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# Stakeholders, Public Value(s), and Public Service Performance

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### 2.1 Introduction

Public services are ordered and/or mainly financed by government and delivered to citizens, corporate actors, and society as a whole. Many different constituencies have a stake in public service delivery, including citizens as taxpayers and clients, businesses, the media, employer and employee unions, civil society organizations, and many others. The term “stakeholders” refers to “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman 1984, 46). Stakeholders typically have different views on and preferences for what is desirable in public service provision, which are tantamount to public values.

These values, how they are understood and weighed by stakeholders, and how they infuse the process of public service provision, are influenced by the broader social, economic, and political context. Thus, the period of austerity policies following the economic crisis in 2008 saw governments emphasizing the economy and efficiency dimensions of public service performance. The subsequent economic recovery revived public debate on the quality of public services. The aging population raises the question of sustainable quality of care. Flows of immigrants raise questions regarding the sustainability of human rights values because these are increasingly perceived by host country citizens as causing pressure on social service systems and posing threats to national security. New technologies can be game-changers as e-government, social media, and Big Data revolutionize public service delivery but also raise thorny privacy and accessibility issues. These broader developments set the stage for an ongoing debate among various stakeholders on the scope and level of the public services they desire from public organizations. This is where the debate about public service performance evolves into a debate about what adds value to the public sphere, a fair and just society which considers long-term and minority views (Benington 2011).

The diversity of opinions among different stakeholders tends to be accommodated by the multiple ends that public organizations are ordered to serve by the authorizing

environment. This multiplicity in turn makes it hard to assess their public service performance, where performance can be seen as an actual achievement relative to intended achievements (Jung 2011, 195). Where stakeholders disagree on the outcomes they regard as valuable to society—i.e. the public value to be created as well as how public service providers should operate—researchers cannot help but focus on stakeholders and their preferences when analyzing public service performance.

The external context, the ongoing social changes, and the different values that stakeholders emphasize, influence governments and public organizations, depending on the prevalent governance paradigm. Governance paradigms consist of institutional templates, crude policies, operational strategies, and desired programs. They prescribe how public service provision should be structured and how it should operate. Governance paradigms co-exist and compete, and they can help us understand the relationship between public values and public service performance (Torfing et al. 2020). Table 2.1 presents an overview of some of today's important paradigms, which we further describe below.

Weberian *bureaucracy* emphasizes process rather than outcomes, and its two key governance mechanisms are hierarchy and formal rules. Key values are loyalty and neutrality, and the goal-setting process is top-down from politicians to administrators, who are depicted as neutral technocrats. In contrast, *professional rule* is based on specialized, theoretical knowledge in the relevant occupations (e.g. physicians) combined with the relevant norms of those occupations. This makes professional quality the key value in this paradigm, while the most important governance mechanism is adherence to professional norms. A third paradigm is *new public management* (NPM), which emphasizes incentives, market mechanisms, customer focus, and managerial discretion, based upon private sector practices. NPM emphasizes efficient service delivery and places a strong focus on user/customer satisfaction.

**Table 2.1** Overview of the discussed governance paradigms

Governance paradigm	Key mechanisms: through which means is high performance achieved?	Key values: what is seen as desirable?
Bureaucracy	Hierarchy and formal rules	Neutral and loyal implementation of political goals
Professional rule	Relevant occupation's knowledge and norms	Professional quality
New public management (NPM)	Incentives and market mechanisms	Customer/user satisfaction and efficiency
Neo-Weberian state (NWS)	Centralized coordination based on values and data about citizens	Citizen-friendliness and representative democracy
New public governance (NPG)	Networks and inclusion of all types of societal actors, including co-creation	Collaboration with surrounding society and horizontal coordination
Public value management	Focus on public value creation and generation of political support	Seeking public interest

Turning to the new governance paradigms, the *neo-Weberian state* (NWS) revitalizes old virtues (such as representative democracy) combined with more coherent service provision through centralized coordination and increased citizen-friendliness (Pollitt and Bouckaert 2017). The argument is that service provision should be informed by analytical insights based on data about citizens' needs and behaviors (Ejersbo and Greve 2014). In *new public governance* (NPG), inclusion of the surrounding society is both a governance mechanism and a key value seen as desirable in itself. Horizontal coordination is seen as a way to counter the silos created by hierarchies, professions, and narrow vertical managerial responsibilities. Additionally, new public governance emphasizes intra-organizational networks as an important delivery mechanism (Osborne 2006), and the same is true for *public value management* (Stoker 2006). Public value management is not yet a coherent paradigm, but key governance mechanisms appear to include a constant focus on public value creation and active generation of political support. This paradigm sees public service provision as very different from private sector operations. The emphasis on values is shared with the neo-Weberian state paradigm. Denhardt and Denhardt (2011) promote seven principles that could synthesize these two paradigms: (1) serve citizens, not customers; (2) seek the public interest; (3) value citizenship and public service above entrepreneurship; (4) think strategically, act democratically; (5) recognize that accountability is not simple; (6) serve, rather than steer; and (7) value people, not just productivity. The governance paradigms listed in Table 2.1 can be used to understand the links between stakeholders, public values, and public service performance, and this serves the core purpose of this chapter.

In Section 2.2, we present the theoretical perspectives on public value (Moore 1995) and public values (Beck Jørgensen and Bozeman 2007), which are somewhat different but related concepts. We also elaborate on how we see their nexus and relationship to public service performance. Section 2.3 uses these insights to examine the public service performance literature based on nine illustrative studies. Much public administration scholarship neglects the stakeholders despite their seminal role in defining good performance in democratic political systems (Amirkhanyan et al. 2014; Boyne et al. 2006; Song and Meier 2018). We have, therefore, selected studies that explicitly pay attention to stakeholders. The final section (Section 2.4) discusses normative implications.

## **2.2 Key Concepts in Public Management Research: Public Value(s) and Public Service Performance**

Public value, public values, and public service performance are connected: If we do not understand what is deemed desirable, we cannot discuss how public managers can make the best use of the public assets that are entrusted to them. The literature based on Moore's (1995) book on public value creation focuses on public value in the singular, meaning the outcomes which are seen as valuable to society and the

activities by public managers for adding value. In contrast, the literature based on the work of Beck Jørgensen and Bozeman (2007) sees public values as widely held preferences for how society should be governed and public services delivered. After a discussion and comparison of these traditions (see also Hartley et al. 2019a), we relate them to our understanding of public service performance.

### 2.2.1 The Concept of Public Value

Moore (1995) describes value creation as managing public sector enterprises in ways that increase value to the public in both the short and the long run. Basically, public organizations produce value when they improve “the quality of individual and collective life for citizens” (Moore 2013, 8). But what improves our lives? In his 2013 sequel to the 1995 book, Moore (2013, 111–14) answers this question by developing a public value account “that can identify the value the enterprise intended to produce, what it actually produced, and the costs incurred along the way.” A government organization’s public value account “has to speak to concerns for large, abstract, public values such as the public good and the pursuit of justice but also has to be sufficiently specific, concrete and measurable to recognize the value that the agency produces and the costs it incurs” (Moore 2013, 112). Moore argues (2013, 3) that what makes social outcomes valuable is that “the wider ‘public,’ that has tacitly agreed to be taxed and regulated to produce the desired social result, values [the outcome]. This suggests that in the public sector, the relevant ‘customer’ is a collective public (local, regional or national) acting through the imperfect processes of representative democracy. . . .” Thus, for instance, the public value account of the police includes, on one hand, the costs of using state authority, and on the other, reducing crime as well as creating positive experiences for those who have encounters with the police.

In the process of public value creation, managers have a crucial role. Moore acknowledges that public organizations have many stakeholders with divergent preferences but argues that it is possible to move from initial disagreement on values to a framework that continually changes as external ideas of what is valuable change. The keywords here are trust (between the public manager and the relevant politicians), imagination (of how value can be created in new ways), and openness to feedback (from the relevant part of the external environment). The literature acknowledges that decisions about what part of the environment is most relevant are highly normative questions and are often left to the public managers’ discretion. The argument is that public managers have an active role in helping to “create and guide networks of deliberation and delivery and help maintain and enhance the overall effectiveness, accountability, and capacity of the system” (Bryson et al. 2014, 446). Here, responsiveness to elected officials, citizens, and an array of other stakeholders is emphasized. The argument is that public managers both need to have discretion and need to be constrained by law and democratic/constitutional values (Bryson et al. 2014,

446). Moore (2013, 9) shares this view and sees the core problem of creating accountability for government performance as constituted by “the procedural question of what actors (working through what processes) could legitimize a particular concept of public value and the substantive question of which particular values this legitimate actor would choose.” Note how Moore connects public value and public values in this statement.

Moore is not the only public administration scholar discussing public value in the singular. Other definitions of the concept draw upon his ideas. Benington (2011) extends Moore’s understanding by conceptualizing public value as involving the activities, services, outputs, and outcomes which the public values most, as well as what adds value to the public sphere (see Hartley et al. 2019a). This second dimension of public value signals that public value cannot be equated with the aggregated individual choices of members of the public. The dimension of “adding value to the public sphere” involves the recognition that various stakeholders are likely to express divergent values and interests, which ideally are debated in the public sphere, leading to some degree of agreement, or which require judgments by elected politicians, public servants, or community leaders, with a view to what fits a fair and just society that considers longer-term and minority views (Hartley et al. 2019a; 2019b). Bryson et al. (2014, 448) develop a similar view of public value as “producing what is either valued by the public, is good for the public, including adding to the public sphere, or both, as assessed against various public value criteria.” Recent contributions also begin to combine the “public value” and “public values” literatures, and we therefore turn to the latter approach.

## 2.2.2 The Concept of Public Values

The public values (plural) literature is largely based on Beck Jørgensen and Bozeman’s (2007) work. They draw attention to values as ideals, coined as principles, to be followed in the public sector when producing a service and regulating citizens and business firms. The public values literature insists that the desirable, not only the desired, is important, and public values thus *provide direction* to public employees rather than *drive action* (Andersen et al. 2013; Brewer 2013; Vandenabeele et al. 2013). In other words, public values can convey strategic direction about the desired ends of public policy, as well as generate motivation and commitment to achieve those ends. Public values are considered important because they are expected to shape our perceptions of reality, give identity to individuals as well as organizations, guide behavior, give meaning to public service, and help maintain communities and societies (cf. Kluckhohn 1962; Lawton and Rose 1994; Maguire 1998). According to Bozeman (2007, 13), public values specify “the rights, benefits and prerogatives to which citizens should (and should not) be entitled; the obligations of citizens to society, the state and one another; and the principles on which governments and policies should be based.”

The last (institutional) element in Bozeman's definition is important because it indicates that public values can be seen as the basic building blocks of the public sector (Beck Jørgensen 1999, 581). Beck Jørgensen and Bozeman (2007) identified seventy-two public values, which indicates a considerable breadth in the total public values universe. To reduce complexity, they classify seven value constellations: (1) the public sector's contribution to society; (2) transformation of interests to decisions; (3) relationships between administrators and politicians; (4) relationships between public administrators and their environment; (5) intra-organizational aspects of public administration; (6) behaviors of public sector employees; and (7) relationships between public administration and the citizens. Each value constellation focuses on certain aspects of the public sector that the value in question is related to or is directed toward.

Andersen et al. (2013) add to the public values approach by relating values to modes of governance. They find that in governance practice, values are not harmoniously arranged as most public organizations exhibit more than one mode of governance. This means that value conflicts are a recurrent phenomenon.

### 2.2.3 Connecting Public Value Creation to Public Values

There are differences as well as similarities between public value creation and public values approaches. Both see public value as referring to "objective states of the world that can be measured" (Bryson et al. 2014, 449). One illustration is Moore's (2013) public value account. Both also suggest that public values are important in propelling efforts for transforming the state into a better form.

The most important difference is that Moore, unlike Bozeman, assumes a hierarchy of values in which effectiveness and efficiency take priority over justice and fairness. This assumption is illustrated by Moore's (2013, 42) argument that "because state authority is often engaged in the operations of public agencies, another evaluative frame becomes relevant. We ask not only whether the organization has acted efficiently and effectively but also whether it has acted justly and fairly." In his 2013 book, Moore makes a case for the use of process measures and not only outcome measures. However, priority is taken by efficiency, which is included in his public value account as "[the] use of collectively owned assets and associated costs," and effectiveness, which is included as "[the] achievement of collectively valued social outcomes." Still, the argument is that certain features of process can have value apart from their instrumental worth in producing desired outcomes.

The two approaches are also complementary and connected. As Bryson et al. (2014, 48) and Vandenaabeele et al. (2013, 41) argue, public values act as criteria to assess or as reasons for valuing what is valued by the public and good for them. One could argue that the public values that are important in a political/administrative system (i.e. the public values approach) must be identified in order to devise ways to achieve those values and assess the actual value created (i.e. the public value creation

approach). In other words, one cannot create public value without understanding public values. This view incorporates Benington's (2011, 50) point that public value is defined in a deliberative democratic process in which competing public values and stakeholder interests can be expressed and debated. Based on this understanding, we turn to another related concept.

## 2.2.4 The Concept of Public Service Performance

Over the past few decades of public management reforms, researchers have directed their efforts toward conceptualizing and measuring public service performance. Andersen et al. (2016a, 852) define performance very broadly as the actual achievement of a unit relative to its intended achievements, such as the attainment of goals and objectives. Public service performance is generally considered to be an elusive, complex, and ambiguous concept. Many authors (e.g. Andrews et al. 2006) do not attempt to define the concept but note that performance is multifaceted because public organizations are required to address a range of goals and subsequently focus attention on the measurement of performance dimensions. In his study of local government, Boyne (2002) conceptualized public service performance as multidimensional, including outputs, efficiency, effectiveness, responsiveness, and democratic outcomes. This multidimensional understanding of public service performance is now widely accepted, but opinions differ on many issues such as the operationalization of performance dimensions, the use of subjective or objective measures, and how stakeholders prioritize or weigh the various performance dimensions (Andrews et al. 2006; Knies et al. 2018; Walker et al. 2010). This diversity of opinions has been mapped by Andersen et al. (2016a), who argue that the conceptual space for public performance can be clarified by focusing on six distinctions representing various characteristics of performance criteria. The first distinction concerns our central question about stakeholders, which we elaborate on below. The other distinctions refer to other characteristics of performance criteria, including their formality, subjectivity, type of process focus, type of product focus, and unit of analysis. These six distinctions are useful for evaluating what is included—or left out—in the study of public service performance.

Adopting a stakeholder perspective raises the central question of who decides what good performance is. This question is central because public organizations have multiple stakeholders with diverse views on what constitutes good performance. In this respect, the inclusion of multiple stakeholders' views on performance draws on the notion of public value creation as contested because of the multiple publics with diverse views and interests (Hartley et al. 2019a). However, using the stakeholder distinction in our analysis of public service performance reflects only the question of who decides about activities and outcomes constituting actual good performance, but it does not engage with the further issue of which stakeholders are included in the public debate on what adds value to the public sphere. The further



question of how multiple priorities are weighed up and how stakeholders derive their performance evaluations from a longer-term perspective on public value cannot usually be examined by survey studies.

We distinguish between three degrees of stakeholder inclusion in research: (1) no attempt to include stakeholder perspectives in the assessment of performance; (2) indirect inclusion; and (3) direct inclusion. The latter is the strongest inclusion because stakeholder interests are expressed by the stakeholders themselves. Indirect inclusion happens when researchers include criteria that they expect to reflect stakeholder interests. Thus, the percentage of classes taught in universities by persons with PhD degrees can, for example, be assumed to reflect a student interest in having research-based education, but without explicit information on students' views, this may only reflect what university administrators think students want.

### **2.3 Stakeholder Understandings in Public Service Performance Research: Illustrative Examples**

This section illustrates the importance of stakeholders, performance criteria, and public values by reviewing nine illustrative studies in public service performance research. It is not a mapping exercise that describes the indicators used in various studies because this has already been done (Andersen et al. 2016a; Walker and Andrews 2015). Instead, we discuss substantive performance criteria in specific studies, their treatment of the multiplicity of stakeholders, and their reference to public values. Our selection of the nine studies is discussed in Section 2.3.1, followed by sections for the three functional sectors studied (Sections 2.3.2–2.3.4) and a summary comparison (Section 2.3.5).

#### **2.3.1 Selection of Studies**

We look at performance in schools, environmental regulation, and local authorities/municipalities that represent important public services that can be compared across nations (Van der Wal et al. 2008) and that are affected by the societal developments that spark public debate over public policy and services as mentioned in Section 2.1. In addition, the three functional sectors represent distributive (education) and regulative (environmental regulation) policy types as well as multipurpose entities (local authorities/municipalities<sup>1</sup>) that generate public service performance and involve multiple stakeholders, which is our main interest. We will examine how the

<sup>1</sup> In addition, central government policy instruments are often managed regionally and implemented locally, mingling their vertical dimension. Their horizontal dimension is also blurred because policy domains often overlap and interact, and some policies have impacts on other domains. For example, poverty reduction programs may affect health and education policy outcomes, as well as tax revenues and expenditures. These characteristics also tend to increase and/or complicate the number of stakeholder groups, public value(s), and performance elements.



performance criteria used in these studies are related to the various governance paradigms mentioned in Section 2.1. These studies come from articles published in the *Journal of Public Administration Research and Theory* in the last ten years. They include a multi-stakeholder approach, and they contain an empirical analysis of public service performance. Three articles were selected in each functional area in an attempt to achieve geographic and author diversity. Table 2.2 summarizes the key points in relation to this chapter's concepts and thus prepares for the comparison in Section 2.3.5.

### 2.3.2 Schools

Education is a popular policy area in public administration (O'Toole and Meier 2011, 14). There are several reasons for this. First, education is a large public service in many countries. Second, Meier and O'Toole's (2001; 2002; 2003) panel data project in Texas school districts has set an example for several years. Third, student test scores provide a comparable performance measure across organizational units and over time. The findings from Texan schools are already well-known in the field, and most articles were published before our investigated time span; hence, we include three articles from other contexts.

Favero et al. (2016) examine the relationship between internal management and educational performance for more than 1,100 schools in the New York City school system over a three-year period. The authors define performance as student academic achievement measured by state standardized tests (an index based on English and math scores). It follows from the context that state-level administrative and political decision makers are the stakeholders who set this criterion. Yet Favero et al. (2016, 338) acknowledge that "the stakeholders of public school systems typically care about more than standardized examination scores, and so do those who manage the schools." Accordingly, the authors also explore parental satisfaction, student attendance, the official education progress report, school violence, and teacher turnover. However, they distinguish between "the core educational function" and other "additional valued outputs and outcomes" (Favero et al. 2016, 341), following O'Toole and Meier's approach and paying "particular attention to performance in terms of effectiveness," which is "the extent to which policy objectives are being achieved" (O'Toole and Meier 2011, 2). Our interpretation is that the key value of Favero et al.'s (2016) study is that policy objectives should be achieved, which is consistent with the bureaucracy and neo-Weberian state paradigms, while the secondary values of user satisfaction and teacher turnover reflect elements of NPM and professional rule. Some aspects of performance are measured by directly surveying the stakeholder concerned.

Turning to the Andersen et al. (2016b) article, the performance criterion is students' academic achievements in Danish public schools. The additional insights come from the different measures of this criterion that correspond to different stakeholders' views. Here, the authors distinguish between internal stakeholders (teachers

**Table 2.2** Overview of use of concepts in illustrative articles

	Stakeholder(s) mentioned in articles	Specific performance criteria in articles	Key public values reflected in articles (our interpretation)	Related to governance paradigms' key values
<b>Schools</b>				
Favero et al. 2016	State-level political and administrative decision-makers supplemented by parents, students, and teachers	New York City students' academic achievement in state standardized tests, parental satisfaction, and teacher turnover	Policy objectives should be achieved for individual students, but it is also seen as desirable that users are satisfied and teachers stay	Bureaucracy NWS NPM
Andersen et al. 2016a	Internal (teachers) and external (examiners and administrative and political decision makers) stakeholders	Danish students' academic achievement measured in final exams, yearly marks, and teacher self-reported contributions	Policy objectives should be achieved for individual students, but professional quality is also seen as desirable, given focus on teachers and external examiners	Bureaucracy NWS Professional rule
Song and Meier 2018	Decision makers (highest priority, given that official test scores are seen as most important), parents, students, and teachers	Seoul students' academic achievement supplemented by satisfaction with school quality, student learning, educational facilities, and safety	Policy objectives should be achieved for schools and individual students. Users should be satisfied, and professionals should perceive high quality in the organization.	Bureaucracy NWS Professional rule NPM
<b>Environmental regulation</b>				
Zhan et al. 2014	Environmental policy implementation officers (and their perceptions of pressures from other stakeholders) and enterprise executives	Environmental enforcement effectiveness in Guangzhou, China	Policy objectives should be achieved through enforcement effectiveness based on collaboration with other government agencies	Bureaucracy NWS NPG
Heckman 2012	State officials and external stakeholders, e.g. reporters and citizen watchdog groups, as included in administrative data	American states' air pollution control outcomes	Policy objectives (reduction of pollution) should be achieved at state level through good management practice as seen by societal actors	Bureaucracy NWS NPM

	Stakeholder(s) mentioned in articles	Specific performance criteria in articles	Key public values reflected in articles (our interpretation)	Related to governance paradigms' key values
Darnall et al. 2010	Environmental facility managers (and their perceptions of pressures from other stakeholders)	Efficiency in US manufacturing facilities (importance of savings due to environmental practice)	Indirect contribution to government policy objectives	-
<b>Local authorities</b>				
Brewer and Walker 2010	External stakeholder (Audit Commission) assessment of various performance dimensions supplemented by internal management assessment	Multidimensional performance in English local authorities (quality, efficiency, effectiveness, equity, responsiveness, etc.)	Performance should include dimensions that relate to all relevant stakeholders	Bureaucracy NWS NPM NPG
Yang 2009	Internal stakeholders' assessments of honest reporting with regard to elected officials, media, public and citizen groups, and employees	Process criterion of performance for Taipei (Taiwan) government units: honest performance reporting	Performance should be reported honestly as a cornerstone of integrity and transparency	Bureaucracy NWS
Pérez-López et al. 2015	Taxpayers and private firms based on the goal of market efficiency	Cost-efficiency in Spanish local governments	Public service provision should be efficient	NPM

and their self-reported contributions to students' academic achievements and the marks they give students for the year's work) and external stakeholders (external examiners who make evaluations on behalf of national decision-makers based on standardized criteria). The findings suggest that institutionalization of the assessment (e.g. standardization based on professional norms) can be a way to ensure consistency. Andersen et al. (2016b, 76) thus argue that if the professions are willing to combine the official policy goals with their professional norms, the resulting criterion can be considered a key public value. This approach combines elements from the bureaucracy, neo-Weberian state, and professional rule paradigms. Inclusion of the stakeholder perspective is both direct (for teachers' perceptions of performance) and indirect (based on the assumption that children and parents are interested in academic achievement).

Song and Meier (2018) combine three different surveys and archival data on secondary education in Seoul, Korea, to analyze how students' academic achievement is associated with parents', students', and teachers' judgments of school quality. They find that parents, students, and teachers provide similar assessments of school performance and that their assessments are aligned with archival performance measures (especially for high-performing schools). Song and Meier (2018) discuss the question of whether different stakeholders should be canvassed if their assessments are similar. They urge caution in generalizing too widely. One reason is that academic performance is especially important for attaining higher positions in Korean society, making agreement important for all stakeholders. Uniformity in the Korean educational system should also be considered because comparable tests are critical for all students' futures. Furthermore, parents and students in Seoul City are informed by their schools of the school's mean scores as well as their own child's score. Having this knowledge may homogenize different stakeholders' perspectives on school quality. Interestingly, parents and students are more responsive to information about school performance than about individual student performance, implying that citizens may prioritize the former. Again, inclusion of a stakeholder perspective on performance is both direct and indirect.

Despite the different contexts for the three studies of school performance (New York City, Denmark, and Seoul, Korea), their focus is very similar. The key public value is to achieve policy objectives as measured by student test scores, which is key in the bureaucracy and neo-Weberian state paradigms. However, all three articles also examine at least one other type of stakeholder understanding of school performance, consistent with aspects of professional rule and NPM.

### 2.3.3 Environmental Regulation

In the policy area of environmental regulation, several published studies include stakeholders' value preferences when measuring performance. The following three articles study different units of analysis and different contexts.

Zhan et al. (2014) conducted extensive surveys and interviews with environmental regulators and business executives in the city of Guangzhou, China. The authors trace the transformation of China's policy implementation process from a centralized, top-down effort to one that is more decentralized and inclusive of local stakeholders. They distinguish between vertical stakeholders (from the central and provincial governments) and horizontal stakeholders (the municipal government and various local societal groups), arguing that both types can exert demands and provide political support. There have been vast changes in the past decade in the level of support from and relative influence of these different stakeholders. Specifically, support from the central government and the public increased over time, but not from the local government and regulated industries. In terms of performance criteria, the focus is on environmental enforcement effectiveness and thus on official goal attainment. Still, the authors discuss the perceptions of street-level bureaucrats and private firms, including these stakeholder perspectives at least indirectly. The focus on formalism, centralism, and goal attainment places the article in the bureaucratic and neo-Weberian state paradigms, but the authors also emphasize collaboration with other government agencies, and such horizontal coordination is a key value in new public governance.

In another study, Heckman (2012) analyzed the impact of management quality, spending, problem severity, and political factors on American states' air pollution control outcomes. His measures are robust and include several well-known archival measures such as the Government Performance Project (GPP) scores for the fifty states. Some measures reflect the value preferences and viewpoints of stakeholder groups indirectly. An interesting insight is that the selection of performance measures has notable effects on the findings. Specifically, a model that uses aggregate pollution levels to measure performance does not show any impact of management quality on pollution, while a model that uses the estimated reduction in pollution emissions as the performance standard shows substantive impact. This highlights the importance of selecting performance measures that clearly and fully capture relevant stakeholders' goals. The study exemplifies an indirect stakeholder inclusion. In terms of key public values, the article supplements the desirability of achieving policy objectives with the desirability of good management practice in itself, reflecting a combination of aspects of the neo-Weberian state and NPM paradigms.

In the third study concerning business' environmental practices, Darnall et al. (2010) differentiate between primary stakeholders (value chain and management stakeholders) and secondary stakeholders (environmental and community, regulatory, and industry stakeholders). They observe that some businesses participate in voluntary environmental programs (VEPs) to address the problem that stakeholders who seek to reward or punish businesses for their environmental behavior often cannot look inside these organizations and assess their internal policies and operations. Participation in VEPs may signal willingness to exceed minimum environmental requirements. The key public value in this article is that public organizations should enable private firms to go beyond compliance with environmental commitment and

be efficient in doing it. Drawing on data from nearly 300 organizations, the authors find that managers who recognize the importance of stakeholder influences on their businesses' environmental practices are more likely to participate in VEPs. They also find that organizations with strong efficiency goals are more likely to participate in VEPs because their managers anticipate cost savings from minimizing waste.

This study by Darnall et al. deviates from the other two studies that focus on the achievement of policy objectives as the key public value relating to the bureaucracy and neo-Weberian state paradigms. Instead, Darnall et al. (2010) focus on financial business performance combined with environmental commitment. Both Darnall et al. (2010) and Zhan et al. (2014) include other stakeholders through questions about these stakeholders' pressures. Substantive value preferences from other stakeholders are included only by Heckman (2012), based on survey data of these stakeholders. A key difference between studies from schools and environmental services is that private firms are seen as more important stakeholders in the latter.

### 2.3.4 Local Authorities/Municipalities

The Cardiff-based researchers' datasets (e.g. Andrews and Boyne 2010; Boyne 2002) have been widely used to study performance in English local authorities. The article by Brewer and Walker (2010) is based on these datasets. An interesting aspect of local authorities as multipurpose entities is that the broader economic conditions such as recessions are especially important because of the broad tasks of local authorities. While Brewer and Walker (2010) control statistically for resource constraints, the other two articles actively address crisis as a potential contextual factor.

Brewer and Walker's (2010) article has a clear stakeholder perspective. They emphasize that performance is a multidimensional construct that covers many concerns such as quality, efficiency, effectiveness, responsiveness, and equity, and that perspectives on what constitutes high levels of performance vary across stakeholder groups. The authors distinguish between internal stakeholders (e.g. senior managers and frontline staff) and external stakeholders (e.g. voters, regulators, and service users). Studying a representative sample of 100 English local authorities, they use data from the Comprehensive Performance Assessment developed by the UK Audit Commission under the Blair Labour Party government. Six performance dimensions are assessed, largely based upon surveys, site visits, inspections, and archival data. The surveys included surveys of citizens and employees speaking for themselves on various aspects of service performance. Dimensions such as responsiveness and equity, which relate to citizens' and clients' value preferences, are evaluated by the Audit Commission, and these measures are complemented with corresponding surveys of local authority managers to mount empirical studies. The article highlights the importance of the stakeholder perspective, showing that there is variation between performance as reported by managers and performance as reported by the Audit Commission, which is an external body. In line with the multidimensional

performance criteria, relevant stakeholders' demands and preferences are taken into account, and mostly in a direct way. As such, this understanding of performance might well correspond with the official policy goals of the bureaucracy and the neo-Weberian state paradigms but also of NPM.

In Yang's (2009) study, stakeholders are treated as recipients of performance information. Given that the inclusion of this perspective is based on the author's assumptions about the stakeholders' interests, it is indirect. Yang focuses on a process performance criterion, namely whether performance reporting in government units in Taipei (the capital of Taiwan) is honest. Specifically, honest performance reporting captures the degree of perceived honest communication with four stakeholder groups: elected officials, the media, the public and citizen groups, and employees. The assessment of honesty in performance reporting comes from surveys of managers, performance specialists, and regular administrators from the units of twelve district governments. The results show that employees and middle managers do not score the level of honest performance reporting by top managers as very high (Yang 2009, 93–4). The results also indicate wide support for the importance of stakeholder participation in performance assessment. Yang (2009) argues that stakeholder participation has positive effects on honest performance reporting and on government performance because external stakeholders provide frames of reference that differ from those of organizational members. In terms of public values, the key message in this article seems related to the bureaucracy and neo-Weberian state paradigms, suggesting that performance should be reported honestly, both because honesty is desirable in itself and because it contributes to integrity, transparency, and goal attainment in public service provision.

Contributing directly to the discussion of performance in the reverberations of crisis, Pérez-López et al. (2015) investigate whether new public management (NPM) delivery forms improved the efficiency of Spanish local governments both before and during the global recession of 2008. In the context of heightened budgetary and financial constraints on local government, new ways of managing public services were sought using the NPM delivery forms. These efforts brought new stakeholders to the fore as private organizations became more important due to public-private partnerships, mixed firms, and contracting out. Using cost efficiency as their performance criterion, the authors show that the creation of agencies, contracting out, and inter-municipal cooperation reduced cost efficiency. However, during the global recession, the adoption of mixed firms contributed to higher levels of cost efficiency. The central public value is efficiency as in NPM.

The three studies differ in how local government performance is understood and which stakeholders are included. In the Brewer and Walker (2010) study, multiple dimensions of performance are used, some of which relate to external stakeholders, while the study by Pérez-López et al. (2015) considers only cost efficiency as a performance criterion. Yang (2009) studies honest performance reporting, which can be considered a process criterion of public service performance, in this case, seen from the perspectives of four internal and external stakeholder groups.



### 2.3.5 A Comparative Analysis of Public Service Performance Studies Focusing on Stakeholders

As Table 2.2 suggests, there is great variation between the performance criteria in these articles, except that all school articles, two environmental articles, and at least one local authority article (Brewer and Walker 2010) include official goal attainment. The variation manifests itself in several ways: a multidimensional/composite (Brewer and Walker 2010) versus a single dimension measure of performance (Pérez-López et al. 2015); outcome measures such as student test scores (e.g. Favero et al. 2016) versus process measures such as performance reporting honesty (Yang 2009); and performance assessments based on administrative data (Heckman 2012) and based on several sources including stakeholder self-reports (Andersen et al. 2016b). From a stakeholder perspective, we welcome a multidimensional public service performance concept and the use of performance measures that relate to specific stakeholders' value preferences and that measure these value preferences directly by surveying the stakeholder concerned. This notion of what a stakeholder perspective involves is met by just over half the studies we examined even though we selected studies that paid explicit attention to stakeholders. Limitations of the articles we studied include that authors present performance information they assume is relevant for specific stakeholders but without asking these stakeholders themselves, and that some studies do not study stakeholder value preferences but stakeholder pressures as perceived by officials or managers (Darnall et al. 2010; Zhan et al. 2014).

Most of the nine articles reflect several public values. Exceptions are Zhan et al.'s (2014) singular focus on enforcement effectiveness and Pérez-López et al.'s (2015) focus on efficiency. Table 2.2 suggests that six public values are important across the nine studies: (1) achieving policy objectives; (2) honest performance reporting; (3) professional quality; (4) user satisfaction; (5) efficiency; and (6) inclusion of societal actors' values. These values are linked to specific governance paradigms discussed in Section 2.1. Achieving policy objectives is an important value, especially in the classic bureaucracy and neo-Weberian state governance paradigms. This links back to hierarchy as a governance mechanism and the emphasis on representative democracy, as in the neo-Weberian state paradigm. These paradigms also support honest performance reporting (in the Yang 2009 article). Professional quality, and therefore the relevance of professional rule, can be identified in several articles (Andersen et al. 2016b; Song and Meier 2018). User satisfaction clearly comes from new public management (Favero et al. 2016 and Song and Meier 2018 are good examples). Prioritizing the desirability of efficient public service provision also comes from new public management, and that is central in Pérez-López et al. (2015). Brewer and Walker's (2010) insistence that all relevant stakeholders' perspectives should be taken seriously goes some way to reflecting tendencies from new public governance and public value management because several stakeholders were surveyed and their preferences included.

Our analysis of these nine studies contributes to public management research by showing how researchers can (re)conceptualize public service performance as a

more inclusive topic in which stakeholders' values are considered explicitly. The lessons drawn from this exercise are, nonetheless, illustrative and not comprehensive or conclusive. Different stakeholder groups and new public values may emerge in other cases.

## 2.4 Conclusion

So what does it mean to approach public value(s) and public service performance from a stakeholder perspective? A stakeholder perspective involves the need to focus intently on what people value and how public services affect them. It emphasizes the need to incorporate the views and interests of *multiple* stakeholders in performance research, if possible by direct measures of stakeholders' views and otherwise by indirect measures that refer to stakeholders' interests as understood by others. The requirements of a stakeholder perspective set a challenging agenda to public management researchers, but one which could make research more relevant and useful to society. One reason is that research can assist public organizations to more explicitly discuss public value creation by focusing on different stakeholder understandings of which public values are important and how these values should be prioritized. Another reason is that research can help public organizations reduce the risk of overlooking important aspects of public service performance. Finally, the stakeholder approach we have described comports with democracy and debate in the public sphere, a central element in Benington's (2011) concept of public value.

Some portrayals of public administrators see them as neutrally competent technocrats who are restricted to ministerial duties (as in Wilson [1887] 1997) or as entrepreneurial risk-takers who break through bureaucracy and operate as entrepreneurs (as in some new public management descriptions, e.g. Barzelay 1992). Seen from a stakeholder perspective, public administrators can be portrayed as experts who exercise judgment and make consequential decisions in identifying relevant public values and creating public value when they generate public service performance. Stakeholders' priorities can differ within and between stakeholder groups, and each configuration of interests should receive due attention. In addition, some stakeholders may be more concerned about collective interests than their individual interests when they prioritize public value creation as collectively valued social outcomes—as Song and Meier (2018) revealed. Taking a stakeholder perspective will help research shed more light on how public managers can contribute in a meaningful way to the creation of public service performance and public value.

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