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# New development: 'Appreciate–Engage–Facilitate'—The role of public managers in value creation in public service ecosystems

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**ABSTRACT**
This article argues for the 'public service ecosystem' as an organizing framework through which to appreciate the interactions and integration of the institutional, service, and individual levels in public service delivery. It offers a heuristic ('Appreciate–Engage–Facilitate') through which to understand and support the role of public managers in value creation at all levels of such ecosystems.

**IMPACT**
Public service ecosystems are an increasingly influential concept in public administration and management theory. This article explores their implications for public service management practice. It offers a framework for public service managers to understand how the concept can impact upon their practice. It emphasises the need for practitioners to be able to work across the three levels of the ecosystem identified and how they might most effectively impact upon these levels.

## Introduction

A re-evaluation of public administration and management (PAM) theory has been underway in the 21st century. The dominant paradigm, the New Public Management (NPM), offered a 'product-dominant' approach to the delivery of public services. This applied a manufacturing logic to public services and concentrated on intra-organizational efficiency and dyadic relationships between public service organizations (PSOs) and their users (Radnor et al., 2016). Increasingly, though, it has become subject to widespread critiques, including for its product-dominant assumptions (Funck & Karlsson, 2020). Consequently, alternative discourses have arisen.

An emergent strand in these post-NPM discourses has been the adaptation/evolution of insights from service management and marketing (SMM) theory into PAM. This focuses on value creation[1] as the purpose of public services and has become known as 'Public Service Logic' (PSL) (Osborne, 2021). Such value includes public service outcomes (Cook, 2017), but also integrates other elements of value for citizens and society: experiential/phenomenological satisfaction and well-being, whole-life experience, capacity for change, and societal value. PSOs can develop resources to offer to citizens, in the form of public services, but it is how citizens integrate these resources with their own needs, experiences and expectations that will create value in their lives

(Osborne et al., 2021). An emergent research community is now exploring the implications of PSL for PAM—including for co-production (Landi & Russo, 2021), the design/co-design of public services (Trischler et al., 2019), the meaning of value destruction for public services (Engen et al., 2020), the nature of value creation for multiple stakeholders across public services (Powell & Osborne, 2020), and the implications of this ongoing debate for PAM theory and practice (Hodgkinson et al., 2017; Dudau et al., 2019). A key element of this emergent strand has been the public service ecosystem (PSE). This paper explores the roots of the PSE in SMM theory and practice, and its implications for PAM.

## The service ecosystem

SMM initially focused on services as an industry and sought to differentiate them from manufacturing (Zeithaml et al., 1985). However, scholars began to question this focus, leading to a reconsideration of SMM in the 21st century (Vargo & Lusch, 2004; Gronroos & Voima, 2013). This shifted SMM from a 'product-dominant' to a 'service-dominant' approach.

This reconsideration reoriented SMM in two respects. First, it shifted the focus away from the production/co-production of services and to their *use/consumption*, especially on how such use creates value in the lives of consumers. Second, it moved

SMM from an emphasis on 'services' as an industry and to one of 'service' as *a value creation process*—and which is as relevant to manufactured goods as to services (Gronroos, 2017; Vargo et al., 2017).

A core element of this reorientation is the service ecosystem. This situates value creation not as the purview of individual service firms, or even networks of such firms but, rather as occurring within complex and interactive service ecosystems, comprising the key actors and processes of value creation, as well as societal institutional values and rules (Vink et al., 2020).

## The public service ecosystem (PSE)

The concept of the PSE has also evolved within PSL as an important perspective on public service delivery. Petrescu (2019) identified 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. Strokosch and Osborne (2020a, p. 436) concluded that PSEs 'move us beyond the transactional and linear approach associated with NPM, towards a relational model where value is shaped by the interplay between all of these dimensions and not least by the wider societal context and the values that underpin it'. Rossi & and Tuurnas (2021) subsequently argued that PSEs reveal the complexity of value creation conflicts for public services across these levels. Kinder et al. (2020, 2021) contended that PSEs have replaced networks as the most persuasive framework for understanding public service delivery and they explored the conundrums of learning and leadership within them. Finally, Trischler et al. (2019) have argued for PSEs as an essential approach to the design/co-design of public services. Our article offers a heuristic to understand the PSE and the three challenges that it offers to public managers.

## Appreciate–Engage–Facilitate: managing and governing within PSEs

Moore (1995) talks about the need effective public managers to manage 'upwards, outwards and downwards': a heuristic picked up subsequently by other PAM scholars (for example O'Toole et al., 2005). A PSE approach also argues for the need to manage and govern public service delivery across three levels —the institutional, service and individual levels. Figure 1 summarises this framework and offers a heuristic to support the role of public managers at each level: 'Appreciate–Engage–Facilitate'.

### Institutional level

The institutional level concerns the impact of societal beliefs, norms, values and rules on public service delivery. These beliefs are not always consensual and may require negotiation to be resolved (Best et al., 2019). It links into the theory of public value and approaches to appreciating values and creating value through public services at the societal level (O'Flynn, 2021). Often, these values and beliefs become enshrined in public policy. Societal beliefs about offenders, for example, will determine the type of criminal justice system in a country and how it is administered: are offenders seen as irredeemably bad people to be punished or are they citizens who are victims of their social and economic environment and are redeemable? Societal values are an input into these processes, while societal value (for example 'active citizenship') can be created by their enactment. It is hard for public service managers to influence or change the institutional level. However, it is essential that they appreciate it and its impact on the public services that they manage (Bozeman, 2019; Huijbregts et al., 2021).

### Service level

The service level concerns the role of service processes, organizational actors, and the local community on value creation—and vice versa (Laitinen et al., 2018). Organizational actors comprise networks of PSOs, often interacting in the context of local communities. This level links into the PAM theory of collaborative governance (Ansell & Gash, 2008; Torfing & Ansell, 2017). The service processes require the active engagement of public service managers in their design/co-design, co-production and delivery (for example Radnor et al., 2014; Trischler & Westman-Trischler, 2021). This is the level of the PSE where public service managers have to engage most—with other organizations and service delivery processes, as well as with key stakeholders. Service-level value here can be created through both the effective management/governance of public services and the use of learning to improve and innovate in the service delivery system—enhancing the processes of value creation within public services.

### Individual level

The individual level of the PSE concerns the relationship between the individual and public service delivery. This is most obviously concerned with value creation/destruction for the individual service user, but it can also include other key stakeholders (family, friends and carers) and service staff, as well as both citizens who are not service users but who accrue value from the public service delivery process (perhaps as volunteers—see Musso et al., 2019) and service users who are not citizens (such as asylum seekers—see Strokosch & Osborne,

| Ecosystem level and its PAM core theory | Description | Governance mechanism/role of public service manager | Example of value creation (in the field of education) |
|---|---|---|---|
| *Macro-level (institutional): public value* | The impact of societal norms, rules and beliefs upon value creation practices (process) and the creation of public value (outcome) | APPRECIATE: the institutional level is not amenable to governance by public service managers, but it does need to be understood by them, and its import for public service delivery | Education both enacts the values that underpin a society about the role of learning within it (process) and may promote other societal values such as inclusiveness (outcome) |
| *Meso-level (service delivery system): collaborative governance* | The impact of the organizational actors, service processes, and local community on value creation (process) and the creation of organizational/service learning and improvement (outcome) | ENGAGE: this is the level that public service managers have most control over—both through resource creation/management and by the governance of public service organizational networks | A school may choose to review/reconfigure the layout of the library by co-designing it with students (process). This may subsequently enhance the learning experience, improving the service delivered by the school (outcome) |
| *Micro-level (individual service user/stakeholder): public service logic* | The impact of the individual user (and other key individual stakeholders) on value creation (process) and the creation of individual value (outcome) | FACILITATE: this is the level where individual stakeholders create/co-create value in their own lives by integrating resources (services) from the meso-level with their needs, experiences and expectations | Students bring their own life experiences into the classroom which changes the learning experience for all (process). Value is created/destroyed for the student when they engage with these resources in the context of their own life—in terms of both their learning and their future life expectations and/or experiences (outcome) |

**Figure 1.** The public service ecosystem across its three levels.

2016). It can also involve value creation for service users with significant cognitive impairments and/or social vulnerabilities (Scarli, 2021). Theoretically, it draws on PSL (Osborne, 2021).

Here public service managers cannot directly affect the value that an individual accrues—that is related to their needs, expectations and experiences. However, they can facilitate it by how they govern the processes of the service system and how these processes may enable the individual (in any of the above guises) to create (or destroy) value in their own lives (Osborne et al., 2021). This level requires the active participation of public service users (as well as the other stakeholders above) in public service design and delivery. This has been an oft-sought chimera in PAM, and which the PSE/PSL frameworks can facilitate (Strokosch & Osborne, 2020b). Increasingly, this can be enabled through digital/smart technology (Cordella & Paletti , 2018).

Second, it allows the exploration of the interaction between values and societal norms, public service delivery processes and systems, individual agency, and value creation. Third, it offers a heuristic for public service managers for their engagement within PSEs: *Appreciate–Engage–Facilitate.*

## Disclosure statement

No potential conflict of interest was reported by the author(s).

## Note

1. For the sake of brevity, the discussion here is posed in the terms of 'value creation'. However, this is not a normative argument. As the literature on value creation makes clear, it is equally possible for services/public services to destroy or diminish value in citizens' lives—that is, to make their lives worse (for example. Engen et al., 2020).

## Conclusions

This brief article has argued that the concept of the PSE has significant potential for the development of theory and practice within PAM in three ways. First, it illuminates the interactions between the institutional, service and individual levels of public service delivery.

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