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Beyond co-production: Value creation and public services

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Abstract

This paper argues for the need to go beyond appreciating co-production as a stand-alone process. Rather it offers a holistic model of value creation for public services, by integrating insights from both the public administration and management and the service management and marketing literatures. The components of this model are the loci, elements, and processes of value creation. Co-production is located within this model but only as one process, not as the pre-eminent one. The implications of this new model for public management theory and practice are explored.

1 | BEYOND CO-PRODUCTION…

Since the groundbreaking work of Ostrom (1972), co-production has become an influential discourse in public administration and management (PAM), defined as "regular, long-term relationships between professionalized service providers… and service users… where all parties make substantial resource contributions" (Bovaird, 2007 p. 847). The discourse arose because of concerns about "nefarious" public officials "thwarting the will" of citizens for greater influence on their public services (Vroom & Yetton, 1973). A significant body of PAM research on co-production has subsequently matured, with a variety of foci. Inter alia, these foci include resource leverage, facilitation of innovation, and as a driver of public service reform (e.g., Alford, 2014; Brandsen et al., 2018; Loeffler & Bovaird, 2020; Nabatchi et al., 2017; Pestoff, 2019).

This co-production discourse has become an important contribution to PAM but has also been subject to increasing critiques (Steen et al., 2018). These critiques include the impact of professional power on co-production (Farr, 2018), problems in the implementation of co-production (Palumbo & Manna, 2018), and the manipulation of co-production to their own ends by public officials (Bouchard, 2016).

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Such critiques do not undermine the significance of co-production within PAM, but rather require the evolution of a more nuanced analysis of it. This has begun to arise from scholars seeking to integrate service management and marketing (SM&M) theory with the PAM discourse (e.g., Gronroos, 2019; Hodgkinson et al., 2017; Osborne et al., 2016). These scholars have argued that the fatal imperfection in the predominant co-production discourse is that it is not situated within a meta-dialogue that appreciates the links between the processes of public service delivery/production and the value that such delivery seeks to add to citizens/society at the point of service use/consumption (Alford, 2016).

The present paper is a conceptual one that responds to this debate. It argues that PAM has traditionally focused on the production of public services, while a holistic model must integrate this with their use/consumption. This deficit has begun to be rectified in recent years (e.g., Hodgkinson et al., 2017), with a core debate being about understanding the nature of *value creation* (and *co-creation*) by/for public service users—and with co-production as part of this larger debate. However, the concept of "value" continues to be undertheorized and poorly understood in PAM—in theory and in practice (Jo & Nabatchi, 2016).

Consequently, this paper responds to this gap. It offers a novel three-dimensional appreciation of value creation in public services that links their production and use/consumption. As suggested above, the existing co-production literature has focused almost exclusively on the production side of this equation with limited attention to the equally important domain of use/consumption of a public service—often dismissed as simply "consumerism" (Jung 2010). This is a fault-line in PAM theory and one that has real-life implications—it is hard to design and deliver public services to create value for users and citizens if it is not clear exactly what such value/value creation comprises. This paper addresses this imbalance directly. It asks: *how can we conceptualize value and value creation*[1] *for public services?* This is the unique contribution of this paper.

2 | EXISTING CONSIDERATIONS OF "VALUE" IN PAM

The prevailing paradigm of PAM in recent times has been the New Public Management (NPM). It is certainly true that "value" has been a consistent element of the NPM discourse since its outset—such as the *Value for Money* and *Best Value* programmes in the UK. However, critics have argued that such approaches either evaluated only public service costs and how to reduce them or used "value" as a proxy for public service performance (Kloot & Martin, 2000). In the United States, a similarly critical literature has arisen, as part of the Public Value (PV) discourse (e.g., Rutgers, 2015).

An exploratory literature search conducted through Google Scholar using the keywords "value," "value creation," and "new public management" failed to identify any papers that examined the dimensions of value of public services within the NPM, beyond the broad-brush presentations above. Increasingly, therefore, critics of the NPM have argued that this preoccupation with "value as costs" has undermined its ability to understand noneconomic forms of value-added through public services delivery (e.g., Farr, 2016; Hardyman et al., 2019). There is of course a robust literature on the performance of public services and at its strongest this does engage with public service outcomes as an element of performance (Yang & Northcott, 2019). However, it also demonstrates a fixation with the internal efficiency of public service organizations (PSOs) and/or a sole focus on objective rather than subjective indicators of service outcomes (Hvidman & Andersen, 2014).

These critiques have led to attempts to explore the value that public services add to society, including Moore's (1995) PV model and Denhardt and Denhardt's (2000) New Public Service agenda. These have been important contributions. However, they have lacked both an appreciation of the links and tensions between individual and societal value and an overarching framework within which to situate value creation as the fundamental building block of public services delivery—and which links their production with their use/consumption. We argue that this link can be provided by integrating the insights from the SM&M literature with those of PAM. SM&M addresses directly the nature of value and value creation in services, while the PAM literature addresses the publicness of public services

and its distinctive implications. Certainly the emergence of Public Service Logic (Osborne, 2018; Osborne, 2021) has argued strongly for such an integration and has led to a growing body of research and theory. This paper is situated within this body. It advances our understanding of value co-creation by providing an analytic framework to guide research and practice.

3 | SM&M AND VALUE CREATION

SM&M theory began by focusing on the key characteristics of the *production* of services (e.g., Zeithaml et al., 1985). These include the processual nature of services, their simultaneous production and consumption, and the role of service users in their (co)production (Moeller, 2010). Embedded in this literature was the assumption that it is marketeers who frame the creation of value for customers (Sheth, 2020). Latterly, attention has shifted to the *consumption* of services—and especially how this enables value creation for their users/consumers, through the development of critical service logic and service-dominant logic (e.g., Gronroos, 2017; Vargo et al., 2017). These authors argue that services have no intrinsic value—they are only a *value promise*. It is only when a service is used that the customer receives value (*value-in-use*). This usage occurs within *service ecosystems*, defined as "relatively self-contained self-adjusting systems of resource-integrating actors connected by shared institutional logics and mutual value creation through service exchange" (Lusch & Vargo, 2014). This dynamic and multi-actor perspective goes beyond either the more linear model of service systems (Spohrer et al., 2007) or the organizational focus of network governance in public services (Kickert et al., 1997). It also, we argue, more accurately captures the reality of public service delivery.

Further, consumers are also embedded within their own social systems that will fashion their own beliefs and values—and value can only be created within the context (*value-in-context*). Consequently, the role of service firms is to provide resources to facilitate this value creation—but it is only the consumer who can create/co-create value by integrating these resources with their needs and context (*resource integration*). It is also possible that *value destruction* can occur, by misuse of a good or service by a customer (Skalen, 2016).

Finally, it is the customer who creates value in their lives by their use of a service. This can either be in their own right (*value creation*) or be shared by them with service providers (*value co-creation*). Gronroos and Voima (2013) identify three interlocking spheres within this occurs: the "provider sphere" (where the service firm creates resources), a "joint sphere" (where the service firm and the customer interact to co-create value), and the "customer sphere" (where the customer alone interacts with resources obtained from the service firm to create value). It is important also to emphasize the subjective element of customer context in this value creation/co-creation equation. Value is not an objective phenomenon but is rather constructed by the customer in the context of their own *experiences*, *expectations*, and *needs* (Sheth, 2020).

These SM&M insights about value creation are important for PAM theory. Embedded within PAM has been an enduring belief in the hegemony of public service officials in determining the performance/outcomes of public services—and as the arbiters/facilitators of co-production (Farr, 2018). Integrating the SM&M perspective, however, allows us to examine the multidimensional dynamics between the production and consumption of public services within public service ecosystems and their implications both for public service co-production and value creation. This perspective forms the basis of our three-dimensional model of value creation within public service ecosystems. These dimensions are the loci, elements, and processes of value creation/destruction. The *loci* of value creation are important in order to arbitrate between value creation for the individual, society, and the service system (Osborne, 2018). These loci possess different dynamics and there can be tensions between them. The *elements* are at the heart of our model. To date, including in the PV literature, value is treated as an undifferentiated concept and so it is hard to analyze or evaluate. A conceptualization of its elements is necessary to drive forward theoretical development and practical application (Cluley & Radnor, 2020). The *processes* of value creation are also important. Without differentiating these processes, it becomes hard, if not impossible, to model public services as value creation processes (Skalen et al., 2018).

Our model thus goes beyond an articulation of co-production in isolation, to understand it as one process opf a cluster, and which cluster is part of the wider public service ecosystem that creates/destroys value for public service users and citizens (Strokosch & Osborne, 2020).

4 | VALUE CREATION AND PUBLIC SERVICES—A THREE-DIMENSIONAL MODEL

4.1 | The loci of public service value creation

This paper identifies three loci. First, a key locus of analysis is the individual citizen. S/he is often understood as the public service end-user (Kessler & Bach, 2011), but there are other formulations. The individual can also accrue value from public services as a service stakeholder (e.g. a carer) or as a citizen when not using a public service (e.g. a volunteer). Moreover noncitizens can also accrue value from public services (such as asylum seekers [Strokosch & Osborne, 2016]). Finally the "individual" can also be a collective individual—such as a community that gains value through the provision of common goods or community resources (Shah, 2019).

Second, society can gain value from public services, either through their giving expression to societal values (Haynes, 2018) or by their addressing systemic societal issues (Bryson et al., 2017). Third, the service design literature (Trischler & Scott, 2015) argues that value can also be accumulated by PSOs and within the public service ecosystem (Petrescu, 2019) through iterative learning and by the integration of this learning into public services.

4.1.1 | The individual as locus

While the idea of "value creation" by public service users has been considered in PAM theory in recent years, the discussion has suffered from conceptual limitations. It has often been conceptualized as "co-creation" and used interchangeable with "co-production" to denote the active involvement of end users in public services (e.g., Gebaauer et al., 2010). However, value creation/co-creation are interrelated to co-production but conceptually distinct from it. Drawing upon SM&M theory, we argue that value may be created through the use/consumption of a public service, either be at the nexus of interaction with the PSO (value co-creation) or by the service user themselves, through resource integration with their needs (value creation) (Gronroos & Voima, 2013). Hence, public policies and services have no intrinsic value until they are used, and then that value is created/co-created within a user's life. A school, for example, has no value (beyond its capital value) until it becomes populated with teachers, students, and learning interactions. A teacher can then make a service offering in terms of a course of lectures on mathematics, and provide resources, in terms of learning opportunities, and mathematical concepts and tools. These offer the prospect of enhanced knowledge. The teacher can also work with the student to use these resources to co-produce learning experiences. However, it is how a student choses to engage with these interactive experiences and to make sense of them in terms of their life experiences that will ultimately generates concrete learning and value for that student. As such, value is always subjectively experienced by public service users in the context of their own lives (Gronroos, 2019).

This is not to say that the dynamics of individual value creation for public and private services[2] are the same. Often they are not. The reality of unwilling/mandated or coerced consumers, for example, is unfamiliar to the commercial sector, while it is a marked element of public services (e.g., in the prison or child protection services). This requires a re-consideration of the issue of the role of agency in value creation (Alford, 2016). Further, commercial firms are (usually) confident who their (sole) customer is. Public services, however, can often have multiple end-users/stakeholders, some/all of whom can have different (and possibly conflictual) definitions of what constitutes value for them. A vulnerable adult might privilege independent living as the key arbiter of the success of a supported

accommodation service, for example, while their family might focus instead on personal safety. There is hence an element of value-creation negotiation across the stakeholders for a public service that is unfamiliar to the majority of commercial firms. To add another level of complexity, public service users might also be receiving services from several public services (e.g., elderly people receiving support from health and social care agencies). In this case the value-creation relationship is not a simple dyadic one but is rather dependent on relationships between the user, a network of PSOs, and their family and friends (Powell & Osborne, 2020).

Finally, there is no guarantee that user interaction with public services will always create value for them. Poorly designed or delivered public services may actually have a deleterious impact on service users and detract from their lives (value destruction) (Engen et al., 2020).

4.1.2 | Society as locus

PV discourse of value is redolent with statements of societal value creation and Jorgensen and Bozeman (2007) assert that there is "no more important topic" in PAM. PV evolved from the work of Moore (1995) who sought to develop a normative theory of strategic public service management. The PV element of this approach subsequently evolved in its own right. Beyond the simple assertion that "[p]ublic value is what the public values" (Talbot, 2009), though, there is a complex debate about its definition and who defines it (Van der Wal, 2016).

Consequently, approaches to PV have multiplied (e.g., PV Management and PV Governance), yet none has achieved hegemonic status (Nabatchi, 2017). This diversity has led many authors to conclude that a "clear definition [of PV] remains elusive" (O'Flynn, 2007) and that the "ambiguous nature of [PV]… fuels its popularity—it is all things to all people" (Rhodes & Wanna, 2007). More than a decade ago, 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" (p. 187). This evaluation still prevails.

The present paper is not intended as a contribution to this ongoing PV debate. Rather it argues that this debate has illuminated the key issue of *society* as a locus of public service value creation. It has also identified four issues in PAM which must be built into any understanding of this locus. First it has made explicit that public services do not address the needs of individuals alone but also of society (street lighting, for example). This point is not new, as the concept of "public goods" (Samuelson, 1954) has long made explicit. However, PV encompasses not just such instrumental public service outputs but also expressive public service outcomes: the process of involvement in public service co-production can have its own societal benefits, irrespective of the actual outcomes of a public service—such as by creating "active citizens" (Alford & O'Flynn, 2009).

Second, the public and private/individual value derived from a public service may not always be congruent. They can be conflictual. Benington (2011) quite explicitly privileges PV above private value, arguing that PV focuses attention on "the wider public interest, and not just on the needs of current users." Public service officials must hence balance both private and PV creation—and sometimes negotiate/arbitrate between them. In Scotland, for example, there is a debate about whether faith-based schools create value because they enhance student outcomes (individual value) or destroy value because they are detrimental to social cohesion (PV) (Jackson, 2003).

Third, PV has emphasized that the value of a public service is not an objective phenomenon but is subjective and determined by the societal values that underpin it (Bozeman, 2007). How a society views offenders for example (as citizens who can be reformed or as irredeemable "bad people") will both determine its criminal justice services and how society interprets their impact on offenders. Similarly, public services do not simply provide "outputs" (services) and "outcomes" (impacts for the users of public services). They also give concrete expression to the values of a society—for example, the nature of the education system in a country says much about how learning and knowledge are valued in that society (Winkley, 2011). Finally, society is not monolithic but is

fragmented into differing and often conflictual stakeholder groups. Just as with the individual, the key task here is the negotiation across these differing stakeholder groups to attempt to reach consensus (Bryson et al., 2017).

4.1.3 | The public service ecosystem as locus

An ecosystem approach argues that public services are not produced in isolation by PSOs (or even networks of PSOs), but rather in complex interactive service ecosystems (Petrescu, 2019). These include both the service-specific elements of the system (PSOs, citizens, technology, service delivery processes, etc.) and the broader societal context and values that surround and legitimate this public service system (Laitinen et al., 2018a). Trischler and Scott (2015) argue that public services do not only create value for service users and society, but also for the ecosystems that they inhabit—through the individual/organizational learning of staff and PSOs and the subsequent improvement of these systems and services (Tuurnas, 2015).

This theme is explored in the emerging PAM service design/co-design literature (Trischler et al., 2018). This literature takes the public service ecosystem as its locus, rather than individual PSOs, and explicitly seeks to identify/rectify fail-points in these systems by capturing and using system-level learning (Radnor et al., 2014). Such learning is not guaranteed, of course, and both their political governance and media attention can make such systemic learning challenging (Flemig et al., 2016). Notwithstanding this, any theory of value creation in public services delivery requires to encapsulate the public service ecosystem locus.

4.2 | The elements of value in public services

Drawing upon the extant PAM and SM&M literatures, this paper distinguishes between five elements of value for public services. These are detailed in Table 1, linked into exemplars from the above literatures.

4.2.1 | Short-term satisfaction and user well-being

This element encompasses the short-term satisfaction of public service users with their experience of public service delivery, and its influence on their well-being. This experiential element relates to both the "value-in-use" dimension of value within the SM&M literature (Sandström et al., 2008) and the SM&M/public service quality literature (Osborne, 1992; Parasuraman et al., 1985). It is significance for three reasons. First, there is an increasing literature on the importance of such experiential satisfaction of public services for their societal legitimacy (Song et al., 2020). Second, this experiential element can directly influence service impact. A patient entering an appointment with a doctor filled with anxiety after a long wait in a crowded and noisy waiting room, for example, may forget to provide

TABLE 1 Elements of value and their roots in the public administration and management (PAM) and service management and marketing (SM&M) literatures

Value element	Core literature	PAM exemplar	SM&M exemplar
Short-term satisfaction and user well-being	Service quality	Van de Walle (2018)	Parasuraman et al. (1985)
Medium/long-term service outcomes	Service performance	Cook (2017)	Ohman et al. (2015)
Whole-life experience of service users	Lived experience	Wright and Patrick (2019)	Meynhardt et al. (2006)
Capacity creation for future change	Capabilities theory	Nussbaum (2011)	Berghman et al. (2006)
Societal value	Public Value	Lonn and Uppstrom (2015).	Gopaldas (2016)

crucial information to the doctor for their diagnosis or fail to absorb information given them about their treatment. Moreover, the active involvement of patients in their treatment can affect clinical outcomes, even when the treatment is the same as for a noninvolved patient (Dehghan et al., 2018).

Third, this experience will also influence subsequent public service encounters by service users, by shaping their service expectations—and with research demonstrating that such expectations significantly influence service outcomes (James, 2011). Effective soft methodologies exist for capturing this experience and using it to design public services that engage successfully with such experience, and which methodologies are having a promising, if currently limited, impact on public service reform (e.g., Donetto et al., 2015).

4.2.2 | Medium/long-term service outcomes

This element concerns both the medium-term *effects* of a public service (the effect of reminiscence therapy on the short-term memory of adults with dementia) and the longer-term *impacts* of the service (how the effects of such therapy impact on the adult's self-confidence, social integration, and welfare). As such they are core elements of the performance of a public service (Damanpour & Evan, 1984). Any model of the value created by public services must include this as a fundamental element concerned with value creation in the context of the experiences, needs, and expectations of a service user—what SM&M theory would term "value-in-context."

Such an outcome focus is not new in PAM (e.g., Boyne & Law, 2005), but our perspective approaches it from the service ecosystem rather than the individual PSO. We argue that such value creation needs to go beyond a focus on actors alone and encompass the full range of relationships and contextual elements within the ecosystem (Heinonen et al., 2010). Moreover, such outcomes are only one (very important) element of the value of a public service, not the sum of it.

4.2.3 | Whole-life experience of service users

This element encapsulates the influence of a public service on the whole-life experience of a service user. A public service is designed to meet a specific need (education or community development). However, these services, particularly the human services, are frequently so invasive into citizens' lives that they do not simply address a discrete need. They will also play a significant role in the (positive or negative) construction of their whole-life experience (Ellis, 2015; Meakin, 2017). High-school education does not simply impart knowledge to children, for example. It is a holistic experience that links their short-term life condition (well-being) to their long-term life experiences. A child's experiences at school will determine how they subsequently construct their own personality, life opportunities and personal relationships (Hersh & Walker, 1983).

This whole-life element has invariably been absent from the intra-organizational preoccupations of NPM-style reforms (Radnor & Osborne, 2013). Yet it is fundamental to the value that can be created/destroyed through a citizen's engagement with public services. Often such whole-life experience has emerged for citizens from public service encounters without conscious engagement by public officials (though effective teachers will understand their broader role for their students, irrespective of the examination-focus of the schools that they work in). Our perspective argues that it is an essential dimension of the value of public services and one that requires active engagement from public officials.

4.2.4 | Capacity creation for future change

The fourth element relates to the value created by public services by generating the ability of citizens/communities to change and to build capacity to resolve their own needs in the future. There has long been a critique of

public services as creating an enduring dependency of citizens on these services to meet their needs, which is both socially undesirably and economically unfeasible. Capacity creation has been a long-time aspiration of community development (Chavis & Wandersman, 1990), of course, and is increasingly so in other areas of public services (e.g., Sirianni & Friedland, 2001). It is an essential element of the value that public services can add to their citizens/communities.

4.2.5 | Societal (public) value

This final element of value relates back to the PV narrative—that public services do not simply add value to individual service users/citizens, but they also add value to society as a whole. This discussion will not be reiterated here. However, as this prior discussion noted, such societal/PV may be an extant representation of the values underlying society, and/or a secondary benefit to a whole community from a service's impact on individual citizens (e.g., by facilitating social cohesion). In order not to confuse this element with the complex debates within the PV community, this element is here denoted as "societal value."

4.3 | The processes of value creation

Our prior discussion has emphasized the need to explore both the production and the use/consumption of public services in order to understand value creation. This is not without difficulties. From one standpoint, production and consumption are actually alternative perspectives on the shared processes of public service delivery. Our intention is not to create an unnecessary dichotomy, rather it is to conceptualize both sets of processes and allow for them to be explored and evaluated—as long as their dynamic interrelationship is always understood. As is often the case in the social sciences, the disaggregation of concepts is an essential precursor to their integration. Our argument is therefore that co-production is only one process through which value can be created by public services, rather than the sole conduit (Dudau et al., 2019; Osborne, 2018). Rather, value creation has to be understood as an interactive cluster of production and use/consumption processes.

Our model thus differentiates between two *explicit production* processes (which are conscious processes undertaken by one or more stakeholders to a public service and require their active agency) and two *implicit use/consumption* processes (which occur unavoidably without volition or agency by a public service user—and

Stakeholder role(s)	**Process** →			
	Production		**Consumption**	
	Co-design	***Co-production***	***Co-experience***	***Co-construction***
The role of key public service stakeholders in…	… designing public services	… managing and delivering public services	… creating the positive/negative experience of a public service	… creating the effect/impact of a public service upon their life (and vice versa)

FIGURE 1 The processes of value creation for public services

sometimes unconsciously). This is illustrated in Figure 1—though inevitably the process is more cyclical and iterative than this simple heuristic suggests.

It is important to reiterate the difference between the creation and co-creation of value, as Gronroos (2017) has made explicit. The co-creation of value occurs within the production processes of public service delivery, as service users, citizens, and service providers interact in co-design and co-production. However, service users also create value in their own right through their consumption and use of a public service. Service providers are not a part of this latter consumption/usage element of the value creation equation.

4.3.1 | The explicit (production) processes of value creation

These have already been explored in the PAM literature and this paper builds on this prior exploration. The first explicit process is the *co-design* (Bason, 2017) of public services, to enhance both their value-in-use and value-in-context. It concerns the involvement of citizens and service users in the co-design of public services on the basis of their prior experiences, and with evidence from the service field that this can be a major source of service performance and improvement (Steen et al., 2011). This prior experience of public services may not be easily expressed by inarticulate or vulnerable service users. Co-design hence requires partnership with service staff to access and make sense of this knowledge effectively (Bowen et al., 2013). Increasing evidence is emerging that co-design is an effective route to enhancing learning at the public service ecosystem level, subsequently leading to public service improvement and innovation (Donetto et al., 2015; Laitinen et al., 2018b; Trischler et al., 2019). A value-creation approach provides a framework within which to situate and evaluate this learning and improvement.

The second explicit process returns this paper to its original starting point—*co-production*, encompassing the conscious engagement of citizens in the management/delivery ("production") of public services (Brandsen & Honingh, 2016). However, in our approach, co-production is now situated as one of cluster of value-creation processes, rather than a sole approach, and within an overarching framework that clarifies its potential and contingencies. Co-production can both contribute to enhancing the outcomes of public services by the active engagement of service users (Farr, 2016) and to developing their capacity for the future (Tuurnas et al., 2016). It is also a collaborative process, not simply a synonym for user control, and so requires the active cooperation both of PSOs and public service officials and of service users (Steen & Tuurnas, 2018). Moreover, citizens can also engage in co-production in their own right and not only as service users—such as through volunteering.

4.3.2 | The implicit (consumption/use) processes of value creation

The first implicit process is *co-experience*—or value-in-use. It is the process through which the experience of a public service creates/destroys value for a service user, in the context of their whole-life experience. This is where a citizen engages with a public service at the point of delivery to create value in their lives. Such value is always experiential and subjectively evaluated (Vargo et al., 2017). This may be in terms both of personal satisfaction and short-term effects and/or of medium/longer-term outcomes.

The second implicit process is *co-construction*—or value-in-context. This is a constellation of four sub-processes. First, it concerns the individual/societal values and personal life experiences that a citizen brings to a public service encounter. As noted above, these elements will determine how the citizen views/engages with a public service and their expectations of it—and are a key determinant of the performance of a service for that individual. Their previous life experiences will frame how students arriving at university view and engage with the opportunities available to them there, for example (Laming et al., 2016). Second, it concerns how a public service addresses the social and economic needs of the service user. At one level these will of course be objectively

defined through social and economic indicators. However, for the individual service user, this "objectivity" will also be mediated through the subjective lens of their own perceptions of their needs (Go-Jefferies et al., 2019).

Third, it concerns how their previous experiences of a public service will frame the future expectations of that service for citizens. The prior experiences of the police that a poor black male and a wealthy white male might have, for example, will create differing expectations for their subsequent encounters with a police patrol car—irrespective of the actual content of this encounter (Slocum & Wiley, 2018). This new encounter will thence create expectations for future encounters (Hjortskov, 2019). Fourth, it concerns the impacts of a public service on the whole-life of a citizen, beyond the intended impacts of the service (the third element of value creation identified above). Co-construction here is not concerned with the "fitness for purpose" of a public service, but rather the "lived experience" that a public service encounter creates for the wider personal development and ideation of the service user (Sagy & Antonovsky, 2000). The personal experiences of a child in their high school will be a significant force in forging their adult personality, for example, irrespective of whatever subject-specific learning they cull (Oblinger, 2006).

5 | IMPLICATIONS AND CONCLUSIONS

5.1 | Implications for research and theory

This paper commenced with an acknowledgment of the import of the extant co-production research and theory for PAM. It also acknowledged its limitations—in particular the need for a more holistic approach that understands co-production as part of broader public service ecosystems (Dudau et al., 2019; Strokosch & Osborne, 2020). It subsequently argued for the development of a more rounded approach to value creation through public service delivery, by the adaptation and integration of insights from SM&M into PAM, though while also emphasizing the distinctive features of public compared to commercial services. At the heart of this approach is an appreciation of public services as services and the consequent need to understand how value is created, for service users, citizens, and society through both public service production and use/consumption—and that these processes take place in dynamic public service ecosystems (Osborne, 2021). This is at the core of the performance of public services and provides a substantive context within which to interpret and to make sense of the micro-processes of PAM, including co-production (Trischler & Trischler et al, 2019).

This is an important contribution to the evolution of PAM theory. While the discourse of value creation has started to gain traction within it (e.g., Hardyman et al., 2019; Voorberg et al., 2015), nonetheless this discourse is significantly undertheorized and this is hampering its exploration and evaluation (Erikkson, 2019). The framework offered here is a first step to evolving conceptual tools that will allow the clarification of the dimensions and elements of value within PAM, and the locus and processes of its creation/destruction. Illustratively, two facets of this

TABLE 2 Value creation/value elements matrix

		Elements of value created				
Value-creation process		**Short-term satisfaction and user well-being**	**Medium/ long-term service outcomes**	**Whole-life experience of service users**	**Capacity creation for future change**	**Societal value**
Production of public services	Co-production					
	Co-design					
Use or consumption of public services	Co-experience					
	Co-construction					

framework (elements and processes), are brought together in Table 2. This framework can be a valuable research tool for evaluating the processes of value creation within a public service context and the types of value that they may be creating or destroying. Any public service will comprise a different mix of elements of value and of processes to create this value—this is the core of the performance of these services and provides a link between the organizational performance of a PSO and value creation for service users.

Our framework makes this mix explicit for a public service and can thence be used to develop testable objective and subjective indicators of value for it. Similar matrices can be developed between other facets of the framework to provide a holistic evaluative framework for value creation within public service ecosystems. This framework can also allow a proper language of value creation in public services to evolve. This in turn will allow a more nuanced debate about the contingencies and impact of such processes as co-production.

It is important in developing this contribution that we do not reduce it to mere sophistry. There are complex interactions occurring here that should not be minimized. The education example, above, is useful here as an exemplar, and it reveals four components. First, learning outcomes may be both dependent and independent of student experiences and satisfaction. Students can find the process of learning to read intensely difficult and painful, for example, yet still achieve the learning outcome. In this sense, short-term pain may be a precursor of long-term well-being! Second, the experiential dimensions of personality/citizenship formation can be conceptualized as learning/educational outcomes also—but the inputs into this outcome will be wider than teaching alone and will include peer and family-based experiences and learning also, as well as the interpretation and integration of these experiences by the student. Third, even when the experiential dimension is conceptualized as an outcome as well as "lived experience" (Patruzzo et al., 2017), co-experience as a process will matter—both for outcomes and lived experience. A school, as a learning environment, is more than simply the teaching inputs and processes within it. It is a complex learning ecosystem where the lived experience of pupils is as important as structured teaching. Fourth, we currently have notable approaches to evaluating PSO performance and service outcomes but need to develop significantly our ability to evaluate experience, both as a process of value creation and as value in its own right. These complexities do not undermine the framework presented here. Rather they emphasize its integrity in identifying such intricacies and in providing concepts through which to explore and drive forward the evaluation of value creation in public services (Best et al., 2019).

5.2 | Implications for policy and practice

The framework presented here is also significant for policy and practice. It offers usable tools to policy makers and public service managers both to aid the formulation of public policy and the design of effective public services and to plan and evaluate their role in creating value for citizens and society through the production and use/consumption of public services. This framework has been used with city managers by one of these authors, for instance, to help them develop an evaluative framework for city services. This commences with exploring with them the elements of value that they are seeking to co-create with local residents through a local service, giving concrete examples of each element. This then allows them to evaluate the processes they are employing to facilitate such co-creation: do they have the right mix of processes to achieve the co-creation they are seeking, for example. This then leads on to their co-designing with residents a more effective process-mix to achieve the value creation they are seeking.

We would further emphasize three points. First, our framework places value creation for citizens and society at the heart of PAM, rather than the NPM preoccupation with improving the internal efficiency of public services in isolation from their ability to create value externally (Radnor & Osborne, 2013). The framework here allows precisely for such a focus on external value creation for public service managers—and which can then provide for a meaningful context through which to interpret essential information about the internal efficiency and resource allocation of PSOs. Thus, for example, the framework in Figure 1 can be used both as an evaluative tool for existing services and as a planning aid for future services—by clarifying the types of value that a public service is seeking to create and the

processes through it can achieve this. This can then be modeled as resource flows and the impact of differing types and levels of resources can be assessed.

Second, it must be emphasized that this external value-creation orientation is not an alternative either to the realization of the societal values expressed in public policy or to the organizational performance management of PSOs. They are an integrated trinity. It would be a great irony if the "very efficient but permanently failing" PSOs of the NPM era (Radnor & Osborne, 2013) were replaced with "value creating but permanently inefficient" PSOs. There is a balance to be struck in public service management between societal values, organizational performance, and value creation for service users (Cabral et al., 2019). Our framework provides a context for such essential dialogue about the value-creation balance between the production and use/consumption of public services.

Finally, our framework legitimates the role of public service user experience as a valid focus of concern. Too often such experience is dismissed as a "woolly" and soft concept that has no place in the hard-nosed world of contemporary public services. The approach offered here is a counter to this. Not only is experience directly related to public service effects and impacts, but it is also crucial in its role in shaping the life-orientation and social integration of citizens. This is an authentic focus for PAM and for the practice of public service management.

5.3 | Limitations and future directions

The model presented here is a first step and suffers from limitations. These can establish a future research agenda. In particular we would identify nine limitations that should be at the heart of this emergent research agenda. First, public services are different from commercial services in important ways. These include the extent to which they are subject to democratic mandate, the dual citizen/service user roles, the existence of multiple stakeholders with potentially varying perspective on the value created by a public service, and the existence of unwilling or coerced service users. The impact of these differences on value creation through public services needs further exploration and consideration. Further, citizens and service users are not always identical for public services. Citizens can derive value from public services as co-designers and co-producers (as volunteers, for example), without being service users (Musso et al., 2019). Finally public services are subject to power differentials that are less common in commercial services—it can be harder for users to exit a public service, while power differentials persist between users and public service professionals (Farr, 2018).

Second, the concept of "value destruction" is undertheorized and explored in a public service context. The processes and implications of this need further exploration, though this process has begun (Engen et al., 2020). Third, our framework is a "broad-brush" affair. Its focus is on public services at their most generic. Exploration is needed of the value elements, loci, and processes in the varied micro-fields of PAM. How does value creation in law enforcement, community development, and tax collection compare, for example, and what are the implications of their differences and similarities for practice and for theory? Similarly, *the values* underpinning public services are different in different national contexts. Examination is required if and how these differing values impact on value creation in PAM.

Fourth, the transformation of public services through digital and smart technology is re-fashioning the nature of the public service encounter, just as it has re-fashioned the commercial service experience. This has significant implications for the creation of value for citizens and public service users (Lember et al., 2019). Fifth, learning is crucial to the processes of value creation for public services. This continues to be underresearched and is deserving of urgent attention (Laitinen et al., 2018b). Sixth, much of the emphasis of the co-production literature has focused on the service user alone. Research and practice need to consider the implications of a value creation approach for public service officials and PSOs also, as well as for the broader public service ecosystem (e.g., Steen & Tuurnas, 2018). Seventh, the analysis of the processes of value co-creation in this paper has focused on processes that occur at the cusp of co-production and co-creation. Yet other processes are being enacted of course—such as co-commissioning and co-financing (Loeffler & Bovaird, 2019). Further work is needed to explore if and how such other processes can

be integrated into this model. Eighth, PAM needs to develop indicators of value creation/destruction. As discussed previously these must combine both objective and subjective elements to accurately capture the complex nature of value creation for public services—and to link it to the performance of PSOs (Go-Jefferies et al., 2019). Finally, the framework presented here is by its nature theoretical. Significant empirical research is now required to test, refine, and develop it.[3] Further the policy and practice implications have only been addressed in broad terms. Further work is needed to deepen these insights.

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DATA AVAILABILITY STATEMENT

This is a theoretical paper.

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ENDNOTES

[1] In practice, value creation and co-creation are different, if interlinked, processes. They are discussed separately below. However, to simplify the narrative in this initial presentation, the term "value creation" will be used to signify both processes.

[2] Public services can of course be provided by public, private, and third sector bodies—but they are still public services.

[3] These authors are involved in one such large-scale empirical investigation of value creation in public services (see paper acknowledgment).

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