

Public Value is Knowable, Public Value Creation is Not

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Humility is key to public value, so is courage. For me, this is the message of Prebble’s stimulating article. It comes at a good time, when public value thinking is well-established, theorizing about it differentiates into more or less normative schools of thought and empirical research is on its way—normal science as one could say. I read Mark’s argument as a wake-up call to take public value thinking to a more process-oriented level and reflect about the chances and risks of any intervention in the name of public value. It is a characteristic of good theories to start and apply a development lens.

Prebble poses such a question when he is inquiring about the knowability of public value or more precisely whether it is possible to “identify a preferable course of action with sufficient confidence to justify adopting this course” (p. x). As a consequence of his careful and most elegant reflection, not surprisingly, his answer is: No, public value is indeterminate.

I both agree and disagree. Public value is knowable, public value creation is not. While the process of how public value evolves over time is not knowable, the result of public value creation is. In the following, I will argue in what sense I see public value as knowable, and in what sense public value dynamics is not. Given the nature of a commentary to another scholar’s work it will only be possible to respond to selected thoughts and lines of argument based on my own work.

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Starting Points

To me, the initial promise of public value was to responsibly relate an entrepreneurial attitude in public administration with its historical traditions of being a reliable force for execution of the political will. Among the many lasting impacts of Moore's (1995, 2013) seminal work was to successfully reconsider the relationship between means and ends in the public sector (implementation and execution of law in public administration on the one hand and public policy making on the other). It has been a plea for a reflexive, pluralist, and multidimensional perspective on public administration. Moore's description of a "public manager" engaging for the common good in an entrepreneurial way resonated a lot around the globe. It practically helped save and stabilize professional identities for public servants in troubled times.

Times have changed once again. In stark contrast to the late 20th century discussion on the role of public administration (Western) societies seem to oscillate again back to a more public issue oriented mode, very much like Hirschman (1982) described when he talked about shifting involvements in different phases of history. Whereas the former mode relies more on private concerns with respective claims for public action, the latter is more oriented to acknowledge the role of collective well-being and sense of community. A compelling indicator for this shift is a statement by the British Prime Minister Johnson (2020): "One thing the coronavirus crisis has already proved is that there really is such a thing as society." It is the insight of collective vulnerability wrought by a virus and even more so by climate change which seems to fuel a new debate on the best way to promote the common good, or an organization's contribution to it, namely its public value creation. It remains to be seen whether the role shift of the state during the pandemic, and the new types of private-public partnerships which emerged in the pandemic, will somehow sustain after the crisis. Maybe new practices, for example in health care, will align with the new focus in business on sustainability with its most prominent ESG-criteria for investments (Environmental, Social, Governance) and the global Sustainable Development Goals (SDG). Imagine public value-driven start-ups at the interface between public administration and the general public, for example, public transport, energy and waste management or even public safety.

In the light of grand challenges (Eisenhardt et al., 2016) with the pandemic, climate change, and digitization being only three current examples, public value thinking can be seen as a way to approach problems which are hard to even understand and even harder to manage. Adaptive problems (Heifetz, 1994) require value judgments, because technical knowledge in a narrow sense is not at hand. In those situations, public value serves as a

purpose to guide action (Meynhardt, 2019). It has to be vague enough to be a useful compass and clumsiness of solutions is not a weakness but an unavoidable characteristic if one strives for a sense of direction amidst pluralist perspectives and competing voices.

The term “public value proposition” (Moore, 1995, 2013) in government refers to its legal obligation to enhance the value for the public, the common good. Basically, it sets out a purpose on how to deal with a complex and wicked problem, where solutions are never just true or false, but better or worse. Enhancing the common good is always a matter of ambiguity, competing values, and a lack of a clear problem formulation in the first place.

Prebble’s reference to Gulick’s (1937) problem definition does not fully capture those characteristics mentioned. Neither are conditions xyz simply “there,” nor is the knowledge under what conditions A give B or the certainty whether B is good. Needless to say, the implication “Do A” does not hold either. Rather a problem definition would need to start with an actual or felt discrepancy in people’s (citizen, voters, customers, . . .) sentiments about their social environment. If there is a misalignment, an emerging social conflict or sense of urgency with regard to the viability of a social collective, public value comes into play. One could also say: Public value thinking is a choice to not fight but rather to embrace complexity.

Public Value is Knowable

To me public value has always been a necessary fiction. As I have stated previously, it is “. . .about valuing ‘the public,’ and more precisely: valuing relationships between a subject (individual, group) and an unknowable social entity. [. . .] It is attractive not despite but *because of* its vagueness or ambiguity (Bozeman, 2002). In this view, public value is a regulative idea sensu Kant—necessary for acting, but hard to pin down. Individuals and groups in this view need to act ‘as if’ (Vaihinger, 1911/2015). This constantly (re) negotiated, tested, or invented ‘operational fiction’ forms the ‘Gestalt,’ ‘generalized other’ (Mead, 1934/1967) or ‘quasi-object’ (Latour, 1993), as the reference point for action” (Meynhardt, 2009, p. 204f).

Public value is anything people put value to with regard to the public. “The ‘public’—psychologically speaking—is an individually formed abstraction generated on the basis of experiences made in daily practices, analytical insight, and all sorts of projections as to complex phenomena” (Meynhardt, 2009, p. 204). It is conceived as a necessary fiction, which is about anticipation and imagination of how the quality of social relations are or could possibly become. In this sense public value is never true or false, it just *is* in the eye of the beholder. To me, the main practical requirement here is to make

people aware of public value as a way of looking at the world which goes beyond individual gains and addresses the social collective in its own right. One could even argue that leadership without providing a convincing answer to its contribution to a greater good, runs the risk of being irresponsible and arbitrary. Therefore, any authority exercising power and commanding resources needs a public value proposition to legitimize action.

But where can public value be found in the first place? We need to analyze how people interact with each other, as citizens in the public and how this influences their sense of both freedom and belonging. Public value 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, p. 212)

Although Moore (1995) never systematically related public value to psychological mechanisms, he was very clear that it is rooted in the “desires and perceptions of individuals” (p. 52). Any value comes only into being and thus it becomes valid when individuals or groups evaluate something (an action, an object) so that they positively relate to it. Public value must be felt to become true and valid for a person or a group of people. It is at this level of microfoundation where public value comes into being. Without a subjective representation it does not “exist.” Public value is co-created and emerges in relationships via joint internalization. Public value actually relates and connects people to their surroundings and by this very mechanism the surroundings (e.g., social structures) will be produced and reproduced by individuals. I will come back to this synergetic interplay between micro- and macro-level in the process of public value creation.

The necessity of an affective response and sentiment clearly contains an aspect of knowing, but more importantly it involves emotional-motivational attachment and internalization. To know something in a narrow sense of being true and false is only possible, and meaningful, if there is a right or wrong solution. We would not need a concept of public value if living together in society would be a matter of true and false. We could just speak of public knowledge, where technical knowledge would suffice. By the way, if we would have a causal explanation for how to “produce” a certain public value, it would no longer be regarded a public value but to be conceptualized as some sort of public knowledge in a narrow sense. Public value like any other value is constituted by an unpredictable subjective element. That is why public value theorizing is always also theorizing about psychological process—they are the eye of the needle for public value creation.

The bio-psycho-social human condition is too complex to be completely understood with logic and rational capabilities. History shows that people are

prepared to accept and follow ideas (even vote for) which seem most irrational, destructive, and even self-harming. It is not the rational faculties with which we can understand why people feel attracted to or repelled from a certain public value proposition, it is the emotional-motivational sphere of valuing and evaluating. Or as Woodrow Wilson declared in an 1887 essay that “political authority is located in social emotions, not in political reason” (quoted in Thorsen, 1988, p. 103).

One may even turn Herbert Simon’s famous claim of “bounded rationality” into “bounded irrationality.” Or in other words: Knowing is more than feeling, but often times feeling is the only way of knowing. And public value is a door opener to non-rational modes of how people relate to their surroundings. Bluntly speaking, we should start to see that public value is not exclusive to democracies, rather any societal order must offer the experience of public value, otherwise it will not sustain.

We need to be aware that public value is a matter of attitude and can be analyzed like any other value (Meynhardt & Jasinenko, 2021). We can ask what people think and feel, and we can observe what people do. That is why I disagree with Prebble’s statement that public value is unknowable.

In this regard, I see a need to further reflect on what Prebble means when he argues: “It is not the social effect of genocide, slavery and the subjugation of women that makes those activities wrong; they are intrinsically evil.” If we accept values are man-made, produced and reproduced in social relationships, any assertion of intrinsic values becomes questionable.

Public value is relative, because it “exists” in relationship, but it is not completely relativist. Let me clarify this point: Public value is relativist, because of its relational nature—it takes at least two people to create something which goes beyond the individual and reflects interdependence. In other words: Public value is already to be observed in a dyadic relationship. Public value is also relativist, because there is no universal public value. However, as long as we assume viability (to survive and to flourish) is a purpose for a social collective as well as for an individual, there are basic human needs which cannot be violated in the long run without provoking resistance and counteraction.

Basic human needs form the space in which public value can substantiate. Following needs theory, four equally important dimensions can be distinguished: First, the basic need for a stable and coherent conceptual system, and for the predictability of cause and effect relationships in one’s environment translate into an instrumental–utilitarian value. Second, the basic need for a positive self-evaluation translates into a moral–ethical value dimension, which focuses on personhood, dignity, and respect. Third, the basic need for positive relationships with significant others forms the individual-level basis

of a political–social value dimension which focuses on group identity, belonging and attachment. Fourth, the basic need to avoid pain and experience pleasure is reflected in a hedonistic–aesthetic value dimension which focuses on flow, fun and positive emotion (Meynhardt, 2009, 2015).

One may argue that the complex interplay between the needs depend on time and circumstance, change over a person’s lifetime, and are context-sensitive to culture and the political system. One may also provide historical accounts where violating one or more of those needs was sustained over a longer period of time. However, practical wisdom and a humanity suggest a sense of what is a pathological public value and what is a healthy one. Again, public value is a necessary fiction of what could work and what should work for the collective. In a way, public value is an emancipatory project in a time when a new level of vulnerability on a global scale poses grand challenges for societies. To me, this is the deeper reason why public value thinking is so important in the next years to come.

Public Value Creation is Not Knowable

Public value creation means to affect how individuals and groups think and feel about community and society. It is never just produced and delivered. Public value must be perceived to come into existence, it depends on perception, interpretation, and meaning making of individuals or groups. Given its rootedness in basic needs, it is, however, by no means arbitrary or in constant flux. Public value describes the value created from a societal viewpoint, while human needs address the fundamental psychological level in which all evaluation is rooted. In this sense public value establishes, changes, or stabilizes a new quality of relationship between individuals and their social environment.

Thus, public value is created when people’s basic need fulfillment is influenced and thereby co-creating society with its societal orders, its social cohesion, and individual autonomy is fostered. The dependent variable in public value creation is a micro-foundation of values at the individual level. The result of such evaluations can be measured via public value scorecards in various forms (ranging from prioritization, screening, surveying, to exploring and sensing methods—Meynhardt, 2015) in order to determine a gap between what was intended (public value proposition) and to what extent it was realized. While public value is a phenomenon characterizing a social collective and thus not to be reduced to the sum of individual values, there is empirically no other way to approximate this quasi-object by summing up and “calculating” with individual assessments. Instead, one may argue instead, public

value does show up via individual assessments, since there is a primacy of the social.

Prebble argues for a “justification test” to establish truth for a certain public value proposition. It includes four “necessary conditions to justify imposing public authority on the basis that a public value proposition will increase public value.” All of them are plausible. Logically impossible arguments, naturally impossible assertions, circular arguments, or opinions which are not independently substantiated are no good advisors for imposing public authorities.

Still, the test criteria largely remain in the scope of rational decision making where “truth” plays a central role. However, the dynamics of public value creation follows (social) psychological mechanisms of its own kind. Therefore, Prebble’s demonstration of the impossibility of the justification test “correctly” rejects knowability of a public value proposition, but for the wrong reasons.

I suggested elsewhere to look at public value as an order parameter for social systems (Meynhardt, 2015), which allows for a different account of why public value dynamics cannot be known *ex ante*. As described above public value is an attitude characterizing a relationship between person or a group and its social environment. In other words, public value is a linkage mechanism between an individual microlevel and a collective macrolevel. This is where people are socialized, because they internalize societal norms and values so as to make them feel they belong and identify with a social order. Once external values become internally accepted and charged with positive emotions, they are integrated into the self-concept and may turn into personal motivation and behavior.

The psychology of such processes cannot be predicted in mechanistic terms (A gives B), it eludes predictability of simple cause-and-effect thinking. Whether we call it “wicked problems” (Rittel & Webber, 1973) or grand challenges (Eisenhardt et al., 2016), the interconnectedness, path dependency, and other characteristics of self-organizing systems do not allow a determination of outcomes. In this sense public value dynamics is indeterminate.

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). We describe relevant systemic principles of value co-creation, but we cannot predict the process result itself (Meynhardt et al., 2016).

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 world-views, 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 deny or 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). This is a reason why public value perceptions appear quite stable over time as large-scale surveys suggest (e.g., Public Value Atlas, 2019).

At bifurcation points, system behavior is largely unpredictable. Different order parameters compete and stabilize each other so that the system fluctuates between different states (e.g., voters' attitude toward parties in an election). One could also read it as a source both for immunity of intended change but also for creative processes from within the systems. External factors (or control parameters) can stimulate destabilization but not intentionally cause a specific order parameter. A system's inner conditions and historically established path dependencies hinder a linear intervention.

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.

I referenced these processes from my previous work here at length to underline Prebble's assertion that implementing a public value proposition can never be assumed to simply be realized as intended. Public value creation is unknowable, because of its self-organizing nature. We will never be able control such processes regardless of the data quality we may generate to observe such dynamics. Overcoming a mechanistic worldview inevitably leads to an appreciation of thinking in small steps, a rejection of unattainable visions, and ultimately to an evolutionary-incremental approach to leadership. In organizational theory, this has been succinctly described as "muddling through" in decision making (Lindblom, 1959) and as "piece meal engineering" (Popper, 1971).

It may sound unpopular in the face grand challenges to argue for small steps and being experimentally clumsy in public value propositions. This takes us back to a starting point in public value thinking when Moore argued public managers should reconsider means-end-relationships from an entrepreneurial viewpoint. Today we may add that ends never justify means, a thought also articulated by Prebble in his paper.

Current management thinking would recommend to capitalize on contradictions and even to dialectically strive on paradox. It is easier said than done. First a person must become aware of competing values before they can handle it in a competent manner. It calls for lifelong self-development in enhancing awareness of public value matters—we only know what we see. Public value thinking is both an art and a skill to see beyond paradox, because it integrates it on a higher level of systemic thinking. Public value-oriented leadership is purpose-driven, that is, motivated by a social cause, to serve the common good. To me, this is a way out of living with paradox all the time, which is too exhausting.

Where Does This Lead Us?

To conclude, Prebble's call for "toleration, discourse and compromise" is a very important reminder, but for different reasons than he argues. The ethical premise of avoiding harm cannot be proven like a mathematical equation ("QED"). Public value creation does follow psychologies, not logics.

It may be more adequately described by principles of emotional and social self-organization.

In the end, however, it is not so relevant which theory design we use as long as we do not follow any illusionary optimism of creating public value in a social-technological manner. Rather it is about dialogue and cooperation where public value emerges and is stabilized, or what Moore called to mobilize an authorizing environment in order to persuade and convince others. In times of polarization, public value leadership must be aware of the destabilizing effects for whole systems at bifurcation points. At these tipping points, different public values compete with each other with unpredictable outcomes. It is this evolutionary perspective of the survival of the fittest public value where I see a process-oriented public value theory heading. It might help us to better understand societal dynamics in situations where previously stable public values are contested and are no longer taken for granted. In such non-equilibrium states where an order parameter has been destabilized and a new one has not yet been established, there is much space for diversity and the coexistence of competing order parameters.

Bearing in mind the power of destructive public value propositions and their potential realization, the implication for responsible leadership is: If in doubt, it is wise to keep closest to what makes us human: dignity and respect. This is what public value is all about: to flourish in community. We can measure and know how people think and feel about public value. However, we can neither predict nor control its future direction. That is why public value leadership requires humility. Without doubt, indeterminacy is also a source for creativity and hope. Therefore, humbleness should also go along with courage and a will to create innovations for the common good.

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