

H2020-SC6-CULT-COOP-2016-2017 CULT-COOP-11-2016-2017

Co-VAL [770356] “Understanding value co-creation in public services for transforming European public administrations”



D1.4 Final Synoptic Research Report

Project Reference No	Co-VAL [770356]
Deliverable	D1.4 Final Synoptic Research Report
Work package	WP1 Developing the conceptual framework for Co-VAL
Type	Report
Dissemination Level	PU = Public
Date	28/04/2021
Status	Final v1.0
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Document description	Synthesis of evidence across work package one to develop and refine Public Service Logic and explore the contingencies for citizen-centred reform.

Document Revision History

Version	Date	Modifications Introduced	
		Modification Reason	Modified by
V0.1	10/11/2020	Analysis and discussion of experiments included	BOC
V0.2	18/11/2020	Re-drafting of section 4 and 5	UEDIN
V0.3	25/11/2020	Executive summary included and references finalized	UEDIN
V0.4	7/04/2021	Revised to include inputs from work package leaders	UEDIN, RUC, UM-Merit, USTL, INN
V0.5	14/04/2021	Revised on the basis of stakeholders and peer reviewers' comments	UEDIN and BOC
V1.0	28/04/2021	Final review for submission	ATC



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 770356. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use, which may be made of the information contained therein.

Executive Summary

Introduction

This final report synthesizes the findings from across work package one of the Horizon 2020 Co-VAL project to test and refine the theory on citizen-centred public service reform, and especially Public Service Logic (PSL). By presenting an integrated analysis of a systematic literature review, case study research and experiments, this research explores whether the PSL is theoretically and empirically robust. On the basis of this analysis, this report develops PSL by improving our understanding of value and the process of value creation and the actors involved, with a particular focus on the role of citizens and service users.

Report Aims

This report integrates the findings and evidence from the prior research conducted within Work package 1 of Co-VAL to achieve three aims. First, it draws out the implications, contingencies and contributions for the theory on citizen-centred public service reform and explores the extent to which PSL is theoretically and empirically robust. Second, the report explores the various ways citizens might contribute to the process of public service production and the potential implications for value creation. To do so, it investigates both the intrinsic and extrinsic processes of citizen participation. Finally, this report applies the empirical analysis to PSL to explore and better understand the complexity of value creation. By doing so, the discussion emphasizes the interconnectivity and complexity of the value creation process during public service production and the various roles played by actors during the process, as well as the importance of the contextual environment.

Methodology

This report offers a holistic understanding of how citizens contribute to value creation during public service production, which is achieved through reviewing, analyzing and integrating the evidence collected in Work package 1 of the Co-VAL research project:

1. Deliverable 1.1 reported a systematic review of the literature on citizen participation. It discussed PSL as an alternative framework to understand how citizens may participate during public service production.
2. Deliverable 1.2 reported eight case studies conducted across seven European nations. It explored what constitutes value, who creates value and when value is created during public service production.
3. Deliverable 1.3 reported two experiments to explore what prompts citizens' participation in co-producing public services.

This report is split into four sections. The first presents a review of the current PSL literature and discusses the concept of value, the process of value creation and introduces the emerging ecosystem perspective. The second section synthesizes the evidence from the systematic literature review, case study research and experiments. It explores especially how and when value is created/destroyed during public service production and by whom. The third section analyses these empirical findings within PSL, discussing the actors involved in value creation, their associated roles, and the importance of the contextual environment. The final section of the report concludes by describing the key contingencies for citizen-centred public service reform identified through this research. It also

discusses the key contributions and implications from this research for the practice and theory of citizen-centred public service reform

Overview of findings

Introducing Public Service Logic (PSL)

PSL is introduced as a narrative of public service reform that draws on insights from service management theory to understand the process of value creation. It particularly focuses on value creation during public service delivery (Grönroos, 2019), which has traditionally been overlooked in the public administration and management (PAM) literature. The integration of the theories from PAM and service management has been the emphasis of the evolving Public Service Logic over the past decade (e.g. Hodgkinson, et al 2017; Osborne, 2021).

PSL understands public services as *services*. It emphasizes the importance of the interaction or the ‘moment of truth’ between the service users and the PSO (including its staff and other resources, such as a website) for value creation (Normann, 1991; Hardyman, et al., 2019). For PSL, public service users are, therefore, understood as playing an integral role in the process of value creation.

For PSL, value is a central concept (Alford, 2016). However, the emphasis is on value for public service users and society, rather than the economic value (i.e. capacity to reduce costs or implement more efficient business processes). The concept of value is, nevertheless, understood as elusive and is especially complex in the public service context, where it is sought by various different beneficiaries with competing agendas (Bryson et al, 2014).

For PSL, citizen participation is a possibility at every stage of the public service production process, from the development of public policy, to service design and delivery. However, PSL differentiates when and how citizens participate during service production into two categories: intrinsic and extrinsic participation.

Intrinsic participation occurs without agency from any party, due to the nature of public services and through service users’ use and experience of the service. It takes place during service delivery and within the service user’s own life context (Grönroos, 2019). Intrinsic participation is therefore involuntarily on the part of both the service user and the PSO. PSL categorizes two types of intrinsic participation, both of which may influence the value accrued by service users (Osborne, 2021). Co-experience occurs during delivery through the service interaction (e.g. with frontline service staff, other service users, or a PSO’s website). Such interactions impact a service user’s well-being and outcomes. Co-construction, by contrast, occurs within the service user’s own life context, including their interactions with other organizations, family and friends. It may, therefore, influence the service users’ expectations and use of public services.

Extrinsic processes of participation require agency and voluntary involvement on the part of both the PSO and the service user. PSL differentiates two types of extrinsic participation: co-production and co-design. Co-production is defined here as the active and voluntary involvement of citizens in the planning, management and delivery of services (e.g. parents’ associations, volunteers), while co-design refers to the active involvement of service users in the design of services, where service users

may be involved to improve or innovate services (Bason, 2018). For co-production and co-design to take place, a PSO must create opportunities for citizen/service user's involvement and the citizen/service user must also be willing to participate.

Synthesis of evidence

The systematic literature review of five previous accounts of public service reform offers three important insights into participation:

- citizen participation may contribute positively to different end goals, such as democratic renewal, service improvement, cost efficiency as well as effective and efficient service delivery.
- public service users are *potential* contributors to public service production (i.e. they are invited by the PSO to participate) during both planning and delivery.
- structural changes, such as decentralization, are proposed to facilitate citizen participation.

However, the analysis of the literature also presents four reasons why participation has remained rhetoric and consigned mainly to the periphery of practice.

- previous developments of reform are framed as a reaction against the perceived failings of what has gone previously, rather than offering an evidence as to how participation has been reframed to support increased efficacy (e.g. Williams and Shearer, 2011).
- public service production has been understood as a linear model of closed decision making, where service planning, development and production are located as an intra-organizational pursuit (e.g. Osborne et al., 2013). Value creation is therefore framed implicitly as an internal process of the PSO.
- participation, under the previous accounts of reform, is facilitated primarily by structural changes and is, therefore, *appended* as an extrinsic process (e.g. Fischer, 2006).
- power asymmetries are evidenced across the previous developments of reform, which reinforces the assumption that public managers are best equipped to design and deliver public services, while public service users role is mainly one of consumption (e.g. Pollitt and Bouckaert, 2017).

The review of the literature highlighted that value is not discussed in any detail within the current accounts of public service reform. The case study research, therefore, sought to explore value in more depth. This empirical study asked, what is value, when is it created and who creates it?

Respondents described value as a subjective, ambiguous and multi-dimensional concept. The findings also identified three main beneficiaries of value: individual service users, organizations and wider society. Although the locus of value creation was difficult for respondents to determine, the analysis revealed four points within the service production process which influence various dimensions of value and especially the value accrued by service users. These are: service design; operational planning; service interactions; and extrinsic involvement.

The analysis of case study research also differentiated the roles played by different actors during the process of value creation, adding empirical weight to PSL:

- Public service users were perceived as a significant actor in the process of creating value for themselves, during service interactions and within their own life contexts (Vargo et al, 2008; Hardyman et al, 2019; Grönroos, 2019).
- Public service staff were identified as playing a central role in value creation, especially where it was necessary for them to apply their competency, knowledge, enthusiasm and soft skills to engaging with service users, support their needs and build healthy relationships.
- Policymakers and senior managers were described as playing an important leadership role in driving the value promises of public policy. Senior managers within PSOs were also perceived as supporting the translation of value promises into services.
- Third sector organizations were described as playing an active role in designing services and delivering supplementary services (e.g. advice to service users where services are difficult to access).
- Family/friends were described as facilitating value creation for service users by offering important support structures.

The experiments examined co-production and how citizens' might be encouraged to co-produce. The results of the first experiment showed that contact with a beneficiary has a significant, positive effect on citizens' willingness to co-produce. The second experiment, however, yielded no significant impact of monetary incentives on stimulating citizens' willingness to co-produce.

The synthesis of the evidence from across Work package 1 contributes to our understanding of citizen-centred reform in five important respects. First the analysis confirms the multi-dimensional nature of value which is perceived by different actors subjectively. Second, the analysis suggests citizens participate in the process of value creation through both intrinsic and extrinsic processes. Third, extrinsic participation in the form of co-production may be prompted. Fourth, although the citizen plays a core role in value creation for themselves through intrinsic processes of participation, the other key actors (e.g. PSOs and their staff; family and friends) also play a key role in the value creation process. Finally, the value creation process is influenced by the contextual backdrop of individuals, organizations and society which are interacting to design and deliver public services. .

Refining Public Service Logic

In the penultimate section of this report, PSL is refined by integrating and discussing the analysis with the public administration and management and the service management literatures. In doing so, this section focuses on four areas: understanding the concept of value; exploring the process of value creation; the roles of the actors involved; and the influence of the contextual backdrop on how services are designed, delivered and experienced.

As stated previously, PSL positions value as a core and holistic construct. The analysis further suggests that, for public services, value can be both instrumental (referring to specific rational aims) and experiential (shaped by interactions and the social environment) (Babin et al, 1994) and may exist at the individual, organizational, or societal levels. Public services cannot, therefore, be understood as creating homogenous value for all. Rather, value emerges, accrues (or is destroyed) and is perceived subjectively by individual beneficiaries not only during the service interactions, but also within the service users' own specific social contexts, which are also a reflection of the longer-term outcomes for individuals (Rihova et al, 2013; Eriksson, 2019).

Reflecting on the intrinsic processes of co-experience and co-construction, PSL suggests the locus of value creation is the *use* and *experience* of public services, which extends across service delivery, into a service user's own lifeworld (Strokosch and Osborne, 2021). However, PSL also reflects on the extrinsic processes of citizen participation: co-production and co-design. The extrinsic processes are understood as existing on a continuum, where the level of service user activeness depends upon the mechanisms established by the PSO to facilitate genuine involvement, but also the willingness of each party to voluntarily engage in the process (Nabatchi et al, 2017). Furthermore, the evidence from the experiments suggested that citizens may be prompted to co-produce by tapping into citizens' intrinsic motivation and showing clearly how their efforts can be of benefit to others and the community overall.

Although PSL understands the relationship between service users and the PSO as a critical point for value creation co-creation for service users (e.g. Hardyman et al, 2019), value co-creation according to the evidence presented here is not a dyadic process. Rather it involves the interaction of various resources at different points in the service production process. Indeed, the empirical research offered insight into the various roles played by actors and their contribution towards value creation:

- Policymakers facilitate value creation by articulating which values are important to society through public policy. In doing so, they suggest an idea of value which public services should seek to offer.
- PSOs facilitate potential value for service users (Grönroos and Voima, 2013). They do so by their internal resources during service production, sometimes with stakeholders and current service users or citizens through co-design and co-production. Their role is therefore not to create value per se, but to design, resource and deliver public services to facilitate potential value for service users.
- Public service users co-create value for themselves through the intrinsic processes of co-experience and co-construction. Their involvement during the delivery and through the contextualization of the services they are using and experiencing is therefore central to their own value accrual.

Conclusions

The report concludes by framing citizen participation as an integral part of the value creation process, during both public service delivery and contextualisation through intrinsic forms of participation (i.e. co-experience and co-construction). The process of value creation for the service user is thus understood as an inherently relational process, involving an interaction between the service user and the PSO (or the PSO's resources) but potentially also other actors, such as family and friends. The value service users accrue is influenced and shaped by their own experience of the service, the extent to which it meets their needs, their interactions with others (during service delivery and within their own life context) and their own personal choices.

The analysis presented here also emphasizes the contributions of other actors, their roles and the context they are operating in, which may enable or constrain value accrual for service users. Citizens, for example, may be involved through the extrinsic process of co-design to contribute to the re-design of services, or third sector organizations may deliver related support services. Furthermore, the strategic objectives of policymakers and senior managers within PSOs influences how services are

planned, resourced and delivered, which also serves to facilitate or enable value co-creation for service users during delivery and contextualization.

Thus, the analysis suggests that at each phase of public service production, the actors involved, their goals and the contextual backdrop may enable or constrain value creation for service users. This is because they influence the service that is offered, or the promise of value that is being made through that service. This represents an important re-orientation away from the internal capacity of public service organizations and their staff to create and embed value into public services, which has been the implicit suggestion of previous reform developments.

Implications

The report offers implications for both practice and research. For practice, five key implications are identified:

1. a shift from internal performance management alone, towards the measurement of external value creation for public service users and society;
2. strong leadership and clear communication of the goals of public services and especially the aim to support value creation for service users and society;
3. cultural change to support the transformation of goals and practice;
4. increased understanding among public managers and frontline service staff as to the importance of service encounters in the process of value creation and how they might, therefore, be designed and managed effectively; and
5. the pragmatic and sensitive use of extrinsic forms of citizen participation to support value creation.

Because PSL is still in its infancy, the discussion also suggests five implications for research to generate further empirical evidence and insight into the process of value creation:

1. the development of qualitative performance metrics to capture the various elements of value for different actors;
2. investigation into the process of co-construction and how value accrues within a service user's own life context;
3. further exploration of the roles and impact of various stakeholders, such as policymakers and third sector organizations in the value creation process;
4. the linkages between focusing on the design and delivery of public services that meet user needs during service delivery and societal value creation; and
5. the exploration of the process of value creation/destruction in other highly complex public service settings.

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List of Terms and Abbreviations

Abbreviation	Definition
NPA	New Public Administration
NPS	New Public Service
NPM	New Public Management
NPG	New Public Governance
PV	Public Value
PSL	Public Service Logic
VfM	Value for money
PAM	Public Administration and Management

Glossary of terms

Co-creation: the process by which value (in any dimensions) is created through interactions between different actors (e.g. PSOs and service users/citizens).

Co-destruction: destruction of value during service encounters, which may result from ineffective service design and the accidental or intentional misuse of resources by any actor.

Co-design: The active involvement of the citizen in improving existing services and in innovating new forms of public service delivery.

Co-production: The active and voluntary involvement of the citizen in the management and delivery of services.

Co-experience: The integral role of the service user during the process of delivery. Their life experience, including past experiences of public services, influences the public service encounters they engage in. Their experience of the public service also impacts their well-being and outcomes.

Co-construction: The role of service users in constructing and interpreting value accrued during a service encounter within their own personal context, including their current and past experiences of the service or associated services, and the influence of their social network.

Extrinsic participation: Requires deliberate and voluntary agency on the part of both the service provider and service user or citizen.

Intrinsic participation: Involuntary and occurs without the agency of either PSO or service user, due to the nature of public services and through service users' use and experience of the service during delivery and their own life context.

Production: Resource creation within the PSO, including staffing and technological capacity necessary for service production. May also include external resources available to the PSO.

Pre-production: Processes of public service planning, design and re-design. This can be done internally by a PSO, or may include extrinsic processes of participation, where citizens, service users and/or stakeholders are invited to contribute.

Delivery: Interaction between PSO and service user and a core locus of value co-creation for the service user.

Contextualization: Locus of social construction of value by the service user within their own life context.

Ecosystem: Integration of actors, resources and technologies and the interactions between them, including the rules and norms they abide by.

Value proposition: Promise of value, which are articulated through public policy and by PSOs through the services offered.

Value-in-use: Value accrued by service users through their use and experience of the service (during delivery).

Value-in-context: value accrued by service users from the service, but outside the service encounter, within the context of their own life.

Value-in-production: Value generated for a service user/citizen through their involvement in the co-design and/or co-production of the service.

1 Introduction

This report synthesizes the work conducted in work package one of Co-VAL, drawing on the systematic literature review, case study research and experiments to identify the key contingencies of citizen-centred public service reform. This empirical data is used to explore and test the extent to which Public Service Logic (PSL) is theoretically and empirically robust. On the basis of the analysis from across work package one, the theory on citizen-centred public service reform is refined to improve our understanding of the concept of value and how and when value is created through citizen participation during the process of public service production. It is important to note here that the focus of this work package was citizen participation during the value creation process, rather than the participation of stakeholder group (this is conducted as part of work package six of the Co-VAL research project).

1.1 Purpose and Scope

The aims of this deliverable are two-fold. First, it integrates the findings and evidence from the prior deliverables from work package one and draws out the implications, contingencies and contributions for the theory on citizen-centred public service reform. Second, it explores whether the key propositions of PSL theory are substantiated by the empirical research, therefore examining the extent to which PSL is theoretically and empirically robust.

Deliverable 1.1 presented a review of the literature on citizen participation under the five most influential narratives of public service reform and discussed PSL as an alternative framework to understand the transformative potential of participation. Deliverable 1.2 analyzed empirical data from eight case studies and discussed the findings in relation to PSL to examine what constitutes value, who creates value and when. Finally, within Deliverable 1.3, two experiments were conducted and discussed the factors that affect citizen participation during co-production.

The aim here is not to devalue the extant literature on citizen participation, which has offered valuable insight into how extrinsic processes of citizen participation can be understood and implemented in public service settings, but rather to offer a holistic understanding of how citizens contribute during public service production, and the implications for value creation. The analysis will be framed in broader literature and will capture the complexity of the value creation process. It will seek to unpack and understand the interconnectivity and complexity of value creation during public service production, shedding light on the different roles played by actors in the process and the importance of the contextual environment.

1.2 Structure of the Deliverable

The report is split into four parts. The first introduces PSL, with a presentation of our current understanding of value, before offering some insight and reflections on the emerging ecosystem perspective of value creation within PSL.

The second part presents a synthesis of empirical evidence from work package one. Drawing on the systematic literature review, case study research and experiments, this section explores how citizen participation has been understood through traditional narratives of public service reform; how and when value is created/destroyed in the service production process and by whom; and which factors can affect citizen participation in the service production process. The discussion of the evidence will

also offer some reflections as to how this analysis contributes to our understanding of citizen-centred reform and PSL.

Combining the empirical analysis with learning from service management literature, the third part refines our understanding of value creation within a public service context and, at the same time, develops PSL.

The final part concludes with a discussion of the implications, contingencies and contributions that the theory on citizen-centred public service reform, and especially the contributions of PSL for practice and theory.

2 Public Service Logic (PSL)

PSL draws on insights from service management theory to support our understanding of value creation, particularly during public service delivery (Grönroos, 2019). It departs from a reliance on theories from political science and sociology, which have been the traditional focus of public administration and management, to explore citizen participation. Instead, PSL draws on service management theory to explore public services as services rather than goods (Vargo and Lusch, 2008). Having advanced over the past decade, PSL is at a relatively early stage of development and is still evolving, but offers valuable insight to understand the process of value creation and the participation of citizens within that process (e.g. Hardyman et al, 2019; Hodgkinson et al, 2017; Osborne, 2021).

2.1 Introduction to value

PSL centres on the concept of *value*, the creation of which is the public sector's primary goal, both in terms of individual value to the service user and wider collective value to communities and society (Alford, 2016). Drawing on the service management theory, value may be understood as an elusive concept (Grönroos, 2011), which is multifaceted (Ravald and Grönroos, 1996) and subjectively understood (Moller, 2006). These characteristics make value difficult to articulate, locate and measure.

Further application of the service management theory to the concept of value for public service settings is, however, limited. This body of work has predominantly focused on the for-profit sector, where value is equated with customer well-being (Grönroos and Voima, 2013; Ostrom et al, 2015) and the associated implications for repeat business and profit. From this perspective, value creation for service users is, therefore, understood as a driver of commercial success and competitive advantage, neither of which are concerns of citizens or society. Moreover, for public services, the concept of value extends beyond customer well-being or economic accomplishment to include important collective dimensions, such as public health, social cohesion and sustainable development (Bozeman, 2007; Benington, 2007).

As the pre-eminent narrative of reform, New Public Management has forwarded a predominantly economic conception of value for money which emphasizes: economy through the provision of services at the minimum cost in terms of financial, physical and human input resources; efficiency by achieving maximum output, both in terms of quality and quantity, from available resources; and effectiveness through organizational output and impact (Glendinning, 1988; McKevitt and Davis, 2016). In practice though, value for money has been translated mainly as a tool for understanding organizational effectiveness, including capacity for resource acquisition, efficient spending and client satisfaction (McKevitt and Davis, 2016). Emphasis has thus been placed predominantly on the production of optimal quality public services for the least cost to taxpayers by focusing on the internal capacity of PSOs to manage business operations and deliver services for the least possible cost (Pollitt and Bouckaert, 2017; Nabatchi, 2018). This has been at the expense of the impact and outcomes of public services on service users, communities and wider society.

In a public service context, value is accrued by different beneficiaries, including individual service users, communities, taxpayers, organizations (and their staff), the service system, policymakers and wider society (Osborne, et al, 2013; Bryson et al, 2014). PSL, therefore, calls for a holistic

conceptualization of value which repositions the organizational performance of PSOs within a framework concerned with the *value* for service users, citizens and communities.

Drawing on the service management literature, PSL has initially referred to two dimensions of value for service users: 'value-in-use' and 'value-in-context'. Value-in-use suggests value for the service user emerges throughout the usage of the service, including all service interactions an individual might have with an organization (Vargo and Lusch, 2008; Grönroos and Voima, 2013). In this sense, value accumulates for the service user over time through their use of the service. Value-in-context, by contrast, emphasizes that value for the service user is also socially constructed, accumulating over time through past, current and future experiences and within the context of the service users' own life circumstances (Grönroos, 2019).

More recently, Osborne (2021) has articulated five core elements of value to capture the various beneficiaries of public services. Importantly, these elements may be created or destroyed for various stakeholders during the process of service production. The first is personal well-being, which includes short-term satisfaction and personal well-being. Second are service outcomes, relating to the social and economic needs of individual service users – including both medium term effects and longer term impacts/outcomes. The third, whole life experience, stresses the experiential dimension of value but focuses on the way in which value is contextualized and subjectively perceived by service users. This is likely to be shaped by a person's expectations of the service (Goldstein, et al, 2002), their experience of related services and the experience of those within their social networks (Rihova et al, 2013). It will also shape their whole-life experience going, forward, especially for the large and invasive human services. Fourth is capacity creation at different levels – for service users, service employees, the service system (which might include organizational learning or cultural change) and community and/or societal capacity. The final dimension is societal value which refers to meeting collective needs through the provision of public goods/services such as roads, but also secondary benefits such as social inclusion, equality and sustainability.

2.2 Value creation

The process of value creation is not discussed explicitly in the PAM literature. However, there is an implicit suggestion in traditional models of public service reform that value is embedded in the service during planning and design by the organization, in the same way that value is embedded in tangible products, and latterly transferred or exchanged from the PSO to the service user in a linear fashion (Ansell and Gash, 2007). This reasoning follows a 'product-dominant logic' which is associated with the production of manufactured goods (Spohrer et al, 2008). Indeed, Osborne et al (2013) argues that the product-dominant logic has been applied to public services over the last four decades within theory and in practice, criticizing the perspective for neglecting the relational nature of public services and especially the inseparability of production and consumption during delivery. Indeed, the product-dominant logic forwards an exchange perspective, which infers that all capacity for value creation is created by PSOs through their resources, including the knowledge, skill and innovative capacity of professional staff. Value is then transferred to the service user from the PSO during consumption of the service.

Following a different logic, PSL has drawn on service management and marketing theory to understand public services as services and to emphasize the integral role of public service users in the

value creation process (Hardyman et al, 2019). The service logic suggests that because the processes of production and consumption are inseparable during service delivery, the service interaction or ‘moment of truth’ influences the value accrued by the service user (Normann, 1991). Service users are, therefore, understood as playing an integral role in the process of value co-creation, through their use and experience of services during delivery (Vargo et al, 2008). However, the aftermath of the service, and how service users translate the value created during the service interaction in their own life circumstances is also important for the service logic. Grönroos (2011, p. 295) argues, for instance, that value is “experientially perceived and also experientially determined” by service users during delivery and within their own life context (or what Grönroos refers to as the ‘user sphere’).

The value creation process proposed within the service management theory is thus conceptually distinct from a product-dominant logic, where value is created internally by an organization and latterly consumed by the service user. Rather, the locus of value creation for the service user is use and experience, which takes place during service encounters and within the context of the service users’ own life (Vargo and Lusch 2008; Grönroos and Voima, 2013). Within the service management literature, however, there has been some disagreement about the locus of value creation. The work of Vargo, Lusch and colleagues focuses on value co-creation, arguing that value is created by multiple actors within complex service ecosystems which are governed by various social rules and norms (e.g. Chandler and Vargo, 2011; Vargo and Lusch, 2016). This work has strong parallels with valuable research within the public sector setting, on networks and collaborative governance, where service production is understood as an inter-organizational process, based on the interactions between various stakeholders (e.g. Rhodes, 1997; Sørensen and Torfing, 2018; Desmarchelier et al., 2020a, 2020b). By contrast, the Nordic school of thought, led predominantly by the work of Christian Grönroos suggests that value is created primarily in the service users’ own life context, while service interactions offer an opportunity for service organizations to co-create value (Grönroos, 2019). Grönroos posits that it is the service user who invites an organization to enter their environment or sphere co-create value with them. The service organization, by contrast, is understood as facilitator of value rather than value creator (Grönroos and Voima, 2013).

Building on these two perspectives, PSL has begun to explore and understand the relational nature of value creation in public service settings (e.g. Hodgkinson, et al; 2017; Hardyman et al, 2019). It has focused especially on exploring how value co-creation at the nexus of public service delivery might influence the value accrued by individual service users (Osborne and Strokosch, 2013; Eriksson, et al 2016; Hardyman et al, 2019). However, there has been a recent call for the exploration into the systemic nature of value creation through an ecosystem perspective where various resources are integrated (Osborne, 2018; Eriksson et al, 2019; Petrescu, 2019; Strokosch and Osborne, 2020). Indeed, Osborne (2018, p. 227) argues that to fully understand value creation in a public service setting, the “relationships between the user, a network of public service organizations, and possibly also their family and friends” requires exploration.

The ecosystem metaphor was forwarded initially in the service management literature as offering a complex, interactive and systemic understanding of value creation processes, where the various dimensions of value are entangled and embedded in context (Vargo and Lusch, 2011; Mars et al, 2012). Public service ecosystems have been defined as the integration of actors, resources and technologies and the interactions between them (Petrescu, 2019). This suggests that value creation

should not be understood as a dyadic relationship that exists only between a PSO and service users, but rather a series of complex and interactive relationships which take place at different levels of the system and amongst various actors and resources. Indeed, public services are designed, delivered and managed within complex public service delivery systems, where various actors across the public, private and third sectors, as well as their resources and service users, their families and local communities interact to enable or constrain value creation for service users and society (Osborne, et al, 2013). Thus, a multi-resource logic is required that considers the diverse and potentially competing perspectives of service users, service providers, stakeholders and the wider public (Strokosch and Osborne, 2020). However, as a relatively new area of research, the interconnections and collaborative nature of value co-creation within public service ecosystems requires further investigation and empirical research (Wieland et al, 2012, p. 13).

2.2.1 Value destruction

It is important to note that the occurrence of value creation does not preclude value destruction (Prior and Marcos-Cuevas, 2016) and this is especially true in a public service setting where there are multiple actors with differing objectives which may not be aligned (Bryson et al, 2014; Strokosch and Osborne, 2020). Value co-destruction has been discussed in the literature, albeit to a far lesser extent (e.g. Engen, et al 2020), and is understood here as “the collaborative destruction, or diminishment, of value” (Echeverri and Skalen, 2011, p. 35). Echeverri and Skalen (2011) focus especially on value co-destruction during service interactions, but more recently Engen et al (2020) has suggested that value co-destruction takes place within a service ecosystem involving the interactions between multiple actors and resources. Engen et al (2020) conclude that any actor can instigate value co-destruction, including service users where, for example, they do not possess the necessary resources or capacity to access and interact with services. However, the mismanagement of the service interaction may also diminish value for service users (Gronroos and Voima, 2013). Thus, value co-creation during delivery is dependent upon the appropriate and effective use and integration of various resources during service production which is conducted primarily by the PSO. For the purposes of this research, the accidental or intentional misuse of resources by any actor is understood as resulting in the potential destruction of value for one or all actors (Ple and Chumpitaz Caceres, 2010).

2.2.2 Public service production and value creation

Osborne (2021) has recently distinguished five key and interconnected phases in the public service production process, the management of which he argues, are crucial in supporting value accrual for service users. These are illustrated in Figure 1 below.

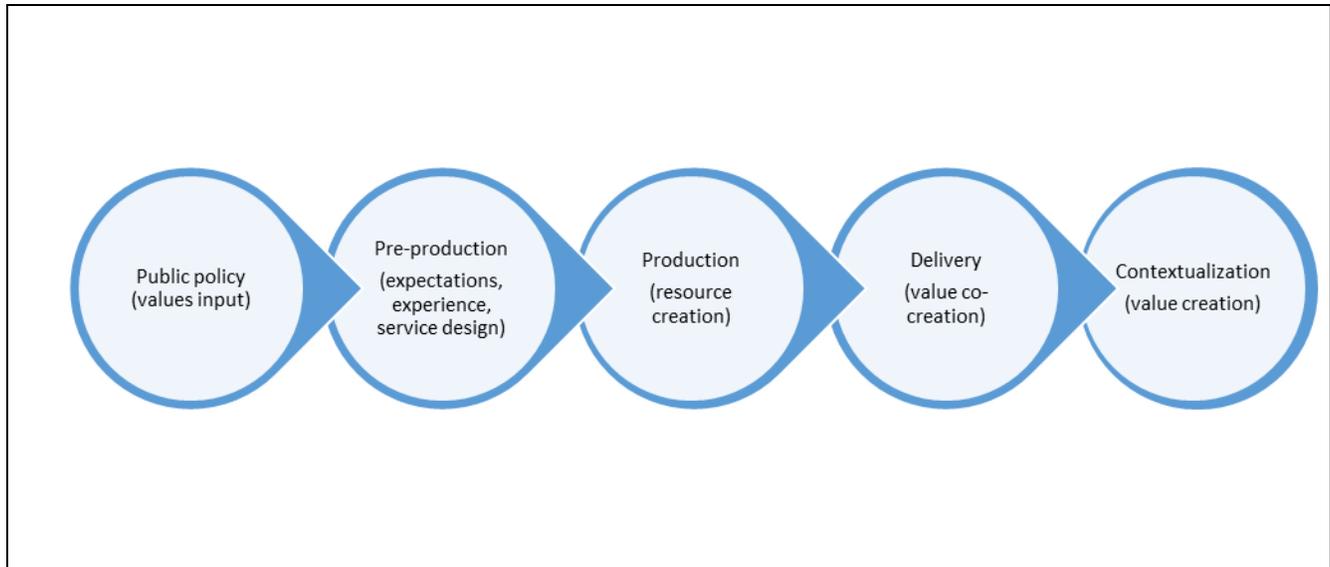


Figure 1 Public service production process (Adapted from Osborne, 2021)

Societal values are espoused through **public policy** and are significant in a public service setting because they frame a shared promise of value. This promise may have been shaped and influenced by the various actors, including citizens, through democratic structures (Bozeman, 2007; Bryson et al, 2015). The shared articulation and promise of value should form the basis of value propositions made by organizations providing public services. Of course, these values will not be translated homogenously in every case, but will be subjectively translated into an organization’s strategic objectives, which will in turn shape how services are planned, designed, delivered and managed.

Second, during **pre-production**, public services are planned, designed and re-designed. This is where the value propositions of public policy are translated by a PSO and the main elements of services are developed and designed. Here, value propositions interact and combine with the expectations and experience of internal PSO staff and, potentially also, public service users and other stakeholders via co-design (Trischler, Dietrich, and Rundle-Thiele, 2019; Trischler and Scott, 2016; Donetto, Pierri, Tsianakas, and Robert, 2015; Schaminée, 2018). However, for PSL, value destruction can occur at any point in the process of service production (e.g. through poor service design, an ineffective service offering by the PSO or inappropriate service use by the recipient) (Engen et al, 2020). Thus, the design and development of services is critical in enabling value co-creation for the service user in later phases of the model.

Production encapsulates resource creation by PSOs. This is the sphere of the service provider, where they are responsible for planning and developing resources, processes, competences and networks to facilitate value creation (Grönroos and Voima, 2013). The PSO may also draw on external resources, such as the resources of other PSOs, which they integrate with their own to produce the service. It is here that value propositions are translated into a service offering by the PSO, which will be guided by the capacity of the organization including its physical resources, people and technologies.

It is important to reinforce that none of these first three phases in the service production process, alone or combined together, create value for service users. Rather, they involve the integration of

resources, potentially from various different actors, to make a service offering which proposes value to the service user. The final two phases are those within which value accrues for public services users during the use and experience of public services. From this service logic perspective, services, including public services, have no intrinsic value for the service user. Rather, value emerges both during their use at the point of service delivery where production and consumption processes overlap (the joint sphere) and during their contextualization within the service user's own life circumstances (the customer sphere) (Grönroos, 2019).

The latter two phases are thus the points at which value may be co-created (or co-destroyed) by services users (Grönroos and Voima, 2013). **Delivery** is the fourth phase and refers primarily to the service interaction, which can be face-to-face, digital or may involve a service user's interaction with a physical product such as a public road or street lighting. This is where value is co-created (or co-destroyed) through the service users interaction with the PSO's resources (e.g. over the telephone with a PSO employee or during the use of a public road). In this sense, value is co-created/destroyed during the use and experience of the service. By contrast, the previous phases identified may only facilitate (or constrain) potential value co-creation for the service user.

From a service logic, due to the nature of service production, value manifests during service delivery as 'value-in-use' where the service organization and user interact (Vargo et al, 2008; Grönroos, 2019). D1.1 proposed that citizen participation during delivery takes place through the intrinsic practice of 'co-experience'. Thus refers to the service users' role during the service encounter and their contribution to value co-creation through the use and experience of the service. Thus, the interactions a PSO has with service users, whether face-to-face, digital or through the use of a PSO's resource, represent a key point at which a PSOs can shape 'value-in-use' for the service user (Vargo and Lusch, 2008). Skålén et al (2018) further contend that interactions between service users and frontline service staff may support innovation, through problem solving and the generation of new ideas during delivery. Although the exploration of innovation was not the focus of this work package, it has been investigated across the other streams of research conducted within the CoVAL project.

The final phase is **contextualization**. This is beyond the control of the PSO because it takes place within the 'user's sphere'. It is where value is socially constructed by the service user within their own lifeworld (Grönroos and Voima, 2013). This suggests that the value accrued during delivery cannot be understood as an end in itself, but rather that the service is also experienced and contextualized within the service user's own environment. 'Value-in-context' is, therefore, co-created or co-destroyed through the service user's lived experience and the contextualization of the service offering within their own circumstances, including their past experiences and expectations of the service (Grönroos and Voima, 2013). The type of citizen participation that takes place here was introduced in D1.1 as 'co-construction'. Again, this participation is intrinsic in nature because it occurs unconsciously and without agency on the part of any actors. It refers to the contextualization of public services in the service user's own life, where value may be influenced by current and past experiences (including the experience of friends and family) of the service or associated services (Skålén et al, 2018).

As discussed in D1.1, PSL acknowledges that citizen participation is a possibility at every stage of the public service cycle and differentiates the intrinsic processes above and the extrinsic processes of co-production and co-design. They are extrinsic forms of participation in the sense that they do not occur naturally within the process of value creation, but rather are opportunities for service user or citizen participation which are invited by the PSO. In line with the wider PAM literature (e.g. Alford 2016; Bovaird and Loeffler, 2012; Levine and Fisher, 1984), co-production is defined here as the active and voluntary involvement of citizens in the planning, management and delivery of services (e.g. parents' associations, volunteers), while co-design refers to the active and voluntary involvement of service users in the pre-production or (re)design phase of service production (Bason, 2018). Both types of extrinsic participation may be utilized to support service improvement and innovation, but their application and impact is at the behest of the PSO.

According to Osborne (2021), extrinsic forms of participation can result in a third dimension of value. This is 'value-in-production' and is the value generated by being involved in the co-design and/or co-production of the service itself. This includes, for example, feelings of increased social capital, self-determination and self-efficacy as a result of participation (Jaspers and Steen, 2019). Importantly, this type of value is not only generated by public service users co-producing or co-designing services, but can also be generated for other citizens who are not using the service as a service recipient (for example, citizens acting as volunteers). One tool that has been used to extend stakeholder involvement in co-producing and co-designing public services in a more structured way, and potentially increase value-in-production, is policy labs and living labs which are discussed further in work package five of Co-VAL (McGann et al, 2018; Hansen and Fuglsang, 2020; Gago and Rubalcaba; 2020; McGann et al 2018). Another tool is the establishment of public services innovation networks (PSINs), multi-agent collaborative arrangements that develop within public service(s) and mobilize a variable number of public and private agents, especially citizens, to co-produce innovations and ultimately contribute to value co-creation (Desmarchelier, Djellal and Gallouj, 2020a, 2020b). For more in depth analysis and discussion of PSINs, please refer to work package six of Co-VAL. Furthermore, value-in-production is a function of involvement in the service production process and as such, it is independent of the actual outcomes of a public service. A service user who helps design a new online service, for example, may gain value from this experience in terms of developing new skills or personal confidence, which is distinct from any value they might derive from the service itself.

3 Synthesis of evidence and data

This section synthesizes the evidence from across work package one. It offers a summary of the evidence from the systematic literature review, case studies and experiments, which will be integrated and further analyzed in section four to refine and develop PSL.

3.1 Participation within the five narratives of reform

D1.1 presented a systematic review of the literature, examining how participation in public service delivery has been framed within the five most influential narratives of reform from the 1960s until 2018: New Public Administration (NPA), New Public Management (NPM), Public Value (PV), New Public Service (NPS) and New Public Governance (NPG). The systematic literature review followed the PRISMA criteria (Liberati et al, 2009; Moher, et al, 2010). It was conducted in the following top-tier journals: Public Administration, Public Administration Review, Journal of Public Administration Research and Theory, American Review of Public Administration, Governance, Public Management Review and the Australian Journal of Public Administration. A small number of books and articles from different journals which were not uncovered by the systematic searches were also accessed through a snowballing approach. The term 'public service reform' oriented the initial search and then keyword searches were included, which were 'engagement', 'participation', 'involvement', 'collaboration', 'co-production', 'co-creation' and 'co-design'. In total, 203 papers and book chapters/books were identified for the review. The key findings from each narrative of public service reform are summarized briefly below.

NPA arose in the 1960s amidst the criticism of representative democracy for favoring well-financed and organized groups in the decision-making process at the expense of participation by the wider public (Bryer and Cooper, 2012; Frederickson, 1996). To restore democratic values, NPA advocates for social equity and legitimacy alongside efficiency and effectiveness to ensure procedural justice (Frederickson, 1980; 1996) and to reposition citizen participation at the centre of democratic process (Frederickson, 1980). The narrative of NPA argues that citizen participation should be supported by the mechanism of decentralization that pushes forward structural changes (Ingraham and Rosenbloom, 1998). More recently, NPA discusses approaches like collaborative governance, participatory democracy and participative budgeting that facilitate public administrators' continuous dialogue with citizens (Blomgren Bingham, et al, 2005; Bloomgren Bingham and O'Leary, 2006; Bourgon, 2007).

Like, NPA, **NPM** emerged from a critique of traditional bureaucracy and was strongly linked to a political agenda that involved the privatization of public service provision to 'roll back the state' (Hood et al, 1988). Public choice theory is fundamental to NPM and, in its simplest form, positions the market as the optimal structure for the production of measurable outputs and endorses private management experience so as to enhance efficiency, effectiveness and economy in public services delivery (Brudney & England, 1983; Hood, 1991; Parkes et al, 1981).

Since the 1980s, NPM has developed as the pre-eminent model of public service reform. The narrative emphasizes responsive services, providing citizens with choices of public services and redressing services according to citizens' evaluation (Jones & Needham, 2008). Citizens, as consumers, are thus empowered by public managers who are 'service experts' to participate in service production

to exercise their individual preferences for services (Aberbach & Christensen, 2005; Chen et al, 2013; Potter, 1988) and to channel their feedback for service rectification (Hirschman, 1970; Jung, 2010). Although there have been attempts to marry citizenship with consumerism through, for example, the use of consumer councils, citizen shops, tenant groups, consultation, and co-production (Askheim et al, 2017; Haque, 2005; Needham, 2007), NPM has generally been in receipt of criticism for its disregard of citizen participation (e.g. Christensen and Laegreid, 2011).

PV emerged as an alternative to NPM in the mid-nineties to address the limits of representative democracy (Benington, 2011; Yang, 2016). PV emphasizes creating 'public value' through the participation of both stakeholders and citizens within the decision-making process (Moore, 1995). Citizen participation is thus central to PV (Benington, 2011; Yang, 2016). Conceptualized as active and responsible participants (Bryson et al, 2014), citizens engage in public service delivery at two levels: co-producing public services consuming services and influencing 'positive actions to collective purposes' individually (Alford, 2002:344); and negotiating diverging interests and values with government collectively, such as through civil society (Benington, 2011; Williams et al, 2016). PV further conceptualizes government as 'guarantor' who creates values while public managers are 'creative entrepreneurs' to translate and clarify public values. Both actors empower citizens and civil society to participate in democratic processes; and develop operational capacity to facilitate the processes (Moore, 1995; Gains & Stoker, 2006).

The **NPS** also emerged from a critique of the NPM. It criticizes NPM's market structures, entrepreneurial public managers and self-interest customers (Denhardt & Denhardt, 2015a; Dougherty & Easton, 2011; Hefetz & Warner, 2007). The narrative of NPS takes a strong normative stance toward participatory democracy (Denhardt & Denhardt, 2015a). NPS considers citizen participation in the public service cycle as the "right" and "smart" thing to do and thus, it advocates a collaborative approach to empowering citizens in the public service processes (Denhardt & Denhardt, 2000; 2015a; Brainard & McNutt, 2010). Within the NPS, citizens are central to public service, share the vision of 'public interest' and bear a responsibility for all services. To deliver public services, citizens and PSOs therefore need to co-operate and co-produce (deLeon & Denhardt, 2000; Denhardt & Denhardt, 2015a). Moreover, NPS suggests that government and public managers should foster active citizenship, facilitate citizen participation and balance value conflicts (Denhardt & Denhardt, 2003; Denhardt & Campbell, 2006; Hefetz and Warner, 2007; Jun & Bryer, 2017), which is considered to be a solution to power asymmetries that favor elected officials, professionals and public managers (Callaghan & Wistow, 2006).

Reflecting upon public management of network governance and collaboration, **NPG** has emerged to address increasingly fragmented public service management in the NPM reforms (Osborne, 2006). Underpinned by a participatory discourse (Skelcher et al, 2005), NPG emphasizes collaboration and seeks to transform relationships between established roles in public service delivery towards trust and relational capital (Osborne, 2010). Within NPG, citizens/service users can co-produce public services with government and public managers through a horizontal relationship (Pestoff, 2006; Pestoff & Brandsen, 2010; Meijer, 2016). The interactive and co-operative relationship of co-production is thus regarded within NPG as a pivotal solution to service improvement and innovation in public service reform (Clark et al, 2013; Dunston et al, 2009; Meijer, 2011; Thomsen, 2017).

Collaboration for innovation through networks is therefore consubstantial to NPG (Desmarchelier et al. 2020a, 2020b). This is discussed in greater depth in work package six of Co-VAL.

3.1.1 Possibilities and constraints of the narratives

The five narratives presented above offer different conceptions of participation, but also insight on the role of public service users and public service staff during the process of public service production. Table 1 below summarizes the findings of the systematic review across the five narratives.

	NPA	NPM	PV	NPS	NPG
Rationale for participation	Disperse power, accountability and legitimacy	Service improvement and reduce costs	Creation of public value and societal learning	Democratic renewal and legitimacy	Negotiate interests and service improvement
Locus of participation	Political dialogue	Service evaluation	Indirect through representative democracy	Deliberation during entire service cycle	Inter-organizational relationships and service delivery
Mechanisms of participation	Decentralization and advocacy	Market mechanisms	Political deliberation and networks.	Active citizenship through deliberation	Networks and co-production

Table 1 Participation under the five reform narratives

The five narratives of reform suggest three possibilities of participation during the public service production. First, participation is conceptualized as contributing positively to the end that each narrative seeks. NPA and NPS each view citizen participation as a way to restore democracy, while PV promotes citizen participation as a means to negotiating public value and ultimately also democratic renewal (Benington, 2011; Bryson et al., 2015; Yang, 2016). NPG encourages participation in the negotiation of shared interests under the aim of service improvement. In NPM, participation has sometimes been positioned as a means to shifting financial burden and increasing cost efficiency (Parks et al, 1981; Brudney and England, 1983).

Second, the potential role of public service users in making a valid - albeit different - contributions to public service production is recognized within each narrative (Denhardt and Denhardt, 2015a; Frederickson, 1980, 1997; Vigoda and Golembiewski, 2001). NPA and NPS call for active, civic-minded and educated citizens who can negotiate and advocate public interests by participating in the entire public service cycle. Within PV, citizens can be empowered to work in cooperation with PSOs as service co-producers (Alford, 2009) and also contribute through democratic processes to negotiate collective interests (Benington, 2011; Williams et al, 2016). NPG also forwards the idea of co-producers, but also emphasizes the importance of inter-organizational relationships across various stakeholders (Sørensen, 2006; Sørensen and Torfing, 2009, 2017). NPM, being different from the other narratives, regards public service users as self-interested customers, who participate as consumers and service evaluators.

Third, structural changes and revised roles for public service staff are proposed within each narrative to facilitate participation. NPA suggests decentralization as the supporting mechanism, in which public managers play a key role engaging service users in political dialogue and deliberative decision making (Frederickson, 1971, 1980; Wallace Ingraham and Rosenbloom, 1989). NPM, by contrast, positions public managers as experts in service production and responsible, therefore, for service improvement, potential innovation and cost reduction (Terry, 1993). NPS and PV both call for deliberation in decision making (Brainard and McNutt, 2010; Denhardt and Denhardt, 2000; Gains and Stoker, 2006), while PV also emphasizes a collaborative approach among various stakeholders. Both narratives suggest public managers are responsible for creating and translating value while empowering service users to negotiate with elected officials and stakeholders. NPG emphasizes horizontal relationships within networks and through co-production as the mechanism for participation (Sørensen and Torfing, 2005). Here, public managers play a role of intermediary between actors within the network of service production.

Each narrative argues that by opening up PSOs to greater participation, albeit in different forms, benefits, such as democratic renewal, improved public service responsiveness and innovation will ensue (e.g. Frederickson, 1996; Clarke, 2007; Clark et al, 2013). However, the review of the literature suggests four reasons why participation has remained rhetoric rather than practice and consigned at best to the periphery of public service production (Roberts, 2004).

First, in the narratives of public service reform discussed above, participation is framed as resulting in various benefits which have not been attained under the pre-eminence of NPM. As such the narratives can be described as a reaction against the perceived failings of previous narratives of reform, but which offer limited evidence of efficacy (Brannan et al, 2006; Meynhardt, 2009; Williams and Shearer, 2011). As the pre-eminent model of reform, NPM emphasizes norms of intra-organization efficacy, managerial expertise and performance measurement (Kweit and Kweit, 2004). To different extents, the other four narratives have argued against NPM, positing that private sector norms and standards should be replaced by democratic norms, such as social equity (Frederickson, 1980), civic responsibility (Denhardt and Denhardt, 2015a) and participation (Bryson et al, 2014; Sørensen and Torfing, 2018). They have failed, however, to support such normative arguments for participation with empirical evidence and by consequence, none of the four narratives offer a feasible solution to reversing processes of close decision-making embedded within public service organizations.

Second, public service production has been understood as a linear model of closed decision making, where service planning, development and production are located as an intra-organizational pursuit, where service users, citizens and other stakeholders are involved only via extrinsic forms of participation. Service users are typically, therefore, understood as playing the discrete role of consumers. This suggests value creation is a process which is internal to the organization and recent research has criticized this linear model for ascribing to a 'product-dominant logic', likening public services to manufactured goods and viewing production and consumption as discrete processes that function in a sequential value chain (Alford, 2016; Osborne et al, 2016).

Third, while the narratives offer insight into how citizens, consumers or stakeholders might engage in participation, these are facilitated primarily by structural changes which have failed to embed

participation into the process of service production. Rather, participation is *appended* as an extrinsic process through, for example, deliberation (deLeon and Denhardt, 2000) or networks (Bryson et al, 2014; Desmarchelier et al., 2020a, 2020b; Sørensen and Torfing, 2018). As an extrinsic process, the PSO controls the nature, extent and impact of any participation (Strokosch, 2019)

Finally, power asymmetries have been reinforced across the narratives that generally suggest public managers to retain and exercise power over the nature of the service and their impact, while citizens and service users need to be empowered in order to participate in public service processes. NPM, for example, perceives that public managers are capable of influencing decision-making and generating innovative solutions to problems through utilizing their organizational skills, knowledge, capacity and creativity (Terry, 1993). Service users, on the contrary, are merely passive consumers or ‘lay people’ who lack necessary knowledge and resources to make any impact on closed systems of decision-making and thus, are rarely seen as a motivation for service reform (Millward, 2005; Pollitt and Bouckaert, 2017).

Although the systematic literature review offered important insight into how participation has been framed within the five main reform narratives studied, it offered limited discussion of the concept of value nor any exploration of the processes of value creation in any depth, both of which are core elements of the PSL and therefore require investigation.

The concept of value is not mentioned explicitly in NPA, NPS or NPG. Under the hegemony of the NPM, when discussed, value has been understood as from an economic perspective based in a product dominant logic, where value is implicitly understood as being created by the PSO and transferred to public services users through a process of exchange (Ansell and Gash, 2007; Pollitt and Bouckaert, 2017). Value, from a NPM perspective, has also been associated with the tripartite concept of value for money (VfM), which emphasizes: the provision of services at the minimum cost; efficiency which is the optimal level of service output, both in terms of quality and quantity, from available resources; and effectiveness which refers to the relationship between outputs (i.e. public services) and their impact on those using them (Glendinning, 1988; McKeivitt and Davis, 2016). In practice though, VfM has been translated mainly as a tool for understanding organizational efficacy.

The theory and practice of public management has, therefore, subscribed to a narrow view of value, focusing predominantly on internal efficiency, organizational performance and customer satisfaction (Nabatchi, 2018). Indeed, NPM has been in receipt of strong criticism for neglecting the outward-facing creation of value for citizens and society (Bozeman, 2007; Alford, 2016). Rather, it has promoted the internal efficacy of PSO, focusing on issues such as accountability and transparency, at the expense of collectively values or the effectiveness of services for those using them (Bozeman and Sarewitz, 2005; Nabatchi, 2018). The broad PV literature introduced and discussed in section 3.1 above has emerged in response (e.g. Moore, 1995; Bozeman, 2007).

Most PV scholars agree that value is a multi-dimensional concept, representing a manifestation of collectively expressed and politically arbitrated preferences, which are created through democratic processes and as societal outcomes (Boyne, 2003, Benington, 2007; O’Flynn, 2007). Benington (2007), for example, differentiates three dimensions of public value: social (e.g. social capital, social cohesion, social relationships, social meaning and cultural identity, individual and community well-

being), political (democratic dialogue and active citizen engagement) and ecological (sustainable development and tackling cross-cutting challenges such as global warming). This body of work, therefore, recognizes that value is understood differently by different actors (Bryson et al, 2014). However, the PV literature has also been criticized for its failure to clearly define value: “Perhaps the ambiguous nature of public value and its various applications fuels its popularity – it is all things to all people” (Rhodes and Wanna, 2007, p. 408).

3.2 Case study research: understanding value and value creation

With the aim of contributing to the development of PSL and especially addressing the literature gap in understanding of value and the process of value creation, as part of work package one and reported in D1.2, eight case studies were conducted to build on the conceptual work presented previously. This empirical work examined how value is perceived and differentiated by various actors involved in the public service processes; and when and where value creation takes place and what role various actors play in the process of value creation. The case study research will now be presented in the proceeding sections.

3.2.1 Case study methodology

In D1.2, a multiple case study methodology was employed, using qualitative methods to address three main research questions: what is understood by the term value; how value is created (or destroyed) during public service design and delivery; and who is involved in the processes of value creation. Individual interviews, focus groups, direct observations and document analysis were conducted in eight cases located in seven European nations. The case study organizations delivered services in the areas of social welfare, care for the elderly and health. Interviews were conducted with policymakers, senior managers, operational manager, stakeholders, frontline staff and public service users to allow for comparison. The service relationship and participation during the public service processes were also observed in some cases, while document analysis mainly focused on exploring organizational discourses on value creation. Table 2 presents a brief description of each case and the research methods adopted in the case organizations.

Case	Description	Individual interview	Focus group with service users	Observation of service relationship/participation	Document analysis
SCOTA (Scotland)	A housing association and care provider for the elderly and people with disabilities	11	1	1	3
SCOTB (Scotland)	Design of the new Social Security Agency in Scotland	16	-	1	3
NOR (Norway)	Social welfare services of Norwegian Labour and Welfare	12	2	3	2
ITA (Italy)	A medical centre for neuromuscular diseases patients	10	1	2	4
FRA (France)	The MAIA Method to help elderly people stay	7	-	-	3

	at home				
BEL (Belgium)	A living lab to help the elderly with independent living	3	1	1	9
SPA (Spain)	A health services provider for elderly and chronic patients	11	2	-	-
DEN (Denmark)	A project targeting lonely elderly people	33	3	2	3
TOTAL		103	10	10	27

Table 2 Case study descriptions and research methods

3.2.2 What is value?

The elusive nature of value was emphasized across the cases (Grönroos, 2011), with respondents perceiving it as a subjective term with multiple elements in the majority of case studies. Indeed, some respondents had difficulty to articulating what value meant to them. Their responses showed that value was an ambiguous concept that individuals have divergent opinions on. Despite the uncertainty, the analysis of responses indicated that value for three beneficiaries: individual service users, organizations and wider society. This emphasizes the multi-faceted nature and complexity of value in public service settings recognized in the PV literature (Bryson et al, 2014).

Value for each beneficiary is described in table 3 below in relation to the different elements of value offered by Osborne (2021). The following discussion then explains how value to each beneficiary played out in practice according to the evidence from the case study research.

For the individual	<ul style="list-style-type: none"> • Short-term satisfaction with a public service experience and the effect of this on their well-being and their engagement with the service, • The effects and impacts (outcomes) of a public service for its users, in the medium and long-term, • The influence of a public service on the whole life experience of service users, including their expectations of their future abilities and opportunities, • The ability of a public service to enable service users to take control of their own lives in the future and to build capacity to do so.
For the PSO and connected service systems	<ul style="list-style-type: none"> • The ability of the organization to learn from public service encounters, both positive and negative, and to evolve as a consequence
For society	<ul style="list-style-type: none"> • The broader effect of a public service on society by reflecting its underlying values and/or building secondary benefits, such as active citizenship or social inclusion

Table 3 Elements of value (adapted from Osborne, 2021)

Value for public service users was evidenced across all seven case studies and adds weight to the elements of value described by Osborne (2021), especially with regards to: the impact of the service experience on service users wellbeing and their engagement with the service; the outcomes of the service; the influence of the service on the service user's whole life experience; and capacity building through extrinsic participation.

This dimension of value was perceived both as a part of the process of service delivery (i.e. an experience) and an outcome of the service for those using them. Interestingly though, respondents

from the case studies discussed value as relating to the accessibility and responsiveness of the service, emphasizing the importance of the service experience regardless of whether a satisfactory resolution (e.g. a successful application for financial support) followed the encounter. In two social welfare cases (NOR and SCOTB), respondents explained that value for individual service users was embedded in the service encounter and was shaped especially through human interaction (Grönroos and Voima, 2013).

Value was discussed by respondents as including tangible and intangible service outcomes for users. Tangible value, for example, came in the form of the physical care or a social welfare benefit payment, with which the service user managed to maintain quality of life. Intangible value, on the other hand, was described by respondents as the improvement in the service user's wellbeing and quality of life or the feeling of efficacy, such as independence, which was enabled by the approach to service delivery. Additionally, social capital was evidenced as another element of value in the case studies. Two cases (ITA and SCOTB) specifically referred it to the situation where service users took control of their lives and services through service interaction or via extrinsic involvement in the public service processes as supporting value-in-use and also value-in-production respectively.

Value for organizations and connected service systems was discussed by respondents from five case studies, who referred to the NPM concept of value for money, internal organizational efficacy and value to employees. Value for money was especially evidenced in SCOTA, where a Housing Association delivered elderly care services. Respondents here underlined the importance of financial viability to the organization, which was further demonstrated in the document analysis. This case study thus evidenced the importance internal efficiency and effective business processes and systems. Interestingly, several cases (SCOTB, FRA, NOR) also mentioned value for money, but with reference to financial efficiency and the provision of responsive services within the constraints of public finances. Value for organizations was also described in the Italian case study (ITA) as the professional development of staff and their ability, through work processes, to strike an effective work-life balance.

Interestingly, some findings in two case studies suggest that value for organizations is also perceived as improvements to professional community (ITA) and to organizational management/administration (SCOTB). In ITA, learning to position users at the center of services was considered as bringing value to the medical and scientific community in terms of developing a new clinical model. In SCOTB, learning the service user experience approach was perceived to create value for administrators by allowing them to collect appropriate information to process benefit claims more efficiently.

There was evidence to suggest, however, that user-centred service delivery impacts on other service systems. An individual who is able to access social welfare benefits, for example, may reduce the demands on social housing or healthcare if that financial entitlement is spent to support their personal/family well-being. However, this also depends on how that individual chooses to spend the welfare benefit.

Value for wider society was referred to various aspects in the case studies, including economic impact, social inclusion, improved health, reduced homelessness and poverty and increased employment. These were collective outcomes aspired to by PSOs and society alike. Furthermore, respondents from SCOTB stated that the creation of value for individual service users influenced value

for wider society, suggesting an important interrelation between different interactions at different levels of the system for value creation.

3.2.3 When is value created?

The findings across all case studies showed that respondents had difficulty in pinpointing when exactly value was created, reflecting the complexity of the process. Respondents in six cases reported that value was created at every point in the public service processes. However, the analysis of data highlighted four key points of value creation: service design, operational planning, service interactions and extrinsic involvement.

Most cases (BEL, SCOTB, SCOTA, DEN, ITA and SPA) underlined that **service design** was a key point in the value creation process. Respondents stated that designing services around service user need and experience, by either engaging users during service design or reflecting their needs in the strategic direction of the service was important to support the development of appropriate, responsive and accessible services. Four cases (BEL, ITA, SCOTA and SPA) marked **operational planning** as a key point in the value creation process. Operational planning consisted of the development of the service package according to the information provided by the service user, sometimes during the service encounter, or by their family/friends and thorough their evaluation of the service package. On the basis of this information, services were adapted and personalized to reflect and meet service users' and, therefore, supported improved service encounters.

Across all eight cases, the **service interaction** was described as a key point of value creation. Respondents from several cases admitted that face-to-face interactions facilitated building trust and developing positive relationships between public service staff and users (Morgan and Hunt, 1994). These interactions helped public service staff understand service user's needs better in order to offer personalized support and care and thus, cooperation from service users increased. Service interactions were also perceived to enhance the wellbeing of service users (Osborne, 2021) and were, therefore, regarded as a core locus for value creation (Grönroos and Voima, 2013; Desmarchelier et al., 2020c; Hardyman et al, 2019).

Extrinsic involvement was mentioned in five cases as a locus for value creation. In SCOTB particularly, service users' experience was recognized a valuable resource, informing service design with users invited to share their insights in the service design process. Respondents from SCOTB affirmed that engaging users in developing service solutions supported the creation of value for end service users, by supporting the design of user-centred services. Similar results were found in the survey of 785 public sector managers in Europe (conducted within work package two of Co-VAL) with approximately half of managers reporting user involvement through focus groups or brainstorming sessions in the development of their most important innovation (Arundel et al, 2020). Other forms of extrinsic involvement were identified in the case studies, which are linked to those types of participation endorsed by previous narratives of reform, including formal feedback mechanism to channel service users' complaints and service satisfaction and the involvement of service users in the PSO's operation, such as meetings and staff recruitment. All these forms were commented by respondents as creating value for the citizens participating, in the form of value-in-production, but also enabling potential value-in-use for end service users through service improvement.

In addition to value creation, **value destruction** was also emphasized across the cases, occurring mainly during service interactions and extrinsic involvement. The destructive potential during service interactions was evidenced in five ways. First, a lack of continuity in care was reported to impede the service staff and the service user from fostering a service relationship and thus led to value destruction (e.g. SCOTB; SCOTA). Second, a lack of resources was noted as a key constraint to the continuity of a service. Financial cutbacks were evident in several cases, which negatively affected the provision of personalized services. Third, respondents attributed value destruction to frontline service staff's inadequate service knowledge as well as their lack of agility in using the knowledge, which hindered them to meet service users' needs and as a result, constrained value creation. These three points demonstrate that value creation is influenced by how services have been designed and how resources have been integrated to develop service during the pre-production and production phases. The fourth refers to personality clashes between the service user and the service staff, which constrained relationship building and trust between actors. Finally, some respondents noted that the choices made by service users within their own life context could destroy value (e.g. decisions about how to spend social welfare benefits). Importantly, this suggests that subjective factors may destroy value too.

Regarding value destruction during extrinsic involvement, the findings presented here demonstrate that a power disparity exists in the public service system where public officials are favored and control the extent to which citizens and other stakeholders may participate in the service production process (Rhodes and Wanna, 2007; Dahl and Soss, 2014). Indeed, in some cases, respondents noted a service user apathy towards participation (SCOTA) or a perceived lack of requisite knowledge among service users to enable their effective contribution (FRA). Furthermore, value destruction for participants during extrinsic involvement was reflected in a couple of cases (BEL and SCOTB), with reference to tokenistic forms of involvement, where the involvement of service users may not be genuine on the part of the PSO (Arnstein, 1969) or where the PSO failed to act on the input of citizens to re-design service offerings and encounters (Engen et al, 2020). In these cases, value-in-production was not supported.

3.2.4 Who creates value and what role do they play?

The case studies uncovered that service users, public service staff, policymakers/senior managers and stakeholders played an important role by either creating value directly or contributing to the process of value creation. However, the findings emphasized an important differentiation in the role played by certain actors.

In line with PSL, the majority of cases evidenced that **public service users** were perceived as a significant actor in value creation during service interactions (Vargo et al, 2008; Desmarchelier et al., 2020c, Hardyman et al, 2019), particularly by frontline service staff and policymakers. Respondents in the case of SPA, for example, recognized the role of service users in following the advice of professionals and taking responsibility for their own healthcare. Therefore, service users' mere engagement in the service was considered creating value for themselves in the context of their own lives (Grönroos and Voima, 2013). In several cases, respondents remarked that service users' backgrounds, personalities and previous service experience all affected the extent to which service relationships could be developed in the interaction. This was reflected particularly in operational planning, where the service user's service expectations, willingness and physical ability to cooperate

all influenced the value creation process. This was further described by various respondents as impacting service improvement and consequently impacting the value that individual service users might receive from the service. Moreover, service users were framed by the case SCOTB as experts who steered the service transformation, using their past service experience and a 'unique perspective' to influence the nature and design of new social security services.

Interestingly, service user respondents themselves spoke ambiguously about their role in creating value. However, the analysis emphasizes that service users' feelings of incompetence was often related to the complexity of the administrative processes in the current system, which hindered service users' intrinsic involvement in the service processes and thus destroyed value.

Public service staff were identified across the cases as playing a central role in value creation, particularly where they had the competency, knowledge, enthusiasm and soft skills to engage with service users to offer service offerings meet their needs and build healthy relationships. However, in some case studies, the continuation of a professionally-dominated approach to value creation was evident. In healthcare settings where service users' cognitive and physical deterioration limited their intrinsic participation, frontline professional staff were perceived as creating value for service users (e.g. DEN). However, in such circumstance, the service users' family and friends were also identified as important contributors to identifying the needs of incapacitated service users.

Public service staff were seen to destroy value in service interactions as well. A few respondents noted the risk of too much support from service staff, particularly where the aim of the service was to increase independence. This resulted in unclear or unrealistic service user expectations and impeded the creation of value, like independence. In addition, the analysis suggested that limited service user knowledge and lack of training among public service staff could also constrain value creation.

Respondents from several case studies mentioned about the role of **policymakers and senior managers** in value creation. Their leadership was regarded as supporting the translation of value propositions into service offerings. In the case of SCOTB, respondents reflected on the strong leadership of policymakers and senior managers to enable user-centred service design and forward an outward-expression of value for service users rather than an internally focused view of value concerned with the efficiency of business processes, which may have been associated with the NPM.

Five case studies (DEN, FRA, ITA, NOR and SCOTB) also reported the importance of **stakeholders** in the value creation process. Stakeholders fell into two broad categories – organizations and family/friends - each with specific roles. Organizations, particularly from the third sector, played an active role in designing and developing the service, signposting and delivering additional services (particularly where there was an identified gap), providing financial support, representing service users and training public service staff. A strong role of third sector organizations was also found in a survey of NGOs, conducted in work package two of Co-VAL, with approximately half reporting involvement in a government innovation, often in the capacity of providing user insights (Es-Sadki and Arundel, 2021). During the design stage, as reported by SCOTB, stakeholders held a key position since they possessed an important knowledge and insight into service users' lived experience which was essential for service improvement. Families and friends, by contrast, were described across the cases as facilitate value creation for service users by offering physical, financial and mental support to service users and sometimes by participating in the interaction on the behalf.

3.3 Evidence from experiments

3.3.1 Aims of experiments

PSL suggests citizens/users have a 'privileged' position as the holders of specific assets such as skills, experience and knowledge employable in the process of value creation (Osborne et al. 2013). The discussion presented thus far suggests that public service users and citizens in general play an important role in creating value through *intrinsic* and *extrinsic* processes.

The intrinsic processes of participation occur naturally through the use and experience of the public service and can be unconscious, without agency. On the contrary, extrinsic processes require deliberate and voluntary agency on the part of the citizens/service users in the management and delivery of services. PSL identifies co-production and co-design as extrinsic processes of citizen participation. Because extrinsic participation requires agency and citizen contribution is not given for granted, understanding what stimulates co-production behavior and generates value is, therefore, paramount.

For this purpose, two experiments were designed to provide experimental evidence on which factors can stimulate the co-production of citizens in service delivery. The contribution regards current debates about citizen-centric public service whereby PSOs in seeking to support genuine citizen engagement should design mechanisms and calibrate them according to the service field, task required, and/or co-producer as to leverage greater effort in co-production (van Eijk and Steen 2014). Extant research provides sparse evidence regarding factors that can positively or negatively affect citizen engagement, among others willingness, ability or information in the co-production of public services (Alford 2002, Jakobsen 2013, Voorberg et al. 2018). Alford (2002) suggests the use of nonmaterial rewards such as intrinsic motivation, sociality or expressive values to motivate citizens or volunteers in the co-production of complex tasks and instead use material rewards or sanctions for simple tasks. D1.3 was designed as an original attempt to provide evidence for understanding which enablers or barriers affect citizen engagement in co-production activities under PSL assumptions.

The **first experiment** was aimed at testing the effect of information under different conditions on the willingness of citizens to co-produce. In particular, providing information using means such as printed leaflets or brochures was tested against providing information by the beneficiary of own efforts. The beneficiaries can be other fellow citizens, senior people, pupils, or was the case presented in the two experiments, patients who can directly or indirectly benefit from volunteers' effort. The activity requested was volunteering for the health centre, for which the outcome measure was the number of hours willing to volunteer (Pestoff, 2006). Volunteering is an important element in co-production activity, which regards the participation of citizens in the community life (Brudney and England 1983) and involves both personal benefit and social benefit (Nabatchi et al. 2017).

The literature suggests that volunteers who have a direct contact with the beneficiaries of their own efforts show higher levels of motivation which positively affects their performance, persistence and productivity (Grant et al. 2007, Grant 2008). In volunteering time and effort, Clary and colleagues (1996) found that the 'values' function is the most significant motivation, especially in health services, through which people seek to express humanitarian values or altruistic concerns. From a practical point of view, this kind of evidence can help make better use of information, such as designing means to hinge on actor's intrinsic motivation, when engaging participants in a constructive manner.

The **second experiment** tested monetary incentives as another condition for leveraging effort in co-production. Current evidence provides no unanimous answer around the issue of monetary rewards. According to service marketing literature, monetary rewards in the private sector play a substantial role in mobilizing clients to devote time and effort in the production of services (Schneider and Bowen 1995). In the public sector, however, *extrinsic* rewards such as money are less important in triggering participation and have to compete with other, more *intrinsic* rewards such as altruistic reasons, solidarity or normative appeals (Alford 2002, 2009; Voorberg et al. 2018).

3.3.2 Methodology

In general, experimental methods are employed whenever the purpose of a study is to advance causal knowledge about a phenomenon of interest and have been growingly used for understanding human behavior in public administration (Scott and Pandey 2000, Bellé 2013). In D1.3 laboratory experiments were used, as they are a powerful method to identify and assess, under tight control of the decision environment, causal relationships. Compared with traditional methods in public management studies such as field research, experiments can complement existent evidence by clearly establishing causal relationships: “One gains external validity in doing field research, but internal validity in the laboratory.” (Ostrom 2006: 26-27).

In order to enhance the level of realism, the experimental conditions were designed using a real-world organization and participants had to perform tasks relevant for its activity (see D1.3 report). In accordance with the theoretical argument, information and the way information is communicated to individuals can affect citizens’ level of engagement in co-production. Thus, we tested the effect of communicating information using three different conditions: aseptic information, brochure and direct contact with a beneficiary. In the first experiment, subjects were randomly assigned to one of three groups: A, B and C. Group A was the *control group* in which participants had to read a brief description about the medical Clinic. Group B was treated with the same piece of information and the official leaflet of the Clinic, and Group C was treated with the two previous conditions plus the contact with the beneficiary of own efforts.

In the second experiment, two factors were tested. The first factor regarded the effect of providing or not a monetary incentive. The second factor regarded the three aforementioned conditions of communicating information. Accordingly, participants were randomly assigned to one of the six groups, which considered the three different conditions of information and the monetary incentive. Finally, the willingness to co-produce was operationalized as volunteering time offered to the medical clinic (Alford 2002). The participants of both experiments were university students registered in the active pool of the BELSS Behavioral Lab, who responded to join the experiments on a voluntary basis.

3.3.3 Key findings from experiments

The results of the **first experiment** showed that volunteers who receive information about how their effort can contribute to value creation (meeting the beneficiary of own efforts) has a significant, positive effect on their willingness to co-produce. Compared with the other two groups, in which either participants received information contained in the official leaflet of the Clinic or just a brief description about it, there is significant, positive difference in favor of the beneficiary contact.

These findings have several implications. Offering relevant resources, such as information, positively influences citizens' input to co-production, for instance, by increasing their ability (Alford, 2002). However, this effect can be mediated by other factors relevant for co-producers. As the experiment showed, meeting directly the beneficiary of own efforts can appeal to values concerning citizens' solidarity or intrinsic motivation. Therefore, particular consideration should be paid to information and how it contributes to not only pre-existent knowledge or skills, but also invoking motivations most relevant for citizens. The experiments show that the beneficiary contact has an effect on the perceived prosocial impact of the co-producers.

The **second experiment** yielded no significant impact of monetary incentives on stimulating citizens' willingness to co-produce. The analysis of data showed that the two treatments – offering a financial reward and using different sources of information – separately, have no effect on boosting citizens' willingness to co-produce. However, when the two conditions are combined, a mild effect of increasing citizen willingness to co-produce was observed. Stated differently, monetary incentives may have an effect on citizens only when they know that their efforts help others.

Although previous research has shown that prosocial behavior is prompted predominantly by intrinsic motivation or solidary incentives (Ariely et al. 2009), the role of financial rewards should not be overruled (Voorberg et al 2018). In designing tools for supporting co-production, governments should consider the complementary rather than competing role of monetary incentives: they should be used when the purpose is to reinforce citizens' intrinsic motivation.

4 Refining PSL

The integration of the evidence from across work package one, which has been presented in section 3 above, contributes to our understanding of citizen-centred reform in four important respects:

- a multi-dimensional understanding of value at the individual, organizational and societal levels;
- the citizens' role in the process of value creation and especially their intrinsic participation as public service users through the use, experience and contextualization of services;
- how extrinsic participation in the form of co-production might be prompted;
- and finally, the roles of other key actors (e.g. PSOs and their staff) in value creation process;

However, further discussion is required to explore the extent to which the key propositions of PSL, which were discussed in section 2 of this report, have been substantiated by the empirical research. Thus, the proceeding discussion will integrate the empirical findings with PSL in an attempt to develop and refine this evolving theory on citizen-centred reform.

4.1 Understanding value

Value is a particularly important construct in the public service setting, but to date, it has lacked sufficient conceptualization in the literature (Shaw, 2013). Previous narratives of reform have either not expressly discussed value (e.g. NPA, NPS and NPG) or have equated value with intra-organizational efficacy. Indeed, as introduced in section 3, NPM, as the pre-eminent narrative of reform has aligned with an economic conception of value for money which has narrowed the focus on understanding internal organizational efficacy. This has been at the expense of an outward expression of value which emphasizes value for service users and society. The PV narrative, in reaction to NPM, has forwarded a multi-dimensional view of public value, which represents a manifestation of collectively expressed and politically arbitrated preferences, which are created both as outcomes and through democratic processes (O'Flynn, 2007; Bozeman, 2007). However, public value is not well defined in the literature (Rhodes and Wanna, 2007; Shaw, 2013).

More recently, PSL has positioned value as a core and holistic construct. Whilst the organizational performance of PSOs remains a central concern, it is repositioned within a framework concerned with *value*, and its creation for service users, citizens, communities and society (Alford, 2016). Osborne (2021) presents a multi-dimensional view of value but, unlike PV, starts with value for the service users in its different forms, including experiential dimensions which have been largely overlooked by the PAM literature. The case study findings support this multi-dimensional conceptualisation, emphasizing the ambiguity of the concept and its subjective meaning for various actors, including service users. Value for public service user, cannot be described as homogenous because it is dependent upon various factors including who is delivering the service, who is consuming it and their broader service experience (Grönroos and Voima, 2013). Among respondents' subjective perceptions, the analysis highlighted value to individual service users (including the experience and outcome of the service), value for the organization and societal value.

Overall, the analysis suggests that the value can be both instrumental and experiential in nature (Babin et al, 1994). Instrumental value refers to specific rational aims and associated outcomes of the public service which may exist at the individual, organizational, or societal levels (e.g. support

someone into employment, increase the sustainability of a third sector organization or increase social equality). Experiential value reflects on how value from the service is shaped and affected by relationships with the PSO (Meynhardt, 2009), during service interactions and also through extrinsic forms of participation. However, the social environment within which the service is used and experienced, including interactions with other service users, other organizations and family/friends also influences the value accrued by service users (Rihova et al, 2013). Indeed, the evidence here supports a more holistic conceptualization of value which is understood and experienced subjectively by different service users.

The intangible nature of value for service users was also emphasized across the cases, suggesting value outcomes at the micro level include improved personal wellbeing and feelings of efficacy for service users (Osborne, 2021). The value of the public service was subjectively perceived and experienced by individual service users and was related to their experience of the service, including interactions with the PSO, other organizations, and also by their personal life circumstances. This supports PSL which suggests value emerges, accrues (or is destroyed) and is perceived subjectively by service users within their own social context (Rihova et al, 2013; Eriksson, 2019; Strokosch and Osborne, 2020). Value for service users, therefore, has important experiential dimensions alongside more tangible dimensions (e.g. social welfare payment). This emphasizes the importance of service interactions (i.e. the delivery phase of the model in Figure 1), including the accessibility and responsiveness of face-to-face and digital interactions but also the importance of an individual's specific life context in influencing the value creation process. This will be discussed in greater depth in section 4.5.

Although deep insight into the nature of societal value and the process of societal value creation requires further research and investigation, societal value was described as a key aim and outcome of public service production for respondents across the cases. This supports the claim from PSL that there should be a focus on the outward-expression of value, for both service users and society (Alford, 2016; Osborne, 2021).

The empirical research suggests that societal value is framed as the strategic goal of the public service and all interested actors, including policymakers, citizens, communities and PSOs, emphasizing the importance of the public policy phase in figure 1. The challenge, however, was clearly articulating a shared vision for society with which all stakeholders agree, and aligning the competing values which may be emphasized by different parties (Bryson et al, 2014; Strokosch and Osborne, 2020). Economic value in the administration of social benefits was emphasized in the case of NOR, for example, leading those working at the operational level to report that the increased pressure to reduce the public spending on social benefits at the strategic level clashed with the requirement for assessing actual individual needs under the Social Welfare Act. The findings, particularly from SCOTB, further suggest that value creation during service use and experience may have implications for societal value outcomes over the longer term. This suggests important interconnections across the public service production model to support and enable value creation for individual and collective beneficiaries.

Value for organizations and connected service systems was also evidenced in the case study research, highlighting the ongoing emphasis on value for money and efficiency in a public service context. Organizational efficacy is important for organizations, especially in respect of the production of cost

effective services from the perspectives of the taxpayer. However, the related challenge for senior managers and policymakers was aligning the various goals with other elements of value and especially instrumental and experiential value for public service users (Strokosch and Osborne, 2020). The empirical evidence emphasizes the various actors within a public service setting, each of whom evaluates value from their own perspective. For example, policymakers and frontline staff from the case of SPA noted the tripartite goal of value in the health context, including meeting individual patients' healthcare needs, public health and the economic sustainability of both social and health systems. Respondents stressed the necessity to align these goals. Indeed, because there is more than one actor's interests at play, the various elements of value for service users, organizations and society may not operate in complete alignment and are of varying (and sometimes conflicting) significance for a diverse group of stakeholders (Skålén et al, 2018).

4.2 Value creation for public service users

D1.1 introduced four processes of citizen participation during public service production which, from a PSL perspective, may enable, constrain or contribute to value co-creation for service users. Table 4 below depicts these four processes which are discussed thereafter in relation to the empirical evidence.

Intrinsic participation			Extrinsic participation	
Participation	Co-experience	Co-construction	Co-production	Co-design
Locus	Delivery	Contextualisation/lifeworld	Production/delivery	Pre-production
Value	Value-in-use	Value-in-context	Value-in-production	Value-in-production
Key actors	Service users and frontline staff or digital interface	Service user and social connections	PSO, service users, citizens, stakeholders	PSO, service users, stakeholders
Power holder	PSO, frontline staff and service users	Service user	PSO	PSO

Table 4 Four processes of service user participation

4.2.1 Intrinsic participation

Two intrinsic process of participation – co-experience and co-construction – were studied to explore the involvement of public service users during their use and experience of public services.

Co-experience occurs naturally in public service delivery, during the service interaction (where the processes of production and consumption overlap) and denotes the role of the service user and their *experience* of that service encounter (Strokosch and Osborne, 2020). Co-experience also refers to the effect of the experience of a public service on a service user's well-being and outcomes. This intrinsic form of participation does not require any agency and occurs involuntarily on the part of the service user and the organization, through the integration of their resources and the interaction between

actors during service delivery. Such interactions may also involve other service users using and experience the service at the same time (Rihova et al, 2013). Good examples of this might be pupils receiving education in a classroom environment alongside peers, or hospital patients sharing a room on a hospital ward.

Through co-experience value may be co-created (or co-destroyed) during service interactions between PSOs (their staff and processes) and service users through their use ('consumption') and experience of public services (value-in-use) (e.g. Alves, 2013; Osborne and Strokosch, 2013; Skåln et al, 2018). The case study research confirmed the importance of service encounters in creating value. When accessibility of service was made easier for users and when service interactions between public service users and staff were facilitated, service users' needs were more likely to be understood and met, creating satisfaction and personal well-being (Osborne 2021). Not only did such interactions enable or constrain effective service delivery and the meeting of the service users' needs, but also supported the development of trusting relationships between service users and staff, which are especially important in certain human-intensive public services such as health, social care and education or where the services are directed at particularly vulnerable community groups. Indeed, service encounters were used by public service staff as a means of identifying user need and therefore supported operational planning. In line with previous research (Echeverri and Skalen, 2011) the analysis also revealed service delivery as a key point of value co-destruction for public service users, especially when the service was inaccessible or when positive service encounters were impeded by a lack of staff knowledge or skill. This suggests, however, that designing accessible and usable services is an important enabler of value co-creation.

Co-construction, which refers to the intrinsic role service users play in constructing and interpreting value in their own personal context, forms the basis of the broader service experience (Osborne et al, 2013). It thus refers to the contextualization of public services in the service user's own lifeworld, where 'value-in-context' may be influenced by current and past experiences of the service or associated services (Skåln et al, 2018), but also by the service users own social context, such as their personal choices and interactions with family and friends (Eriksson and Nordgren, 2018). Indeed, the case study research emphasized the importance of the service user's own lifeworld, including their access to support structures and how their own choices to support personal well-being might have a negative impact on other elements of value (e.g. choosing to spend social welfare benefits on widely considered unhealthy habits, which impacts other service system and could prove costly for the taxpayer and negatively impact societal value in the longer term).

The social network of the service user, including friends, family was also described as a key determinant of their perception of value. In this sense, value is not actually determined at the point of delivery, but rather 'accumulates' throughout the entire service experience (Grönroos, 2011) and within the context both of the service ecosystem and of a person's own life. Co-construction, therefore, reinforces the core role played by individuals in co-creating or co-destroying value for themselves, but emphasizes that this takes place within a social context and interactions with other actors, including family, friends and other organizations. It further suggests that the service experience transcends beyond an individual service interaction between a PSO and service user, with the service experience evolving, unfolding and value being determined within an individual's own lifeworld, over which the PSO has no control (Helkkula, et al, 2012; Bueno et al, 2019).

4.2.2 Extrinsic participation

Building on the public administration and service management literature, D1.1 also introduced two extrinsic processes (co-production and co-design) which do not occur naturally within the value creation process, but which are opportunities manufactured by the PSO to enable service user or citizen participation. Extrinsic participation thus requires conscious and voluntary agency on the part of the citizen/service user and the PSO and its staff. Osborne (2021) suggests that during both co-production and co-design, value-in-production can be created or destroyed for service user *and* citizen participants. This value is experienced from their involvement in the production process (e.g. by gaining self-confidence), irrespective of the outcomes of the actual public services. A citizen volunteer may, for example, accrue value from volunteering by gaining important work experience or feel more inclusive within a community regardless of the impact they have on the public service being delivered or those using that service. This suggests that participation through co-production or co-design may contribute to capacity creation for the individual (Osborne, 2021).

Co-production is defined as the active and voluntary involvement of citizens in the planning, management and delivery of services (e.g. parents' associations, volunteers) and can occur during the delivery phase, but may also take place during the production phase when resources are integrated. Similar to the traditional formulation of participation, co-production is facilitated by appended forms of participation, where the PSO seeks to support value creation by inviting service users to engage in participative processes (Osborne et al, 2013). As discussed in D1.1, co-production is positioned as a core form of participation across the NPS, PV, and NPG narratives. Indeed, within the broad PAM literature, co-production is typically defined as a partnership approach (Sharp, 1980; Bovaird, 2007; Dunston et al, 2009), which can exist at the individual or collective level (Pestoff, 2014) and seeks to access the tacit knowledge of service users to improve public services (Bovaird and Loeffler, 2012; Thomsen, 2017).

Co-design, by contrast, refers to the active and voluntary involvement of service users in the pre-production or design phase of service production, where service users may be involved to improve or innovate service delivery (Bason, 2018). Contemporary design methodologies (e.g. the Double Diamond model) which seek to transfer the characteristics of co-experience to the design stage may be utilized to facilitate participation during service (re)design (Dietrich et al, 2017). Co-design can thus be used to draw on service users' experience of services and the wider service system for the purposes of service improvement and innovation (Radnor et al, 2014; Trischler and Scott, 2016). Like co-production, however, the nature, extent and impact of service users or other stakeholders during co-design is controlled by the PSO. The involvement of service users in during the pre-production phase is elucidated in more detail in work package four of the Co-VAL research (Røhnebæk and Strokosch, 2018; Røhnebæk, 2020).

The use of extrinsic forms of participation, and particularly co-production, was evidenced to different extents across the case studies, from the involvement of high numbers of service users in the policy and design of social welfare services in Scotland, to formal service complaints, feedback and testing digital solutions in Norway, and satisfaction surveys used to redesign services according to patients' perception in Italy.

Both co-production and co-design may be understood as existing on a continuum. Here, the level of service user activeness is dependent upon the mechanisms established by the PSO to facilitate genuine involvement, but also the willingness of each party to voluntarily engage in the process (Bovaird 2007; Nabatchi et al, 2017). Extrinsic forms of participation are, therefore, controlled in their nature, extent and impact by the PSO (Strokosch, 2019) but may also be limited by citizen apathy (Nabatchi, Sancino and Sicilia 2017; Strokosch and Osborne 2020). Co-production and co-design may, therefore, be incorporated into the public service production process through the commitment of public managers, professionals and service users (Boyle et al, 2006; Crowley et al., 2002). Table 5 illustrates how the extent of service user activeness and involvement may be more or less depending on the approach and methods used by the PSO to facilitate their participation.

Co-production	Consultative form of involvement during operational planning, delivery and management of services, e.g. gather views on 'lived experience', evaluation of service.	Active service user/citizen involvement to inform personalized service delivery, but responsibility for decision-making remains with PSO employees, e.g. involvement in recruitment process for selecting frontline service staff; involvement in care plans.	Equal partnership approach where service users/citizens actively contribute to decision-making on the planning, delivery and management of their services, e.g. self-directed support; sitting on boards to influence decision-making; volunteers delivering services
Co-design	Experiences drawn from evidence and user research with customers and stakeholders using the services e.g. consultation, interviews, personas testing	Active participation to draw on experience but service design controlled by designer and/or service organization, e.g. collaborative workshops	Service users active and equal partners who contribute resources throughout the process and help generate solutions
Increased service user/citizen activeness  			

Table 5 Extrinsic forms of participation and power sharing

The analysis of the case studies further emphasizes, in line with the literature, the challenge of involving service users through extrinsic processes, mainly due to the perceived inability of service users to participate, or their apathy towards participation (e.g. in the cases of DEN, FRA and SCOTA) (Nabatchi, Sancino and Sicilia 2017; Strokosch and Osborne, 2020). Furthermore, the cases demonstrated that while the aim of extrinsic involvement is generally about service improvement, value destruction particularly can result from a tokenistic approach to participation. In the case of BEL, for instance, it was reported that policymakers decided not to adopt public service users' insight even though they had been involved in a sharing session on mobility policy for six weeks. One of the public service users admitted that the tokenistic involvement made them feel being disinteresting to

the administration and thus recognized the destructive potential in extrinsic forms of participation (BEL).

4.3 Prompting co-production

PSL recognises that extrinsic forms of participation during the service production process, such as co-production and co-design, can support the value creation process by supporting the development and design of responsive services which seek to meet the needs of those using them. However, such extrinsic participation requires deliberate and voluntary agency on the part of both the service provider and service user or citizen. The case study research discussed above found that there was a perceived apathy among citizens to participate. The evidence from the experiments made a step forward in elucidating which mechanisms can be used for maximising citizens' contribution in co-production. More specifically, the results illustrated that one possibility of positively affecting citizens' willingness to co-produce is to clearly prospect how their efforts can be of benefit to others and the community overall. Previous research has shown that government may increase citizen motivation to co-produce by providing information material, such as booklets, leaflets (Alford 2009, Sharp 1990). However, merely providing information material has a limited effect, for instance in education (Jakobsen 2013), suggesting that information strategies should involve some form of interaction. Contact with a beneficiary provide citizens with the opportunity to interact with individuals affected by their effort, during which citizens/volunteers can attribute the value that resonates best with them and their life experience. Therefore, when a beneficiary directly informs how a volunteers' efforts can affect them, it significantly and positively affects the motivation of citizens to engage in co-production as result of first-hand exposure to their actions affecting living humans.

On the contrary, using monetary incentives may demotivate citizens to contribute with more time and effort. It is the case in particularly complex tasks where it is hard to specify in advance and verify ex-post expected contribution, for which relying on only material rewards is problematic (Alford 2009). Under certain circumstances, however, PSOs could design incentive schemes that use a combination of extrinsic and intrinsic rewards (Voorberg et al. 2018). In this type of 'social' exchanges, organisations can recur to a mix of incentives and fine-tune them to the service area. Therefore, the role of PSOs is to facilitate, with tools and appropriate design, the value creation process even in services in which the co-producers do not directly enjoy the benefits produced as in the case of volunteers.

4.4 Actors' roles in value creation

The previous narratives of reform, in contrast to PSL, suggest that the locus of value creation is during the planning and design of services. By consequence, they emphasize the role of experts, public managers, or public officials supported by democratic structures (Moore, 1995), or through a model of collaborative governance with multiple expert stakeholders (Ansell and Gash, 2007; Sørensen and Torfing, 2017). Indeed, public managers have typically been positioned as 'transformative leaders' or 'creative entrepreneurs', responsible for the creation of value which is essentially a consequence of internal efficacy, although they may also seek (and control) the participatory contributions of citizens and stakeholders (e.g. Denhardt and Campbell, 2006). The process of value creation has thus been portrayed within a linear model, where value is embedded in the service as a result of the internal resources and competencies of the PSO and latterly exchanged to service users who consume the

benefits (i.e. a product dominant logic). The role of value creation, therefore, remains confined to the remit of public managers (Moore, 1995; Talbot, 2009; Bryson et al, 2014). Active citizens *can be* involved through co-production (as can other stakeholders such as third sector organizations or for-profit organizations offering consultancy services) but as discussed in section 4.2, such extrinsic processes are controlled, in terms of their nature, reach and impact, by those in power (Strokosch, 2019).

From a PSL perspective, value creation re-orientates away from a process of intra-organizational efficacy or a preoccupation with extrinsic processes of participation where preferred stakeholders are selected by the PSO to participate. Rather, it positions value creation as a relational pursuit which emphasizes the role of service users during delivery through their use and experience of services and within their own life context (Hardyman et al, 2019; Strokosch and Osborne, 2020). This is accompanied with a change in how the role of key actors of public service production is understood, which was supported by the case study research and is discussed below.

4.4.1 Integral and appended role of public service users

For PSL, and in contrast to the previous reform narratives, public service users are understood as value co-creators within the service production process, as a consequence of their integral role during service use and contextualization of services and are thus positioned as playing a more prominent role in value creation during the delivery of services and the experience which transcends the service interaction and takes place within the service user's own life context. They are not passive consumers of pre-defined value as they have been portrayed in the literature previously, but actively create value for themselves when they *integrate service offerings* with their own expectations, needs and lived experiences (Grönroos, 2019). A service is therefore inherently valueless until the processes of production and consumption integrate (i.e. the service interaction takes place).

For PSL, the emphasis on the public service user during delivery and contextualization also impacts how the role of the PSO is understood. Their role is not expert or value creator, but value facilitator (Grönroos and Voima, 2013). According to Grönroos (2019), value facilitation is not value co-creation, as is suggested by Vargo and Lusch (2016) but distinctively different phase is the process. Thus, for Grönroos (2018, p. 6), a fundamental objective of PSO should be to “enable the service users to achieve their goals in a manner that is valuable to them”. A PSO, therefore, offers core resources to the process of value creation. They make service offerings which encapsulate a promise of value (during pre-production and production), rather than a value output or outcome. Resources (e.g. staff and raw materials) are valuable in the sense that they offer value-creating potential, but for PSL, they do not create value for service users in themselves. Rather, value creation is understood as a relational process, requiring a degree of interaction by the service user with the organization delivering the service. That interaction might come in the form of face-to-face contact (e.g. a consultation with a GP), be mediated through a digital interface (e.g. completion of online application for a social security entitlement) or may involve indirect interaction with the PSO's organizational processes, which may be supported by tangible products (e.g. sorting household waste for collection or making use of publicly owned parks). A PSO can thus only ‘promise’ a certain process or experience – the actuality is dependent upon the ‘moment of truth’ (Normann, 1991) which is the point at which service users interact with or experience the service. However, as evidenced by the

case study research, the service offering may also be designed, delivered and managed in a way that constrains value creation where it does not meet the needs of service users.

Within a public service setting, participation as an extrinsic process also requires consideration because citizens and service users may be involved in service production through the processes of co-production and co-design. Indeed, while Grönroos (2019) suggests that the service user invites the provider into their sphere or lifeworld to co-create value, extrinsic forms of participation in a public service setting suggest the reverse (i.e. that the PSO invites the service user/citizen into the production process).

The research presented here suggests that extrinsic participation is where citizens/service users are invited into the service production process to support service improvement and/or innovation may also be employed to enable subsequent value co-creation during delivery and contextualisation. Participating through co-production or co-design may also create value for citizen participants. In the case of SCOTB, for instance, experience panels were described as facilitating the sharing of service users' experience and insight with policymakers and PSOs, to support service design and improve public service users' self-confidence through participation. The extrinsic processes of participation in SCOTB thus enabled the potential co-creation of 'value-in-use' for future service users (assuming that service improvement resulted from co-production), but also 'value-in-production' for those participating. In this sense, the role of the PSO is again one of facilitation where they are enabling the potential creation of 'value-in-production' by service users/citizens by offering opportunity for genuine participation.

4.4.2 Frontline service staff

The empirical research also suggests that frontline service staff play a key role in co-creating value during service interactions through the integration of their professional knowledge, skills and expertise during service encounters. Where direct interaction does not take place (e.g. digital services), the accessibility and navigability of the service offering needs to meet the needs of the service and in that way the operations of the PSO need to align with service users' needs. Such interactions are not only significant points of value creation but are also the potential locus of value destruction (Meynhardt, 2009; Echeverri and Skalen, 2011; Grönroos and Voima, 2013; Osborne et al, 2013). This is especially true in instances where the service interaction is mismanaged or services are poorly designed or supported by inadequate processes and therefore emphasizes the interconnections across the phases of public service production for value creation.

4.4.3 Stakeholders

The findings further illustrate that potential value creation for service users is enabled or constrained by various stakeholders. In the case studies presented here, these included third sector organizations offering public services during the production phase, or acting as experts offering important knowledge to the pre-production phase of service (re)design. Actors from outside the public sector are often described as well positioned to offer expertise and, therefore, key collaborators in developing solutions for complex societal problems (Desmarchelier et al., 2020d; Sørensen and Torfing, 2009; Moore and Hartley, 2010). These findings also support past research, which evidences the diverse and fragmented provision of public services, where networks of organizations from across sectors are involved in the pre-production, production and delivery of public services (Brandsen and

van Hout, 2006; Bode, 2006). Importantly, however, and in line with PSL, it suggests their role is to enable (or constrain) value creation for service users rather than create it per se.

4.4.4 Policymakers and senior managers

The case study research also emphasizes the importance of the strategic vision of value from policymakers (i.e. the value proposition made by public policy) and of senior or operational managers within PSOs, who are responsible for planning and offering service promises on the basis of the organization's strategic objectives, policy goals and the identified needs of their service users. Evidence from the French case study (FRA) points to the continued influence of a product-dominant logic, specifically around the capacity of healthcare professionals to create and transfer value to service users, rather than with them. For respondents, this approach was effective due to the particular set of public service users, who were in deteriorating health conditions and were therefore regarded as incapable of contributing to the service production process. This is in contrast to the Italian case (ITA), where patients and healthcare professionals alike understood value as being co-created through various personalized interactions during service delivery. The difference is perhaps a reflection of the different goals in relation to value creation within each case: in FRA the aim was service efficiency and responsiveness, while the aim of the ITA service was service user well-being.

4.5 Developing a conceptual framework to understand the process of value creation

NPM has positioned the goals of efficiency and effectiveness as the internal pursuit of organizations and public managers (Pollitt and Bouckaert, 2017). By contrast, PV and NPG suggest networks of actors from public, commercial and civil society and/or through dialogue between government and civil society develop shared values and can therefore deliver what society needs (Bryson et al. 2014; Sørensen and Torfing 2009, 2017). A common factor within each of the narratives, however, is that the participation of citizens and service users is framed as an extrinsic process. By contrast, the PSL literature has thus far focused on value co-creation as a process which takes place during the service encounter (Hardyman, et al, 2019). Importantly, this means that citizen participation is not confined to its extrinsic forms, but implies that the involvement of public service users, which already exists as a consequence of the nature of service production, can be capitalized on to support value creation for these individuals and potentially also for other stakeholders. PSL thus moves beyond the transactional approach of NPM to a relational approach, espousing the importance of dialogue, similar to NPA and NPS, but centering upon the reciprocal relationship that arises through service use and experience, rather than extrinsic forms of participation alone.

The research discussed in this report adds weight to PSL's arguments regarding the central position of service users in the process of value creation, through both intrinsic and extrinsic forms of participation. It has also offered greater insight into the role of PSOs as facilitators of value creation. However, the discussion has also developed PSL by presenting a more holistic perspective of value creation, identifying how actors outside direct service encounters and contextual factors may also influence the process.

In broad agreement with PV and NPG, PSL recognizes that PSOs are no longer working alone. Importantly though, the analysis offered here suggests that while inter-organizational networks and horizontal and extrinsic relationships such as co-production are important in enabling (or

constraining) value creation for service users, so too is intrinsic participation which takes place during service delivery and within the service user's own life context.

In identifying the different roles played by citizens/services users and other stakeholders including policymakers, frontline service staff, family/friends and third sector organizations, this research suggests a multiplicity of relationships and interactions influence the value creation process. The analysis further suggests the contextual backdrop within which a service is planned, produced, delivered and experienced through a series of individual and collective interactions, which have implications for value creation (Eriksson and Nordgren, 2018). Indeed, while co-experience during delivery is critical to the value creation process, so too is the contextualization of the service within the service users' own lifeworld and the influence of social networks (Rihova et al. 2013). However, the contextual backdrop which shapes inter-organizational relationships and policy development also require exploration to generate a comprehensive understanding of the value creation process (Skålén et al, 2015; Trischler and Charles, 2019; Petrescu, 2019).

Value creation has thus been framed and understood as an inherently relational process, where value for the service user is influenced and shaped by their own experience of the service, the extent to which it meets their needs, but also broader contextual factors operating at various levels of the system. This might include the service users' own social network, including the influence of family or friends who offer support and thereby influence the value creation process (Rihova et al, 2013). This was clearly evidenced in the Italian case (ITA), for example, where value creation for terminally patients was influenced both by their family and non-profit organizations offering financial support.

To account for and build on these key findings, the model presented in Figure 1 (on page 19) has been developed and reformulated as public service production to suggest a more integrated process of interactions and to emphasize the importance of the contextual backdrop of different interactions and also the roles of citizens participating at different phases of the production process (see Figure 2 on page 47). In doing so, this revised model contributes to the recent discussion where value creation is understood from an ecosystem perspective (Petrescu, 2019; Trischler and Westman Trischler, 2021). The discussion that follows explores the interconnections across the phases and the key actors involved during distinct points in the value creation process.

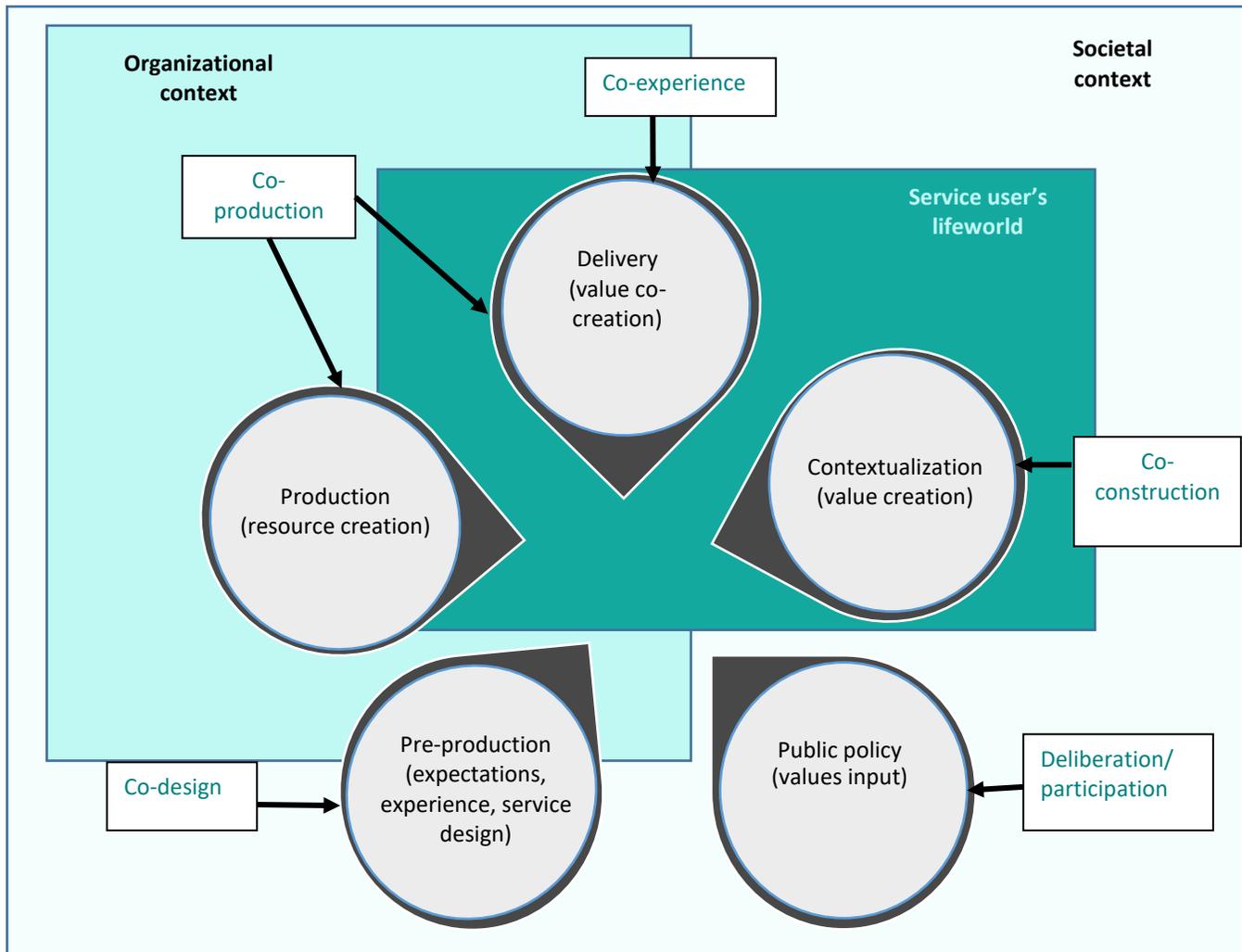


Figure 2 Public service production within a public service ecosystem

In the first phase, where public values are espoused through *public policy*, as the PV literature suggests, citizens and stakeholders may contribute through deliberative processes to develop a shared understanding of public value (Moore, 1995; Bozeman, 2002; Bryson et al, 2014). The Scottish Social Security case (SCOTB) presented in D1.2 is a good example of this. In an attempt to take a ‘different approach’ to social welfare services, the Scottish Government consulted experience panels of current service users to inform policy development through their ‘lived experience’. By consequence, the policy had been re-orientated away from an adversarial system and towards a system based on the principles of ‘dignity, fairness and respect’. Respondents, in this case, defined such participation as co-production and interestingly, the case illustrates where the connection between the final two phases of the model (delivery and contextualization) and the input of public values. In other words, the external focus on value for social security users was perceived by respondents as having shaped the design of a user-centred system of services which aimed to meet need rather than create intra-organizational efficiency. However, as evidenced by the case study research and the PAM literature, value is not understood from one perspective (Bryson et al, 2014) but with competing perspectives of value typically presented. The framing of public policy is

therefore crucial in shaping the value proposition of the service. An economic conceptualization of value, which centres on cutting costs, for example, will be translated within the service systems entirely differently from one which focuses on meeting needs and/or social outcomes.

This phase offers an important reflection of the values deemed important by society which may be influenced by the societal context and which *should be* (but are not always) reflected throughout the public service production process and influence the goals of value creation at different levels of the system. Indeed, public values may shape the political mandate, the strategic orientation of the service system and organizations within and the related value propositions made by PSOs. The societal context will also shape the expectations of citizens regarding the needs of particular communities of service users.

The second and third phases of the model are predominantly the sphere of the PSO (Grönroos and Voima, 2013) and are thus influenced by the organisation's strategic goals, as well as its capacity and resources. In the case study research, policymakers and senior managers were positioned as leading and supporting the translation of value propositions (from public policy) into services. However, both pre-production and production can also involve various stakeholders and service users through extrinsic forms of participation. During *pre-production* where services are planned, designed and re-designed, the value propositions of public policy interact and combine with the expectations and experiences of internal PSO staff, but potentially also with public service users and other stakeholders via co-design (Trischler et al, 2018). Importantly though, as argued in section 4.2, public service users can be more or less active in the process of innovating services or developing solutions; their input may be confined to the exploratory phases of the design process alone (Sanders and Stappers, 2008). During pre-production, contemporary service design methodologies may be implemented to identify and understand service users' needs and to improve the human experience of the service (Blomkvist et al, 2010; Wetter-Edman et al, 2014). Work package four of Co-VAL offers greater insight into pre-production and how public services users are involved through service design methodologies.

Within the third phase – *public service production* – the PSO further translates the value proposition of public policy into a public service. This will be guided by the goals of the organization, its capacity and the extent to which the necessary resources are available to support the implementation of the service designed in the previous phase. Here, public services are enacted through the integration of physical resources, technologies and appropriately trained staff. A PSO may also draw on the resources of other organizations (e.g. shared facilities) or the PSO may recruit and train citizen volunteers to support aspects of service delivery (i.e. co-production). The shared articulation of public values should also feed into and shape the services offered by PSOs, thus emphasizing the interconnections to the first phase of the model. Importantly though, the value propositions of public policy will not, however, be interpreted homogeneously by all organizations. Rather they will be subjectively translated into a PSO's strategic orientation, which will in turn shape how services are planned, designed, delivered and managed (Osborne et al 2020). Given the fragmented nature of public service delivery, PSOs will typically have diverse and diverging interests, motivations and therefore, potentially objectives which are not aligned with the value propositions articulated through public policy (Kickert and Koppenjan, 1997; Evers et al, 2005). This was demonstrated earlier with the comparison and the French (FRA) and Italian (ITA) healthcare cases, where the former emphasized internal efficacy and the latter emphasized the delivery of user-centred services.

A key role for the PSO within the pre-production and production phases is the integration of the inputs from various actors, including service users, citizens and stakeholder organizations through extrinsic forms of participation. The aim should be to develop a service that will satisfy the needs of public service users, its own organizational goals and support the realization of social outcomes. Co-ordination and strategic management are, therefore, crucial in aligning organizations' interests/goals with the achievement of social outcomes which meet the needs of service users and communities.

The final two phases – service delivery and contextualization – are crucial for value creation for public service users. *Service delivery* focuses particularly on the nexus of interaction which is a significant and defining characteristic of public services (Osborne and Strokosch, 2013). The interaction represents a critical stage in the process of value creation, where 'co-experience' can impact value co-creation for the service user during their interactions with the service. Put differently, value-in-use may be created or destroyed during the interaction between public service users and frontline service staff or front-facing service processes. Interactions between the service user and service staff or the organization's processes (e.g. digital platforms) are therefore crucial to value creation because they are a key point at which a PSO can shape value-in-use during the experience of the service (Skålén et al, 2018; Grönroos 2019). This links back to the importance of the pre-production and production phases. Indeed, service encounters need to be designed and resourced to support the co-creation of an outward expression of value through, for example, staff with the requisite knowledge, skills and training or accessible digital services which are easy to navigate.

However, service encounters may also have an important social dimension, which influences the co-creation of value at this stage. The service users' experience is influenced not only by their interactions with frontline service staff and PSO processes but also by their interactions with other service users (Rihova et al, 2013). In the case of education, for example, value-in-use from the service is enabled through the integration of resources (e.g. learning materials, such as books) but also various interactions throughout the service experience, with teaching staff and fellow pupils. Value-in-use is also mediated by the previous experiences and current expectations of service users or those shared by family/friends and their real-time affect. For example, a negative previous service encounter with this service or a related one, might discourage the service user from accessing the service and their needs cannot therefore be met.

The final phase reflects the nature of services and specifically how the service experience transcends service delivery and takes place within the *service user's own lifeworld* (Grönroos and Voima, 2013). It is through co-construction that public service users directly integrate public services with their own lives in order to create/destroy value. Value co-created during the service interaction unfolds, evolves and is determined within an individual's own lifeworld, including their interactions with others, over which the PSO has no control (Helkkula, et al, 2012; Bueno et al, 2019). This is important also because it emphasizes that the process of generating (or destroying) value-in-context can have an important social dimension.

For service users, co-construction, therefore, refers to a cluster of four sub-processes which may take place during the contextualization phase. First, it refers to the way that the broader prior life experiences of a service user will contextualize the public service to their own life. How a patient engages with a physician's advice, for example, will be a result as much of their socio-economic

situation as of the quality of the professional advice. Second, it refers to the way that the prior experiences of a public service or related services will construct expectations for that service. The prior experiences will impact upon both the satisfaction of a service user with that service and condition its outcomes. When a young offender meets with a new probation officer for the first time, their satisfaction with the meeting and engagement with its therapeutic objectives of this meeting will be created as much by their prior experiences with previous probation officers, as by the meeting itself. Third, any public service experience will also create expectations about future engagements with that service. In the above example, the meeting with the new probation officer will create expectations (both positive and negative) about future meetings and their efficacy. Finally, public services, and especially the all-embracing human services (such as social care, health and education) do not just impact upon a service user in their domain specific context but affect their broader life experiences. For someone attending a mental health service because of an extreme anxiety condition, this service will hopefully address that condition. However, it will also affect their construction of their societal persona – does the service make them feel a valued and included member of society, for example, or does it make them feel excluded and inadequate.

5 Conclusions and implications for practice and research

This report has synthesized the evidence gathered in work package one of the Horizon 20/20 Co-VAL project, drawing on the different strands of research to identify the key contingencies of citizen-centred public service reform. The empirical data has been used to explore and test the extent to which PSL is theoretically and empirically robust. Through this discussion, PSL has been refined to deepen our understanding of the concept of value, the process of value creation and how various actors, and especially public service users, are involved in that process.

5.1 Contingencies for citizen-centred public service reform

The research reported here presents five key contingencies for citizen-centred public service reform. In doing so it also contributes to the evolution of PSL.

First, citizen/user participation has been described as taking place through both extrinsic and intrinsic processes. The systematic review of the literature demonstrated that traditional narratives of reform have emphasized extrinsic forms of participation. PSOs invite citizens to participate in service production and control the impact of their participation in terms of nature and impact (Strokosch, 2019).

Drawing on a service logic, intrinsic forms of citizen participation, were described as resulting from the experiential nature of services (Grönroos, 2019). This research suggests that the locus of value creation for service users is the *use* and *experience* of public services, which extends across delivery and contextualisation. Service users are, therefore, understood as playing an embedded and central role in co-creating value for themselves. Overall, the model presented here shifts our focus from the internal capacity of organizations and their staff to create and embed value into public services (i.e. a product-dominant logic). It has been argued that value is not delivered in a linear fashion by PSOs working in isolation, or even through the horizontal relationships that characterize networks, service encounters or co-production. However, value co-creation during delivery is not simply a dyadic relationship between the PSO and service user. It may also involve interactions with other service users which influence 'value-in-use'. Value co-creation within a service users' own lifeworld also has an important social influence, with other organizations, friends and family all contributing to the accrual of 'value-in-context'.

Second, the discussion presented here has sought to differentiate and better understand the role of key actors in the process of value creation. The intrinsic participation of public service users has been largely overlooked in the mainstream PAM literature. Indeed, previous narratives of reform have focused on the internal capacity of organizations or networks of organizations in creating value and transferring that value to consumers through a process of exchange. This understanding has been in receipt of criticism for following a product-dominant logic (Radnor et al, 2014). Drawing on service management theory, a shift towards a service logic is proposed, where the locus of value creation moves from intra-organizational efficacy towards a dynamic and complex set of interactions. Of these interactions, the ones where the service user is involved during delivery and contextualization are the locus of value co-creation for that service user. The role of various actors is therefore conceptually different from a service logic.

Policymakers facilitate value creation by articulating the values that are important to society (perhaps captured through deliberative structures) and by developing value promises in the form of public policy. PSOs integrate their capacities, sometimes with stakeholders and current service users or citizens through co-design and co-production, to design, resource and deliver services, which facilitate potential value co-creation for the service users. At each phase, the actors involved, their goals and the contextual backdrop will influence the expression of the value that is articulated in the service offering and how it is delivered to service users.

Public service users interact with services and, depending on the core elements of the service, this may include human-to-human or digital encounters, or the use of public resources by service users (e.g. roads). The use of the service is a core locus of value co-creation for service users. However, the full extent of value creation for a service user will depend also on their expectations of the service and how that service unfolds within their own life circumstances. Value creation for individual public service users is, therefore, both service delivery and the contextualization of the service.

Citizens participating through co-production or co-design may also accrue value through that participation. This is defined by Osborne (2021) as value-in-production. Their participation may also influence the design and delivery of public services which may enable value co-creation for those using the service.

Third, the analysis suggests that although value creation for the service user cannot take place prior to service delivery, it can be enabled or constrained through a series of complex and interconnected interactions taking place between various actors. Thus, public policy, pre-production and production each contribute (positively or negatively) to the promise of value offered to service users. This offers important insight into the complexities of the value creation process, providing insight into the process of value creation within a public service ecosystem (Petrescu, 2019).

Indeed, public service production involves dynamic interconnections between the various phases, interactions between different actors and the integration of various resources. The service interaction is, for instance, shaped by those actors who are party to the interaction and the processes supporting it (resource creation), but also the design of the service and the public policy underpinning it. Value creation is thus facilitated (or constrained) at every phase of the process. Value-enabling (or constraining) interactions, therefore, operate on the micro (e.g. service interactions and contextualization of services within a service user's lifeworld), meso (e.g. inter-organizational interactions or co-production with community groups) and macro (e.g. interactions at the national level to shape legislation) levels (Frow et al, 2014). Value for service users is thus co-created (and co-destroyed) within a complex and dynamic ecosystem where multiple actors (e.g. policymakers, organizations and their employees from across sectors, activists, communities and service users) may be involved in planning, design and delivery public service through various, nested layers of interactions (Frow et al, 2016; Trischler and Charles, 2019). Furthermore, the evidence presented in this report suggests the importance of viewing interconnections across the production process, to ensure alignment to and support value creation for service users.

Fourth, the research presented here emphasizes not only the integration of resources and interactions between actors to enable value creation, but also the contextual backdrop at different

levels of the system which shape these integrations and interactions. The empirical evidence suggests that such contextual factors exist on three levels: individual, organizational and societal. On the societal level, the values are espoused through public policy, and which should denote the values that are important within that society, shape the priorities of PSOs. Indeed, values can influence whether intra-organizational efficacy is the primary objective of service production or whether the aim is to create value for service users/citizens. On the organization level, the strategy underpinning the operations of the PSO and the resources it has at its disposal, shape the design and production of the services. On the individual level of the service user, their day-to-day experience of the service, including their interactions with other service users, and their own life context (e.g. the additional resources they have access to, the choices they make and the interactions they have) will also influence their value accrual.

Finally, the research presented here has implications for how we understand value. There have been strong arguments within the PV and wider PAM literature that public services should not simply focus on the creation of economic value which has taken precedence under NPM (Alford, 2016). The evidence presented here suggests that while value for taxpayers through the efficient design and delivery of public services is still an important consideration, an outward articulation of value which emphasizes the users of public services and wider society is necessary. Further, as a consequence of the experiential nature of value, public services cannot be described as creating homogenous value for all, particularly when the services involve various complex interactions involving different actors, as is the case in healthcare and social welfare. Rather, it emerges, accrues (or is destroyed) and is perceived subjectively by individual beneficiaries during the service interactions, so has an important experiential dimension, but also within the service users' own specific social context which reflects the longer term outcomes for individuals (Rihova et al, 2013; Eriksson, 2019).

5.2 Implications for practice

PSL shifts attention to value for the service user and society, as opposed to organizational efficacy, it also recognizes the importance of value for taxpayers. It, therefore, re-orientates the strategic focus of public services, emphasizing meeting service users' needs throughout the service production process to support the design and delivery of services that are effective for those using them, rather than focusing solely on the internal efficiency of business processes (Osborne and Radnor, 2014). This suggests important implications for practice in five respects.

First, a shift from the internal performance management and efficiency orientation, which has dominated the last forty years of public service reform, and towards external value creation is necessary. A new strategic orientation for public services is, therefore, required where the value goals for service users and society are clearly defined by policymakers and PSOs (Strokosch and Osborne 2020; Osborne et al 2020). Whilst the internal organizational performance of PSOs remains a necessary and central concern for public managers, it should be repositioned within a framework concerned with external value creation for service users, citizens, communities and society. This relies on a clear articulation of the strategic objectives of the service from public policy, but also a sound understanding of the needs of service users who are using and experiencing the services. However, this may be particularly challenging for services such as criminal justice, where there are multiple beneficiaries with potentially diverse and conflicting objectives and needs. By consequence,

the strategic orientation of public services should support value creation in a way that reflects a socially-accepted balance of the composite needs of various groups (Osborne et al 2020).

Second, strong leadership and clear communication of the outward expression of value intended is important to facilitate value creation. Value promises should be clearly conveyed by policymakers and senior public managers, to ensure all actors are aware of the core aims of the service. This would also be supported by some alignment between the public values espoused in public policy and the strategic goals of the organizations responsible for designing, delivering and managing public services to meet the needs of those using them. It also requires that the value goals of the PSO are shared clearly with staff designing, delivering and managing services to ensure alignment, but also with service users and citizens to help manage expectations.

Third, a seismic change in the organizational culture of PSOs is required to support the shift towards the outward expression of value discussed in this report. Such cultural change in public services is notoriously difficult, requiring substantial political and managerial will (Karp and Helg 2008; Kools and George 2020).

Fourth, service encounters and their management should be understood as crucial opportunities for the public service organization to influence the process of value co-creation with service users (Grönroos and Voima, 2013). The design and management of services is also crucial to ensure the service is designed, resourced and delivered to achieve its core objectives.

Finally, while the emphasis of this work has been on intrinsic forms of participation and their role in the value creation process, extrinsic forms of participation should be included pragmatically and sensitively by PSOs in pursuit of service improvement or innovation.

5.3 Implications for research

PSL has been presented here as an evolving narrative of reform and while the evidence presented in this report offers empirical weight to this narrative, further theoretical and empirical insight is required to provide a deeper understanding of value creation in public service settings.

First, as a consequence of the multiple stakeholders of public services and their subjective understandings of value, the current quantitative metrics used to measure public service performance are inadequate for capturing the value creation for service users or society. The evolution of a more sophisticated and nuanced approach to the performance of PSOs is, therefore, urgently required to develop metrics of 'value' for public services. Such metrics should include both the instrumental and experiential dimensions of value for service users, but should also seek to better understand societal value which has not been discussed in depth in this research.

Second, co-construction, where service users determine value within their own lifeworld was described here as an important point in the process of value creation. However, little is known about how value is accrued and influenced out with the service encounter. This requires an ethnographic research methodology which seeks to capture how value from the service offering transpires within someone's lifeworld.

Third, the focus here has been on citizen participation. Further work is required to comprehensively understand the role of different stakeholders, including policymakers, third sector organization and commercial organizations in the value creation process. There is already considerable work on governance and networks within the NPG (e.g. Osborne, 2010) and collaborative governance (O'Leary et al. 2010), but this should be developed to focus on the extent to which these relationships generate an outward expression of value for service users and society.

Fourth, in a few of the cases presented as part of this research, there was a suggestion that by focusing on value creation for public service users, by designing and delivering easy to use services that met needs, would have positive implications for the public service system (e.g. reduced costs) and collective forms of value for society. This is an area which requires further exploration. In particular, the linkages between the value creation processes at the level of service users and the creation of societal or public value should be explored in depth to understand the outcomes and impact of public services.

Finally, the concept of value and the process through which it is created/destroyed has been described here as highly complex and these complexities should be explored in different public service settings, particularly those where there are multiple stakeholders with potentially conflicting needs (e.g. criminal justice).

6 References

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