PUBLIC SERVICE INNOVATION: A VALUE CREATION PERSPECTIVE

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- *Previously a public service professional and manager for 15 years in England*

- ▶ I - The two contemporary challenges of public service management

- ▶ II - A value creation framework for public service innovation

- ▶ III - What does this mean for PSI?

- ▶ IV - What does this mean for PSI with marginalised groups?

WHAT ARE WE GOING TO TALK ABOUT?

I – CONTEMPORARY PUBLIC SERVICE MANAGEMENT

- **The world has changed**
    - Fragmented
    - No longer possible for one organisation to meet social/economic need in isolation – though was it ever?
    - Towards *public service ecosystems*

- **Current public management theory (NPM) not 'fit for purpose' , if it ever was**
    - Policy not service-user focus
    - Product not service orientation (outputs not processes)
    - Intra-organizational focus in a plural and pluralist world

- **So…**
    - Time for a new theory….?

THE TIMES THEY ARE A' CHANGING...

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II – A VALUE CREATION FRAMEWORK FOR PUBLIC SERVICES

Creating VALUE
Recognizing it is all about Value Creation

- Public services are *not…* products
  - Not tangible goods – no 'missing product'

- Public services are… services
  - Intangible processes
  - Production and consumption occur together
 - They should add value to their users through co-creation – *but what is 'value'?*

PUBLIC SERVICE LOGIC I (OSBORNE 2018, 2020)

- Public services are value-based – public policy is *a value-promise*

- Public services have no intrinsic value – value is co-created in use for service users - *value-in-use* (residential care)

- These resources can be integrated with the needs and experiences of service users to co-create *value-in-context* (schooling)

- Citizens and service users can also create value by their involvement in the co-design and co-production of public services – *value-in-production* (co-design/volunteering)

- Public services can also create value at the societal level – *value-in-society* (social inclusion)

- Value creation is not always ensured – *value destruction* can occur also

- Such value creation/destruction occurs not within public service organisations (PSOs) but *public service ecosystems*

- PSOs do not create value but offer *resources* to users

  - Internal performance is only relevant in the context of the creation of external value
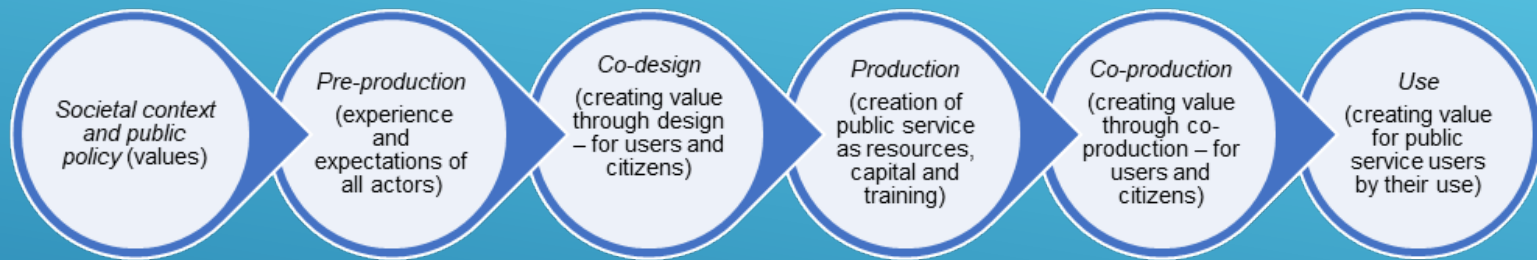
PUBLIC SERVICE LOGIC II

- **Some caveats**
  - Public services are a continuum
  - Public services can have concrete elements
  - The inter-personal nature of services and the locus of knowledge being challenged by the digital revolution and virtual services

THE PUBLIC SERVICE ECOSYSTEM

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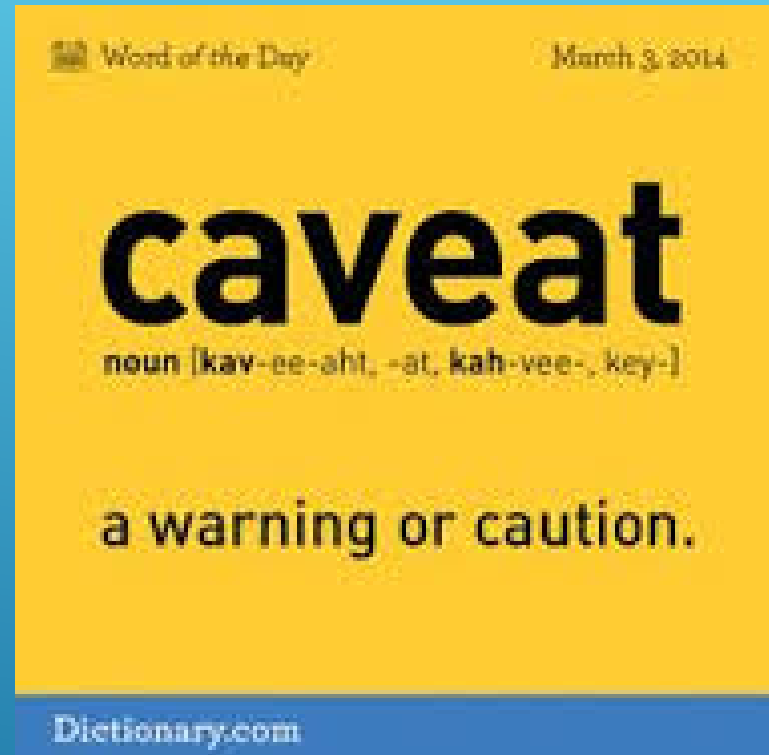
Ecosystem level and its PAM core theory	Description	Governance mechanism/role of public service manager	Example of value creation (in the field of education)
Macro-level (institutional): public value	The impact of societal norms, rules and beliefs upon value creation practices (process) and the creation of public value (outcome)	APPRECIATE: the institutional level is not amenable to governance by public service managers, but it does need to be understood by them, and its import for public service delivery	Education both enacts the values that underpin a society about the role of learning within it (process) and may promote other societal values such as inclusiveness (outcome)
Meso-level (service delivery system): collaborative governance	The impact of the organizational actors, service processes, and local community on value creation (process) and the creation of organizational/service learning and improvement (outcome)	ENGAGE: this is the level that public service managers have most control over—both through resource creation/management and by the governance of public service organizational networks	A school may choose to review/reconfigure the layout of the library by co-designing it with students (process). This may also subsequently enhance the learning experience, improving the service delivered by the school (outcome)
Micro-level (individual service user/stakeholder): public service logic	The impact of the individual user (and other key individual stakeholders) on value creation (process) and the creation of individual value (outcome)	FACILITATE: this is the level where individual stakeholders create/co-create value in their own lives by integrating resources (services) from the meso-level with their needs, experiences and expectations	Students bring their own life experiences into the classroom which changes the learning experience for all (process). Value is created/destroyed for the student when they engage with these resources in the context of their own life—in terms of both their learning and their future life expectations and/or experiences (outcome)

Societal context and public policy (values) → Pre-production (experience and expectations of all actors) → Co-design (creating value through design – for users and citizens) → Production (creation of public service as resources, capital and training) → Co-production (creating value through co-production – for users and citizens) → Use (creating value for public service users by their use)

THE PUBLIC SERVICE PROCESS – FROM A VALUE PROMISE (PUBLIC POLICY) TO VALUE CREATION

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- Short-term satisfaction/well-being

- Service outcomes (medium-term effects and long-term impacts)

- Whole-life experience (independent of service need)

- Capacity creation

- Societal value

ELEMENTS OF VALUE

III - WHAT DOES ALL THIS MEAN FOR PUBLIC SERVICE INNOVATION (PSI)?

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The key challenge

Public Service Innovation is not about the technical design of public services. It is about adding value to citizens and service users…

BUT *what is 'value'* – and for whom? Is it 'value/values-based'?

AND how is it situated within public service ecosystems?
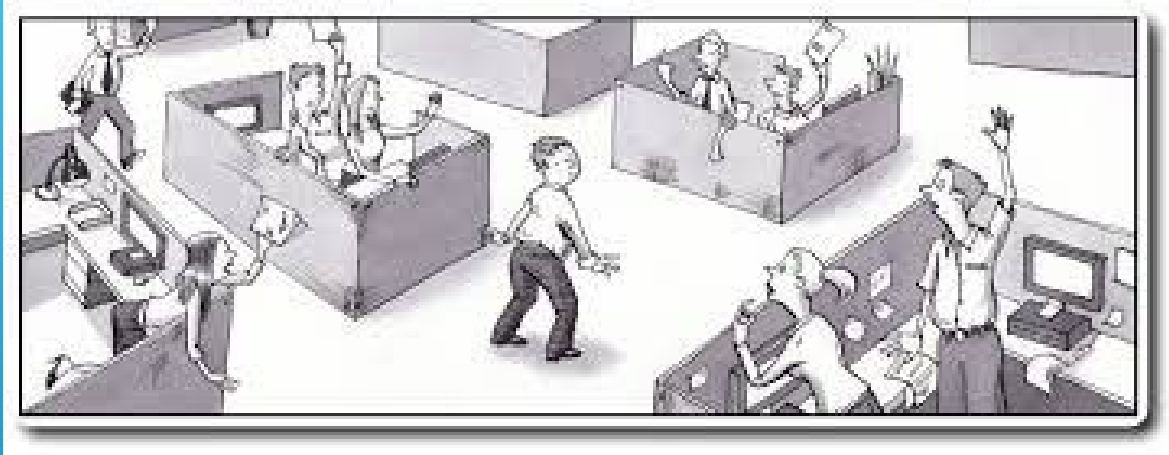
- I Value creation through public service innovation is rooted in value systems (values) and interacts with them – *understand them*
  - PSI is embedded in societal/professional/personal values (Pin-Down/AI, robotics and elderly care)
- II Value creation through public service innovation is embedded in relationships (individual, ecosystemic and contextual) – *build trust* (community care/data exchange)
- III Value creation through public service innovation is socially constructed and contested - requires *active negotiation* of values and outcomes (faith-based schools/disability)

INNOVATION AND VALUE CREATION IN 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* – 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 and personality	Creation of *societal capacity*

VALUE CO-CREATION THROUGH PUBLIC SERVICE INNOVATION: CREATING NEW METRICS

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IV - WHAT DOES THIS MEAN FOR PUBLIC SERVICE INNOVATION AND MARGINALISED GROUPS? *TIME FOR NEW METRICS OF PSI...*

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Dimension of value/time-frame	Value-in-use (experience) – *irrespective of outcomes!*	Value-in-context (needs)	Value-in-production (systemic) – *irrespective of outcomes!*	Value-in-society (societal)
Short-term	The service experience is positive and encourages further engagement	The service user learns new skills (for a job or job application process)	The service user (or citizen-volunteer) develops confidence that impact their whole-life experience	Reduction of unemployment and enhancement of social inclusion for marginalised groups
Long-term	The service experience builds a positive persona for the user about their role and potential in society	The new skills acquired lead to successful job application *and* working life	The new confidence of the service user (or citizen-volunteer) leads to success in other life spheres	Successful expression of societal value of an inclusive society

PSI AND VALUE CREATION FOR MARGINALISED GROUPS – THE EXAMPLE OF WORK CREATION SERVICES

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'It's **public service innovation** Jim, but not as we know it….'

THANK YOU! QUESTIONS AND DISCUSSION…?

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