

PUBLIC VALUE

TURNING A CONCEPTUAL FRAMEWORK INTO A SCORECARD

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Public value “may, just possibly and as a result of the current tumultuous events, turn out to be the next ‘Big Thing’” (Talbot 2009, 167). Or, in other words, “Creating public value is a hot topic” (Bryson, Crosby, and Bloomberg 2014, 445). Given the recent financial crisis, the massive loss of trust in managers, and the issues of corporate actions’ unintended consequences or side effects, this topic is specifically of interest to businesses, public administrations, and nongovernmental organizations (NGOs) alike. Organizations in all sectors not only face legitimacy issues but also need to further develop their risk management with regard to social impacts. Last but not least, public value offers a new perspective to achieve innovation and growth. Public value’s promise is not to supersede economic perspectives but to combine objective *and* subjective performance factors into a coherent framework. It may be seen as a way to contextualize financial and non-financial performance within a larger picture of human values established in the public sphere and in society at large.

Across sectors, the common denominator of shared interest in public value may be the quest for a deeper understanding of any organizational entity’s contributions to the broader public—that is, to the making of community and society (Tönies 2001). Against the larger context of “modernity” (Habermas 1988) with its changing nature of “moral commonwealth” (Selznick 1994), one may even argue that organizations cannot escape the constant challenge to create and renew normative narratives and to reflect about identity and value issues.

Thus, public value creation does not only concern democratic values, nor is it simply a means to overcome individualistic tendencies. A focus on public value avoids general deontological notions but seeks to take into account existing local deontologies and value systems. It is basically a contingent idea and draws our attention to the mechanism of how people draw value from the collective (public value as a resource for the individual), and how the experience of a collective emerges out of individual and social interactions with organizations in some way (the individual as a source of public value). On a fundamental level, relationships involving the public help people to grow, develop, and become socialized.

From a management perspective, this view shifts the focus of value creation from a narrow financial-economic performance perspective to a broader concept of value creation that maintains and influences individual well-being as well as societal progress. In this sense, public value redefines the whole notion of value creation.

Organizations contribute to the many relationships between the individual and the collective (society, community, etc.). A public value lens reveals how an organization links to its wider community and where the gaps or potentials for improvement are. Consider not only a public administration or a company, but also a soccer club or a public swimming pool: all institutions provide opportunities to engage with the public and draw value from it. Ultimately, public value shows managers where they might over- or underestimate the value they wish to create. For instance, it may be contested whether certain products or services serve a legitimate cause in society, or whether people are really prepared to pay more for more ethically sound products. Or consider a public good (e.g., internal security) that only becomes a public value if people value it. This also holds true for highly normative concepts—such as sustainability initiatives or corporate social responsibility approaches—that cannot simply claim to be taken for granted. Organizations both moderate and mediate how an individual is attracted to, or repelled by, collectively shared values that characterize a certain community and society.

Public value is value from and for the public. In my view, the public value construct is a way of looking at organizational impacts on people's experience of the public as well as of taking into account the reflexive, value-laden nature of organizational performance. Furthermore, it helps conceptualize value creation as a deeply interactive process in which different actors contribute and share both the benefits and the risks. It constitutes a way of combining and integrating one-sided approaches that favor one perspective over others—for instance, shareholder value, citizen value, and customer value but also stakeholder value, corporate social responsibility, and sustainability.

In this chapter I will describe a practical tool—the public value scorecard (PVSC). I build on my previous research and seek to help managers in business, nonprofit, and government organizations to better understand different aspects of public value creation in their daily operations. The chapter's main purpose is to present a description and illustration of the PVSC against the background of underlying theoretical conceptualization (see, e.g., Meynhardt 2009; Meynhardt and Bartholomes 2011). Following the main elements of this definition, I will describe the foundations before I turn to the method. The text is structured in a way that enables the reader to skip the theoretical section and jump to the description of the tool right away. Nonetheless, I advise reading the entire text before using the PVSC, as a proper use of the tool requires a grasp of the underlying theory.

THEORETICAL BACKGROUND

Several interdisciplinary sources (e.g., administrative science, philosophy, and psychology) fuel the public value discourse. Public value provides a platform for dialogue among different disciplines, which may be considered one of its key strengths. At a deeper level, public value is a regulative idea. It can be seen as a managerial

Table 10.1. Theoretical concepts and their consequences for a public value scorecard

Theoretical Concept	PVSC Consequence
Value exists in relationships	A measurement should focus on actions or any action-oriented characteristics that describe a relationship, not on values (as nouns) in isolation. A valuing subject and an object of valuation must be present. The aggregation of individual assessments may be viewed as an expression of a collectively existing public value. Public value as a collectively shared value is not constructed as a sum of individual values, but their common and overlapping meaning about the quality of a relationship involving the public shall be regarded as an embodiment of it.
The public is inside	There is no objective public dimension, independent of subjective meaning. Rather, "the public" (or a number of publics) as a gestalt exists in the form of psychological reality, which may take different forms and shapes. Therefore, a scorecard should consider the different publics and operationalize which part of social reality is the focus.
Public value is grounded in basic needs	A measurement can have many objects to be valued (products, services, institutions, etc.); it can credibly rely on a limited number of basic value dimensions—moral-ethical, hedonistic-aesthetic, instrumental-utilitarian and political-social, which are rooted in psychological needs theory. They can be used for combinations and more fine-grained subdimensions (e.g., as a limited number of Lego pieces for kids provide a basis for almost any imaginable construction). A PVSC cannot rely on a hierarchy of needs or values, but should treat them without a normative a priori.
Public value creation: perceived—not delivered—and relative	A measurement must focus on human perception, not on pure facts, which only give rise to emerging valuations. Assessing public value creation thus involves measuring subjective meaning and value. It should also not limit itself to certain value contexts or political systems (e.g., democracy) but should allow for perceptions that acknowledge the whole range of human experience. Such a nonnormative approach is seen as a prerequisite for public value relevance and acceptance in different sectors and political contexts.

way to consider notions such as the common good, public interest, or *bonum commune*—that is, a way that complements a legal perspective and the operationalization of philosophical ideas.

Public value *creation* suggests a more active and even entrepreneurial perspective on how organizations shape and cocreate our experience of society and social reality; it has been defined as "any impact on shared experience about the quality of the relationship between the individual and 'society'" (Meynhardt 2009, 212).

More concretely, public value creation “is situated in relationships between the individual and ‘society,’ founded in individuals, constituted by subjective evaluations against basic needs, activated by and realized in emotional-motivational states, and produced and reproduced in experience-intense practices” (Meynhardt 2009, 212). In this sense, public value is only created or destroyed when individual experience and behavior of individuals and groups are influenced in a way that they (de)stabilize social order evaluations, sense of community, and self-determination in a societal context. Along these lines, public value is seen as a result of valuing processes, which are collective and social in their very nature.

Such a microfoundation of public value—at the individual and social levels—might also help relate other public value approaches (e.g., Bozeman 2007; Moore 1995, 2013) to psychological realities on which people act. Ultimately they form the basis for any attempt to account, understand, or even manage public value.

As Baran notes, “In general, ‘value’ refers to something which—for whatever reason—is emphasized in reality and desirable and forceful for the one who evaluates, be it an individual, a societal group, or an institution representing individuals or groups” (1991, 806, my translation). “Desirability” may be seen as a synonym, or at least a reference to preference, appreciation, or object of need. Regardless of the philosophical perspective, a notion of being attracted to something is always part of the value terminology. Whether implicit or explicit, “value” manifests “in two directions, that of discourse and that of overt action” (Rescher 1982, 3).

This line of argument leads directly to (socio)psychological inquiry into antecedents and the states of subjects (individual, group, nations) to understand how public value emerges and evolves over time. It also leads us to a perspective in which value is in the eye of the beholder or, as Talbot puts it, “Public value is what the public values” (2006, 7).

I now consider in more detail several theoretical issues and what their consequences are for a public value scorecard (see table 10.1).

Value Exists in Relationships

Before discussing the idea of “the public,” I shall argue that subjectivity is central to both value and public value. I will focus on the question of what value is because I assume that the answer to this has consequences for the methodology of the PVSC.

A long philosophical debate has occurred between value objectivists and value subjectivists. In short, value objectivists (e.g., Husserl, Scheler, and Windelband) saw value as a characteristic of an object (almost physically attached to it); the question remained how such value could be identified and experienced. For value subjectivists (e.g., Ehrenfels, Meinong, and Menger), value was not inherent in an object; they argued that something *has* a value—that is, that value is only agreed upon by actively valuing or evaluating subjects. The result of the debate between the two camps is very relevant for public value research, since it confronts us with the question of how public value is detected or constructed. Does it exist independent of individuals?

The ideas that value is only to be identified (objectivists) and that value is only subjective (subjectivists) are not very convincing. The value philosopher Johannes Erich Heyde (1926), who argued against both a metaphysical perspective and an

overemphasis of human consciousness, presents a strong synthesis for our inquiry of value objectivist and value subjectivist positions. His solution, which I follow here, is the idea that value is a *result of a relationship* between a subject that is valuing an object and the valued object. Therefore, value exists in the relationship, not outside it; value is not a characteristic of an object, but describes the subject-object relationship. In Heyde's words, "Value is the relationship" (1926, 77, my translation). Without a subject, there is no value. In this sense, value is subjective. As a subject relates to an object, in the act of valuation or evaluation, value comes into being. Value is "value for a subject" (Heyde, 46, my translation). In this view value is always bound to relationships and is relative; it always takes subjects to call a value into existence.

Speaking of "value" as a noun is misleading, since it suggests the independent existence of a value (e.g., freedom, beauty) if it implies an ontological status independent of a relationship. A value can become objective if different subjects share a valuation. If this is a social phenomenon, one can talk about a collectively shared value. Public value can be seen as a shared or collectively held value about the quality of a relationship involving the public.

The Public Is Inside

Public value is not simply sharing values about anything; it is about sharing the individual's experience of a social environment or "the public." Thus, public value is not limited to either businesses, public administrations, or NGOs, since the individual relates to multiple institutions that contribute to his or her perception of the public.

The idea of the public is vague and serves as a regulative idea that helps us organize our experiences. Its different meanings (Frederickson 1991) are often related to a notion of a collective property—that is, something that is not to be reduced to the sum of its members. This reference to the whole (e.g., society, community, the common good, etc.) is an abstraction "generated on the basis of experiences made in daily practices, analytical insight, and all sorts of projections as to complex phenomena" (Meynhardt 2009, 204). Consequently, the public is what an individual or group regards as public, including a number of different (relevant) publics. This idea is crucial for the PVSC, since it requires a methodological idea of how to determine the public(s) under consideration. The rationale behind this view is that "individuals and groups in this view need to act 'as if' (Vaihinger 1911/2008). This constantly (re)negotiated, tested, or invented 'operational fiction' forms the 'Gestalt,' 'generalized other' (Mead 1934/1962) or 'quasi-object' (Latour 1993), as the reference point for action. The 'state,' the 'market,' or the 'society' are emerging functional generalizations, often necessary to arrange and interpret data or events in a meaningful way. Following Luhmann, meaningfulness then is 'a self-referential attitude towards complexity' (Luhmann 1984, 107, own translation)" (Meynhardt 2009, 205).

The public is, in its broadest, a reality construction and exists at the level of human experience—the *public is inside*. Similar to value, the public also comes into existence through an active process of human experience. Public value, then, is influenced when people generalize and value their experience with some social entity (e.g., organizations).

Public Value Is Grounded in Basic Needs

In earlier work I have suggested relating public value to basic needs theory (Meynhardt 2009). The main reason is that we could take advantage of such a public value microfoundation, since public value is always bound to subjects' needs (individuals, groups). Even the act of calling a public into existence—that is, to increase awareness of the public dimension—is motivated and driven by certain needs.

From a logical perspective, basic needs form a basis of evaluation in a subject-object relationship (Iwin 1975). What role do basic needs play? They serve as subjective reference points, whether or not there is a discrepancy between one's needs and the perceived reality. New information is filtered and processed not only cognitively, on the basis of fact, but also emotionally. Valuing is an emotional-motivational process, which is subjective and eludes the notions of right or wrong. Axiologically speaking, objects of evaluation are propositions, and subjects take a position toward them via a value statement. Such a position is the result of a comparison between a perceived actual state and a real, or hypothetical, speculative, or even illusionary optimum. Psychology has developed a number of constructs to study this evaluation process—for instance, emotion, attitude, motive, or fear (Graumann and Willig 1983). As the basis of evaluation, these phenomena can be regarded as initiating forces for valuing processes. It is at this level that value is linked to psychological realities.

One well-known psychological construct, which captures the affective element and the motivational one, is the notion of needs. Needs concern deficits—that is, felt discrepancies between an actual and desired psychological state—that result in a motivation to act. Needs serve as actual or hypothetical reference points for evaluation (Lewis, Haviland-Jones, and Barrett 2008). Therefore, basic needs theory is a good candidate as a tool with which to derive public value dimensions.

Epstein has developed a cognitive-experiential self-theory, in which he describes how “individuals automatically construct an implicit theory of reality” (Epstein 1993, 316; see also Epstein 2003). He distinguishes four equally important basic needs, which are closely related to this personal theory, noting that “the construction of a personal theory of reality is not an exercise undertaken for its own sake. Rather, the theory is a conceptual tool for fulfilling life's most basic psychological functions, namely, assimilating the data of reality within a relatively stable, coherent conceptual system; maintaining a favorable pleasure-pain balance over the anticipated future; maintaining relationships with significant others and maintaining a favorable self-esteem” (Epstein 1989, 8).

These four functions or needs provide a minimal and robust starting point for the development of basic value dimensions. The abstract philosophical notion of desirability is thus traced to a conception of human needs. In this view, these needs are basic or essential: They are about fundamental structures of personality and are functionally extremely relevant. Invalidating them would destabilize the “entire conceptual system” (Epstein 1993, 322).

What is important for the PVSC is that no single motive or need dominates others. As Epstein notes, “Which function, if any, is dominant varies among

individuals and within individuals over time" (1989, 8). Epstein relates these functions or needs to values by arguing that people at least "implicitly value" (1989, 16) these when fulfilling their needs. An evaluation of any object against basic needs is called a value. Table 10.2 presents the basic value dimensions that result from the basic needs identified by Epstein.

First, the need for positive self-evaluation concerns a moral-ethical value. It focuses on a person's perception as an individual and human being. This basic need relates to an evaluation of the extent to which an action or decision leads more or less to equality or inequality concerning what is seen as just or unjust in a certain social context. Moral values point to standards that should apply to everyone in a given social environment. Lowering or enhancing self-worth is not moral or immoral per se, but if a person feels that it is not legitimate, then moral-ethical values are violated or invalidated. The individual bar for such an evaluation is a perceived discrepancy between what he or she feels is appropriate or fair and the actual experience. Such a psychological discomfort (Festinger 1957) is always related to one's own self-worth, self-concept, and identity. I talk about a moral-ethical dimension of public value with regard to an organization's impacts on collective moral-ethical values, which contribute to the functioning of a society or community. For example, if the value of human dignity or respect for the individual is profoundly violated, the individual may experience a destruction of

Table 10.2. The relationship between basic needs and basic value dimensions

Basic need for . . .	Translation into a motivation for . . . (examples)	Basic value dimension
positive self-evaluation	<ul style="list-style-type: none"> • positive self-concept and self-worth • consistent relationship between self and environment • feeling of high self-esteem (in social comparison) 	moral-ethical
maximizing pleasure and avoiding pain	<ul style="list-style-type: none"> • positive emotions and avoidance of negative feelings • flow experience • experience of self-efficacy due to action 	hedonistic-aesthetic
gaining control and coherence over one's conceptual system	<ul style="list-style-type: none"> • understanding and controlling one's environment • predictability of cause-and-effect relationships • ability to control expectations to cause desired outcomes 	utilitarian-instrumental
positive relationships	<ul style="list-style-type: none"> • relatedness and belongingness • attachment, group identity • optimal balance between intimacy and distance 	political-social

Source: Adapted from Meynhardt (2009, 203).

public value. A moral-ethical public value is a collectively shared value ascribed to personhood and what it means to be human.

Second, the need to maximize pleasure and avoid pain generally points to an organism's survival. Beyond this evolutionary deeply ingrained motive, it relates to positive experiences and joy. Culturally and socially mediated, new levels of experience come into play. This may range from hedonistic needs to aesthetic preferences. Beauty, happiness, and fun are examples of hedonistic-aesthetic values. Again, people evaluate their experience with organizations or other social entities accordingly—whether it be a public service or a corporation's marketing campaign. A hedonistic-aesthetic public value is a collectively shared value ascribed to pleasure and what it means to create a positive experience.

A third fundamental need pertains to control and coherence in one's conceptual system. People are motivated to maintain or increase their degree of freedom. Solving a problem, understanding the world, and orienting oneself in an environment are all considered fundamental needs; they are about the instrumental-utilitarian aspect of an action or decision, and concern means-to-ends relationships. The question whether something is efficient also belongs in this category. At the public value level, the question is whether or not any product or service provides people with some use value. This may be clear for services such as transportation, communication, and insurance, but less clear, for instance, for financial products, tax policies, and some consumer products.

Although there is no basic need for financial-economic value, money is considered part of instrumental-utilitarian needs. At a conceptual level, even shareholder value and profitability are not opponents of public value. Yet a discounted cash flow, or any public-sector equivalent such as taxes or budget savings, are not yet per se public value *creation*. Only a psychological reality, in which cash flows are appreciated in some way, can be considered value creation. An instrumental-utilitarian public value is a collectively shared value ascribed to utility and what it means to create a benefit efficiently.

A fourth need is the need for positive relationships, which addresses the motive to experience group membership, social identity, and belonging. In contrast to the moral-ethical value dimension, this basic need concerns our social nature, which places value in the group as opposed to the individual. People draw value from this asymmetry between insiders and outsiders. I call this basic value dimension political-social, because it involves diverging group interests and, thus, a power dimension. At the public value level, solidarity, cooperation, status, exclusion, and prejudice belong to this sphere. A political-social public value is a collectively shared value attached to social relationships and what it means to establish positive group relations.

The described dimensional nature of public value grounded in Epstein's basic needs has been empirically validated in the context of a German public administration (Meynhardt and Bartholomes 2011).

Public Value Creation: Perceived—Not Delivered—and Relative

To summarize my argument thus far, value is a result of valuing and "public" is a necessary fiction. The perception of public value is a process subject to human experience and is vulnerable to many distortions and biases. There is no public

value without human appraisal. Thus, organizations cannot rely on their intended public value being appreciated, since it cannot simply be delivered but only comes into being at the experience and perception levels.

People perceive public value because they can positively relate their experience of the public to their basic needs. Value drawn from a public experience is considered a public value if it concerns values related to the functioning of a collective, society, or community. The experience of a (de)stabilized social order is seen as instrumental to an individual's perception of the quality of the relationship between the individual and society; if it is positive, public value is created, and if it is negative, public value is destroyed.

Public value lives in relationships and in the eyes of the beholder. This is a relativist approach, since it is not restricted to a specific public value set (e.g., humanistic values). I follow Talbot, who states, "Public Value then is the combined view of the public about what they regard as valuable" (2006, 7). Taking it a step further, such an approach implies that public value is not a synonym for democratic procedures or Western ideas of fairness or justice. Rather, it is open to human nature with all its contradictions and irrationality. Thus, public value is created in every societal or historical context; it is about everything to which people ascribe value with regard to their experience of the public. Such a nonnormative perspective prevents a conception where public value is always a force toward more humanity, or a device to safeguard democracy. It is the extent to which a perceived relationship between an individual or group and some social entity influences the fulfillment, or change, of basic needs. One could think about other resources than the public in which people can fulfill basic needs—for instance, nature, private relationships, self-reflection, or simply withdrawing from social life.

Produced and Reproduced: The Dynamics of Public Value

Public value can be viewed as a mechanism that helps people relate to their wider community and society, and it helps organizations identify the potential for (re)gaining and sustaining legitimate action. Public value is a linkage mechanism between an individual microlevel (not just a person, but also organizational entities) and a collective macrolevel. To better understand such dynamics, self-organization theory is a promising candidate; in its various forms, it provides principles to describe self-organization beyond equilibrium. Here I refer to respective propositions as developed by Haken (1977; see also Haken and Schiepek 2005), and their transfer to the value dynamics realm (Meynhardt 2004).

One of Haken's primary propositions is that of *circular causality*. The basic idea is that interaction between different elements (people, groups, etc.) leads to the emergence of collective properties (e.g., shared worldviews, norms, and values), which in turn promote consensus, coherence, and orientation in chaotic interactions at a microlevel. Once an *order parameter* is established, the individual cannot simply "escape" it. At an experiential level, a person may almost physically experience the pressure or forcefulness of group norms or a social climate. In such emotionally charged situations, public value perception is also activated and realized.

In this view, public values as order parameters only change when a system is critically destabilized (e.g., a massive loss of trust). At these *bifurcation points*,

system behavior is largely unpredictable: Different order parameters compete and stabilize each other so that the system fluctuates between different states. External factors (or control parameters) can stimulate destabilization but not intentionally create a specific order parameter. Inner conditions and historically established path dependencies hinder a *linear* intervention.

The basic mechanisms of change in public value are as follows:¹ At the individual level, psychological processes constitute the elements in the system. If an evaluation of an experience emerging from a relationship involving the public is perceived as a positive contribution to one's basic needs (fulfillment), public value is created. The current "personal theory of reality" (Epstein 1993) is stabilized. If there is a negative evaluation (consciously or not), all sorts of psychological mechanisms come into play to accommodate it (e.g., distortion). If the experienced discrepancy is relevant for self-concept, considerable cognitive dissonance is triggered. Past experience is questioned, established practices and routines no longer work, and an individual feels psychological discomfort (Festinger 1957). At least parts of the system no longer work or are invalidated, and public value is destroyed for the individual.

A social system becomes destabilized (far from equilibrium) when many people feel discomfort and new alternatives emerge to deal with that. Following Haken, it is a critical state—far from equilibrium—in which the system's response is not predictable. In such situations, in which many alternatives seem possible, there is a *symmetry* between different solutions that is only broken by choosing one way or the other. If a solution works, it is highly likely that this highly emotional experience is integrated into the value system (*phase transition*) and guides further action. A value is enacted—that is, internalized at the individual level (from macrolevel to microlevel), or socialized (from microlevel to macrolevel). For example, sustainability as a public value is only enacted when people integrate associated attitudes in their mind-sets and behaviors.

FROM PUBLIC VALUE THEORY TO A PUBLIC VALUE SCORECARD (PVSC)²

The theoretical framework introduced above has guided and inspired method development since 2009. The different philosophical, sociological, and psychological underpinnings justify the number of methodological steps taken. In particular, they help researchers navigate the manifold empirical challenges and methodological constraints.

Moore (2003, 2013) first used the term "public value scorecard" but is, however, only concerned with public-sector organizations' challenges in democratic societies. His scorecard is conceptualized as a public-sector alternative to the "balanced scorecard," which Kaplan and Norton (1996) developed. Moore builds his approach on a strategic triangle, emphasizing that an administration must build legitimacy and support, as well as organizational capabilities, in order to produce public value. Building on cost-benefit analysis, Moore introduces an account to list different public values (see his contribution, chapter 8 in this volume).

Here I introduce a very different PVSC. It does not address capabilities or support but focuses on de facto public value creation. The PVSC epistemology allows individuals, groups, and organizations to rate the public value creation (intended

or realized) of some initiative, service, product, or the like, along five dimensions. Based on needs theory (see table 10.2) there are four dimensions. I have added a fifth (financial-economic), which is theoretically incorporated within the instrumental-utilitarian dimension because practitioners are unlikely to accept a PVSC unless it includes a financial measure.

The view put forward in this chapter is the idea that public value starts and ends within the individual: it is not delivered, but perceived. Public value is therefore measured against individual evaluation, since people act on the basis of meaning they attach to their perception. This approach must not be confused with the idea of measuring individual values. Individual evaluation means that individuals assess the public value of something. Therefore, the PVSC does not ask *What's in it for me?* but forces respondents to reflect on the social impacts and the question *What makes X valuable to society?*

The PVSC takes society to the decision arena and expands the scope of value creation by linking it to a broader value set. By using the PVSC, a manager (or an institution) can now more systematically address the trade-offs between financial and nonfinancial goals and can better identify societal needs and concerns. An overview of exemplary PVSC applications is given in table 10.3.

Applications in different contexts indicate that the five interrelated yet non-substitutable dimensions seem to work for practitioners when a public value impact assessment is called for. The nonhierarchical framework is typically well received, since it does not suggest any normative premises. Rather, an organization would relate it to its own values and mission.

Five Different Inquiry Techniques

The PVSC was tailored to the specific strategic challenge of each of the aforementioned cases. The five dimensions of the PVSC are always constant. The method to collect data varies, and includes five different versions (see table 10.4); each version leads to either a public value score or profile, and can be used as either a stand-alone or a complementary method. In the following, the prioritizing version will be described in more detail than the other three, since all five share certain characteristics despite their different data collection procedures.

Version 1: Prioritizing

This PVSC builds on a trade-off logic. By means of sentence completion it prompts respondents to rank, in order of importance, the five value dimensions in different situations and in respect of opportunities and risks. The PVSC includes eighteen questions (situations) and asks the respondents to rank each value statement from 5 (highest importance) to 1 (lowest importance). There are ninety items (18×5). Six questions concern a general assessment, six concern the short-term perspective, and six address the medium-term and long-term perspective. This differentiation allows one to identify sustainability gaps and to operationalize a dynamic perspective of change over time.








Here the PVSC's structure is forced choice ranking. It allows one to analyze each public value dimension independently of other dimensions and their interrelationships. Given the chosen methodology of forced ranking (following the tradition of instruments such as the LIFO Method by Atkins, Katcher, and Porter

Table 10.3. Exemplary PVSC applications

PVSC No.	Organizational Context	Strategic Challenge	Engagement specifics	Reference
1	HANIEL German family holding with multiple businesses	Do we need to disinvest due to a potential threat for the firm's public value?	Board workshop, part of CR strategy	Müller, Menz, and Meynhardt 2013; in press.
2	TAKKTAG HOBBIES EQUIPMENT COMPANY German business equipment	What are public value consequences if we establish direct sourcing with Asia?	Expert workshop, decision-making support	Müller, Menz, and Meynhardt, in press.
3	Die Mobiliar Hirschtürren & Hirschtür Swiss insurance company	What are implications for our public value if we would acquire a specific company?	Board workshop, sample of opinion leaders	Meynhardt, Gomez, and Schweizer 2014
4	Bundesagentur für Arbeit Federal Employment Agency in Germany	How can we assess the social impact and innovativeness of project proposals?	Budget decisions, Leadership workshop with 120 managers	Weise and Deinzer 2013
5	Deutsche Gesellschaft für das Badenweien e.V. PV award for public swimming pool in Germany	How can we analyze and award public baths with the highest public value?	Since 2010 biannual process, with jury workshops	Ochsenbauer and Ziemke-Jerrentrup 2013
6	IF PUBLIC VALUE AWARD IF Public Value Award for innovative projects	How can we analyze and award projects addressing megatrends around the globe?	Start in 2015; online and offline jury around the globe	www.ifdesign.de

Prioritizing

Screening

7		German medical supply (renal dialysis)	How can we better understand the public value of dialysis clinics in the UK?	Sample of partners (e.g., doctors and politicians)	Armsen et al. 2013
8		Federal Employment Agency in Germany	How does public value relate to customer satisfaction and controlling data?	Time series of 1,000 employers across the country	Not before 2015
9		Deutsche Auslandsschulen (German Schools Abroad)	How can we better legitimize our contribution to society?	Internal view (300 managers)	WDA 2013
10		German soccer club	How can we sustain our public value in the light of our growth strategy?	Expert interviews with experts (e.g., fans, media, managers)	Beringer and Bernard 2013; Meynhardt et al., 2015
11		Goethe Institute, a German cultural association	What is our institution's public value? How can we improve our public value strategy?	Interviews with managers and stakeholders; board workshop	Schulze 2010; Meynhardt, Maier, and Schulze 2010
12		German Stock Exchange	Shareholder value or common good: what is our public value?	Focus on middle management	Meynhardt and Müller 2013
13		Deutsche Auslandsschulen (German Schools Abroad)	How can we better legitimize our contribution to society?	External view (25 interviews)	WDA, 2013
14		Swiss multinational food and beverage company	What are the most pressing public value issues as discussed in social media?	Automated semantic analysis over three weeks all over the world in multiple social media channels (ca. 4500 statements)	No publication

Surveying

Exploring

Sensing

Table 10.4. Five different PVSC versions

	Prioritizing	Screening	Surveying	Exploring	Sensing
Main characteristic	Forced choiced ranking questionnaire	Facilitated group discussion	Likert scale-based questionnaire	Hybrid between qualitative and quantitative approaches	Automated Social Media Analysis
Typical application area	Project or product evaluation	Evaluating ideas, award juries	Survey-based stakeholder dialogue	Exploring public value in different publics	Any online channel
Scope	Workshop setting, small surveys ($n < 100$)	Workshop setting, online assessment	Survey ($n > 100$)	Expert interviews ($n < 100$)	Entire web-based communication

1967), the sum of all dimensions is always constant. The advantage of this restriction is increased validity owing to the induced permanent call for trading off different values. As a result, the profile shows the dimensions' relative importance and indicates trade-offs. Several challenges with ipsative forced ranking data concern the replication of the factor structure (Baron 1996; Meade 2004). In each adaptation of the questionnaire's items, this issue has been solved through extensive validation procedures in the field—for instance, in focus groups and expert ratings.

Table 10.5 shows all the questions and value statements for a generic version of a prioritized PVSC, which must be adapted to a specific context. For example, instead of an initiative, the inquiry might be about a tangible product or a service. The questions remain basically the same, but the value statements are tailored to the object of valuation. For example, the assessment of a local project to combat unemployment involves different political aspects, compared to the assessment of a potential takeover target in a merger and acquisition context.

In table 10.5 we can also see that the PVSC comprises not only questions on general opportunities and risks but also statements with a process view (short-term, long-term); this allows the dimension to be analyzed in more detail. Thus, a specification concerns the time frame under consideration, which varies among different organizations.

The completion of the questionnaire takes approximately fifteen to twenty minutes. The respondent ranks all five answers as regards each statement according to their relative importance or fulfillment.

For example, an *initiative* may solve a problem (instrumental-utilitarian) and may also consider different group interests (political-social) very well. The respondent is still forced to differentiate between the two public values and ranks the

Table 10.5. PVSC questions and value statements (generic)

The aims of the initiative convince me, because they . . .	Not carrying out the initiative would above all prevent . . .	The chances of the initiative being successful in the end are great because . . .
are factually and technically coherent	a solution with innovative content being tried out	the content is well thought out
do not regard human aspects as merely a means to an end	an important contribution to more fairness being made	the matter is not just legal but also perfectly legitimized
incorporate different interests appropriately	the politically favorable situation being utilized	a wide range of interests is being appropriately considered
are oriented to the satisfaction and well-being of those involved	the public image of those initiating the initiative being improved	those involved predominantly recognize the opportunities it gives them
are financially and economically attractive	a lucrative investment being made	there is the prospect of making a profit
Opportunities		
I believe that the initiative will be successful within a short time because . . .	it is immediately obvious that . . .	It will quickly become apparent that . . .
the fitness for purpose of the content will be recognized	the initiative makes sense	the objectives are achievable
nobody suffers on a personal level	the self-worth of those involved will be increased	those in charge handle gray areas fairly
it does not trigger any insuperable political controversies	any power conflicts that occur will not impede the initiative	conflicts that arise are dealt with constructively
it provides fun and pleasure	those involved associate good and enjoyable experiences with it	the welfare of all is taken into consideration appropriately
it is being handled appropriately economically	the initiative pays off financially	funding is being used sensibly

(continued)

Table 10.5. (continued)

	I am convinced that the initiative will also gain recognition in the medium- to long-term, because . . .	Over time it will be recognized that . . .	In retrospect, the initiative will be acknowledged in that . . .
Opportunities	<p>the cost-benefit ratio is right</p> <p>the matter is fair and just</p> <p>there is a balance of interests</p> <p>it helps meet important needs</p> <p>those involved will benefit materially from it</p>	<p>the content is worth the expenditure</p> <p>the dignity of the individual is strengthened</p> <p>there is a positive effect on relationships between groups</p> <p>the satisfaction of those involved increases</p> <p>the financial resources are being used sensibly</p>	<p>the quality of the approach is right</p> <p>the leap of faith is justified</p> <p>the cohesion of different groups is being influenced positively</p> <p>it provides fun and pleasure</p> <p>it is worthwhile from an economic point of view</p>
Risks	<p>there is too much emphasis on the current level of knowledge</p> <p>reservations on moral grounds are not dealt with honestly</p> <p>not enough attention is paid to the political effects</p> <p>there is no agreement among those involved</p> <p>the costs are being underestimated</p>	<p>When difficulties loom, the initiative will be reproached most for . . .</p> <p>not solving any really relevant problems</p> <p>having excessive moral expectations</p> <p>provoking tension between people in an irresponsible way</p> <p>tacitly approving disproportionate individual hardship</p> <p>not working efficiently economically</p>	<p>I believe that in the end the initiative is most likely to fail because . . .</p> <p>it is not possible to make the ideas comprehensible</p> <p>people will have suspicions about the good intentions</p> <p>it does not achieve social balance</p> <p>too few people really have fun with it</p> <p>financial or cost objectives are not being achieved</p>

<p>With the initiative there is a risk in the short-term that ...</p>	<p>The initiative is particularly vulnerable in the current situation because ...</p>	<p>A failure would above all immediately ...</p>
<p>initiatives in this field that are at least as important will be dropped</p>	<p>the technically superior quality of the approach is not being adequately acknowledged</p>	<p>exacerbate material problems</p>
<p>our own credibility will suffer</p>	<p>there are doubts whether it would also be equitable under pressure</p>	<p>do irreparable moral damage</p>
<p>relationships among those involved will be adversely affected</p>	<p>existing relationship structures are being queried</p>	<p>put a strain on existing cooperative relationships</p>
<p>too few people will be positively motivated</p>	<p>at the beginning it will involve losses for different parties in the first place</p>	<p>adversely affect the well-being of those involved</p>
<p>there will be a shortage of funding elsewhere</p>	<p>the actual financial effects are still unclear</p>	<p>cause financial losses</p>
<p>Risks</p>		
<p>As things stand today it seems to me that it is very uncertain in the medium to long term whether ...</p>	<p>In the longer term it appears particularly uncertain whether ...</p>	<p>In the medium- to long-term one might pay the price in that ...</p>
<p>the expected long-term benefits will occur</p>	<p>the solution is sound and viable enough</p>	<p>the path for other solutions is being obstructed once and for all</p>
<p>the moral and ethical claim will be realized</p>	<p>all will keep to their word</p>	<p>new injustices arise</p>
<p>it will ever be accepted in the public power and relationship structure</p>	<p>those involved will deal with each other in a professional and cooperative way</p>	<p>prejudice between groups increase</p>
<p>it will gain positive feedback from third parties</p>	<p>the results will be perceived as rewarding</p>	<p>too many people are dissatisfied</p>
<p>the potential financial yield will be exploited</p>	<p>the necessary funding can be found</p>	<p>the economic results are not being properly appreciated</p>
<p>Long-term</p>		

other three accordingly. Each answer is attached to one of the five PVSC dimensions. This specific data-gathering technique calls for value judgments as a means to also foster rather implicit valuation processes. It is important to clearly define the evaluation object (project, policy, product, etc.) and what is meant by the public in a concrete measurement (e.g., a local or national perspective). Another important step is the careful consideration of the respondents—that is, which public(s) is/are being called into existence. In a number of projects the organizations wanted to give their managers and employees a voice and to contrast self-perceptions with third-party evaluation (e.g., customers, lobby groups, media, citizens, or business partners).

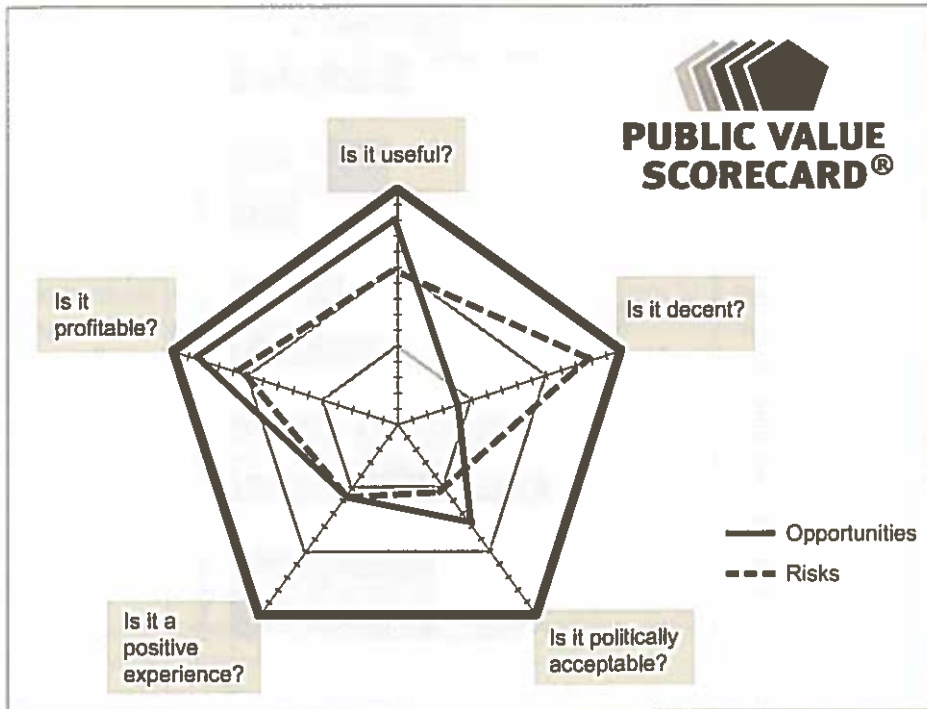
In its most general form, this data gathering leads to a pentagonal profile indicating perceived public value creation opportunities and risks. The scores of each of the five dimensions are computed from the forced ranking results and translated into a managerial perspective. The labeling may vary according to the cultural context (business, nonprofit, or public administration). One often used version is:

- Utilitarian-instrumental values (1): Is it useful?
- Utilitarian-instrumental values (2): Is it profitable?
- Moral-ethical values: Is it decent?
- Political-social values: Is it politically acceptable?
- Hedonistic-aesthetic values: Is it a positive experience?

Figure 10.1 shows the profile of an assessment of a business divestment decision at Haniel, a German family holding (see no. 1 in table 10.3). After an accounting procedure and cost-benefit analysis had been done, Haniel wanted to assess the public value consequences. Clearly there was no simple cut-off point (“make or break”) or significant threshold between the opportunities and the risks. From a business perspective (usefulness and profitability), the opportunities (the solid line) clearly outweighed the risks (the dotted line). A conflict emerged between the moral-ethical dimension and the political-social one, however. Whereas the project was seen as bearing a moral risk, the political dimension appeared less risky.³ This assessment was carried out by the board, which subsequently decided to validate its view by extending the assessment to the investors and external stakeholders. In effect, the board welcomed the broader perspective as instrumental to the decision-making process. In particular, the managers expanded their views on what is legitimate beyond a purely legal or economic perspective. In a manager’s words, “It helps us to not only see the pain, but also the gain.” As a result, Haniel decided to continue the operations. Further, the management decided to better manage the obvious tensions by establishing a better monitoring system and engaging in dialogue with the stakeholders.

It should be noted that the methodology also provides a differentiated view of how sustainable any public value creation may be. The data used for the general profile is also analyzed from a time perspective. For example, the PVSC shows whether the moral opportunities are or are not sustainable over time. Figure 10.2 illustrates how the PVSC reveals potential sustainability gaps and how it indicates an anticipated change over time.

Figure 10.1 The public value scorecard (illustrative)



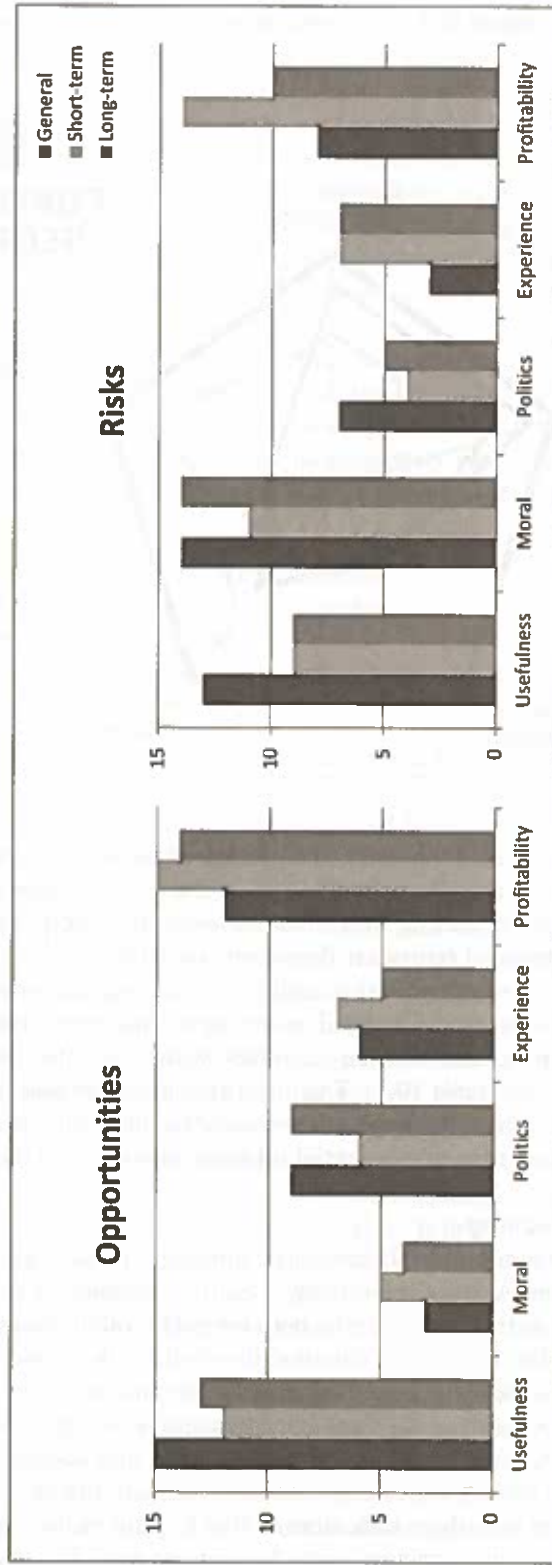
This example from the aforementioned divestment decision (see no. 1 in table 10.3) shows that the opportunities in the moral dimension are decreasing and the risks are increasing over time. However, the opportunities and risks for the business' financial return are decreasing over time.

This type of inquiry was also used in the managerial quest to reconfigure a part of the value chain of TAKKT, a business equipment firm—that is, to also extend the supply chain to Asian countries, with their different values and regulations (see no. 2 in table 10.3). This prioritizing version was likewise chosen for Mobilair, a Swiss insurance company, which was interested in assessing the public value consequences of a potential takeover (see no. 3 in table 10.3).

Version 2: Screening

This PVSC version builds on consensus building in a dialogue format. The Federal Employment Agency in Germany used this version in a leadership workshop to assess projects that had potential both for public value creation and destruction (see no. 4 in table 10.3). Each situation involved a risky strategy, and reputations were at stake. Besides the large budgets or costs, the societal implications were of paramount importance in the management decision. Ten projects creating new services were introduced to a jury, which discussed and scored each dimension in respect of each project individually. Beforehand, each public value dimension was characterized by only three indicators so that it could be dealt with in a facilitated group discussion. In Germany, a jury deciding on a public value award for public

Figure 10.2 Assessment of changes in opportunities and risks over time (illustrative)



swimming pools has applied the same procedure every two years since 2010 (see no. 5 in table 10.3). This group typically receives about thirty applications from different public pool operators, who report on each of the five PVSC dimensions. Starting in 2015, there will be a global public value award, building on a similar logic to assess projects addressing megatrends such as megacities and demographic change (see no. 6 in table 10.3).

Version 3: Surveying

For large-scale surveys, the PVSC needs to be simplified. Intense forced ranking is hardly possible with a thousand customers and via telephone. Therefore, three organizations translated the indicators and adapted them to a question battery, using a Likert scale from 1 to 6. The first organization, Fresenius Medical Care (see no. 7 in table 10.3) asked major stakeholder groups (doctors, politicians, and patient groups) in different places to assess the public value of its dialysis clinics and services; the surveys assessed absolute (not relative) public value creation. At the Federal Employment Agency (see no. 8 in table 10.3), this version has been applied to analyze the relationship between public value and other measures, like customer satisfaction and controlling data. Deutschen Auslandsschulen (German Schools Abroad) used the large-scale survey version to obtain an internal view of the public value creation by German schools all over the world (see no. 9 in table 10.3). In all three cases the analyses followed descriptive and inference statistics (e.g., regression analysis).

Version 4: Exploring

The most demanding PVSC version for the respondent is the exploratory one. It builds on the value knowledge guide (*WertwissensGuide*), which allows a hybrid between qualitative exploration and quantitative analysis (a version of the repertory grid; Meynhardt 2004). Such an approach is suitable when an organization is interested in the manner and particular language in which the public recognizes and frames its public value.

Contrary to a quantitative design with prefabricated items, the semantic space and worldview were considered here. The guiding question is, *What makes our organization valuable to society?* This method requires at least forty-five minutes for completion and allows for relative (not absolute) assessment.

Beside the soccer club FC Bayern Munich, the Goethe Institute in Germany, Deutschen Auslandsschulen, and the German Stock Exchange have also relied on this inquiry technique (see nos. 10, 11, 12, and 13 in table 10.3).

Version 5: Sensing

Given the new technological possibilities of analyzing big data, an inquiry technique for social media data was developed.⁴ This version of a public value scorecard directly draws on conversations and public opinion as manifested in multiple social media channels, such as Twitter, Facebook, Google+, or blogs. Similar to human beings, a software tool “reads and understands” sentences and extracts meanings (questions, intentions, ambiguity, direction, amplification, etc.). It detects not only single words or phrases but analyzes grammar and context. In contrast to sentiment analysis, this new way of semantic analysis provides much more

valid results. Against this background of advanced linguistics, a huge number of indicators were attached to each public value dimension in order to determine a theory-driven interpretation of statements. Although in an early stage, it is now possible to automatically interpret a specific statement to what extent it is attached to single or multiple public value dimensions. Furthermore, each phrase is evaluated as to whether it is positive, negative, or neutral. This methodology, for example, was used to analyze the conversation in microblogs and blogposts (Twitter, Facebook, Omgili, Google+, and others) about Nestlé, a Swiss multinational food and beverage company (see no. 14 in table 10.3). Almost 4,500 statements were analyzed and mapped against each scorecard dimension. As a result, a typical PVSC (see figure 10.1) was created. Interestingly, the study revealed very much the same results previous surveys about Nestlé's public value did.

It is to be expected that this real-time sensing of public value in social media will become of greater importance in the near future. Such an inquiry technique allows for a closer monitoring of public values dynamics, even avoiding reactivity inherent in many other methods. Also, it reduces costs of collecting data.

CONCLUSIONS: FUTURE DIRECTIONS OF THE PVSC

The public value scorecard does not tell us *how* public value is created. In its current versions, it focuses on the creation of public value along five dimensions; it also tells us where the trade-offs and gaps are. Consequently, blind spots are discovered that are not otherwise noticed in strategic planning, political deliberation, and innovation process.

As the projects show, the current PVSC can be integrated into management systems (e.g., incorporated into a balanced scorecard or as an extension of customer satisfaction surveys). It may be used to evaluate projects and initiatives on an ongoing formative or summative basis. The next step for improving the PVSC will be a methodological link to dynamic perspectives. Applying ideas from self-organization theory and based on network methodology thinking (Gomez and Probst 1999), PVSC designers can deploy it to better understand interdependencies, feedback loops, and potential intervention entry points. This dynamic perspective aligns the PVSC more closely with the daily experience of constraints, sudden developments, and time lags.

The PVSC discerns, measures, and assesses public value creation in different situations across sectors. It can be seen as a theory-based effort to incorporate society's voice and will help organizations better understand their role in a given social context: What is the public value created? Where are the tensions, paradoxes, and trade-offs of which we were not aware? How do we better manage risks and opportunities in a highly contested environment? As a dialogue tool about mutual interdependencies in pluralist societies, the PVSC confronts managers with the challenge to justify their mandates or business models from a societal perspective. Although the PVSC is nonnormative, it urges managers to engage in a dialogue about where our societies are heading.

NOTES

1. For a detailed description of emotional self-organization and different views in psychology—for example, on unconscious and conscious evaluations—see Meynhardt (2004).
2. Those interested in more technical information about the PVSC (e.g., an interpretation manual with cases, validation procedure, and reliability challenges) should contact the author for further material: timo.meynhardt@unisg.ch.
3. The data analysis and interpretation is supported by guidelines and case-based material; see Meynhardt and Gomez (2013).
4. This version was co-developed together with Ernst & Young Ltd.