micro-levels are also highlighted. The framework thus moves the PAM discourse away from one fixated on the PSO alone. It does this by locating both society and its democratic institutions and the public service user and the citizen as at the heart of public service value creation, and alongside the PSO, within the context of vibrant PSEs. The role of public service management thus is not one

(solely) focused upon intra-organizational/network management. Rather it is concerned with the integration of actors, resources and processes within PSEs and where the democratic context of PAM is fundamental to values and value creation.

Second, differentiated from Trischler and Charles (2019), our article locates the ecosystem perspective with the public service *delivery* process rather than *public policy-making*. We emphasize that such delivery does not follow a linear process but relies on dynamic interaction across multiple levels of social, network, organizational, and individual subsystems. Third, our article is the first to situate the negotiation of the value co-creation discourse between divergent stakeholders within a service ecosystem perspective. The question about how diverging value propositions of public and private value are created at different levels of the PSE, under the influence of public and/or private values, is elaborated in our framework. Fourth, we have brought the individual psychology and values of service staff and users into the framework to allow its import to be evaluated. Fifth, we have shifted the public service user from the periphery of PAM theory, as “simply” a passive recipient of a public service (Bench, Eassom, and Poursanidou 2017) and to its heart as the true arbiter of value creation/destruction. It must be emphasized that this is not a normative argument of the need for “user involvement.” Rather it is a reflection of the “actually existing” dynamics of public service delivery and the necessity of recognizing the key role of the public service user in value creation (Alford 2016).

These dimensions of value-added are contrasted with value-in-exchange in table 2. Table 3 then links these dimensions of value creation within the PSE to the elements of value enactment for

**Table 2** The Dimensions of Value for Public Services

Dimension of value	Description	Position in the public service delivery process
<i>Economic value</i>		
Value-in-exchange	Value as the price that a public service user will pay for a public service	At the policy stage (taxation) and/or point of production/co-production (fee/charge)
<i>Value-added</i>		
Value-in-production	Value-added, derived (1) from the experience of being involved in the co-design/co-production of a public service and independent of its outcomes; (2) from the value-added to a public service through service improvement	At the co-design and/or co-production stage
Value-in-use	Value-added, derived from the experience of using a public service, either in terms of its short/medium term effect upon well-being or of its impact upon the whole-life experience of a service user	At the use stage
Value-in-context	Value-added, derived from how a public service impacts upon the needs of a service user, in the context of their life experiences/expectations	At the use stage
Value-in-society	Value-added, derived from how a public service enables the expression and/or fulfillment of public/democratic values, the provision of public goods, and/or the indirect impacts of the service upon society	At the production and/or use stage



**Table 3** The Service-Level Dimensions of Value for Public Services

Dimension of value/ time-frame	Value-in-use (experience)	Value-in-context (needs)	Value-in-production (systemic)	Value-in-society (societal)
Short-term	Service satisfaction and personal well-being	Service outcomes—short/medium term service effects	Capacity creation—skills acquisition	Reflection of societal values
Long-term	Personal well-being and whole-life experience	Service outcomes—long term service impacts	Capacity creation—personal confidence/personality	Creation of societal capacity

individual public service users identified in Osborne, Nasi, and Powell (2021) and explores their dynamics in the short and longer-term (though inevitably the temporal reality of value creation is more complex than this simple duality). This synthesis contributes to developing a coherent language with which to explore value and value creation in public services at both the individual and ecosystem level. As such it provides a powerful context within which to research and evaluate key PSO processes, such as resource acquisition, strategic planning, and performance evaluation.

For example, a school comprises a learning ecosystem that includes such meso- and micro-level elements as teachers, support staff, buildings, and teaching resources/technology/methods. It encompasses macro-level beliefs about the value and role of education and a range of sub-micro-level personal/professional beliefs and norms about its delivery. It hence contains a range of potential value-generating elements. However, these elements can only create micro-level value when pupils interact with them through learning processes/experiences within the school ecosystem. The nature of these experiences will in themselves create value for pupils (value-in-use). Further, the value-added for each pupil, in terms of learning outcomes, will be contextualized, dependent upon their needs, expectations of the learning experience, life experiences, and the learning skills that they possess (value-in-context).

Some pupils may also be utilized as mentors for younger pupils. This will not enhance their subject-specific learning but will add value-in-production to their lives by the social skills and personal confidence that this role will engender. Finally, the school will potentially also add value-in-society by the way that:

- the learning processes reflect societal values (learning is important to a socially and economically vibrant society *or* is purely about vocational preparation for a working life),
- these processes societally privilege certain behaviors or forms of learning (digital literacy is important for a socially and economically vibrant society),
- the school contributes to a vibrant local community and/or offers community resources, and
- the school ecosystem contributes to molding active and engaged citizens for the future.

Finally, none of the above suggests that value creation is an inevitable result of a public service—they can as easily destroy value at any level of the PSE. This can be through poor design or delivery and/or through malformed relationships between the service user and the PSO (Engen et al. 2020). Our framework will allow the exploration and governance of such value destruction in public services, as well as its creation.

### **Implications for Practice**

We would also highlight four important implications for public management practice. First, we emphasize the need to shift the focus of this practice away from a concern with intra-organizational management, and even external public service outcomes, alone. These are of course essential to effective public services. However, the true value of public services goes beyond these service-specific objectives to embrace the experiential, contextual, and societal dimensions of value identified above, within vibrant PSEs. This requires a role for public service managers in both appreciating the institutional and individual values underlying a public service and the active governance of stakeholder relationships, resource integration and value co-creation processes within PSEs (Eriksson and Hellström 2020).

Second we stress the need to move from an introspective focus on the PSO and to embrace the centrality of the user to value creation through public services. Such user-engagement and participation has been a preoccupation of successive waves of public management reforms over the past fifty years but with only limited success (Osborne et al. 2020, Osborne & Strokosch 2022). The framework offered here offers a language and syntax through which to develop genuinely user-focused public services. This goes beyond a normative commitment to such involvement, to generate an authentic understanding of the central role of public service users in public service value creation.

Third, we would also stress the necessity of an inclusive and open approach to public service design and delivery. Society is complex and nuanced, rather than monolithic. This requires public managers to embrace the design and delivery of public services in innovative ways. In particular, it requires that they develop novel ways of communicating both with marginalized communities and/or vulnerable service users. For such groups, the balance between the co-creation and co-destruction of value is even keener than for most public service users (Larsen and Caswell 2020; Scarli 2021a). Fourth, our approach suggests that the evaluation of public services must embrace value creation and that indicators of public service performance need to be evolved that truly capture the dimensions of value creation/co-creation through public service delivery.

### **The Way Forward**

Further work is now required to test, critique, and develop this framework. Such work might focus upon

- The interaction between the our levels of the PSE framework presented here, and their root theories of PV, CG, PSL, and BPA,
- The nature and processes of value destruction/co-destruction, and its amelioration for public services,

- Value creation for public service staff, and,
- The impact of the increasingly virtual/digital context and environment of public services upon public service value creation, as well as the incipient impact of artificial intelligence.

## Notes

1. A “product-dominant approach” is one that treats services as if they were goods produced through manufacturing and which emphasizes technical specification, rather than service process enactment. Services can utilize goods/products within this enactment (such as the scalpel wielded by a surgeon)—but these elements are there to support the process rather than encompassing the service (Gronroos 2019).
2. It is important to differentiate “marketing” as a managerial function from the “marketisation” of public services within the NPM framework (Randle and Zainuddin 2020).

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