Abstract

Public Service Logic (PSL) is a public administration and management (PAM) theory that integrates insights from service management together with those of PAM. PSL understands public services ‘as services’ and applies a service-dominant approach. It explores/evaluates how ‘value’ is created for the key stakeholders of public services and examines the domains, elements, and processes of value creation for them. The core elements of PSL are the public service ecosystem, the distinctive role of public policy in PSL, the purpose of public services, and the nature of value and value creation for public service stakeholders. Three key concepts are deployed within PSL. Co-design is the collaborative engagement of the key stakeholders in the design/re-design of a public service. Co-production is the collaborative involvement of these stakeholders in the management and/or delivery of a public service. Co-creation is the collaborative process of value creation by these key stakeholders to a public service.

Key words

Public Service Logic, service-dominant logic, public services, public services reform, co-creation, co-design
Public Service Logic


PSL understands public services ‘as services’ and argues for the application of a service-dominant approach (Vargo & Lusch 2008, Gronroos & Gummerus 2014) to their management in contrast to the product-dominant approach of the New Public Management (NPM). The latter drew upon the experience of manufacturing. It argued for the hegemony of a linear approach to public services that concentrated upon the transformation of resource inputs into outputs and the importance of external competition and internal value chains for the efficient management of public services (Lapuente & Van der Walle 2020). In contrast, PSL argues for a focus both upon the creation of external value for the users of public services, and other key stakeholders (such as family and friends, public service staff and other citizens), and upon how such value is created within public service ecosystems. In doing this, it builds upon a substantial thread of PAM research and theory, including that of Public Value (Moore 1995, Bryson et al 2014, O’Flynn 2021). However, whilst Public Value focuses on value creation at the societal level alone, PSL explores the interaction and tensions between value creation at the societal and individual levels.
Importantly, PSL does not seek to simply import and impose lessons from commercial services onto public services. This belief in the superiority of private sector experience was a significant flaw of the NPM. There are significant difference between public and the commercial services however. These include the distinctive ownership patterns of the public and third sectors\(^1\), the place of public policy as a significant and often hegemonic element of the ecosystem of public services, and the distinctive nature of the users of public services (that, unlike in commercial services, they may be mandated (school children), coerced (prison inmates) and/or unconscious (adults with dementia) users of public services) (Alford 2016). Citizens can also accrue value from involvement in public service delivery as volunteers, even when they are not direct users of these services (Musso et al 2019).

The core elements of PSL address four spheres (Osborne 2021). These are the public service ecosystem, the distinctive role of public policy in PSL, the purpose of public services, and the nature of value and value creation for public services and their users.

**The public service ecosystem (PSE).** The metaphor of the ‘ecosystem’ has become a prevalent one in contemporary management theory (e.g. in strategic management (Adner 2017) and in innovation studies (Granstrand & Holgersson 2020)). It draws upon the metaphor of dynamic, interactive and self-sustaining ecological ecosystems, first developed by Tansley in 1935, to understand complex organisational environments. In service management and marketing theory, Vargo & Lusch (2016) argue that value creation is not solely the purview of individual businesses, but occurs within complex and interactive *service ecosystems*, comprising the key actors and

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\(^1\) ‘Public services’ and ‘the public sector’ are not the same thing of course. The former refers to all services that seek to deliver the aspirations of public policy, whether through public, private or third sector organisations. The latter refers to those public services that are delivered by government alone.
processes of value creation as well as societal/institutional values and rules. It has subsequently become the front-line of such theory (e.g. Mustak & Ple 2020, Manser-Payne et al 2021).

PSL adopts and adapts this approach to a public service context. Context has long been a pre-occupation of PAM (Pollitt 2013), of course, and systemic approaches have an extensive history (e.g. Knapp 1984). The PSL approach goes further, to explore both context and system (Hodgkinson et al 2017). Petrescu (2019) has described it as a unifying framework through which to understand the complexities of public service delivery and value creation at the societal, service and individual levels, whilst Trischler & Charles (2019) explored its import for public service design and Best et al (2019) have examined stakeholder salience within PSEs. Strokosch & Osborne (2020) offered an empirical exploration of PSEs. They concluded that it moved our understanding of public service delivery from the transactional and linear approach of the NPM and towards a relational model where public service value creation is shaped by the interplay between multiple dimensions - and not least by the wider societal context and the values that underpin it (see also Kinder et al 2020, 2021; Rossi & Tuurnas 2021; Leite & Hodgkinson 2021; Hardyman et al 2021; and Trischler & Westman-Trischler 2021).

A PSE approach explores the interplay between four levels. These are the *macro-level* of societal beliefs, norms and values, the *meso-level* of organisational actors, networks, processes, and norms, the *micro-level* of the individual actors (public service users, staff, and other stakeholders), and the *sub-micro-level* of the values and beliefs of these individual actors (Osborne et al 2021a). None of these is hegemonic within PSL. Rather their interaction forms the petri-dish of public service delivery (Figure I).
The nature and role of public policy. In contrast to many policy implementation theories, PSL does not understand public policy creation and implementation as linear processes. It understands public policy as a core element of the PSE as described above. Public policy offers a codification of the societal values and beliefs embedded within public services (e.g. beliefs about the relationship between the ‘deserving’ and ‘undeserving’ poor engrained within national welfare systems). Public policy has no value in its own right. Rather it is a series of aspirations that may, or may not, be achieved by its implementation through public services (e.g. societal aspirations about literacy in education policy). As such, it is a ‘service promise’ rather than the achievement of that promise. However, it is an essential element of the PSE.

Public services and public service organisations (PSOs). In traditional models of PAM, the creation of public services and their organisational entities (PSOs) is seen as the fulfilment of public policy. Such services and organisations are there to meet the needs of citizens. PSL understand services and organisations differently. Rather they are resources that public service users can interact with in order to address their needs and create value in their own lives (Eriksson & Hellström 2021). However, the existence of a public service or a PSO does not create value in its own right. It is how the citizen interacts with a service/organisation that does so. The existence of a school and the place of teachers within it does not create value through learning, for example. Rather it provides a set of resources. What is key then is how the individual schoolchild interacts with these resources – and this interaction will be mediated by their needs, personal/family experiences, and expectations (conditioned by prior service experiences).

A PSL approach thus shifts the focus of performance and performance evaluation away from the efficiency and effectiveness of PSOs alone and to how effective they
are both in creating resources for public service users to integrate with their needs and in facilitating such value creation. Three key concepts are deployed within PSL. Co-design is the collaborative engagement of the key stakeholders (such as public service users, their carers and family, and public service staff) in the design and/or re-design of a public service. Co-production is the collaborative involvement of these stakeholders in the management and/or delivery of a public service. Co-creation is the collaborative process of value creation by these key stakeholders to a public service.

**Value and value creation through public service delivery.** The crux of PSL is that public services should be judged upon their ability to facilitate value creation in the lives of public service users and their other stakeholders (Osborne et al 2021b). This value creation takes place within four domains and consists of five elements. These domains and elements comprise the value creation matrix for public services (Figure II). The domains are those of experience (value-in-use), of engagement in the design/delivery of public services (value-in-production), of fulfilling the needs of users and other stakeholders (value-in-context), and of their broader achievement of societal aspirations such as an inclusive society (value-in-society).

Within these domains, five types of value can be created. These are

- The short-term satisfaction and well-being of public service users,
- The medium-term effects and long-term impacts (outcomes) of public services in relation to needs,
- The effect of public service upon the whole life experience of public service users,
- The ability of public services to create personal capacity for the future, and
• The creation of value for society through public service delivery.

A concrete example of these elements of value can be offered by a mental health service. *Satisfaction* concerns how the short-term affect of a public service user is created by service interactions. This will not only condition their personal well-being but also their willingness to engage further with the service in relation to their mental health needs. *Outcomes* concern the effect of the service upon their mental health needs directly. *Whole-life experience* concerns how being engaged with a mental health service constructs their view of their own life and their capacities within society more broadly. *Capacity creation* concerns the extent to which public service users develop strategies and techniques to manage their own mental health in the future rather than being dependent solely on the mental health service. *Societal value*\(^2\) concerns the extent to which the mental health service contributes to the mental health of society as a whole and to its beliefs about the nature and impact of mental health conditions.

Finally, none of the above assumes that public services will always have positive outcomes. It is equally possible that the poor design or delivery of public services can make the lives of service users, service staff, and/or other citizens worse. This is known as *value destruction* (Ple & Caceres 2010, Engen et al 2020).

*In conclusion*, we would emphasise five points. First, PSL requires a new understanding of public policy as creating values-based aspirations for public services rather than offering the technical specification of these services. Second, PAM needs to replace its preoccupation with PSOs and their management with a focus on the PSE.

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* It is important to distinguish between value-in-society and societal value. The former is a domain where value may be created, for the individual or society. The latter is actual value created for society as a result of public service delivery.
and value creation/mediation for all stakeholders within these ecosystems. Third, PSL will require both cultural change within PSOs and a new orientation by citizens to the purposes of PSOs. Such cultural change is challenging but not impossible, as the experience of the Finnish Tax Authority has demonstrated (Gronroos 2019). Fourth, digital technology and artificial intelligence is transforming public services, as with other elements of society. Increasingly the PSE may exist at least partially within a virtual province. Finally, PSL does not replace the key features of public service management but rather presents them with new challenges (e.g. the creation of performance management systems for PSOs that capture value creation and co-creation).
Fig I.

MACRO LEVEL
Societal values, rules, and norms

MESO LEVEL
Organisational actors, networks, and processes; organisational norms, rules

MICRO LEVEL
Individual actors – service users, staff, and other key stakeholders

SUB-MICRO LEVEL
Individual and/or professional beliefs and norms

Public Service Eco-System

Atmosphere

Habitat

Population

Sub-Soil
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<th>Value-in-context</th>
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