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

- Legitimacy & Support
- Operational Capabilities
- Public Value
Strategic Triangle

Legitimacy & Support

Operational Capabilities

Task Environment

(Individual Wants, Needs, Rights)

(Social conditions to be Ameliorated)
Strategic Triangle

**Authorizing Environment**
- Sources of Money and Authority
- Mobilization of Partners and Co-Producers

**Public Value**
Innovations in Government and Governance

- Human Resources
- Production Processes
- Financial Resources
- Clients
- Outcomes
- Partners and Co-Producers
- Values
- Deliberation
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
  – Welfare of Others
  – Living Up to Just Duties to Others
  – Ideas of the Social Good and Social Justice
## Valuations of Social Conditions

<table>
<thead>
<tr>
<th>Arbiter of Value</th>
<th>Objects of Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Arbiters of Value</td>
<td>Own Material Well Being</td>
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<tr>
<td></td>
<td>Well-being of Others</td>
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<tr>
<td></td>
<td>Moral and Legal Duties to Others</td>
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<tr>
<td></td>
<td>Ideas of a Good and Just Society</td>
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<tr>
<td>Private Collective Arbiters of Value</td>
<td>Material Well-Being of Group</td>
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<td></td>
<td>Ideas of a Good and Just Society</td>
</tr>
<tr>
<td>Public Arbiters of Value</td>
<td>Economic Development</td>
</tr>
<tr>
<td></td>
<td>Satisfy Needs of Others</td>
</tr>
<tr>
<td></td>
<td>Vindicate Rights</td>
</tr>
<tr>
<td></td>
<td>Impose Duties</td>
</tr>
<tr>
<td></td>
<td>Achieve a Good and Just Society</td>
</tr>
</tbody>
</table>
## Normative Criteria for Valuing Use of Public Assets

<table>
<thead>
<tr>
<th></th>
<th>The Good (Utilitarian)</th>
<th>The Fair and Just (Deontological)</th>
<th>Community Consent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual Level</strong></td>
<td>Client Satisfaction</td>
<td>Fair Treatment</td>
<td>Enhanced Dignity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vindication of Individual Rights</td>
<td>Accept Obligation</td>
</tr>
<tr>
<td><strong>Collective Level</strong></td>
<td>Social Outcomes</td>
<td>Towards More Just Social Relations</td>
<td>Satisfactory Democratic Process</td>
</tr>
</tbody>
</table>
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 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

<table>
<thead>
<tr>
<th></th>
<th>Financing</th>
<th>Arbitration of Value</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td>Taxes</td>
<td>Democratic Citizenry: Collective</td>
<td>Government Agencies</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>Investors Customers</td>
<td>Sovereign Consumers: Individual</td>
<td>For Profit Enterprises</td>
</tr>
<tr>
<td><strong>Mixed</strong></td>
<td>Taxes Donors Fees</td>
<td>Collective Charitable Clients</td>
<td>Government Voluntary Sector Commercial</td>
</tr>
</tbody>
</table>

- **Government** Financing: Taxes
- **Market** Financing: Investors, Customers
- **Mixed** Financing: Taxes, Donors, Fees
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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## Upcoming Applied Learning Seminars

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<tr>
<th>Seminar</th>
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<tbody>
<tr>
<td>‘Trust me, I’m from the Victorian Government’</td>
<td>Late May</td>
</tr>
<tr>
<td>Dr Nicole Gillespie, UQ Business School</td>
<td></td>
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<tr>
<td>Advancing the common good in a multi-sector, shared power, no-one-wholly-in-charge world</td>
<td>8 June</td>
</tr>
<tr>
<td>Professors John Bryson &amp; Barbara Crosby, Minnesota</td>
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<tr>
<td>Fixing the system: Griffith Review</td>
<td>TBA</td>
</tr>
<tr>
<td>Professor Anne Tiernan, Griffith and others</td>
<td></td>
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</tbody>
</table>

### Enquiries

Applied Learning  
T +61 3 8344 1900  
appliedlearning@anzsog.edu.au  

Details online at [anzsog.edu.au](http://anzsog.edu.au)
## Upcoming Executive Education Workshops

<table>
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<tr>
<th>Course Title</th>
<th>Course Leader</th>
<th>Location</th>
<th>Dates</th>
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<tbody>
<tr>
<td>Making Policy Happen: A Project Approach</td>
<td>Professor Michael Mintrom</td>
<td>Melbourne</td>
<td>11-12 May</td>
</tr>
<tr>
<td>Leading Ethical Organisations</td>
<td>Dr Michael Macaulay</td>
<td>Melbourne</td>
<td>23-24 May</td>
</tr>
<tr>
<td>Cost-Benefit Analysis</td>
<td>Dr Leo Dobes</td>
<td>Melbourne</td>
<td>7-8 June</td>
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**Enquiries**

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Executive.education@anzsog.edu.au  

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