



International Journal of Leadership in Public Services

The evolution of public services from co-production to co-creation and beyond: New Public Management's unfinished trajectory?

Petri Virtanen, Jari Stenvall,

Article information:

To cite this document:

Petri Virtanen, Jari Stenvall, (2014) "The evolution of public services from co-production to co-creation and beyond: New Public Management's unfinished trajectory?", International Journal of Leadership in Public Services, Vol. 10 Issue: 2, pp.91-107, doi: 10.1108/IJLPS-03-2014-0002

Permanent link to this document:

<http://dx.doi.org/10.1108/IJLPS-03-2014-0002>

Downloaded on: 26 April 2017, At: 00:24 (PT)

References: this document contains references to 66 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 471 times since 2014*

Users who downloaded this article also downloaded:

(2014), "Polyphonous leadership and middle managers", International Journal of Leadership in Public Services, Vol. 10 Iss 3 pp. 172-184 <http://dx.doi.org/10.1108/IJLPS-08-2014-0015>

(2014), "A relational perspective on public sector leadership and management", International Journal of Leadership in Public Services, Vol. 10 Iss 1 pp. 4-16 <http://dx.doi.org/10.1108/IJLPS-03-2013-0006>



Access to this document was granted through an Emerald subscription provided by emerald-srm:383794 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.



The evolution of public services from co-production to co-creation and beyond

New Public Management's unfinished trajectory?

Petri Virtanen and Jari Stenvall
School of Management, University of Tampere, Tampere, Finland

New Public Management's unfinished trajectory

91

Received 19 March 2014
Revised 23 June 2014
Accepted 2 July 2014

Abstract

Purpose – Based on the concept of “intelligent public organisation” as a new theoretical trajectory for New Public Management (NPM) theory, this paper brings together the recent critical discussion on NPM as it relates to public services and service science while specifically pinpointing the nature of public sector intelligence, evaluation, as well as management and leadership of public services. The paper aims to discuss these issues.

Design/methodology/approach – The paper highlights the ongoing discussion on service-dominant logic and reflects the major innovations in service research, innovation studies, organisational learning, development methods, and evaluation from the public services' perspective.

Findings – It is argued that contemporary public management theories and practices – and theories reflecting the role of public services – should make more use of that body of literature focusing on substantive service-dominant theories found in marketing and business studies. The paper concludes that the academic discourse on NPM and New Public Governance (NPG) has been rich in content, but to date rather biased from a public services perspective.

Practical implications – It is argued that public services are arenas for interaction, co-operation, and co-creation, orchestrated by the networks of organisations providing these services. The essence of “service user” has also changed in recent decades. This development has practical implications for developing leadership practices in public services.

Originality/value – Doctrines of NPM and NPG have been missing an appreciation of the comprehensive role played by public services and the role of evaluation of public services has also been largely ignored. In this light and in regards to public services in particular, the new wave of public policy evaluation paradigms could usefully be integrated with NPG.

Keywords Leadership, Evaluation, New Public Management, Public services, New Public Governance

Paper type Conceptual paper

Introduction

It is clear that the constraints imposed on the global and national economies across Europe by the financial crisis of 2008 and the fiscal and economic crises that followed in its wake have affected public sector institutions and organisations in manifold ways. On top of this, it is evident that public sector organisations more generally and public services in particular have endured a prolonged period of reform, disruption and change since the 1990s, both in Europe and throughout the OECD more generally. The implementation of the dominant New Public Management (NPM) ideology has thus occurred in the era of economic difficulty and – depending on the specific country – often alongside consecutive waves of recession and stagnation. (e.g. Pollitt and Bouckaert, 2004, pp. 18-20).

These developments raise a twofold challenge to public services. On the one hand, services have been required to constantly adapt (“to keep pace with the ongoing fiscal



cutbacks”). While in addition, plans for service improvement have often had to be abandoned because they can no longer be afforded. Technology for instance, is a double-edged sword in this respect since the costs of technological development in the public service sector are usually colossal and often fail to meet their targeted goals, though it is argued that the introduction of new technology can promote significant cost-savings in the long term (e.g. Kristensson *et al.*, 2008). Needless to say, economic constraints and advanced technology have an effect how the public services are led and how the organisational cultures are renewed within the domain of public services (Argyris, 2010).

It has been argued that both in theoretical terms and in practice, as an overarching approach to public service provision, NPM is no longer fit for purpose – indeed some argue whether this was ever the case (Osborne *et al.*, 2013; Pollitt, 2007). Osborne *et al.* (2013), for instance, have pointed out that NPM contains two fatal flaws. First, it focuses on intra-organisational processes at a time when the reality of public service delivery is inter-organisational and thus based on networks within and in the spaces between organisations. Moreover, with the idea of inter-organisational processes service systems come into the picture. Public service delivery today is implemented by service systems rather than by single organisations. To take an example, social services and professional social work very seldom can fulfil the needs of the service user. Very often for instance mental health care services – and health services as a whole – have a crucial effect on how service users are being helped with. Second, it draws upon management theory derived from the experience of the manufacturing sector, which ignores the reality of public services, taking into account issues such as service culture, service systems, service production and delivery, and so forth.

The role played by the public service sector should be placed at the heart of next generation NPM theories simply because the provision of public services constitute the primary element of responsibility for the public administration across Europe and the OECD-countries (e.g. Pollitt and Bouckaert, 2004). Public services constitute an important interface between public administration and citizens; as such, to deploy the concepts used by the current authors in the development of “intelligent public organisation”, they delimit an intermediate boundary between the system and the service users (Virtanen and Stenvall, 2014; Virtanen *et al.*, 2014). Traditionally, it has been considered in the research literature on public sector productivity (e.g. Callender, 2011), that public services and the service system, comprised of multiple organisations, cause difficulties to the assessment of productivity at system level. Recent empirical evidence from Finland, however, indicates that public services and the welfare service systems at local level has a lot of potential to productivity improvements. Lönnqvist and Laihonen (2012), for instance, concluded in their study that the complexity of service system blurs the phenomenon of productivity and there apparently is urgent need for the new methodological approaches that offers novel amendments to the existing body of literature within the domain of service productivity as well as improvement of current management practices.

Osborne *et al.* (2013) are among the few in the domain of administrative sciences who conclude that contemporary public management theories and practices – and theories reflecting the role of public services – should utilise the body of literature around the theme of substantive service-dominant theories to much greater extent than is currently the case. To this end, our paper deals with the delivery, development and evaluation of public services within the domain of NPM. To date, much has already been written on co-production and co-creation but often from a point of view which

exhibits a rather limited understanding of the “philosophical” and “theoretical” aspects associated with the production and delivery of public services. As such, in order to produce an innovative contribution to public management theory in the era of the New Public Governance (NPG), important work remains to be done in terms of linking the service-dominant approach and the service science body of literature much more closely with the plethora of discussions and theory developments associated with the NPM approach.

More specifically, this paper aims to draw together the recent critical discussions on NPM from the point of view of both the public services and service science (Pollitt and Bouckaert, 2004; Pollitt, 2007; Siltala, 2013). Our aim here is to forward the concept of “intelligent public organisation” (Virtanen and Stenvall, 2014; Virtanen *et al.*, 2014) as a new theoretical trajectory for the NPM ideology. Intelligent public organisation is a prerequisite for the betterment of public services since this is a prerequisite for the construction of a better service culture, which in turn affects the way in which the needs of service users are addressed. Therefore we intend to highlight the ongoing discussion on service-dominant logic (e.g. Lusch and Vargo, 2006; Lusch *et al.*, 2007; Ballantyne and Varey, 2008; Osborne *et al.*, 2013) and to reflect on the major innovations in service research, such as the idea of service “touchpoints” (e.g. Shostack 1977). We also review innovation studies (e.g. Chesbrough 2006; Chesbrough *et al.*, 2008), organisational learning, and development methods (e.g. Argyris, 2010; Argyris and Schön, 1978; Stenvall and Virtanen, 2012) from the public service perspective in order to understand the current challenges faced in the creation and provision of public services.

Finally, we review the potential future role of evaluation as a tool of accountability within the public services sphere by asking why we need evaluation, and how and for whom is it undertaken? The need to engage in this thematic summing up process relates to the existence of the continuing requirement in respect of accountability which public administration can never escape – the evaluation of public policies, programmes, practices, and services is an intrinsic part of democratic government, since it relays information about performance levels within the public administration and adds new data to the existing stock of knowledge required to further develop and innovate in respect of public services and public administration actions (e.g. Chelimsky, 2006, pp. 33-34).

To summarise, our paper takes a retrospective look at both the development of NPM and its various critiques while focusing on public services in order to precipitate a new discussion with regards to the creation of a new service-dominant logic in the public service domain. In addition, we try also to pinpoint the organisational prerequisites of development actions within the domain of an intelligent organisation as well as the accountability functions evaluation is able to offer to the further development of public services. In this context, the role of organisational culture emerges as a fundamental factor in understanding the functions of an organisation: however, we seek also to underline here the appropriateness and usefulness of systems theory in analysing the intelligence and the service functions of public organisations and public administration. As such, we treat organisations as open systems, which build upon various subsystems and interact with their environment (e.g. Fesler, 1980, pp. 30-32). Of special interest in this setting is the notion of system boundaries, which exist within and in the spaces between organisations. These boundaries function as intermediary links, interactive nodules, and forums between organisations and organisational subsystems (see e.g. Osborne, 2009).

Public services – at the heart of NPM and the NPG?

It has been over two decades since the publication of Hood's (1991) seminal work on the concept of NPM. According to Osborne (2006), however, by the time it appeared, at least within the Anglo-American research community, Hood's conceptual "take over" was simultaneously trumpeted as both a new management paradigm and something that it would sweep all before it in its triumphal re-casting of the nature of the discipline – in theory and in practice. Pollitt (2007) sums up the development of NPM by arguing that the landscape of management organisations and systems remains differentiated after the deployment of the new doctrine: there has not been substantive convergence among those national governments that have advocated NPM simply because they, and the management systems they employ, remain so different even though evidence exists of the trans-national transformation of certain generic management tools and techniques (for instance, TQM models, benchmarking, performance-related pay-systems, and so forth, see also Bouckaert and Halligan, 2008).

No wonder then, as Osborne (Bouckaert and Halligan, in place of *ibid*) points out, that the doctrine of NPM in fact encompassed a relatively brief and transitory phase before the emergence of the embryonic plural and pluralist tradition of the NPG doctrine, which brought into the "management picture" the role of policy networks and decision making based on organisational networks (e.g. Kooiman, 1999; Klijn, 2002). What is noteworthy here is the fact that, to date, very few scholars have sought to describe in detail the role public services play within this NPG doctrine (see e.g. Osborne, 2006; Salamon, 2002; Kettl, 2000).

The existence of the above-mentioned scholarly debate leaves the door open for a new interpretation to emerge of the role of public services. Initially it seems that public service quality is rather simplistically defined – basically as ensuring that service users get what they need. Deeper examination – as Øvretveit (2005, pp. 537-538), however, points out – quickly raises fundamental issues and profound questions about the purpose of public services, equity and choice, as well as the innovation aspects associated with these services. Compared to private industry, the role and nature of public services is quite distinctive: in regards to public services there are many customers, most of whom are not purchasers, and there are less predictable links between inputs, processes and outcomes. This means that the performance monitoring of public services is a very complex endeavour (see Øvretveit, 2005, pp. 554-555).

Public services are, from a systems theory and open system model point of view, the outputs of public administration and of policy processes (e.g. Burrell and Morgan, 1979). Public services now operate – at least to certain extent – within open market economy conditions. It does, however appear that the belief that private sector services are more highly regarded than public services is rather questionable (Pollitt and Bouckaert, 2004, pp. 153-155). It is also far from self-evident that knowledge-transfer from the private to the public sector is always successful and logical. One example of this difficulty is offered by Radnor and Osborne (2013) who conclude – based on a vast literature review and empirical data – that the implementation of Lean in the public sector has to date been rather disappointing: it has focused on the technical tools of implementation without overarching business logic to validate it.

Pollitt and Bouckaert (2004, pp. 164-166) have put forward an interesting question by asking how is it possible to give public sector managers greater freedom to operate while also placing them more firmly the control of political decision makers and obliging them to be more responsive to the service users. This also raises interesting questions relating to the development of and innovation in relation to public

services – that is to say, the control of actions and freedom to operate go hand in hand. Pollitt and Bouckaert (2004) argue that service users ought to have access to better information about services and should also be offered the opportunity to participate in planning and prioritising services through a variety of mechanisms. At the same time, public service managers have gained new freedom in respect of how they arrange their resources and how they deploy their capabilities to best ensure customer satisfaction and ensure the effectiveness of services *vis-à-vis* customer needs.

Public organisations transform themselves from organisations to service systems. This system consists of organisations, in which the transfer of information, interaction, and various organisational boundaries are correspondingly reflected as the trademarks of public policy and public policy implementation. An intelligent service system constructs its knowledge-base around continuous learning processes, based on innumerable micro-level discussions within a given organisation and within the boundaries *vis-à-vis* other organisations (e.g. Schwaninger, 2001). Conceptually speaking, we agree with March (2010, pp. 7-8) that organisational intelligence entails two interrelated but somewhat different components. The first involves effective adaptation to an environment. An intelligent organisation is able to convert change demands into concrete objectives which can be implemented in a proper manner. The management literature has tackled this problem (Kotter and Cohen, 2002; Hamel and Breen, 2007), but in our view the models that have been developed have focused too heavily on top-down approaches while the roles played by the changing nature of organisational culture and of customer and personnel empowerment have been neglected. The second component of intelligence involves the elegance of interpretations on the experience of life. Leadership in intelligent organisations ought to be reflexive in the sense that the mood of the organisation is understood while “quiet” signals of change are also detected. This sensitivity does not equate simply to the difficulties associated with making decisions, but rather to the setting in which leaders and managers acknowledge the changing contexts and changes in operating environments, and the required style of leadership in varying contextual frames.

Therefore, it is reasonable to ask whether we need a new understanding of organisations in order to understand the various dimensions of public services constituted by service organisation, service personnel and service user (see also Cook *et al.*, 2002). This question leads into another related question, namely, do the concepts used by traditional organisation theory no longer suffice? The rationale behind this statement is that inter-organisational relations and relations between organisations and society are now so complex and interconnected that traditional concepts such as organisational structure or organisational process no longer seem to have the explanatory power they once had.

Moreover, public organisations try to attain their objectives at multiple levels of government, namely, at the supra-national, international, national and regional, as well as at the local level. In this light then there is an urgent need to reassess the traditional foundations and concepts of organisational theory as well as the epistemological choices made in the course of current organisational research.

Service-dominant logic as a prerequisite for service design in public services

The role of public services is a topic not often associated with the scholarly literature on NPM or NPG for that matter. Some examples can, however be found, for instance Osborne (2010), who notes that the current level of complexity associated with public service delivery has moved beyond a situation where it can be understood either by

means of the policy and administrative focus of public administration or by the intra-organisational and managerial focus of public management. In this light then it is surely appropriate to start asking new questions about public service delivery taking into account the fact that the research foci ought to be subsumed within a new focus on the governance of inter-organisational relationships and the efficacy of public service delivery systems, rather than on organisations *per se* (see also Osborne, 2009).

It is necessary, however to cast our net much wider in a disciplinary sense in order to understand this complexity Osborne (2010) is referring to. In the area of business studies and marketing in particular, the role of the customer and of service users, the essence of marketing, the so-called service-dominant logic as well as service leadership have been problematised and extensively discussed over the last 30 years or so, but most notably during the last decade (e.g. Shostack, 1977; Vargo and Lusch, 2004; Vargo and Lusch, 2008; Brodie *et al.*, 2006; Cook *et al.*, 2002; Djellal *et al.*, 2013; Grönroos, 2011; Spohrer and Maglio, 2008; Spohrer *et al.*, 2007).

What is service-dominant logic and how can the model be applied to the production and implementation of public services? According to Vargo and Lusch (2004), service-dominant logic can be contrasted with goods or product-dominant logic to provide a framework for thinking more clearly about the concept of service and its role in exchange and competition. Service-dominant logic makes explicit an approach which integrates services and products/goods as a service process which, in turn, converts the idea of producing products for the masses into a service logic, which embodies service culture, service orientation and the adding of true value for customers – that is to say, the service users. Thus, in this logic consumers are turned into the users of services. Thus far, there have been few examples of how service-dominant logic has been applied to the public services. Osborne *et al.* (2013), for instance, argue that the reality of public service delivery today is that it draws upon management theory derived from the experience of the manufacturing sector which ignores the reality of public services as “services”. Osborne *et al.* (2013) therefore conclude that the adoption of service-dominant logic could make an innovative contribution to public management theory in the era of NPG.

Much, however remains to be done in terms of integrating service-dominant logic with the production and delivery of public services. According to Osborne (2010), there certainly are possibilities to adjust service-dominant logic to public services. According to our view, these possibilities cover a whole range of public services – from social work to health care, from youth work to transport services, and so on (Stenvall and Virtanen, 2012). We would therefore argue that service-dominant logic will be an integral part in public service delivery in the future and not only that – the idea can be extended to civil society and non-governmental organisations as well (Stenvall and Virtanen, 2012; see also Larsen *et al.*, 2007).

To this end, we have constructed a model (Figure 1) which builds upon the ideas presented not only by Vargo and Lusch (2004, 2008), but also the contributions by Cook *et al.* (2002), Shostack (1977) and our own (Stenvall and Virtanen, 2012). Figure 1 presents a triangle with three key dimensions – service organisation, service personnel and service user. The “key” to the triangle is the three boundaries which exist in the spaces between these three dimensions. We call these boundaries “touchpoints” (inspired by Shostack, 1977) while, of course, being aware of the much narrower definition Shostack originally used. These boundaries exist between service organisation and service personnel (service delivery), between service organisation

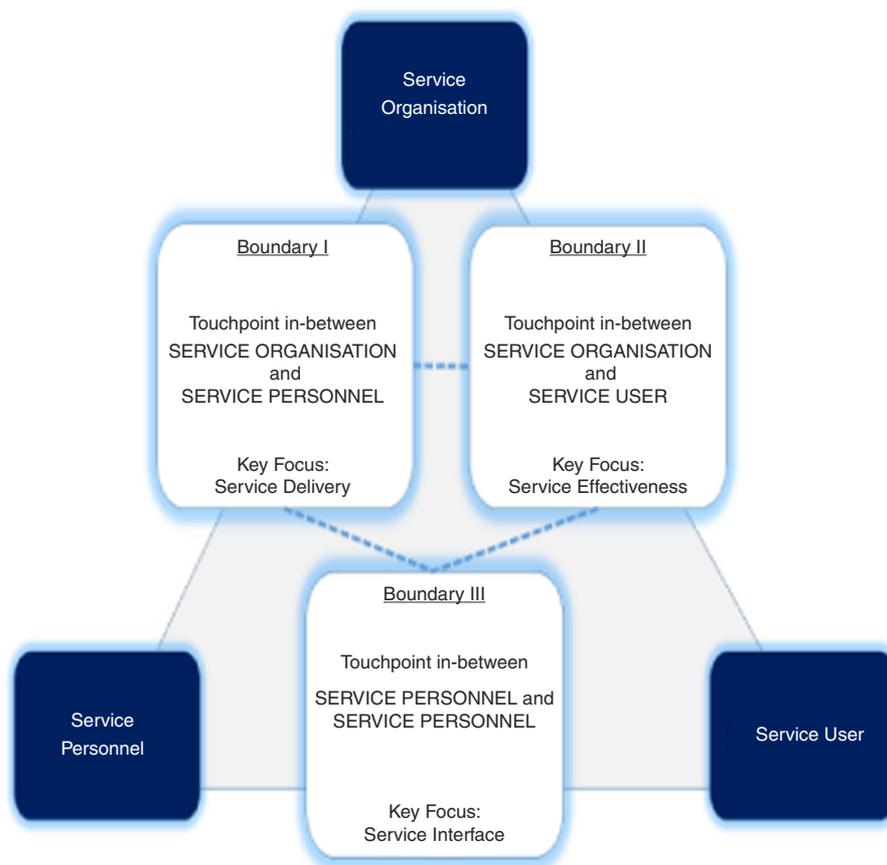


Figure 1.
A three-dimensional
trajectory of public
services

and service users (service effectiveness), and finally between service users and service personnel (service interface).

The purpose of our model is to understand the nature of the service delivery process – it is a process which derives its components from first, service organisation itself, the system, service personnel and service users. The functions of service organisation are numerous of course, but leadership aspects, management procedures, planning and forecasting, and organisational processes as well as strategic human resource management are clearly of the utmost importance here. In the existing research literature, the role of strategic agility has been consistently forwarded as a potentially useful mechanism to help redesign service production at an organisational level (e.g. Larsen *et al.*, 2007; Doz and Kosonen, 2010).

Second, service personnel implement the delivery of services in practice. Depending on the particular sector involved, notions of professionalism often constitute an important factor in the carrying out of such service tasks. Organisational changes and reforms in the public sector have also impacted the work of the service personnel – this includes changes in work roles, organisational learning procedures, work orientations, job descriptions, and so forth. For instance, Jansson and Parding (2011) recently concluded that organisational changes and changes in the organisation of work affect

intra-organisational relations between employees. Moreover, it also seems that the strengthening of customer-orientation and an emphasis on placing “the customer at the centre of attention” precipitates a re-modelling of service organisations (Jansson and Parding, 2011).

Third, service users are the clients in terms of public services – the recipients of these services, including electronic services, which are rapidly expanding. From the service-dominant logic point of view, the service user feedback and participation opportunities (e.g. co-production and co-creation models) provide important mechanisms in terms of fulfilling the needs of service users (e.g. Alam, 2006; Matthing *et al.*, 2006).

The role of service development and service innovation (Figure 1) introduces capacity issues (technology, know-how, financial resources) into the picture. The nature of innovation itself, however is changing. According to Chesbrough (2006; see also Chesbrough *et al.*, 2008), the only possibility for advancement today is through the so-called open innovation approach – that is to say, in today’s information-rich environment, organisations can no longer afford to rely entirely on their own ideas to advance their business, nor can they restrict their innovations to a single path to market. In the public sector and relating to public services in particular this calls for a totally new level of openness and transparency with regard to development plans, the information relating to these initiatives (e.g. open data), development processes and participation in these processes.

The role of innovation in particular should also be emphasised here. To be innovative, much is required of service organisation and the service personnel as well as of the services user. Even though a substantial body of evidence on public sector reform since the 1990s already exists (e.g. Pollitt and Bouckaert, 2004; Bouckaert and Halligan, 2008), far less evidence is available in relation to public sector innovations, public sector leadership in organisational reforms, and public sector change management and change processes. Djellal *et al.* (2013) is correct to have concluded that innovation in the public sector has been neglected in the mainstream of innovation studies: Djellal *et al.* (2013) explored four different theoretical perspectives used in studies of service innovation within the public sector (assimilation, demarcation, inversion, and integration/synthesis) and found that innovation in the public sector domain remains a highly diverse entity. This implies that there is still much more to do in the area of research with regard to this field of innovation. The body of evidence available from within the disciplines of marketing and business studies suggests that a key role in the innovation process does not stem from organisational or personnel points of view, but rather from the service user side (e.g. Alam and Perry, 2002; Michel *et al.*, 2008; Bogers *et al.*, 2010).

Public sector evaluation and leadership spheres at different boundaries

It is necessary to deal separately with the question of evaluation with regard to the public services because public services are funded by the general public through the collection of taxes. The public services are part of the policy process, which should provide added value both for individual citizens and for democratic society as a whole.

The task of evaluation initially appears to be quite straightforward. Namely, evaluation is the process of determining the merit, worth and value of things, and evaluations are the products of that process (Scriven, 1991, p. 1). The reality, however, may be somewhat different. As an intellectual process, evaluation is far from a simple activity. Donaldson and Lipsey (2006, pp. 56-58), for example, have advocated the view that the theoretical roots of evaluation practice stems from a fivefold architecture of approaches. These include knowledge itself (what methods are deployed), usability

(how to use evaluation findings), valuing (how to construct value statements), practice (how evaluators operate), and social programming (how evaluations enhance the “betterment” of society). This typology is also useful when we come to re-think the role of public service evaluations since it directly addresses the motives, procedures and actors/stakeholders in evaluation practice.

As noted previously, evaluation serves the accountability function in respect of public services. To echo Vedung (1997, pp. 102-103), the key rationale of accountability evaluation is to find out whether agents, that is to say, public organisations and implementing actors in policies, programmes and projects, have exercised their delegated powers and discharged their duties properly such that principals can judge their performance. It is important to note that in terms of public services, citizens and service users should also be acknowledged as principals to whom the service providers are accountable.

When we think in terms of actual practice, i.e. practical organisational life, in public services and in relation to service delivery as a whole, the role of evaluation as regards public services is actually much more nuanced – both in terms of theory and practice. As such, evaluation should not be understood solely as a rational and/or scientific process because often the role of political power here is key. For instance, Dahler-Larsen (2006, pp. 146-148) hold the view that evaluation has become integrated into organisational structures, cultures and processes which regulate the ways in which organisations function, work, learn, govern themselves, and deliver services. For him, there is a danger that evaluations in organisations often embody organocentric views: for instance performance indicators may take on a particularly reified quality as if they were goals in themselves. Bearing in mind the words of warning from Dahler-Larsen we argue that the core dimensions of evaluation – particularly knowledge, value, and utilisation – should be tackled in identifying the role of evaluation in respect of the public services (see also Dahler-Larsen, 2005). For definitional purposes, the approach to public service evaluation can be explicated simply by asking why evaluation is necessary, how is it to be carried out and whose task it is? In the following we link the basic ontology of the public services (presented in the previous chapter) to these evaluation questions.

The basic dimensions of public sector evaluation in Figure 2 build upon the public service typology we outlined in Figure 1. The main epistemological point in Figure 2 is rather simple – the three key dimensions of public services (organisation, personnel, and service user) embody three boundaries which are, from the evaluation point of view, reciprocal by nature. That means that each of these boundaries can be analysed and interpreted dimensionally from two angles and the logic of evaluation with regard to themes, motives, foci, and main actors can be made explicit. In practice, this means that service organisation is mainly interested in evaluating service productivity (Boundary I) and service outcomes, effectiveness that is (Boundary II). From the service personnel point of view key evaluation concepts relate to employee satisfaction (Boundary I) and the deployment of capacities (Boundary III). From the point of view of the service user, the feeling of empowerment (Boundary III) and customer satisfaction (Boundary II) are key cornerstones of evaluation criteria. It is important to see the conceptual entities at Boundaries I and II – the first one concerns how the services are delivered and the second one is about with what kind of effect and outcomes the delivered services have to the service users.

We have constructed these definitions in Table I and have highlighted the practical aspects of evaluation (evaluation themes (concepts), motives for evaluation,

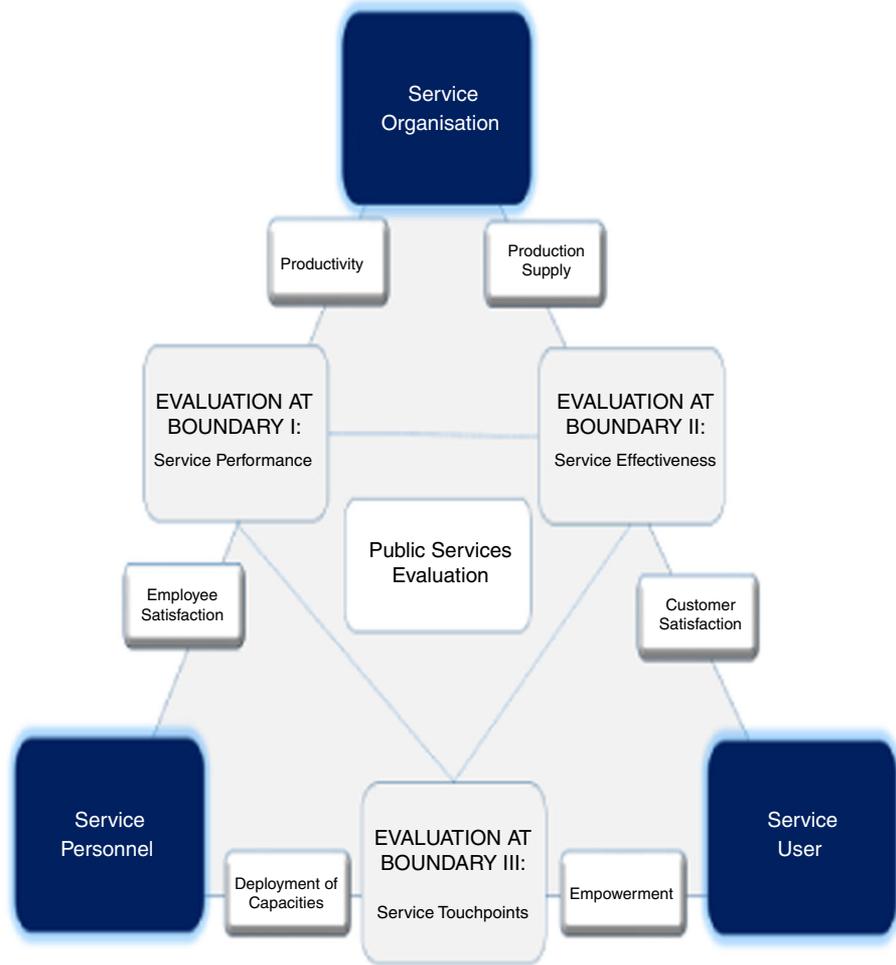


Figure 2.
A three-dimensional
public service
evaluation model

objectives of evaluation, as well as main actors from the perspective of dissemination of evaluation information).

The appropriate logic to understand the multifaceted nature of public service evaluation is multidimensional by nature. The motives of evaluation vary, the focus of analysis is shifting and the role of actors as regards knowledge dissemination varies across different evaluation boundaries (spheres). It is also important to pay particular note to the aspect of dissemination *per se* and to the role of service user in putting in place the evaluation schema. Utility, to convey the idea put forward by Patton (1977), is a key standard of evaluation linking the dissemination and service user dimensions together while also raising the question of capacity. On the basis of this insight it is clear that Patton is a seminal thinker in evaluation philosophy, particularly in relation to his interest in development issues and in enhancing public programmes with the use of evaluation.

To sum up, it is important to develop further insights into complex dynamic systems, uncertainty, and nonlinearity, particularly in respect of their emergence into

Service boundary/ evaluation sphere	Evaluation theme	Motives	Focus of analysis	Main actors of information dissemination
<i>Boundary I</i> Service performance	Productivity	Utilisation of resources Resource allocation	Analysis on the effects of strategic HRM and the allocation of organisational resources	Political decision-makers Top-management
	Employee satisfaction	Betterment of service delivery Employee feedback	Analysis on the sustainability of workplaces and well-being at work	All vertical levels of organisational hierarchy
	Production supply	Employer brand Equilibrium between production means	Analysis on financial cash-flows and organisational agility and modes of service delivery	Political decision-makers Top-management
<i>Boundary II</i> Service effectiveness	Customer satisfaction	Customer feedback Legitimation of services ("tax-payer" view)	Analysis on customer satisfaction (surveys and interviews)	All vertical levels of organisational hierarchy Reporting to service users
	Deployment of capacities Empowerment	Work achievement Learning by doing Feeling of being served Usefulness of services Re-design of service	Analysis on the deployment of competencies and innovation capacity Participation in development actions; empowerment of service users	All vertical levels of organisational hierarchy Political decision-makers Top-management Service personnel Service users
<i>Boundary III</i> Service touchpoints				

Table I.
Evaluation matrix
for public services

the domain of public services. Evaluation can be used for a range of purposes in this kind of setting: ongoing programme and service development, adapting effective principles of practice to local contexts, generating innovations and taking them to scale, and facilitating rapid response in crisis situations (e.g. Patton, 2011, 2012). As such, the evaluation of public services is always inherently based on the prevailing organisational culture. The nature of organisational culture always reflects the organisation's ability to generate data on its own performance with this effectively orchestrating the ways in which the evaluation-based knowledge is used to improve the quality of its services. This starting point is evident regardless of the methodological approach – goal-oriented, theory-based, and responsive/participatory – to be deployed in a given organisation. Finally, the development of public services requires a body of evidence to be generated and to be integrated to leadership which makes it possible to draw conclusions about the degree to which an intervention or public service has affected observed outcomes and impacts. This is the essence of contribution analysis and thus of public service accountability also.

Synthesis

In this paper we have argued that the role and nature of public services have been neglected to date in discussions related to NPM. It seems that the academic discourse on NPM and NPG has been rich in content, but to date rather barren from a public services point of view. What has been missing is a comprehensive discussion of the role of public services.

Public services provide much of the *raison d'être* for public administration. They exist in the spaces between the citizens and the system. Simultaneously, public services can also be seen as the bastions of public administration in our complex ubiquitous network society, extending public authority into civil society. Public services are, produced today by a multitude of institutions such as the state, local authorities, non-governmental organisations and private businesses, and as such, to convey the idea and concept originally advocated by Sennett in his *The Fall of Public Man* (Sennett, 1992), often function as scenes and stages of the public domain. Thus, Sennett's quest to discover the reasons behind the impoverishment of civic life in modern society opens up fruitful new perspectives into the relationship between service users and the organisations providing public services.

Public services are not only something that is provided by the public authorities, represented by public officials and legitimised by politicians, and ultimately by voters, they are also arenas for interaction, co-operation, and co-creation, orchestrated by networks of the organisations providing these services. The essence of "service user" has also changed over time. This has occurred within the domain of NPM – the management and leadership doctrine – which has however, for one reason or another, omitted to discuss the role of services. The reasons for this are complex. One explanation is offered by McIntyre (2006): humans have free will. We are free to act in any way we choose at any time that we choose. This point is also valid from the point of view of research. Academics are free to choose their subjects of study. The point here is that the economic constraints of society on the one hand and the service user "voice" on the other raise questions as to whether the future role of public services ought to be strengthened. This need should be more widely recognised in academic terms.

This above-mentioned freewill also considers the users of public services. As we demonstrated in Figure 1, service users constitute a key element in the modern rationale of public services. This new role requires intelligence to be displayed in the

delivery of public services – and this calls for new management theories as indeed Osborne (2006, 2009, 2010; see also Osborne *et al.*, 2013) has advocated. This new theoretical management conceptual and practical content can be achieved through trans-disciplinary learning from marketing and business studies (with special reference to service-dominant logic in service production) and by placing greater emphasis on the development of leadership, foresight, personnel policy, resource management, and organisational processes. This learning process should not bypass the essence of service culture in a given organisation – on the contrary, organisational culture is the key to unlocking the dilemmas and controversies hindering high-class service delivery experiences.

Bettering the service mentality and service culture associated with public service delivery is dependent on a number of issues being addressed. This brings to the fore the issues of change management and change leadership in public organisations. The research literature offers some practical evidence on this theme but the evidence is far from consistent (e.g. Fernandez and Pitts, 2007; Fernandez and Rainey, 2006): it is quite clear, however, that change management procedures across the public sector differ significantly to those in the private sector. As such, further research on this subject is required. Organisational learning in the public sector domain could definitely make use of the experiences already gained in the private sector though the special nature of public sector organisations and leadership, including its political aspects, the role of service users as consumers and as citizens, should obviously be central to this discussion. The point is then to echo what March (1991) has advocated, to learn and to unlearn, to exploit experiences from different spheres and to try to make the best use of them.

As with public services in the context of NPM more generally, in terms of the latest management philosophies and practices, the evaluation of public services has attracted minimal attention in academic terms. Wollmann (2003) suggested, over a decade ago, that three phases have existed in respect of the “twinning” of public sector reforms and evaluation – the first wave of evaluation came during the 1960s and 1970s, the second wave during 1980s while the third wave related to the NPM movement. We would like to add to Wollmann’s list a fourth wave which will integrate NPG logic with the delivery of public services.

We would argue that here are twofold challenge for the scholarly community in the future. The first one is to understand the functions of service-dominant logic in public services by providing answers to questions such as what are possibilities and possible limitations for adopting this thinking in public sector and public services as a whole. The second one concerns the role and functions of evaluation within the domain of public services. In terms of partnerships, both of these viewpoints cover not only the public services *per se*, but also the extending field of organisational actors such as private companies and non-governmental organisations.

Evaluation of the outcomes of public policy is one of the key elements in a policy process. Professional evaluation should not be equated with the mere accumulation and summarising of the data relevant for decision making. In a management context and in relation to the public services in particular, evaluation at its best serves multiple objectives and meanings. Evaluation has therefore to be integrated with the decision-making process, because if this is not done we effectively lack everything that qualifies as an evaluation (Scriven, 1991, p. 5). In addition, evaluation serves the purpose of accountability in multiple ways: it can, for instance, shed light on decision making processes and on the experiences of the service personnel and service users.

That being said, evaluation also serves the democratic development of public services and public administration as well as society as a whole. And this is precisely why the evaluation of public services is so important.

References

- Alam, I. (2006), "Removing the fuzziness from the fuzzy front-end of service innovations through customer interactions", *Industrial Marketing Management*, Vol. 35 No. 4, pp. 468-480.
- Alam, I. and Perry, C. (2002), "A customer-oriented new service development process", *Journal of Services Marketing*, Vol. 16 No. 6, pp. 515-534.
- Argyris, C. (2010), *Organizational Traps: Leadership, Culture, Organizational Design*, Oxford University Press, Oxford.
- Argyris, C. and Schön, D.A. (1978), *Organizational Learning. A Theory of Action Perspective*, Addison-Wesley, Reading, MA.
- Ballantyne, D. and Varey, R.J. (2008), "The service-dominant logic and the future of marketing", *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 11-15.
- Bogers, M., Afuah, A. and Bastian, B. (2010), "Users as innovators: a review, critique, and future research directions", *Journal of Management*, Vol. 36 No. 4, pp. 857-875.
- Bouckaert, G. and Halligan, J. (2008), *Managing Performance. International Comparisons*, Routledge, London.
- Brodie, R.J., Glynn, M.S. and Little, V. (2006), "The service brand and the service-dominant-logic: missing fundamental premise or the need for stronger theory?", *Marketing Theory*, Vol. 6 No. 3, pp. 363-379.
- Burrell, G. and Morgan, G. (1979), *Sociological Paradigms and Organisational Analysis. Elements of the Sociology of Corporate Life*, Heinemann, London.
- Callender, G. (2011), "Alignment of inter-agency supply chains to enhance public sector performance management", *International Journal of Productivity and Performance Management*, Vol. 60 No. 1, pp. 9-23.
- Chelimsky, E. (2006), "The purposes of evaluation in a democratic society", in Shaw, I.F. *et al.* (Eds), *Handbook of Evaluation. Policies, Programs and Practices*, Sage Publications, London, pp. 33-55.
- Chesbrough, H. (2006), *Open Innovation. The New Imperative for Creating and Profiting from Technology*, Harvard Business Review Press, Boston, MA.
- Chesbrough, H., Vanhaverbeke, W. and West, J. (2008), *Open Innovation. Researching a New Paradigm*, Oxford University Press, Oxford.
- Cook, L.S., Bowen, D.E., Chase, R.B., Dasu, S., Stewart, D.M. and Tansik, D.A. (2002), "Human issues in service design", *Journal of Operations Management*, Vol. 20 No. 2, pp. 159-174.
- Dahler-Larsen, P. (2005), "Evaluation and public management", in Ferlie, E. *et al.* (Eds), *The Oxford Handbook of Public Management*, Oxford University Press, Oxford, pp. 615-639.
- Dahler-Larsen, P. (2006), "Evaluation after disenchantment? Five issues shaping the role of evaluation in society", in Shaw, I.F. *et al.* (Eds), *Handbook of Evaluation. Policies, Programs and Practices*, Sage Publications, London, pp. 141-160.
- Djellal, F., Gallouj, F. and Miles, I. (2013), "Two decades of research on innovation in services: which place for public services?", *Structural Change and Economic Dynamics*, Vol. 27 No. 3, pp. 98-117.
- Donaldson, S.I. and Lipsey, M.W. (2006), "Roles for theory in contemporary evaluation practice: developing practical knowledge", in Shaw, I.F. *et al.* (Eds), *Handbook of Evaluation. Policies, Programs and Practices*, Sage Publications, London, pp. 56-75.

- Doz, Y.L. and Kosonen, M. (2010), "Embedding strategic agility: a leadership agenda for accelerating business model renewal", *Long Range Planning*, Vol. 43 Nos 2-3, pp. 370-382.
- Fernandez, S. and Pitts, D.W. (2007), "Under what conditions do public managers favour and pursue organizational change?", *The American Review of Public Administration*, Vol. 37 No. 3, pp. 324-341.
- Fernandez, S. and Rainey, H.G. (2006), "Managing successful organizational change in the public sector", *Public Administration Review*, Vol. 66 No. 2, pp. 168-176.
- Fesler, J.W. (1980), *Public Administration. Theory and Practice*, Prentice-Hall, Upper Saddle River, NJ.
- Grönroos, C. (2011), "Value co-creation in service logic: a critical analysis", *Marketing Theory*, Vol. 11 No. 3, pp. 279-301.
- Hamel, G. and Breen, B. (2007), *The Future of Management*, Harvard Business School Publishing, Boston.
- Hood, C. (1991), "A public management for all seasons?", *Public Administration*, Vol. 69 No. 1, pp. 3-19.
- Jansson, A. and Parding, K. (2011), "Changed governance of public sector organisations – challenged conditions for intra-professional relations?", *International Journal of Public Sector Management*, Vol. 24 No. 3, pp. 177-186.
- Kettl, D. (2000), *The Global Public Management Revolution*, Brookings Institute, Washington, DC.
- Klijn, E.H. (2002), "Governing networks in the hollow state: contracting-out, process management or a combination of the two", *Public Management Review*, Vol. 4 No. 2, pp. 149-166.
- Kooiman, J. (1999), "Social-political governance: overview, reflections and design", *Public Management Review*, Vol. 1 No. 1, pp. 67-92.
- Kotter, J.P. and Cohen, D.S. (2002), *The Heart of Change: Real Life Stories of How People Change Their Organizations*, Harvard Business School Publishing, Boston.
- Kristensson, P., Matthing, J. and Johansson, N. (2008), "Key strategies for the successful involvement of customers in the co-creation of new technology-based services", *International Journal of Service Industry Management*, Vol. 19 No. 4, pp. 474-491.
- Larsen, P., Tonge, R. and Lewis, A. (2007), "Strategic planning and design in the service sector", *Management Decision*, Vol. 45 No. 2, pp. 180-195.
- Lönnqvist, A. and Laihonon, H. (2012), "Welfare service system productivity: the concept and its application", *International Journal of Productivity and Performance Management*, Vol. 61 No. 2, pp. 128-141.
- Lusch, R.F. and Vargo, S.L. (2006), "Service-dominant logic: reactions, reflections and refinements", *Marketing Theory*, Vol. 6 No. 3, pp. 281-288.
- Lusch, R.F., Vargo, S.L. and O'Brien, M. (2007), "Competing through service: insights from service-dominant logic", *Journal of Retailing*, Vol. 83 No. 1, pp. 5-18.
- McIntyre, L. (2006), *Dark Ages. The Case for a Science of Human Behaviour*, The MIT Press, Cambridge, MA.
- March, J.G. (1991), "Exploration and exploitation in organizational learning", *Organizational Science*, Vol. 2 No. 1, pp. 71-87.
- March, J.G. (2010), *The Ambiguities of Experience*, Cornell University Press, Ithaca, NY.
- Matthing, J., Kristensson, P., Gustafsson, A. and Parasuraman, A. (2006), "Developing successful technology-based services: the issue of identifying and involving innovative users", *Journal of Services Marketing*, Vol. 20 No. 5, pp. 288-297.

- Michel, S., Brown, S.W. and Gallan, A.S. (2008), "Service-logic innovations: how to innovate customers, not products", *California Management Review*, Vol. 50 No. 3, pp. 49-65.
- Osborne, S. (2009), "Delivering public services: are we asking the right questions?", *Public Money & Management*, Vol. 29 No. 1, pp. 5-7.
- Osborne, S. (2010), "Delivering public services. Time for a new theory?", *Public Management Review*, Vol. 12 No. 1, pp. 1-10.
- Osborne, S., Radnor, Z. and Nasi, G. (2013), "A new theory for public service management? Towards a (public) service-dominant approach", *The American Review of Public Administration*, Vol. 43 No. 2, pp. 135-158.
- Osborne, S.P. (2006), "The new public governance?", *Public Management Review*, Vol. 8 No. 3, pp. 377-387.
- Øvretveit, J. (2005), "Public service quality improvement", in Ferlie, E. *et al.* (Eds), *The Oxford Handbook of Public Management*, Oxford University Press, Oxford, pp. 51-71.
- Patton, M.Q. (1977), *Utilization-focused Evaluation. The New Century Text*, Sage, Thousand Oaks, CA.
- Patton, M.Q. (2011), *Developmental Evaluation. Applying Complexity Concepts to Enhance Innovation and Use*, Guilford Press, New York, NY.
- Patton, M.Q. (2012), "A utilization-focused approach to contribution analysis", *Evaluation*, Vol. 8 No. 1, pp. 364-377.
- Pollitt, C. (2007), "Convergence or divergence: what has been happening in Europe?", in Pollitt, C. *et al.* (Eds), *New Public Management in Europe. Adaptation and Alternatives*, Palgrave MacMillan, New York, NY, pp. 10-25.
- Pollitt, C. and Bouckaert, G. (2004), *Public Management Reform. A Comparative Analysis*, Oxford University Press, Oxford.
- Radnor, Z. and Osborne, S.P. (2013), "Lean: a failed theory for public services?", *Public Management Review*, Vol. 15 No. 2, pp. 265-287.
- Salamon, L. (2002), *The Tools of Government: A Guide to the New Governance*, Oxford University Press, Oxford.
- Schwaninger, M. (2001), "Intelligent organizations: an integrative framework", *Syst. Res.*, Vol. 18 No. 2, pp. 137-158.
- Scriven, M. (1991), *Evaluation Thesaurus*, Sage Publications, London.
- Sennett, R. (1992), *The Fall of the Public Man*, W.W. Norton, New York, NY.
- Shostack, G.L. (1977), "Breaking free from product marketing", *Journal of Marketing*, Vol. 41 No. 2, pp. 73-80.
- Siltala, J. (2013), "New public management. The evidence-based worst practice?", *Administration & Society*, Vol. 45 No. 4, pp. 468-493.
- Spohrer, J. and Maglio, P. (2008), "The emergence of service science: toward systematic service innovations to accelerate co-creation of value", *Production and Operations Management*, Vol. 17 No. 3, pp. 238-246.
- Spohrer, J., Maglio, P.P., Bailey, J. and Gruhl, D. (2007), "Steps towards a science of service systems", *Computer*, Vol. 40 No. 1, pp. 71-77.
- Stenvall, J. and Virtanen, P. (2012), *Sosiaali- ja terveystalvelujen uudistaminen (The Renewal of Social and Health Care Services, in Finnish)*, Tietosanoma, Helsinki.
- Vargo, S.L. and Lusch, R.F. (2004), "Evolving to a new dominant logic for marketing", *Journal of Marketing*, Vol. 68 No. 1, pp. 1-17.
- Vargo, S.L. and Lusch, R.F. (2008), "Service-dominant logic: continuing the evolution", *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 1-10.

- Vedung, E. (1997), *Public Policy and Program Evaluation*, Transaction Publishers, New Brunswick.
- Virtanen, P. and Stenvall, J. (2014), *Älykäs julkinen organisaatio (An Intelligent Public Organisation, in Finnish)*, Tietosanoma, Helsinki.
- Virtanen, P., Stenvall, J. and Laitinen, I. (2014), "Strategic human resource management in an intelligent public organisation", working paper.
- Wollmann, H. (2003), "Evaluation in public sector reform: towards a 'third wave' of evaluation?", in Wollmann, H. (Ed.), *Evaluation in Public Sector Reform. Concepts and Practice in International Perspective*, Edward Elgar, Cheltenham, pp. 1-11.

Corresponding author

Professor Petri Virtanen can be contacted at: petri.virtanen@uta.fi

This article has been cited by:

1. Pakarinen Mikko Mikko Pakarinen mikko.pakarinen@turku.fi Virtanen Petri Juhani Petri Juhani Virtanen petri.virtanen@uta.fi City of Turku, Turku, Finland Department of Administrative Sciences, University of Tampere, Tampere, Finland . 2017. Matrix organizations and cross-functional teams in the public sector: a systematic review. *International Journal of Public Sector Management* **30**:3, 210-226. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
2. Petri Virtanen, Ilpo Laitinen, Jari Stenvall. 2017. Street-level bureaucrats as strategy shapers in social and health service delivery: Empirical evidence from six countries. *International Social Work* 002087281666060. [[CrossRef](#)]
3. Petri Virtanen University of Tampere, Tampere, Finland Jari Kaivo-oja University of Turku, Turku, Finland . 2015. Public service systems and emerging systemic governance challenges. *International Journal of Public Leadership* **11**:2, 77-91. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
4. Jari Petri Stenvall School of Management, University of Tampere, Tampere, Finland Inga Nyholm Municipal Department, Ministry of Finance, Helsinki, Finland Pasi-Heikki Rannisto School of Management, University of Tampere, Tampere, Finland . 2014. Polyphonous leadership and middle managers. *International Journal of Leadership in Public Services* **10**:3, 172-184. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]