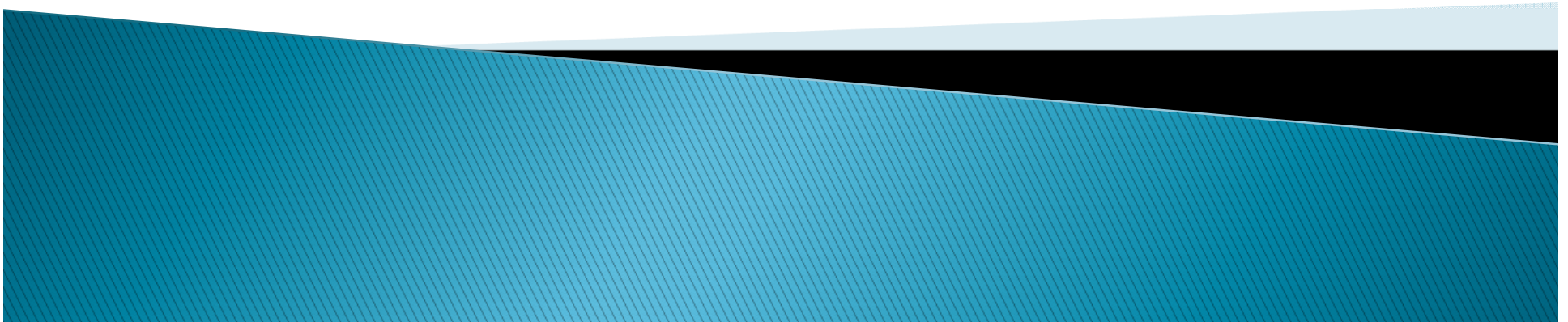# Strategic orientation in public services delivery: the missing link in effective public services delivery?

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Structure of the presentation

▸ **Background: public management and its evolution** over the recent past

▸ Strategic orientation

▸ Complementing **strategic planning and management**

▸ Propositions on the contribution of **strategic orientation** to a public service-dominant logic

Proposition: contemporary public management theory is currently not fit for purpose – if it ever has been

- **Public management theory**
  - Has focused overly on intra- rather inter-and extra-organisational concerns, in a world both fragmented and 'joined up'
  - Public management theory has drawn upon management theory derived from manufacturing
    - Discrete transactions ('marketisation' and 'commodification')
    - Input/Output control
    - Unit costs and *product* delivery

New Public Governance

- Acknowledges fragmentation of needs and delivery
- Focus on inter-organisational relationships
- Outcome not output focus
- Focus on service systems
- Service users as co-producers
- A different business logic

Pillars of public-service dominant logic

- I – A service-dominant approach puts the **citizen and user at the centre** of the public policy design process

- II – A service-dominant approach recognised the centrality of the user to public service delivery through their role in the **co-production** of public services

- III – A service-dominant approach clarifies **the 'public service promise'** being offered to users and the role of all staff in shaping and delivering this promise

- IV – without a service-dominant approach, **public services operational management will only lead to more efficient but not more effective public services.** However, without effective operational management, a service-dominant approach to public services will lead simply to a 'public services promise' unfulfilled

Osborne, Radnor, Nasi (2013)

Strategic orientation

- Refers to the organisation's capacity to create shared values and behaviour
- It is an intangible asset
- It implies the capacity to focus resources in order to achieve desired outcomes

Strategic orientation in firms

- Customer orientation is the culture that facilitates the understanding of targeted users and allows for continuous value creation

- Competition orientation focuses on the external market to maintain or exceed parity with peers

- Cost orientation aims at pursuing operating efficiency throughout the whole value chain. It has an internal focus.

The strategic disciplines: one concept short of a trinity

- *Strategic planning* is a discipline and effort to produce fundamental decisions and actions that shape and guide what an organization is, what and why it does it (Bryson 1988)

- *Strategic management* is more holistically concerned with managing an organization in a strategic manner on a continuous basis (Poister and Streib, 1999; Poister, 2010)

- Our contribution is to revisit these concepts because they fail to embrace a strategic orientation to *truly* link decision, processes to the achievement of public value

Strategy and strategic orientation: the missing link

- *Strategic management* (in the NPM world) is driven by the relationship of individual PSOs to a competitive market environment

- *Strategic orientation* (in the NPG world) relates the purpose of PSOs to the needs and expectations of service users and citizens to achieve <u>public value</u>

- General proposition*: By adopting a PSD logic, both the citizen and user are brought back in as essential stakeholders to public services delivery. This gives PSOs an external orientation and source of public value*
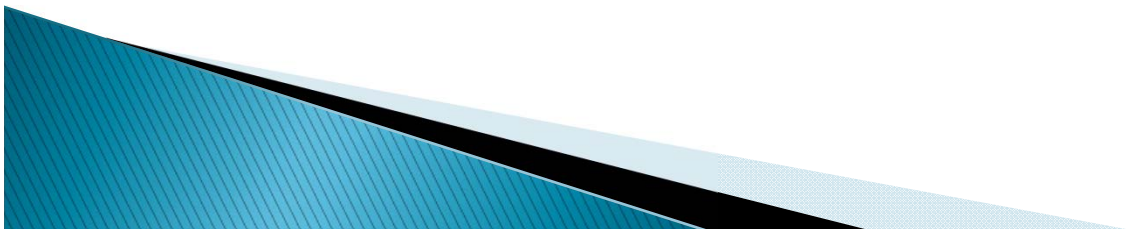
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Strategic orientation in PSOs

- It is mainly in-facing rather than outfacing
- It focuses on cost orientation
  - *Authorization and the allocation process* rather than operational efficiency in service delivery
- It adopts an "idolize" implementation approach

A service-dominant strategic orientation

- It would address the failings because it emphases internal and external orientation

- It relies on interactivity as continuous reciprocal exchange of information between a PSO and all its stakeholders

- It acknowledges the centrality of users and broader stakeholders to organisational mission and performance

Strategy and user-orientation

- *Strategic planning* often requires users' involvement, but it is likely to be a "one spot" type of engagement

- *Strategic management* requires a systematic user-orientation to provide the context for such activity and to give it meaning within the 'public value chain' for PSOs

- *P#1. User involvement in strategic planning is a necessary, but not sufficient condition for effective strategy implementation. Rather, it requires systematic user-orientation in strategic management*

Knowledge transformation

- *Strategic planning and management* require all activities to implement strategy to be effectively run and coordinated

- Strategic orientation to knowledge transformation implies that organisational managers and staff stop compartmentalising information about service users to their own domain, but will rather actively share it

- *P#2 The implementation of all strategies requires knowledge transformation acquired by employees during interactions with stakeholders at all-management levels*

Strategy and performance

- Strategic management and performance management have to be fully linked to feed strategy with relevant information to achieve goals

- In a PSDL it is necessary, but not sufficient to have performance measurement systems that are user-oriented

- User-orientation is the missing strategic link between internal efficiency and external effectiveness

- *P#3 Since strategic management is performance management at strategic level (Poister 2010), user-orientation becomes a core element of performance management*

Some limitations & preliminary conclusions

◦ Strategic user orientation represents a missing link, not a replacement of other strategy-related principles

  ◦ Public service users can be multiple and/or unwilling
    • The contribution of stakeholder approaches (e.g. Bryson)

  ◦ Operationalizing user-orientation in practice might be difficult

  ◦ Beware 'service marketing myopia' and the sophistry of consumerism
    • The user (customer) is NOT always right!