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Assumptions for a combination of public value and performance management

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Abstract

The paper is the result of a series of reflections on the evolution of the perspectives of public management theories and the possible contribution given by the public value. In particular, it focuses on a common component observed in the reform processes, with the use of performance management. An accurate observation of the model's performance management appears to have elements that could simplify the pursuit of public value, through an adaptation of the original model proposed by Moore.

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1. INTRODUCTION

Emphasis on the economic and management vision of the public sector has raised a series of questions which have led to new theoretical elaborations aimed at finding an alternative proposal in the study of public management. Moore's (1995) conceptual framework, for instance, proposed a meaning of Public Value (PV) that placed it above the formal notion of public interest. PV theory "may be attributed to a need for correcting and advancing New Public Management (NPM) concepts" (Meynhardt, 1999:194) and public value management by Stoker (2006) may be considered as "a successor of NPM" (Alford and Hughes, 2008:137).

In the various theoretical streams, considerations on how the creation of PV can be measured and assessed have as yet to be formulated. This paper focuses on how performance management can be readdressed to the creation and measurement of PV. To this aim it seems important to proceed in the following ways: 1) to analyse the evolution of performance management and its extensive interpretation; 2) to understand the degree of attention paid from PV theory to the performance; 3) to establish a reference framework in which performance management becomes supportive and/or complementary to PV.

Due to a growing number of subsequent interpretations PV theory allows us to include several aspects of performance management. The original idea of Moore's theory (1995), and others later (Cole and Parston, 2006; Stoker, 2006; Alford and O'Flynn, 2009; Benington and Moore, 2011) is that the creation of PV depends on the complexity of interdependent processes that together constitute a strategic triangle. PV is defined, legitimized and emphasized for all stakeholders and consolidated in its operational capacity. PV can be created and measured following multiple modalities. In fact, according to a holistic view, it must be extended to all types of intervention undertaken by public authorities/agencies and its measurement has to consider not only that created from public entities but also the co-creation derived from partners and co-producers. The use of performance management tools appears to be suitable for public value measurement, though with necessary adaptations.

Section 2 explores the background to the theoretical strand of PV, with an emphasis on the role of performance management in the NPM, its potentialities and constraints. Section 3 analyses the performance management model, as a tool with several points of contact with the stream of the PV. Section 4 proposes a new interpretation of the Moore's strategic triangle, as a result of logical and interdependent processes between performance management and PV theory. In the conclusions we summarize our core findings and discuss the performance management as power element in the development of PV theory.

2. BACKGROUND TO PV THEORY

Managerialism and performance

In the public sector, a transition has been observed from the traditional model - based on the execution of procedural rules - to the managerial model, which focuses on public managers' new role and results (Hood, 1991; Osborne and Gaemblers, 1992; Broadbent and Guthrie, 1992). The traditional model is characterized by bureaucracy, inflexibility and a lack of responsiveness and inefficiency due to a focus on procedures rather than results and outcomes (Alford and Hughes, 2008: 134). There were two steps in this process of transformation into managerialism.

In managerialism there was an increased emphasis on decentralization in public sector organizations, with a consequent assignment of responsibility to divisional managers on the basis of budgeting and financial reporting similar to that used as in private business. In contractualism, the principle idea was not only decentralization, but also the separation of service delivery functions from policy making through the establishment of competition mechanisms between providers (Blaug et al., 2006; Alford and Hughes, 2008).

Throughout the implementation of managerialism the three *Es* (i.e. Economy, Efficiency and Effectiveness) are of vital importance in constructing indicators, ratios and measures to monitor how an organization converts inputs into outputs, or whether it is getting outputs and outcome (Brignall and Modell, 2000; Modell, 2004). Economy has been described as the result of the interaction of an input-oriented view, usually expressed in terms of costs, budgets, and staffing totals and an output-oriented perspective. This can aid in verifying whether the same number of inputs can lead an organization to produce a greater quantity of outputs. The reference of inputs to both costs and value of cost-reduction activities represent the first approach of measurement to emphasize a hierarchical accountability for inputs (Romzek, 1998; Heinrich, 2002).

Efficiency is a ratio between inputs and outputs whilst effectiveness represents the achievement of objectives and results. According to Pollit and Summa (1999:9), "an assessment of effectiveness demands an investigation of outcomes, and outcomes which, by definition, take place in the world beyond the organization or programme". This concerns the extent to which outputs meet organizational needs and requirements (Kristensen et al., 2002). The term outcome denotes "the essentially intangible, multidimensional attributes which are of real concern, relative to stakeholder needs in the public sector" (Boland and Fowler, 2000:427).

Performance has been viewed as a multidimensional concept, where the need of measurement may differ depending on the context of application, the different factors involved and the reference groups (professionals, administrators, employees). It may be related to processes, behaviors (how managers work), and results (what an organization produces and for whose benefit) (Otley, 1999). In general, reference to the performance cannot ignore an assessment of both the internal factors influencing behaviour, as well as external factors influencing the operations of an organization. In essence, the predominant matter is not only what individuals and

organizations do and are capable of doing, but also the importance of their role within an organization and the conditions in which they operate (Mwita, 2000). Another perspective is concerned with the use of performance information. Usually the use of the performance information depends on the motivations of potential users and the effective utility to their goals and purposes (Van Dooren and Van De Walle, 2008).

The development of performance measurement is central to the managerialization process in the public sector. The term “performance management” was not utilized in literature until the 1970s (Boland and Fowler, 2000; Armstrong and Baron, 2005). During the 1980s and 1990s usage became widespread, despite Heinrich (2002:712) claiming that *“the plethora of idioms and acronyms for PM initiatives — planning, programming and budgeting, performance-based budgeting, pay-for-performance, performance planning, total organizational performance system, management by objectives, and more — impede a facile understanding of how and why we measure public sector performance”*.

In the early 1990s, NPM actively emphasized the need for performance measurement (Bouckaert & Van Dooren, 2003). However the idea of measuring government performance has a long history. The performance measurement movement within public services has been in part justified as an increase in accountability and participation (Talbot, 2005). The popularity or “myth” of this means of management innovation in public administration has different explanations mainly including (Heinrich, 2002; Noordegraaf and Abma, 2003, Modell, 2004):

- a need to introduce strict forms of financial control;
- the emulation of business-like models;
- a greater focus transparency in Public Administration by strengthening a performance-oriented information system;
- the need to enhance the effectiveness of public authorities;
- the implementation of result-based evaluations;
- affirming of a veritable professional accountability.

Performance measurement's primary function is to specify broad and abstract goals and missions to enable evaluation (Wang & Berman, 2001) and a performance management system needs to be purposeful, unified, integrated and fluid (Tarr, 2004). While performance measurement relates to quantifying, inputs, processes and outputs, performance management, instead, is action, based on performance measures and reporting, which results in improving behavior, motivation and processes and promotes innovation. Furthermore, there is a movement aimed to define PM as a system about both measurement and management (Hatry, 1999; Morley et al. 2001, Bouckaert & Van Dooren, 2003). Therefore, performance management takes the form of management that permeates the decision-making process, affecting operational processes, allowing for result assessment and, finally, supporting the process of external information for stakeholders. The

typologies and models are classified in different frameworks for comparative analysis (Christensen and Laegreid, 2001), but essentially the analysis of PM concentrates on two forms: the specification of its components and their adaptations within different countries (Bouckaert and Halligan, 2006:6).

A detailed OECD report (1997:7) about PM practices in ten countries, indicates “PM” as “a key factor in public sector reforms”, and analyses the different objectives, approaches, institutional arrangements and performance information systems, as “the major elements in PM”. The report specifies three main motivations for introducing PM (OECD, 1997:9). First, the desire for improvement in internal functioning resulting in an objective of continuous improvement in performance. Second, to provide new ways of interacting with partners in the societal network resulting in an objective to improve mechanisms to distribute and clarify responsibilities and control. Third, the need for fiscal restraint (or reduction) resulting in an objective to realize savings by shrinking activities and budgets and increasing efficiency gains.

For these reasons in developed nations we have seen a high propensity in "performance oriented management" but in different manners (Pollitt and Bouckaert, 2004; Radnor and McGuire, 2003). The emergent idea is that different ways of applying performance management vary widely in their orientation to outcomes as opposed to both output and outcome (Kristensen et al., 2002, Guthrie and English, 1997). On the basis of the context of application Bouckaert and Halligan (2008:74) distinguished between three *ideal types* of performance application: performance administration (France Germany), management of performance (Netherlands, Sweden) and performance management (Australia, Canada, New Zealand, UK, USA).

3. PERFORMANCE MANAGEMENT IN THE PUBLIC SECTOR

How performance management works in a policy context

To better understand “what” and “how” to measure, it seems useful to employ a model (Bouckaert and Halligan 2006:17) according to which performance management works. It shows the dynamics between policies, intended as a tool for the elaboration of needs, and operational processes, in which both the activities and results of public administration are concentrated.

The relationship among inputs-throughputs-outputs-effects allow us to understand “in a context of general and operational needs and embedded policy objectives that are interacting with environments”. Another insight from this scheme is the individualization of “who is accountable for that performance”.

Examining figure 1, we can observe that the output approach has several limitations. First, an emphasis on quantitative output measures can distort the attention of delivery agencies, so that agencies tend to lose sight of the impact their programmes have on society. Second, politicians and the general public tend to think in terms of outcomes and not of outputs. An accountability mismatch could arise between politicians thinking in terms of outcomes and agency managers

administering in terms of outputs. Third, outputs typically do not forge a strong link between government policies (whose purpose is likely to be phrased in terms of outcomes) and their implementation.

Performance management works in two areas at the same time. The first concerns the policy objectives to be related to society needs and should be assessed in the mid-term to verify their impact on the environment. The second one is firmly operational, depending on which activities and processes lead to the implementation of policies and strategies. For each of these areas, it would be appropriate to construct both internal indicators, dedicated to measuring the economy, efficiency and effectiveness, and apposite indicators to measure the impact (and therefore the outcome). A matter of perspective concerns the consistency of the internal objectives (and indicators for monitoring the activity of managers and staff) with policies, while also providing a path for the stakeholder engagement.

Figure 1- Performance management in a policy context

Source: From Boukaert and Halligan (2006: 17)

According to a systemic perspective, elements to be considered for performance management are strategy, process, people and systems and their interdependent relationships (Radnor and McGuire, 2003). By using a delineation of Kristensen et al. (2002:10) "Outcomes are the impacts on, or the consequences for, the community from the outputs or activities of the government. Outcomes reflect the intended and unintended results from government actions and provide the rationale for government interventions".

The advantages of performance management applied to the public sector are of obvious systemic importance, in considering the requirement of public organizations to link the activities performed by managers to the results achieved. Further, an evaluation of performance management in the public sector has to consider some possible pitfalls widely discussed in literature. In this sense, since its introduction, the debate highlights the paradoxes of performance management. These issues were the result of wrong assumptions underlying measurement, measurement errors, and problems concerning the content, position, and amount of measures" (Van Thiel and Leew, 2002). In this study, these authors address the "unintended" effects of the performance systems and further examine the difficulties highlighted by other academics such as Bouckaert and Balk (1991), Smith (1995), Schmidtlein (1999), exhibiting an overview of tangible difficulties shared in this paper. Among these, "the proliferation of regulators and auditors that has increased the monitoring costs of the organizations and the state", "effects such as ossification, a lack of innovation, tunnel vision, and suboptimization" due to increased measure pressure, a trend towards "symbolic behavior" so that "monitoring appears to be in place but is in fact not", an unclearness about "what is actually measured", myopia "when, for whatever reason, managers focus their efforts on short-term targets at the expense of longer-term objectives", measure fixation "when outcomes are difficult to measure there is a natural tendency to use performance indicators based on measurable outputs". It is therefore clear that performance management, taking into consideration the role the public sector plays in the economic and social system, is likely to slip into rituality. Such paradoxes are likely to occur whenever performance management implementation fails to integrate the roles of public agencies, strategic development, internal processes, goals and outcomes (Van Thiel & Leeuw, 2002). Other studies show that performance management in public sector is more a fiction than a concrete fact (Radnor & McGuire, 2003).

Performance perspective in the public value theory

In compliance with public value theory, public managers must manage operational processes taking into account both the desires and aspirations of the community (Moore, 1995).

PV is a means and end at the same time, so it does not belong only to public administration, even though these last are suited to its creation. Alford and Hughes (2008:131) state that "should it be understood that value is not public by virtue of being delivered by the public sector. In fact, it can be produced by government organizations, private firms, non-profit or voluntary organizations, service users, or various other entities".

PV should refer to those who consume it as well as the community i.e. the public as a whole. Consequently it contains within itself all the features related to its economic, legal, ethical and social dimension. In order to embed this in the public sector, we need to look at the “benefits created and resources expended by public organizations in generating those benefits”. Through this perspective, the PV doesn’t set aside the traditional view of bureaucratic public administration but reiterates its significance in view of the fact that anyone who has an interest in the public matters expects that such interest be pursued. “PV is what the public values” (Talbot, 2006.7). In considering this multidimensional view, a second position becomes relevant, if we look at the most pervasive concept of “public sphere” as a “democratic space which includes, but is not co-terminus with, the state within which citizens address their collective concerns, and where individual liberties have to be protected” (Benington, 2009:233). On the one hand, to the extent of PV creation, we need to ask *how* the public and the community usually evaluate both the activities and results of the public sector compared to the needs and aspirations expressed; on the other hand it is necessary for the public sector to be asked how what it is doing will have an impact on the community and future generations, raising the issue of sustainability with regard to the PV created.

The PV theory arises in the context of a critical review of NPM contents, by emphasizing an ethical dimension and a very different concept of legitimacy and accountability.

It requires one to remain on both crucial aspects (i.e. processes and results). Creating PV means focusing on needs to be satisfied, strategies to implement to satisfy the selected needs, the activities by which processes are developing, especially in public services where there is a co-production between producer and consumer (e.g., health and education) (Spano, 2009). Furthermore, it implies paying attention to the results which add value. This explains why both politicians and public managers need to have a strong awareness of creating PV in terms of accountability. In this regard the typical tools of performance management can be extremely useful in creating and measuring PV.

The importance of the necessary steps for the public value creation may actually recognize the logic of the performance management as a real operational support. Nevertheless it is important, redesigning the relations between politicians and manager. In the PV conception, politicians must assign objectives to managers, according to a vision by which managers must become accountable for their achievement. "Public value production process requires a systemic vision of institutional, political and corporate dimensions and management control systems"(Spano, 2009: 343)

As Talbot (2008) claims, three facets of performance seem to be relevant for public agencies: 1) delivering actual services; 2) achieving social outcomes; 3) maintaining trust and legitimacy.

The creation of PV depends on the complexity of three interdependent processes that together constitute the strategic triangle through which the PV is defined, legitimated and emphasized for all stakeholders in order to foresee outcomes, at the strategic level, and consolidate the operational capacity. PV can be created following multiple modalities. In fact, according to a holistic view, it has to be extended to all the types of intervention undertaken by public

authorities/agencies. Consequently, any regulations, laws, measures, activities, that may be taken upon the public sphere are susceptible of creating PV (Kelly et al. 2002). The search for PV must include not only service provision, but has to assume a deliberative attitude to create PV in the decision making phase. The latter, however, does not admit direct or immediate verification, as happens with customer satisfaction. PV can only be inferred from more complex analyses aimed at measuring the real improvement of citizens' quality of life, from its creation, i.e. the outcome generated by public decision and action.

Substantially, the PV theory focuses on the role that public managers should have within public administration and its evolutionary interpretations, although evident difficulties have emerged in its possible adaptation to different systems of government (Gains and Stoker, 2009).

Public value management

In the evolution of PV theory particular relevance has been given to the ethical dimension with reference to the effects that the adoption of "PV thinking" can trigger on management. For that reason, the "label" Public Value Management (PVM) has become widely accepted (Stoker, 2006; O'Flynn, 2007; Gains and Stoker, 2009; Alford & O'Flynn 2009; Grant & Fisher, 2010). Moore's model implies a proactive role for public servants in recognizing the political line, mediating it and enabling public responsiveness. This model stretches traditional notions of accountability for both politicians and public managers. The literature reveals a diffuse consciousness, about the difficulties in the PV framework implementation, despite its normative appeal, especially in those forms of government in which the relationship between politics and bureaucracy is overstressed.

PV theory postulates public managers as skilled mediators between politicians and citizens. The creation of PV needs to be assessed through collective democratic processes and dialogue between citizens, politicians and managers about *what is provided* and *at what cost*. Recognizing the PV requires a political engagement and an interaction between stakeholders and government officials at all stages in the policy process (Gains and Stoker, 2009). Therefore the application of the PV theory intrinsically assumes a performance-oriented organization.

In her comparative analysis of the PVM and NPM, O' Flynn (2007:361) singles out a bundle of targets to the "performance objective" component; this bundle contemplates service outputs, satisfaction, outcome, trust and legitimacy. Obviously this impacts on the accountability relationships, which are undertaken in the PV model involving *citizens/overseers of government*, *customers/users* and *taxpayers/funders*.

Within this framework, legitimacy is pursued in and out of the political process. Accountability can be delivered through performance and financial management objective setting and targets, through greater information and transparency as well as through dialogue with all the actors.

The PV paradigm can contribute mainly in two ways to strengthen the performance management. The first is the re-orientation of performance management through a shift of attention onto the

outcomes within the performance system variables. Although consciousness about outcomes has long been established within the performance movement, practice frequently tends to incline to a narrower focalization on mere efficiency (as seen before, commenting on the NPM). PVM can help to transcend this limitation. A *performance culture* is one of the fundamentals “to ensure a sustainable service culture and continuous improvement” for a new public service ethos (Stoker, 2006:48). The second one is the introduction of a broader concept of outcome, within both the decision-making processes and the performance measures. This concept encompasses the impact of the public action on the citizens or the community, while the traditional concept was focused on the impact on the users.

Following this path, performance management can be enriched of elements and values that make the whole process consistent with “what states” the public value management. That implies that, once PV has been understood and created, it can be also measured. In some holistic vision, PV represents the objective to pursue, as postulated in the model proposed by Kelly, Mulgan and Muers (2002), where PV is the total amount of “benefits flow from government action”. In this perspective, managing public sector according to PV orientation means to steer public agencies by acknowledging the proactive role of public managers in PV creation. With further evaluation, the label public value management “could be considered a more complex tool for assessing the total value of government services” (Kelly et al. 2001:1). Another interpretation comes from Cole & Parston (2006), when introducing the Public Service Value Model, but their contribution is focused on a mere recovering of the tools used by performance management. “They appear to have attached the words ‘public’ and ‘value’ to a standard framework for measuring outcomes and cost-effectiveness” (Alford and O’Flynn, 2008:10). Since the method proposed by Moore doesn’t adhere to conventional performance measurement, it is necessary to go forward and analyze the proposals aimed to give shape to PVM. “The concept of PV highlights the importance of focusing on processes and outcomes (‘what value is being added to the public sphere, by whom and how?) not just for inputs and outputs, or on input/output ratios and productivity” (Benington, 2011:47; see also Williams & Shearer, 2011).

In a heuristic perspective it could be useful to articulate the indispensable steps for a successful performance management system in the backdrop of the PV theory. This means that performance management can be used for the purposes of PV theory. The PVM paradigm is focused on creating value and to transfuse PV thinking into strategies to be implemented, by distinguishing policy areas requiring interventions in different processes. In this perspective, it’s noticeable the importance of the co-product value has been highlighted and, consequently, the involvement of both citizens and institutions in delivering public service. A PV orientation should not only be observed in public administration activities, but within those organizations where it is linked to “increased levels of engagement and civic participation” (Williams and Shearer, 2011:9).

4. PV AS A TRANSFORMER OF PERFORMANCE MANAGEMENT

In a very appealing lecture, Moore (2006:93), when specifically treating the issue of performance through a comparison with private businesses, pays specific attention to three main issues:

- the reasons for performance measurement in the public sector (*Why should a public manager measure performance?*);
- the focus points of measurement (*Where, along the 'value chain,' is it best to measure performance inputs, processes, outputs or outcomes?*);
- the role customer satisfaction plays in PV (*Should we measure customer satisfaction as an important dimension of PV creation, and, if so, who are the customers and what do they want?*)

The answer to the first question consists of the identification of performance measurement as the process of defining and recognizing PV production, so that the strategic triangle may be used as "a highly effective, even essential, tool for strategic management" (Moore, 2006:98). Every point of the strategic triangle (Legitimizing and authorizing environment, Operational capacity, Outcome/Public value) all the actors are involved in a massive process of accountability, internal and external. For this purpose "developing concrete methods of measuring specific aspects of performance" is considered as essential (Moore, 2006:98).

The PV chain provides the answer to the second question; it deploys a whole sequence of activities, processes, procedures, and programs which produce outputs and generate outcomes. Furthermore, it adds emphasis on both social outcomes and the action of partners and co-producers. The scheme is inspired by components observable also in the performance management scheme (fig. 1). The input-output components aim to monitor operational capacity, by taking into account the consequent interactions with partners and co-producers of public services. Public authorities are supposed to undertake policies and actions in a legitimizing environment where they can pursue PV. In addition particular attention is paid to citizens in a logic of customer satisfaction. This offers a satisfactory explanation to the third question where citizens are seen as different from mere users: Moore (2006:106) argues "government has clients on one hand and citizens on the other". So government's clients are the "citizens of the democracy who authorize and pay for the organizations and hope that the organizations will realize through their operations the aggregate social results that citizens want to achieve".

This claim is supported by Alford's explanation (2011) on the different role of the client of public administration, distinguishing between who pays for a public service and who is just a beneficiary. So the core of this relationship is in the behavior that public administration must "elicit from the clients which co-produce value for the public" in order to understand and respect their needs (Alford, 2011). This distinction is an interpretive lens to ensure some level of customer satisfaction but also to produce any necessary change to achieve desired outcomes.

Moreover, it is intuitive to observe the tendency of PV to encompass performance management tools in building a logical pattern, achievable through developing the three corner stones in Moore's strategic triangle.

If we compare the determinants of PV to the canonical steps of performance management, by extending our vision to a sort of pluralization of PV, we could acknowledge an advantageous interaction between the PV paradigm and performance management. The communication area, where PV is reported to the citizens, integrates the structure. This means that politicians and managers have to establish a virtuous circle in three actions. The first concerns the definition of rules, policy and strategy by implementing a performance management system to deliver PV. The second envisages constant attention to monitoring processes and managing internal performance. Finally, the third aims at measuring PV to communicate it to citizens. In such a context performance evaluation is just a preliminary step in creating and measuring PV. In this perspective Talbot (2010) refers to a multidimensional performance model taking multiple variables into account in order to give concreteness to a PV measurement model. Key values are identified as solidarity, equality, equity, authority and autonomy. In this way he shows how these values are multiple and often conflicting (such that it is often more appropriate to talk of PVs rather than PV) and how the process of PV creation works. In conclusion, he proposes a model to shape public performance, where the competing PVs are integrated within the performance realm (involving many actors such as citizens, partners etc.) and the performance model.

Figure 2: The strategic triangle in the performance management perspective

On the one hand, performance management should aim at highlighting efficiency and productivity, and on the other it should measure the value created for the community and citizens in their different expressions. In this sense, performance management becomes an instrument of both legitimacy and the assertion of PV. Faced with the services expected by the community, public administration should be able to activate a number of mechanisms to ensure the most efficient use of resources and the maximum satisfaction from users. In this way the politicians can provide a motivation about their own role and “authorization”, while public managers should be able to demonstrate a certain ability in operating for the benefits of citizens.

An interpretive proposal of the strategic triangle

The diagram represents a proposed integration of Moore’s PV paradigm (1995) and the performance management system. It aligns the main components of performance management (*Policy, Internal process, Evaluation*) with the three dimensions of the strategic triangle where the same public managers play an intermediate role and are held accountable to citizens. Along with the authorizing environment, it aligns the system where rules, policies and strategies are developed. The internal processes are connected to the operational capacity where both organizational and individual performance need to be measured and monitored. Finally, we observe that the determination of the outcome has to be connected to performance reporting understood as a tool for measurement and evaluation. If we look at the pattern in which the two triangles overlap, we note that each of the three items of the strategic triangle can match the main components of performance management with an extensive interpretation. This vision needs at least three prepositions:

1. PV creation must be supported by both the political and the managerial dimension. The former acts by defining rules and policies, the second by aligning strategies to policies;
2. Strengthening operational capacity should be based on the adoption of management tools capable of making the connection consistent top-down and bottom-up, organizational goals with individual goals;
3. Measurement and evaluation processes must take into account both internal organizational needs and impact on citizens.

This means that since a policy is designed to meet the needs of the community and be implemented by suitable strategies, Public Authorities should be aware of creating PV, by communicating with stakeholders, and addressing the management towards the achievement of results. Essential for the decision making process is the effort to balance the three forces focusing on the creation and measurement of PV: public interest, self-interest and procedural interest. Public value potentially captures all three of these—self-interest, public or social interest and procedural interest—in a single framework. Public value theoretically is capable to establish a

contact between the political dimension and performance orientation “through its emphasis on legitimacy and trust, re-establishing the idea that in a democratic polity it is not just individual benefits from services or outcomes, or public interest benefits, but also the procedures by which they are shaped and decided upon which determine the utility of public services performance” (Talbot, 2011: 30). The subsequent actions should also be made consistent through an external reporting system with reference to overall performance including public value.

5. CONCLUSIONS

The underlying idea of this paper concerns “how” the performance management system is consistent with the creation and measurement of public value. In this sense, the paper has examined the theme of public sector managerialization, from new public management to public value management.

This has enabled the implementation of performance management systems with special attention to the different phases, underlining the connection among strategies, dynamics of internal processes and outcomes. Within the same evolution of performance management, the shift of attention from output to outcome seems central in explaining how PV theory can be combined with performance management. In a systemic vision attention has to be paid to the outcome, which represents a fundamental step in the connection with public value theory.

Considering outcomes from the perspective of public value creation means paying attention to the role of decision makers on a political level, and, in operational terms to the role played by managers with respect to citizen’s expectations. The operational tools of performance management can certainly help to measure the public value created taking into account the following internal and external factors:

- § the public managers’ awareness of public value;
- § the efficiency of internal processes;
- § the consistent implementation of policies and the achievement of goals;
- § the quantity and quality of services delivered;
- § customer satisfaction;
- § the level of legitimacy and consensus;
- § results and value created over time.

Public value has the ability to integrate all instruments of performance management. The creation

of public value is the result of processes that validate the operational capacity and provide support to forms of legitimacy and the environment in which they develop, legitimizing and authorizing relationships.

The main idea is to interpret PM as a supportive system in the enrichment of the paradigm of PV, so it is not unrealistic to think that it should be seen as compatible with the aspects outlined in Moore's strategic triangle.

The limits of the paper derive from a lack of empirical demonstration given that the same concept of public value while embedded in the vision of public agencies is often hindered by excessive focus on internal/organizational performance. Public Organizations which have introduced performance management systems are usually more concentrated on internal impact in terms of its organizational and individual performance. Finalizing the implementation of performance management systems, as a means of creating public value, could give meaning to public management and its benefits for the community.

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