

Victorian Public Sector Commission & the Australia and New Zealand School of Government present:



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How do we keep delivering public value in an ever-changing and devolved world?

Speaker

Professor Mark Moore

Hauser Professor of Non-profit Organizations
Harvard University

Moderator

Belinda Clark, QSO

Victorian Public Sector
Commissioner

Creating Public Value and Innovating in Devolved Public Production Systems

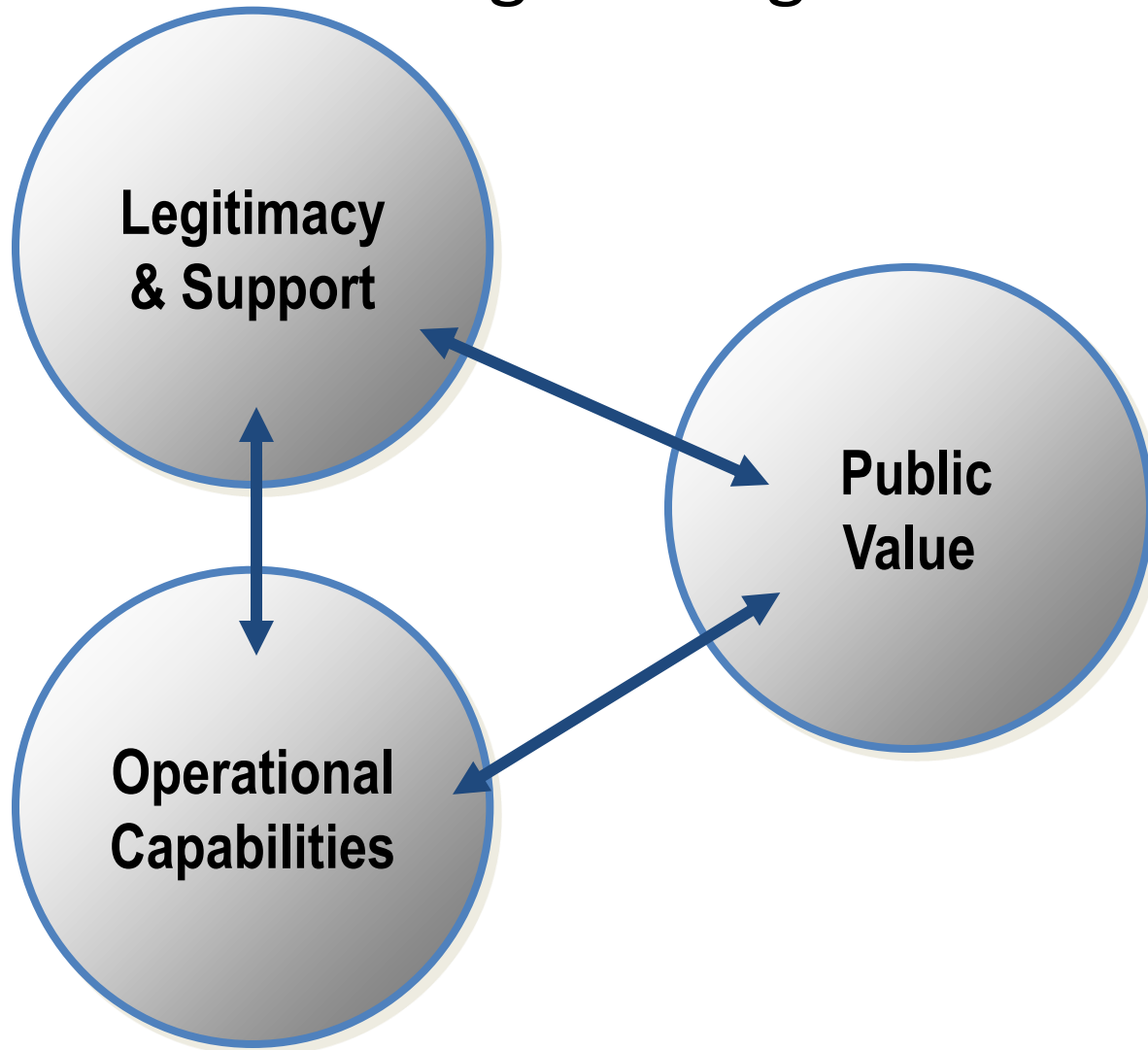
Mark H. Moore

Melbourne

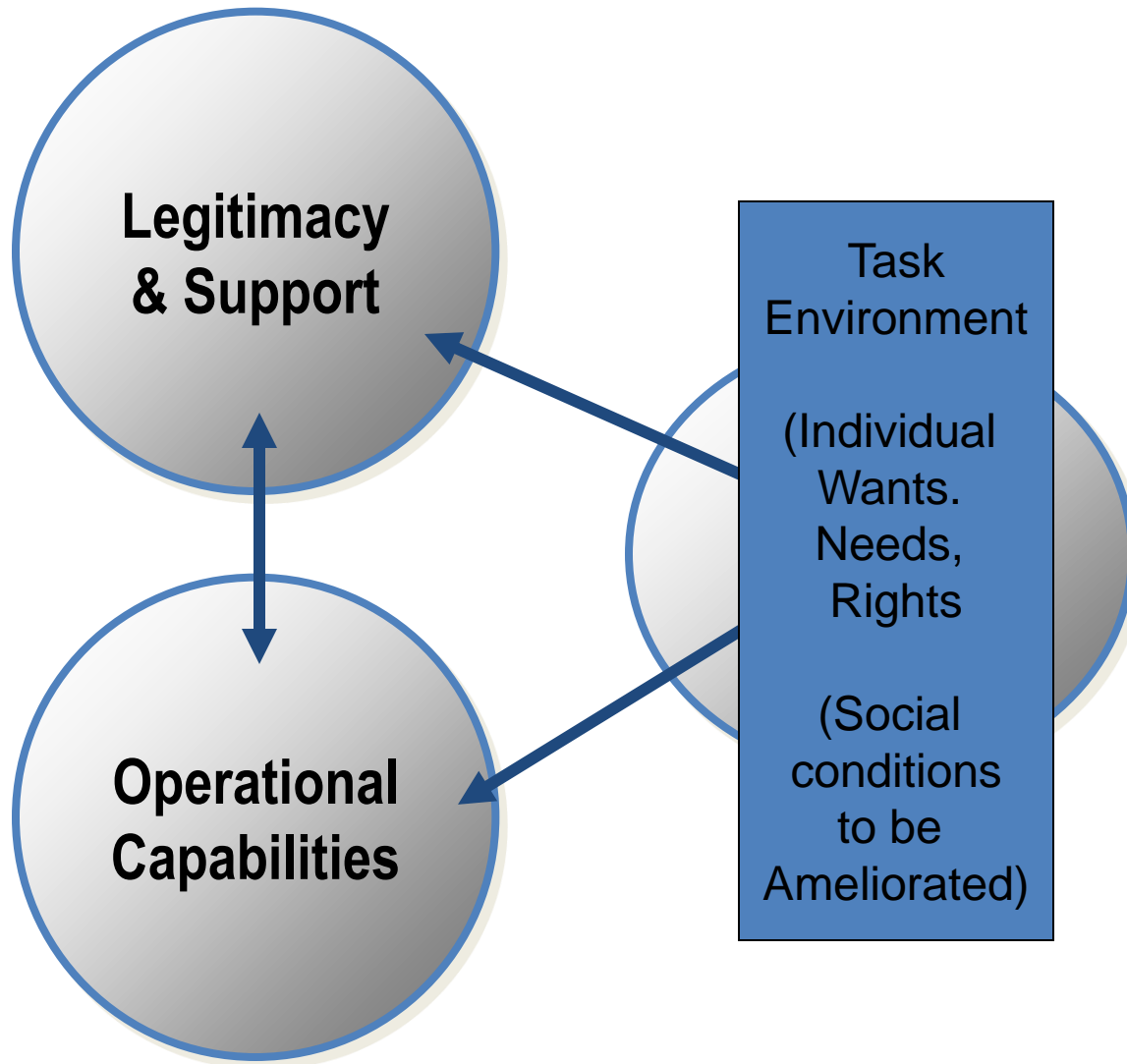
February 2016

Review: Public Value

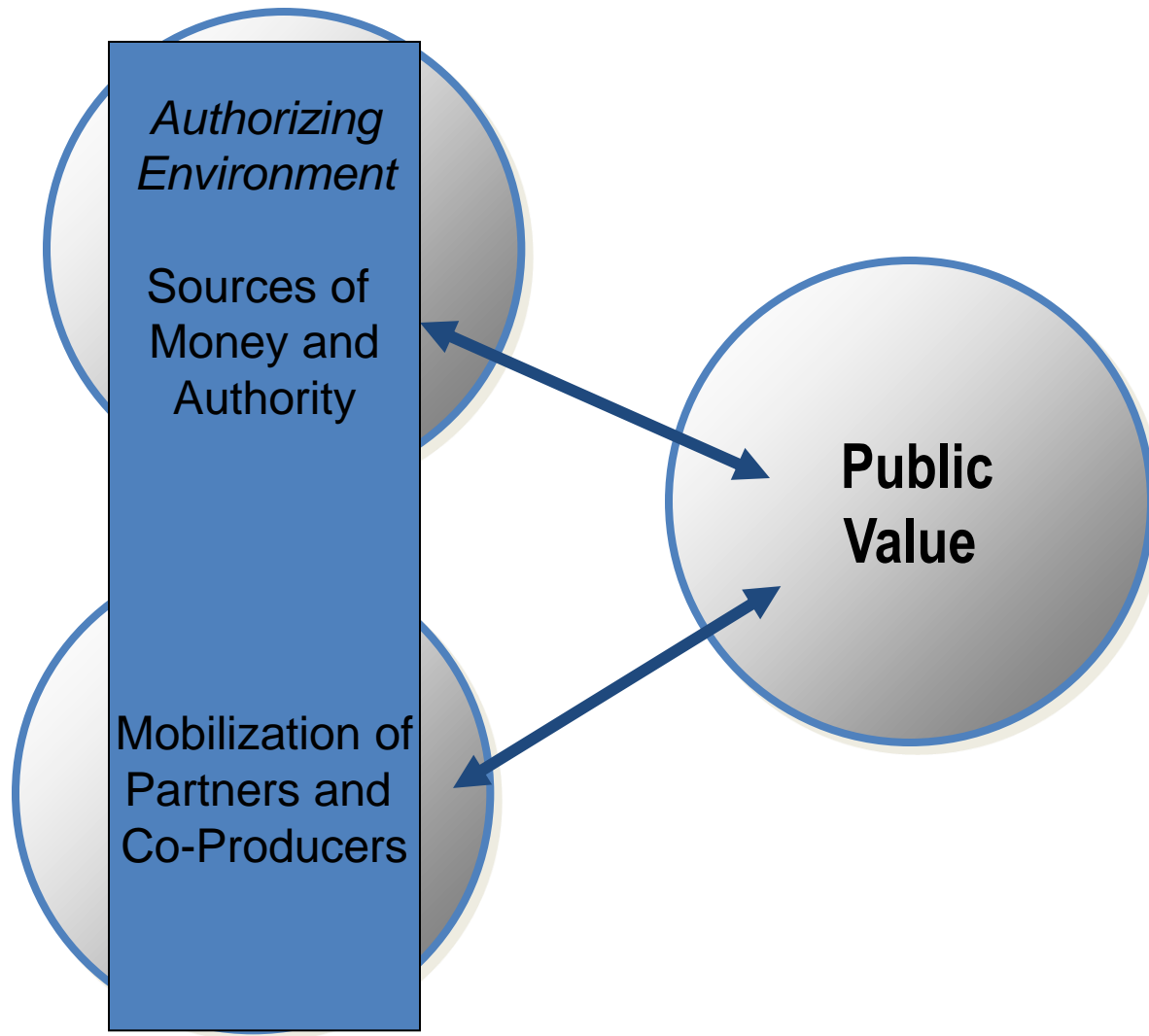
Strategic Management in the Public Sector: The Strategic Triangle



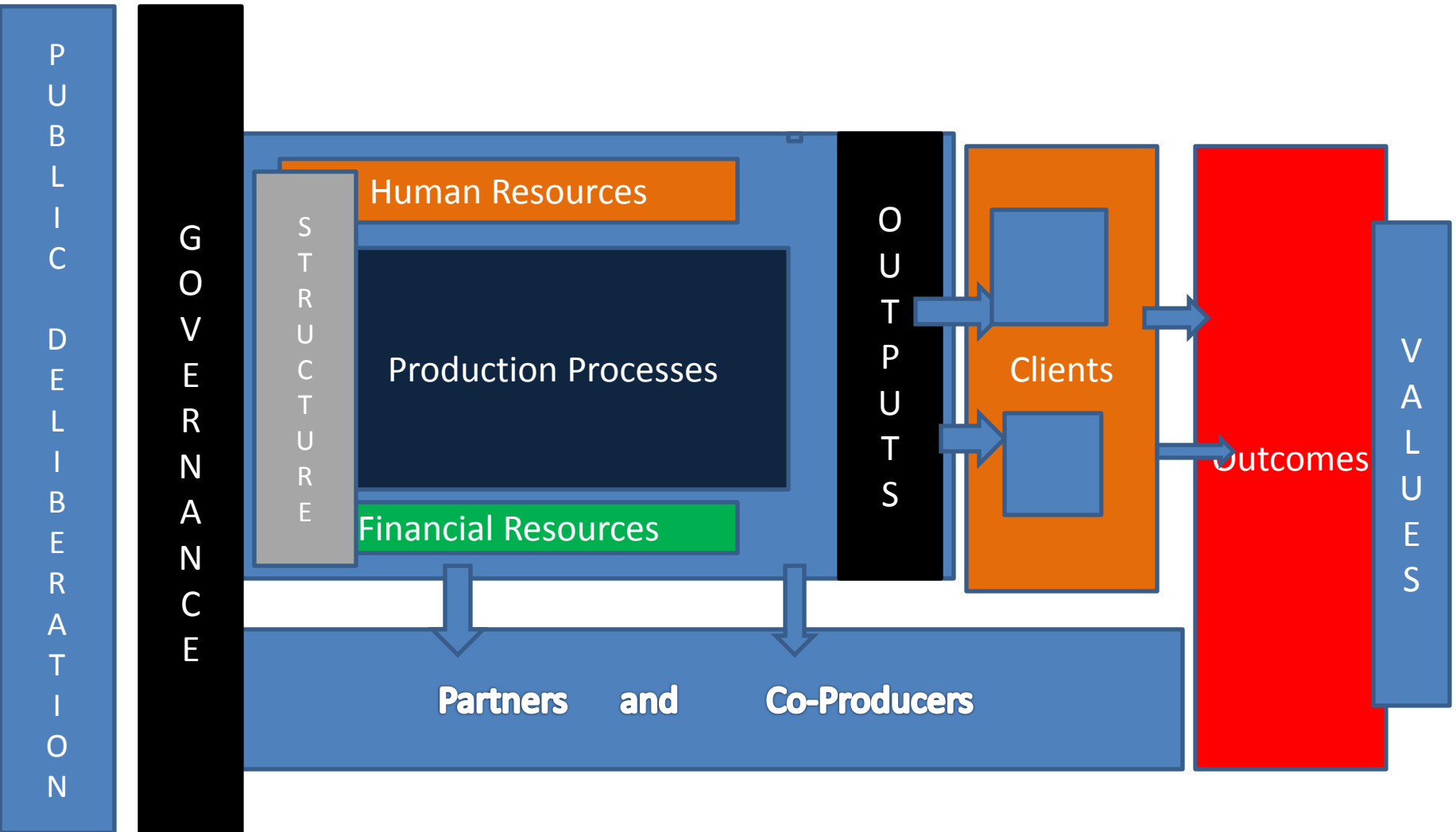
Strategic Triangle



Strategic Triangle



Innovations in Government and Governance



Public Value as a Philosophical Concept (II)

- Arbiters of Social or Public Value
 - Individuals
 - Democratic Polities (Different Levels)
- What They Value
 - Economic Welfare/Prosperity
 - Welfare of Others
 - Living Up to Just Duties to Others
 - Ideas of the Social Good and Social Justice

Public Value as a Philosophical Concept (II)

- Arbiters of Social or Public Value
 - Individuals
 - Voluntary Associations of Individuals
 - Democratic Polities (Different Levels)
- What They Value
 - Economic Welfare/Prosperity
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Valuations of Social Conditions

Arbiter of Value	Objects of Valuation			
Individual Arbiters of Value	Own Material Well Being	Well-being of Others	Moral and Legal Duties to Others	Ideas of a Good and Just Society
Private Collective Arbiters of Value	Material Well-Being of Group	Well Being of Others	Moral and Legal Duties to Others	Ideas of a Good and Just Society
Public Arbiters of Value	Economic Development	Satisfy Needs of Others	Vindicate Rights Impose Duties	Achieve a Good and Just Society

Normative Criteria for Valuing Use of Public Assets

	The Good (Utilitarian)	The Fair and Just (Deontological)	Community Consent
Individual Level	Client Satisfaction	Fair Treatment Vindication of Individual Rights	Enhanced Dignity Accept Obligation
Collective Level	Social Outcomes	Towards More Just Social Relations	Satisfactory Democratic Process

Summary:

Kinds of Innovations in Public Production Systems

- #1 Production Process Innovations
- #2 Administrative Systems Innovations
- #3 Product or Service Innovation
- #4 Marketing/Segmentation Innovations
- #5 Mission and Public Value Innovation
- #6 Mobilizing Network Production
- #7 New Sources of Financing and Authority
- #8 New Forms of Public Deliberation and Decision

The Case of Disability Services

- Client Population with Wants , Needs, Rights, Entitlements
- Values to Be Achieved Through and Reflected in Service Delivery System/Industry
- Government Engagement in Shaping Industry

The Problem

- Not Enough Support to Disabled
- Not Enough Client Engagement
- Not Enough Focus on Innovation
- Not Enough Cost Control

The Solution

- Increased Public Spending Guided and Justified by an “Insurance Scheme”
- Client Plans to Meet Individual and Social Goals to Encourage Responsiveness
- Introduction of Competition to Encourage Innovation and Efficiency in Production

What We Mean by Contestable Contexts

- Privatization
- Marketization
- Individualization

Different Concepts of Government Role in Shaping Industry

- *Privatization*: Withdrawing public assets from a particular market/social production system; allowing free market to determine overall level and distribution of production and consumption of services
- *Marketization*: Public money still being used to influence performance of market/social production system in particular way, but government is fostering competition among suppliers to reduce costs, increase variety, and generate innovations
- *Individualization of Public Spending*: Public money still being used to influence performance of markets/social production systems, but public dollars are turned over to individuals to spend with more or fewer strings attached.

Market v. Governmental Production Systems

	Financing	Arbitration of Value	Production
Government	Taxes	Democratic Citizenry: Collective	Government Agencies
Market	Investors Customers	Sovereign Consumers: Individual	For Profit Enterprises
Mixed	Taxes Donors Fees	Collective Charitable Clients	Government Voluntary Sector Commercial

How Contestability is Supposed to Work at Industry Level

- Greater Responsiveness to Individual Demands
- Reduced Cost
- Increased Innovation
 - New Starts
 - Quick Evaluation
 - Quick Diffusion

Problems at Industry Level

- Demand Side
 - Want, Needs, Rights (Public Willingness to Pay)
 - Competence, Values in Choice (Planners)
 - Adjusting for Private Capacity to Pay/Support
- Supply Side
 - Influence Over Demand
 - Adequacy of Supply to Meet Varied Needs
 - Competitive Pressures
 - Investment and Innovation

Problems at Industry Level

- Knowing What Public Values to Try to Produce
- Estimating Overall Level of Demand/Needs, Entitlements, Total Costs, and Distribution of Burden
- Supporting High Quality Individual Choices
- Developing Suitable Metrics for Measuring Performance
- Arranging Payments for Performance That Can Meet Cash Flow Needs of Suppliers
- Making Judgments About Equity Concerns
- Managing a Risk Portfolio of Experiments
- Managing Process of Diffusion of Successful Ideas

Problems at Firm Levels

- Defining Mission and Distinctive Competence
- Providing Particular Services to Client Groups
- Measuring Values Produced by and Reflected in Services
- Getting Paid by Government for Services
- Soliciting Contributions from Donors and Volunteers
- Developing Administrative Systems for Measuring Costs, Pricing, and Billing
- Dealing With Pressures for More Public Value Creation from Government
- Strategically Re-Positioning Themselves in Industry

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Executive Education

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”

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