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Public Value



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Synonyms

Public interest, Common good, Common welfare, Common wealth

Definition

Public value (PV) signifies an organization's subjectively relevant contribution (positive or negative) toward the common good. It describes the quality of the relationship between an individual and this individual's own image of society. Whether something subjectively holds PV is therefore dynamic in nature. Consequentially, PV cannot be actively created in a deterministic sense (by an organization, e.g.), as it originates only in the evaluating individual. According to the public value theory (Meynhardt, 2008, 2009, 2015; Meynhardt et al., 2016), what is valued is determined by the subjective fulfillment of four basic needs: (1) gaining control and coherence over one's conceptual system, (2) positive relationships, (3) maximizing pleasure and avoiding pain, and (4) positive self-evaluation. Therefore, organizational behavior that is perceived by individuals as promoting stability, community, ethical conduct, and improving the overall quality of life holds PV for these individuals. These criteria suggest a strong connection between elements of a civil society and what is regarded as beneficial for the common good. Studies in Switzerland and Germany have shown that especially non-profit organizations and NGOs are rated higher on average concerning their contribution to the common good. While it is not yet sufficiently clear as to why this is the case, it suggests that an organization by incorporating elements of a civil society due to their promotion of ethical conduct, community, stability, and an improved quality of life is attributed to a collective positive public value on a social scale.

Introduction

Public value came into focus as a result of widespread debates concerning issues of responsibility and accountability of public and private organizations in society, mainly focusing on public administration. Given the recent renaissance of public interest ideas (e.g., Selznick, 1992; Münkler et al., 2001, 2002; Bozeman, 2007), these debates have expanded to span an integrated view on public value creation, sources of legitimization, and

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operational capacities (Moore, 2000; Brown & Moore, 2001) and to include any type of organization (Meynhardt, 2019). Common to the different lines of thought is the notion of incorporating a more complex view on human nature for legitimizing organizational action through PV creation (Talbot, 2006).

As organizations are deeply embedded in and receive their "license to operate" from society, their challenges to secure long-term success are various – for example, generating wealth for and in society or securing social integration and cohesion. Focusing solely on economic or financial indicators does not provide insight into how well these challenges are mastered by an organization.

PV thinking is not simply about compensating for state failure or market failure and its negative "externalities." Bozeman argues that negative public value (in his words "public-value failure") "occurs when neither the market nor the public sector provides goods and services required to achieve core Public Values. . . . and market failure tells us little about whether government should intervene. . . . [T]he key policy question becomes, if the market is efficient, is there nonetheless a failure to provide an essential Public Value?" (2002, p. 150). The general idea is perhaps best summarized by O'Flynn who interprets the PV discourse as "a way of thinking which is post-bureaucratic *and* post-competitive allowing us to move beyond the narrow market versus government failure approaches" (2007, p. 353). Consequentially, public value "is not governmental" (Jørgensen & Bozeman, 2007, p. 373).

Instead, public value focuses on value creation by an organization. It gives a balanced insight into the performance of an organization with regard to these various challenges as perceived by the individuals who collectively form society. Thus, PV can be interpreted as a perspective on relationships between the individual and society, focusing on creating experiences of the community (*Gemeinschaft*) and society (*Gesellschaft*). Today's integrative approach may explain its attractiveness to scholars interested in the contribution of for-profit and public (nonprofit and governmental) organizations to (the civil) society. (cf. Bryson et al., 2015; Lindgreen et al., 2019).

Historical Background

Public value gained the attention of a wider audience with the book "Creating Public Value: Strategic Management in Government" by Mark Moore (1995). His initial goal was to "develop a normative (rather than positive) theory of managerial (rather than organizational) behavior" for the American government (ibid. 2). The subtle and complex relationship between means *and* ends in the public sector (implementation and execution of law in public administration on the one hand and public policymaking on the other) was an essential challenge for him. As a solution to real-world problems, Moore developed the role of a public manager as an "explorer" searching for opportunities to create public value. Such an understanding includes a "strategic" element far beyond mere execution of the law, in which entrepreneurial spirit is bound by and directed towards PV. In Moore's initial understanding, PV forms an equivalent to the idea of shareholder value in the private sector: "The definition that remains equates managerial success in the public sector with initiating and reshaping public sector enterprises in ways that increase their value to the public in both the short and the long run" (1995, p. 10). The similarity to the notion of shareholder value obviously was only justified in the ultimate significance of direction setting.

Crabtree (2004) reconstructed the rise of PV in the public sector as a "revolution that started in a library." After years of nearly becoming a flop, Moore's book was almost accidentally discovered in the United Kingdom. The more integrative view on the purpose and legitimacy of public institutions as something different or more than a compensation for market failure inspired in the UK not only the BBC's Charter renewal submission but also the Cabinet Office's strategy unit and a number of other organizations. In reviewing UK developments, PV, to Talbot, "is clearly becoming somewhat fashionable amongst at least some think-tankers and policy-makers" (2006, p. 3).

In countries like the UK, New Zealand, or Australia with intense public reforms inspired by new public management concepts, the notion of

PV widely resonated (O'Flynn, 2007). In Germany, the ideas are also welcomed as a potential perspective for public reforms to reconcile traditional notions of public administration and management principles imported from the private sector (Hill, 2007; Meynhardt, 2008; Meynhardt & Metelmann, 2008). For Stoker (2006) PV could even serve as "emerging paradigm" for networked governance.

Criticism

Critics of Moore's original conceptualization find fault in his use of vocabulary. "In what was to become a defining characteristic of PV literature, Moore appears sometimes to be talking about public goods; services which are nonrivalrous and nonexcludable such as defense or street lighting; and at other times to be talking about the public interest or the even the public domain. All of these terms have their problems" (Oakley et al., 2006, p. 3).

Moreover, they criticize, the indeterminable nature of Moore's work. As Rhodes and Wanna put it: "Moore is unclear whether he offers a theoretical framework, a concept, a heuristic device, or an operational tool of management. (. . .) Various proponents argue that Public Value should be seen as a paradigm (. . .), as a concept (. . .), a model (. . .), a heuristic device or even a story. (. . .) Perhaps the ambiguous nature of Public Value and its various applications fuels its popularity – it is all things to all people" (2007, p. 408).

But criticism is not only voiced on a methodological level: Concerns arise from the perspective of political scientists, stating that Moore's approach rebrands the neo-liberalism it claimed to overcome. If certain aspects of power and conflict were not soon to be addressed, there is a high-risk that PV "(1) leaves political inequalities undisturbed, (2) subordinates open-ended democratic contestation to the production of specific ends, and (3) substitutes 'managed democracy' for more democratic forms of rule based on shared power" (Dahl & Soss, 2014, p. 497). To ensure PV does not lead managers on the course of "downsizing democracy" (Crenson & Ginsberg, 2004), it is important to seek out ways to "inform, represent and empower relevant publics" (Dahl & Soss, 2014, p. 502).

Taken together, much of the doubt whether the notion of PV is a theory at all is due to "more general problems in studying *values*" (Jørgensen & Bozeman, 2007, p. 354) and subsequently value creation. Overcoming and conceptualizing both subjectivity and the resulting complexity of PV is necessary for an academic dispute.

Key Issues

Basic Value Dimensions

Talbot rightly claims that the public value discourse needs "a grounding of Public Value in our evolved and contradictory human nature" (Talbot, 2006, pp. 3–4). Therefore, a theory framing the individuality of what one values forms a necessary base to avoid that PV becomes an empty and formal construct.

"Value" in general refers to the desirable and to individual preferences. If value experiences are shared, a "value" becomes objective in this specific sense. Values become only relevant for action if they "translate" into psychological states (e.g., motivation, attitude, or opinion) through processes of evaluation. This translation depends on basic human needs, which are defined as felt discrepancies between an actual and desired psychological state that result in a motivation to act (Meynhardt, 2004, 2009, 2015).

Needs concern deficits. They serve as actual or hypothetical reference points for evaluation; they function as the *whats* of the *shoulds*. Satisfied needs may lead to pleasant feelings, positive emotion, and well-being; unsatisfied ones may be followed by anger, discomfort, frustration, or anxiety. Psychological theories account for those processes in great detail and with a lot of sophisticated and subtle arguments (Lewis et al., 2008). Therefore, need theories provide an elegant frame for human subjectivity, narrowing the sheer infinite possibilities of individual preferences down to a palpable number of shared basic human needs.

Seymour Epstein in his cognitive-experiential self-theory provides a remarkably coherent distillation of need theories (e.g., 2003). In his brilliant analysis of existing theories on human driving forces, he compares the ideas of famous thinkers like Freud, James, Adler, Rogers, Kohut, Horney, Erikson, Bowlby, Kelly, and Allport. Epstein relates needs to values by arguing that people at least "implicitly value" (1989, p. 16) when fulfilling their needs. A "value" then would be an experience based on the evaluation of any object against basic needs. They provide a minimal and robust starting point for the development of basic value dimensions. The abstract philosophical notion of "desirability" is traced to a concept of human needs. In this view, those needs are basic needs that are essential (not for their "own sake"): they are about fundamental structures of personality. "Invalidating" them would destabilize the "entire conceptual system" (Epstein, 1993, p. 322).

In his cognitive-experiential self-theory on how "all individuals automatically construct an implicit theory of reality" (ibid. 321), Epstein establishes four basic dimensions of functions or "needs" without a normative statement of supervenience. "Which function, if any, is dominant varies among individuals and within individuals over time" (Epstein, 1989, p. 8). Potential conflicts cannot be reconciled by reference to a natural hierarchy. Table 1 (Meynhardt, 2009, p. 203) relates basic needs, psychological "translations" and basic value dimensions.

For example, an evaluation on how some public service impacts an individuals' self-worth and positive self-regard can be interpreted as moral-ethical valuation (Meynhardt, 2009). But not every complex moral-ethical issue can be traced back to self-worth effects alone. However, the notion of self-worthiness is an essential dimension of every moral-ethical evaluation. In the same way, the three other evaluations of needs' fulfillment can be translated into motivations (as an example for psychological constructs of "forces") and viewed as basic value dimensions.

Public Value and Its Creation

Epstein's theory on basic needs provides a framework on how individuals perceive and value their reality in general. Following Meynhardt (2009), PV refers to all aspects an individual values concerning his or her relationship with "the public," or precisely, his or her subjective idea of "the public" in form of a "generalized other." "The public" is an unknowable and indispensable operational fiction – necessary for action and orientation in a complex environment. In this functional perspective, it is not a tautology to argue: Public is what an individual or group regards as public – it is not to be reduced to the sum of analytical insights.

PV is what impacts values about the "public." "Impact," and "valuing" imply not only positive appreciation, but in the first place something – positive or negative – that matters to peoples' values about their perceived relationship to "the public." In this view public value is not restricted to a certain value system (any religious system, or a constitution, human rights, democracy, etc.).

In the same direction, Talbot states "Public Value then is the combined view of the public about what they regard as valuable" (2006, p. 7). The PV idea counterbalances overly simplistic views on human nature using rational or public choice ideas of economic maximization of utility and service (O'Flynn, 2007), as it is not restricted to implicit values of democratic procedures or aspects of fairness or trust. PV is created in every societal context. In other words, public value is by definition not restricted to values expressing high regard of the "collective" or the *Gemeinschaft*. Theoretically, values like extreme individualism or even mistrust would create positive PV if they occur in a social context where individuals appreciate those values about their relationship toward "the public."

Public value creation is a process that is measured against psychological evaluation on an individual and group level. In this broad notion producing "facts" is not necessarily correlated to value creation. If a value is not in peoples' minds, it is not "real." PV as value for the public is a result of evaluations about how basic needs of individuals, groups, and the society as a whole are influenced in relationships involving the "public." In this sense, it is also value *from* the public, that is, value that is derived from the experience of the "generalized other."

Public Value, Table 1 Relation between basic needs and basic value dimensions

Basic need for . . .	Translation into a motivation for. . . . (examples)	Basic value dimension
. . . positive self-evaluation	. . .positive self-concept and self-worth	Moral-ethical
	. . .consistent relationship between self and environment	
	. . .feeling of high self-esteem (in social comparison)	
. . . maximising pleasure and avoiding pain	. . .positive emotions and avoidance of negative feelings	Hedonistic-aesthetical
	. . .flow-experience	
	. . .experience of self-efficacy due to action	
. . . gaining control over one's coherent conceptional system	. . .understanding and controlling environment	Utilitarian-instrumental
	. . .predictability of cause and effect relationships	
	. . .ability to control expectations to cause desired outcomes	
. . . positive relationships	. . . relatedness and belongingness	Political-social
	. . . attachment, group identity	
	. . . optimal balance between intimacy and distance	

Classifying Public Value

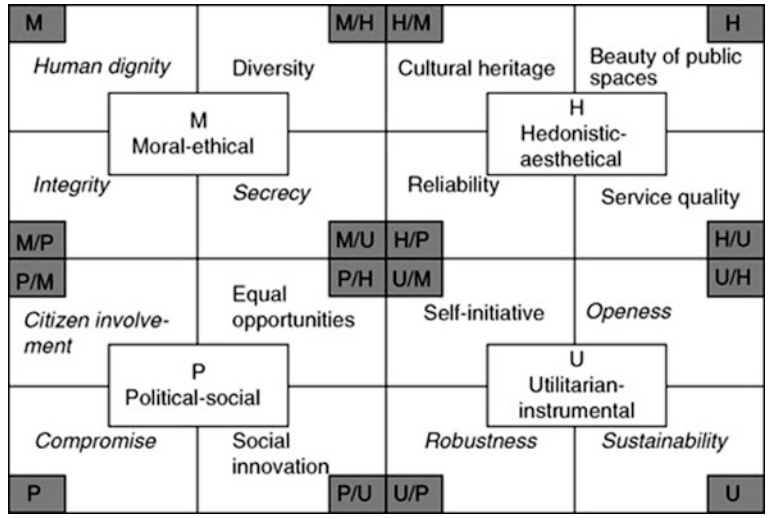
It was shown so far, how PV is rooted in fulfillment of shared basic human needs and how these individual processes in the context of social norms collectively form the public value of, for example, organizational behavior. But especially given the dependence on social contexts, it is important to reflect on what people wish for. Moore himself avoids a more explicit position on "things that are individually desired," except for references to fairness and justice (1995, p. 52). Beck Jørgensen and Bozeman state "if there is any single item for a Public Value research agenda, it is developing approaches to sorting out values and making sense of their relationships" (2007, p. 377). This may include the whole range of empirical research but also developing heuristics and classification schemes.

Public values can be classified as combinations of the four basic value dimensions outlined above. If one combines the four dimensions with each other, 16 cells emerge. In Fig. 1 for illustration, the eight "nodal values" identified by Beck Jørgensen and Bozeman in their Public Value Inventory are displayed in italics, the other cells were added (ibid. 371).

There is clearly no undisputed interpretation of any value subscription (which of course is due to the very subjective nature of value). In line with basic needs theory, there is no hierarchical order in the first place. For practical purposes, the "size" of the landscape may of course be enlarged accordingly. However, the basic dimensions serve as "yardsticks" in a public value landscape. They navigate the search as to where to look for PVs in concrete relationships and help to identify "blind spots" in empirical work. Interestingly, the entire realm of hedonistic-aesthetical public values was not part of Beck Jørgensen and Bozeman's universe. In other words, even though those categories do not emerge from empirical investigation, one would need to consider them to capture the full roundedness of human nature.

Future Directions

Any impact on shared experience about the quality of the relationship between the individual and "society" signifies public value creation. Public value creation then is founded in individuals, constituted by subjective evaluations against basic



Public Value, Fig. 1 Public value landscape

needs, activated by and realized in emotional-motivational states, and produced and reproduced in experience-intense practices. Consequentially, modeling the process of internalizing values on the individual level and implementing them on a collective level becomes the eye of the needle of the public value research. It is essential, especially for providing practical implications, to identify values of relevant social contexts (including an inter-cultural lens) and to be able to keep track of dynamic changes over time.

To tackle this challenge, further qualitative studies utilizing existing Public Value Scorecards (Moore, 2003; Talbot, 2006; Meynhardt, 2015) need to identify and systemize individual values. In quantitative research, the Public Value Atlas (Meynhardt, 2018) can deepen our understanding of PV development on a societal level. It has been established in numerous surveys in Switzerland and Germany as a valid measure enabling an open dialogue through transparent data.

Building on this data, public value research should aim for providing managerial guidance, as organizations are deeply embedded in society and play a vital role in how people perceive their surroundings. Organizations cannot *not* influence PV – create or destroy it. Research has just started an inquiry into antecedents, moderating, and mediating variables that impact public value-oriented entrepreneurship (see, e.g., Meynhardt & Metelmann, 2009). Furthermore, research into the connection between the PV of an organization and individual commitment to public values (which includes the motivation to work in public services (PSM)) could show, that on the one hand, a perceived fit is positively moderating PSM's effect on employer attractiveness (Carpenter et al., 2012), while public value branding does not (Weske et al., 2019). This underlines the fact that it is not about what messages you send, but what is perceived by the evaluating individual. Therefore, managing PV is a tough practical challenge. It requires a style of integrative leadership, not limited to the balancing of different value perspectives.

Finally, understanding the synergetic interplay between institutions and across sectors will be a key challenge. Starting with the question of what public value should be created would determine who should be involved. This line of thinking is different from dichotomies like state vs. market vs. civil society. In times of blurred boundaries, the quest for public value becomes most important. Current research on integrative leadership (see for a framework: Crosby & Bryson, 2005) did not focus on processes related to specific public value dimensions.

Public Value has a short history, but a long tradition. It only appeared as a concept in the 1990s, but points to long-lasting issues of value creation in economics and the role of institutions in society. Whether or not PV research will

contribute to explaining and understanding how to develop and sustain civil society will depend on its capacity to disentangle normative ("should") and descriptive ("is") inquiries. The key issue is to explain and understand value dynamics in civil society, linking individual and collective levels.

Cross-References

- ▶ Accountability
- ▶ Communitarianism
- ▶ Goods and Services, Types of
- ▶ New Public Management
- ▶ Nonprofit Brands and Branding
- ▶ Public Benefit and Public Good
- ▶ Values

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