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### **Reforming public services: does service logic have anything to offer?**

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**Abstract**

This article discusses what service management and the logic of service (SL) can offer to public service management. There are no real inbuilt differences between public and private service organizations and no reasons why public service organizations (PSOs) would be less efficient and less service-focussed and oriented towards service users than private service organizations. Good service management rather than privatization is required to make a PSO more efficient and effectively outward-oriented. Service-focussed value creation management and how service logic can be applied by PSOs to enable them to transform to outward-focussed service organizations are discussed. A change framework is presented.

**Keywords:** Public service organization, service logic, service quality, value process, value co-creation

### **Reforming public services: does service logic have anything to offer?**

The *purpose* of the present article is to discuss what *service management* (Grönroos 2015) and the *logic of service* (service logic; SL) can offer to public service management and SL's potential for developing public service organizations (PSOs) into service user-centric, service-focussed organizations.

There is a commonly held view by many policy makers and PSO managers that an inbuilt difference between public and private service organizations exists. PSOs are often considered inefficient with a low level of citizen focus and service orientation. Therefore, privatizing is offered as a way of making public service user centric and efficient. However, there are no inbuilt differences between public and private service organizations, and the privatization of public service is not the only solution, perhaps not even the best solution. PSOs can be just as efficient and effectively service user-friendly and service-oriented as their private counterparts. Creating efficient and high-quality public service does not necessarily require privatization. The ultimate validation of this fact is, for example, that in Finland the best service organization is a PSO, namely the Finnish Tax Authorities. It is remarkable that, at the same time as it developed into a user-centric, service-focussed organization, it also managed to improve its productivity to a considerable extent (Verohallinnon vuosikertomus 2007).

Political governance systems, bureaucratic management structures and operational routines, traditions and culture are claimed to be reasons why PSOs have to be inefficient and ineffective in providing good service in a citizen-focussed way. Furthermore, the state of many PSOs is attributed to lack of competition and non-existent price mechanisms. The Finnish Tax Authorities was characterized by exactly these factors, naturally including lack of competition

and price mechanisms, when the tide started to turn some 20 years ago. A new general manager was appointed, who, experiencing the inefficient, bureaucratic and inward-oriented culture and ways of operating, developed a vision of a service organization which is simultaneously efficient and service-focussed. She saw that, given the emerging technological opportunities and the network connections between the tax authorities and, for example, employers and banks and other financial institutions that existed, a totally different PSO in the taxation field could be developed, and it was developed. The traditionally inward-oriented organization and operational routines were turned around into an efficient and user-focussed service organization. In 2005 a renewed digitalized, internet-based tax report system was launched, where the tax authorities do most of the compiling and calculation work for the citizens, the latter of whom only have to either accept a tax suggestion and do nothing, or, if needed, make the required additions and corrections and return the corrected tax suggestion to the tax authorities.

Indeed, PSOs are often organized and managed in bureaucratic ways, and their traditions and culture are inward-oriented and not particularly service-focussed, and sometimes even service-hostile. However, there are private service organizations which are plagued by similar characteristics as well. PSOs are not bureaucratic, citizen-aversive and inefficient because they are PSOs. Such characteristics are self-inflicted, and they easily lead to an inward-oriented, inefficiency-reinforcing culture. They can be eliminated, and the organization can be turned around.

Political governance is often blamed for inefficiencies and lack of service orientation in PSOs. However, such steering forms a contextual frame in which the organization functions and is managed. It does not determine the orientation, efficiency and effectiveness of the organization. Lack of competition and lack of price mechanisms are circumstances which

certainly have an impact on many PSOs, including how they are formed and how their operations are developed and managed, thereby cementing inefficiency and service-averse cultures. However, they are not even contextual factors influencing the nature of an organization and its operational routines. Undoubtedly, a lack of competition as well as a non-existent price mechanism easily cause managers, and policy makers as well, to lose focus, and they may foster inefficiency and an inward-focussed management, leadership and culture. However, as demonstrated by the case of the Finnish Tax Authorities, which certainly had no competitors and where price mechanisms were lacking, the existence or non-existence of competition and price mechanisms has no *de facto* impact on the nature and performance of a service organization, public or private. Such circumstances may be challenging to cope with, but they are not unsurmountable hindrances.

A factor that does characterize PSOs is that these, unlike private service organizations, often have to take into account different and, to a smaller or larger extent, incompatible user groups (Osborne 2018). For example, many PSOs have to manage how their service influences individual service users and the society at large simultaneously. Moreover, public service users appear in many roles, such as in the role as users of the service and also as tax payers financing the service (Mintzberg, 1996). Some services have features, which are due to the fact that they are public services and which, therefore, may be less relevant to the users (McGuire, 2012). However, for example, with the growing importance of sustainability in business performance, such situations with at least seemingly incompatible user groups and service features not directly relevant to the users have become something to cope with for private firms as well. Private firms also have to cope with different and sometimes conflicting user roles, such as the role as buyer

directed by a certain set of criteria and the role as user where other criteria may be taken into consideration.

### **Public service management logics**

As Osborne, Radnor and Nasi (2013) conclude, *new public management* (NPM), which has steered the developmental processes in the public sectors for decades (Hood 1991; Lane 2000), has failed to create improved service organizations out of public institutions (see the analysis of public management reform in Pollitt and Bouckaert, 2004). Osborne (2017) observes, based on articles in this journal, that value creation and the creation of public value and service delivery are themes that seem to draw a growing interest among researchers. Hence, *service-dominant logic* for the public sector (SDL/PSDL) was hoped to offer a remedy (Osborne et al. 2015). With its emphasis on co-creation, SDL attracts interest by including the service users, who were neglected in NPM. However, SDL/PSDL takes a system-of-actors approach to value creation grounded in a view that all actors in a value constellation (Normann and Ramírez 1993) *contribute*, in unspecified ways, to the value that emerges for the user and other actors in the process. Although this unspecified, all-encompassing contribution to value is metaphorically labelled 'value co-creation' in SDL (Vargo and Lusch 2008), it is of course not co-creation in the real-world meaning of this phenomenon. When processes that lead to value for users are to be developed and managed at the level of managerial decision-making, this metaphorical 'value co-creation' concept collapses and is of limited use (Grönroos 2011). For the managerial planning, development and implementation of value-creating processes, it must be replaced with a much more fine-tuned model.

In addition, SDL/PSDL suffers from the same organization-driven view of service delivery and value as the *co-production* approach used in public service management does (Osborne, Radnor and Strokosh, 2016), and as NPM does as well. SDL/PSDL assumes that the service organization drives value creation and the value-creating process and that the service users are invited to engage with the organization for the co-creation of value (Vargo and Lusch 2008). A true service approach, however, is grounded in the observation, which goes back to Aristotle's value theory (Gordon 1964), that the service users, in addition to determining whether the use of resources is valuable to them or not, are the ones who also create value out the use of such resources (Grönroos 2011). The corollary of this is that the service organization cannot create value, it can only develop offerings which include potential value-in-use, and, therefore, by delivering such offerings *facilitate* the service users' value creation. Co-production focussing on the participation of citizens/users in public service provision has been criticized for concentrating on what influences the citizens'/users' engagement and paying too little attention to the outcomes of such participation (Voorberg, Bekker and Tummer, 2015). Service logic (SL) and public service logic (PSL) focus on how the processes of public service provision are developed, implemented and managed with the aim to generate valuable quality outcomes for the users. The users may take part in some of these processes as active participants. When such user participation occurs, users and service providers may collaborate in the co-creation of value.

As an alternative to PSDL Osborne (2018) offers *public service logic* (PSL) for PSOs based on service logic (SL) as a managerially relevant perspective on public service management. Recently, in the context of new public governance (NPG), Laitinen, Kinder and Stenvall (2018) adopt user co-production as a means of emphasizing service effectiveness and not merely efficiency. In Grönroos and Gummerus (2014) and Grönroos (2017) similarities and

differences between SL and SDL are discussed and analysed. In the rest of this article, the way in which SL can help PSOs to transform to outward-focussed, user-centric service organizations is discussed.

### **What is service?**

According to SL, the service users form the starting point for the analysis of the need for service and the structure of service provision processes. The service users create value out of the service they are provided with, and they may, if they choose to do so, invite service providers to engage with them and their value creation. In such cases, the service providers get opportunities to co-create value with the users. The users, not the providers are in charge of value creation. Hence, it is not a matter of service users co-creating value with the service organization but rather the service organization co-creating value with the service users. The providers facilitate this process. This moves the focus from production orientation to service user orientation.

Yet, what is service? Traditionally, services are described as processes where many different resources – service employees, physical resources, digital and physical systems and service users – interact, and the services for the users emerge in these processes (Grönroos 2015). This, of course, still holds. However, moving from services as processes to service as logic for developing and managing an organization requires a different approach to defining the phenomenon. According to SDL, service is the application of skills and knowledge for the benefit of users (Vargo and Lusch 2008). Theoretically, this can be seen as a relevant definition, but for a manager responsible for the development and management of a service organization a ‘so what’ reaction easily emerges. In a service logic context, service should be defined in a way

which has as distinct a meaning as possible and signifies a distinct action or activity. This means that a definition as simple and straightforward as possible is preferable.

In this vein, according to SL service can be defined as *'to help'*. This leads to the following three follow-up questions: 'What should be helped?', 'What should this helping enable for the one helped?' and 'To what extent should this be enabled?'. The obvious answers in a service use context are 'the service user's relevant, ordinary or exceptional processes should be helped', 'this help should enable the service user to achieve some goal of his or hers' and 'this goal should be achieved to an extent which is valuable to the user'. Hence, *service* as logic can be defined in the following way (developed from Grönroos 2011 and Grönroos and Voima 2013):

*Service is to help someone's relevant processes, such that his or her goal achievement is enabled in a way that is valuable to him or her.*

The service user's processes to be helped may be very ordinary, everyday processes, but, of course, they may also be exceptional processes that the service user faces only once in a lifetime or at least infrequently. Moreover, given the possibility of several target groups with conflicting or at least differing goals, such as one or several individuals and the society at large, the way of offering service as help becomes more complicated. The actors, individuals and collectives may or may not have very clear pre-determined conceptions of their goals. Finally, individuals may be forced to use public service and, therefore, unwilling users. Depending on the situation, different types of actions by the service provider are required. However, the goal should always be to help the user and his or her processes as well as possible in whatever way it takes.

### **The multifaceted service logic**

SL is multifaceted. It is not one logic, but two logics, depending on whether it is viewed from the service provider's perspective or from the service user's perspective. Hence, there is *user service logic* and *provider service logic*. In service management the two logics must support each other and not be applied in conflicting ways.

When we as consumers buy or in some other way obtain resources, such as ingredients for cooking a meal, we use them in a process – in this case a cooking process – to make them *help* us handle this process and thereby move towards a goal, such as to be able to invite our family to dinner. As service is defined as helping the user's process, it is obvious that resources are used *as service* (Vargo and Lusch 2008; Grönroos 2011). The same goes, of course, for public and private service alike. Regardless of what they use – health care, social support, permits, tax suggestions, park services – they use it to help some ordinary or exceptional process of theirs to function satisfactorily or, to use different terminology, to create value for them. Consequently, from a service user's perspective the logic can be formulated as follows (Grönroos 2011):

*The service users use all resources and processes available to them as help to their usage processes, with the aim to enable them to achieve some specific goals in a way that is valuable to them (User Service Logic).*

Service organizations normally have a broad interface with service users. As the traditional definition of services as processes implies, in this interface a set of various resources, such as service employees, physical resources and digital and physical systems as well as the users, is active and influences the service for the users that is the outcome of the process. In addition, in support functions, so-called back offices, a set of similar resources may influence the outcome indirectly.

From the service organization's perspective as a provider of help to the service users' relevant processes, the logic can be formulated as follows (Grönroos 2011):

*The service organization as service provider strives to provide help to the service users' relevant processes, using all its resources, processes and competences, with the aim to enable the service users to achieve some specific goals in a way that is valuable to them (Provider Service Logic).*

The challenge for PSOs is to develop and manage the organization and its processes and the leadership executed by managers and supervisors on all levels in a way which ensures that the service users indeed perceive that their goals are achieved and value emerges for them. Such goals may be achieved if the users' underlying relevant processes, ordinary or exceptional, are helped in an adequate manner. Sometimes the PSO can achieve this alone, but in many cases network partners may be needed. To sum up, the objective of public service management can be formulated in the following way:

*The objective of public service management is to provide resources, processes and competences in such a way that they help the service users' relevant processes, and due to this help, they enable the service users to achieve their goals in a manner that is valuable to them.*

To be valuable help to the users, the resources, processes and competences provided by the service organization must be aligned with the resources, processes and competences the service users require. If there are discrepancies, the users will, first of all, perceive low or even inadequate service quality. Secondly, this low quality will translate into inadequate value for

them. Consequently, there is a need for PSOs to develop the organization and its service processes and leadership such that the required fit is achieved.

### **Perceived service quality**

Public services, as any kind of services, include a vast variety of tangible and product-like elements, such as permits, prescriptions and park facilities, but they are not products, and such product-like elements are not *the* service. On the contrary, service can be characterized as *cases of missing products* (Grönroos, 1998). This has implications for how services are perceived and managed. A service is a process that leads to an output. Hence, although the output of this process is critical, the process is the defining characteristic of service. This has important implications for how the quality of services is perceived by the users and, therefore, also for the development and management of service quality.

It is important to realize that the quality of public service is not necessarily what the PSO has developed as a technical solution to the user's problem. Often managers and policy makers do not realize this. From the service users' perspective this technical quality outcome is only part of their total quality perception. Furthermore, although it is critical for the users, most frequently it is not even the most decisive part of it. Provided that the *technical quality* outcome is good enough for the users, behavioural aspects relating to how the service is provided and to how the interfaces with the PSO function often determine whether the quality is considered excellent, good, adequate or low. The technical quality outcome is just a hygiene factor. There are, of course, situations where this does not hold. For example, regardless of the behavioural elements of the process, the quality of critical surgery is probably considered excellent based on its technical quality outcome. However, in most cases, for most public services, the impact of the

behaviour-related so-called *functional quality* dominates the service users' quality perception and judgment (Grönroos 1984).

Figure 1 here please

As illustrated by Figure 1, the service users perceive quality in two dimensions, namely the outcome-related *technical quality* and the process-related and behaviourally influenced *functional quality* (Grönroos 1984). Technical quality relates to *what* the users get, whereas functional quality relates to *how* they get it. The important role of the functional quality dimension is also demonstrated by the well-known Servqual instrument for the measurement of service quality (Parasuraman et al. 1985), which is almost totally dominated by behavioural factors. As the figure also shows, the *image* of a PSO has an impact on the quality perception. Bad experiences are filtered away by a positive organizational image, at least for some time. In the end the image starts to deteriorate, and the filtering effect diminishes. On the other hand, good experiences improve the image and strengthen its filtering effect (Grönroos 1984). The figure also demonstrates that the user's expectations have a decisive impact on his or her quality perception. The more the experienced service meets the user's expectations, the better the quality judgment is and the higher the quality is perceived. From this follows that a low technical and/or functional quality can still be considered good quality, provided that the service user did not expect more and is content with what he or she experiences.

### **The value process: Value facilitation, creation and co-creation**

Although this is not the only way of defining value in the literature (e.g. Holbrook 1994; Woodruff 1997), value is often defined as a function of the perceived quality and the sacrifice, monetary or otherwise, which the users suffer (Zeithaml 1988; Woodruff and Gardial 1996). The

creation and co-creation of value is a critical part of service as logic. In SDL value is considered to always be co-created by all actors somehow involved in a value process. As was observed earlier, this is a metaphorical use of co-creation in a value creation context, which denotes the phenomenon ‘contribution to value’ by all possible actors. At the managerial level this value model does not inform PSOs and managers about what to do and what the roles and tasks of the various actors in the process are. In SL value is considered a utility, that is, value-in-use, which is created by the user, or emerges for the user, during the usage of resources and processes. Value-in-use does not exist at any one point in time. Instead it evolves for the user as the usage process proceeds, and it may also take negative, destructive turns. Therefore, the PSO as service provider can neither create value nor deliver value to service users. Instead it creates and delivers offerings with potential value, and thereby it facilitates the users’ value creation. In the best case this value potential is transformed during usage into real value (-in-use) (Grönroos and Voima 2013; Grönroos 2017).

Figure 2 about here please

In Figure 2 SL’s value model is illustrated in a schematic way (Grönroos and Voima 2013). This *Grönroos-Voima value model* illustrates the flow of the value process and defines the roles of the actors involved, which in the most straightforward case illustrated in the figure is a service provider and a service user. Naturally, other actors can be involved in the process as well. Furthermore, it also describes the scope of the actors’ tasks in the value process and the content of these tasks.

According to the model, the value process includes three phases called spheres, namely a *user sphere* and a *provider sphere*, where the service provider and the service user, respectively,

act independently, and a *joint sphere*, where they interact with each other. In reality, these spheres do not necessarily always follow in this organized manner. For example, actions in the provider sphere can be followed by actions in the joint sphere, such as the joint planning of a resource or a process, followed by the provider sphere, where the provider continues working on what has been jointly planned.

The user's value creation takes place in the joint and user spheres. In both these spheres value evolves for the user. In the user sphere, when using resources and processes provided, the user *creates value independently* in isolation from the service provider. A form of co-creation, labelled the *social co-creation of value*, can take place in the user sphere when the user interacts with his or her peers face to face or digitally on social media.

In the joint sphere, where the user and service provider interact, a *platform of co-creation* is established (Grönroos and Gummerus 2014). Provided that the actors allow it (Kasnakoglu 2016), this platform enables value co-creation between the provider and the user to take place. Here the PSO can interact, dialogically communicate and work together with the service user and when doing so directly and actively influence the flow of value emerging for the user (Grönroos 2011). It should be observed that the service users do not interact only with employees but increasingly also with smart technologies representing the PSO. In the Grönroos-Voima value model, as in SL generally, interactions on a co-creation platform and the co-creation with peers are the *only* situations where value co-creation takes place.

In the provider sphere the PSO works in isolation, away from the users, and compiles and develops the resources, processes, competences and networks required to facilitate the users' value creation successfully. Value facilitation is, of course, not a synonym of value co-creation,

as the SDL literature seems to suggest (Vargo and Lusch 2016), but a distinctly different phase in the value process. When a co-creation platform is established, value facilitation may become value co-creation.

An example from the healthcare sector illustrates the flow of the model. A person is sufficiently ill to feel a need to consult a physician. The clinic which this person visits has prepared for helping patients such as this person. For example, systems for scheduling visits with physicians, registration systems, waiting room facilities and queuing systems, consulting room facilities, procedures for laboratory tests, and the number and competences of physicians and the consulting procedures have been planned beforehand. All these planning activities take place in the *provider sphere* without the participation of patients. These activities aim to *facilitate* help to the patients, such that they will consider the care they get valuable. Provided that these preparations are taken care of in a way that ensures both a technical, medical quality and a functional, behavioural quality on a good enough level there is value potential in the clinic's operation.

During the patient's interactions with scheduling systems and with the various steps from registration to meeting the physician and perhaps taking laboratory tests and finally leaving the clinic, the clinic's value potential transforms to a value perception. However, in this part of the process the patient is not alone. Therefore, this is a *joint sphere*. The many persons, who represents the clinic in different capacities, from registration to consultation with the physician, may interact and communicate with the patient in ways that influence the patient's value perception, favourably or unfavourably. Thus, here value for the patient is *co-created*.

Finally, the patient's value perception continues to develop independently from the clinic and its processes. Depending on the accuracy of the diagnosis and the effectiveness of the prescribed cure, the patient feels more or less better off, or in a negative case worse off. If he or she feels better off, value has continued to emerge. This is the independent value creation phase in a *user sphere*.

With the Grönroos-Voima value model SL offers a planning and management structure, which makes it possible for managers to plan the PSO's processes in a logical way, such as in distinct situations, where the offering has to speak for itself – the user's independent value creation in the user sphere – and where the offering can be fine-tuned and altered to enhance the user's perception of value – interactions on the co-creation platform in the joint sphere. Furthermore, it emphasizes the preparatory work with the aim to develop an offering, which has the potential (potential value-in-use) to be transformed into real value-in-use during usage in the joint and user spheres. As was pointed out above, some of this preparatory work may take place in joint spheres together with the users, and be preceded and followed by provider spheres, where the PSO does developmental work in isolation, away from the users. For example, in situations such as the development of healthcare facilities and processes, public parks and other facilities for the public or distinct user groups, iterations between provider sphere work without contact with users and joint collaboration on a co-creation platform in the planning process are probably useful and may lead to solutions with a higher level of potential value-in-use than what otherwise would be the case. At the same time, such joint work is the beginning of the users' value creation and triggers the evolvement of value-in-use for the users at an early stage.

**Becoming an excellent public service organization: Eleven steps to take**

As the Finnish Tax Authorities example demonstrates, creating a user-focussed and service-oriented organization out of a more or less inward-oriented PSO takes time. It took several years from the appointment of the new general director to the launch of the tax suggestion-based tax reporting system. Because frequently a major transformation of the PSO is required, such processes take time. Quick fixes and partial solutions do not produce results. In Figure 3 the five major building blocks needed are illustrated, and in Table 1 these building blocks are broken up into an 11-step process. Studies of change in the public sector have related mostly to factors that have influenced reforms and innovations (Fattore, Iacovone and Steccolini, 2018). The most cited model of how to change public organizations is the one by Fernandez and Rainy (2006), which includes eight change-influencing factors. The model presented here resembles that model, but is more directly geared towards the creation of user-focussed provision of public service.

Figure 3 about here please

As the figure indicates, the starting point is the acquisition of adequate *user insight*, that is, knowledge about the various service user groups' processes and goals as well as about the values held by the users and user groups which may make certain types of service performance and behaviour problematic or even inaccessible for them. Without such insight service-oriented organizational development is not possible. Attempts to develop the organization without it invariably lead to failure. Furthermore, a proper analysis of administrative and operational processes that form the organization and its decision-making routines is required. Overlapping processes and overly complicated routines and decision-making processes may have developed over time, and this easily hinders the development of good service. If such obstacles are not revealed and removed, real change will be difficult to achieve. Without the information about the

situation revealed by such analyses, attempts to develop the organization are easily misguided and misdirected. As part of such analyses, tacit information held by the employees can be made explicit, and the usefulness of such information for the development of the organization's processes, routines and competences can be assessed (Ballantyne 2000).

When proper user insight exists and analyses of the organization's current state have been made, the development process starts from the top with the formulation and communication of a *strategic intent* expressed by top management. In reality, as indicated by the arrows in the figure pointing in both directions, the creation of insight into the users' reality and into the current organizational processes and the strategy process are often interactive processes. The strategic intent should lead to a service-oriented and user-focussed strategy process aiming at strategy renewal. Probably it will not be a matter of adjusting the existing strategy but a more or less total strategy turnaround with a renewed vision for the organization. These three processes form a preparatory phase, which aims to establish a solid user-focussed foundation. Then an implementation phase commences. The process continues from the bottom up. The organization cannot be renewed from the top down. It must be done step by step starting from the operational level; otherwise, the result will not be optimal, and the organization will not accept it.

The process, therefore, continues along two interconnected paths, namely *structural renewal* and *competence renewal*. Both paths have to be taken. Unless the many structures steering the behaviour in the organization are changed in a service-focussed and service-allowing direction, efforts to change and improve the competence level will not be successful. The existing structures will restrict the implementation of new knowledge and skills. The structural renewal includes the organizational structures, processes and routines but also, for example, human resource management and recruitment and rewarding systems as well as the leadership

executed by managers and supervisors on all levels. It may also include the creation of networks with other organizations. The competence renewal is based on the development of new knowledge and skills relating to the many new and renewed administrative and operational processes and routines in the organization and also to new ways of executing service-focussed leadership. As Campbell (2018) has shown, transformation-oriented leadership among public sector managers has a favourable impact on the employees' willingness to change. Positive attitudes among the employees on all levels and a motivation for service-focussed work and leadership follow from such educational processes.

As the figure shows, the successful implementation of service-oriented strategy and structural and competence renewal can be expected to foster a *service culture*, where helping service users, both outside and inside the organization, is every employee's top priority (Grönroos 2015).

Table 1 about here please

Table 1 shows in somewhat more detail how the five developmental blocks are implemented. The process is, of course, not necessarily as straightforward and linear as the table indicates. A different order and various iterations will probably occur. 1) Establishing a genuine strategic intent followed by a service vision and strategy starts the process from the top and is accompanied by 2) the acquisition of adequate user insight revealing the users' behaviours, values and goals. Thereafter, the process continues with analyses related to how the organization functions, that is, 3) how the many service and administrative processes flow and support each other and are geared towards helping internal and external users, or fail to do that. When these analyses are done 4) these processes and routines can be streamlined and 5) made both more

effectively user-focussed and efficient through the use of available technologies and 6) by establishing networks needed for the provision of user-friendly service both efficiently and effectively. For example, the Finnish Tax Authorities streamlined the preparation of the tax reports, such that the tax payers only have to check a readily-prepared report and only if necessary suggest changes. This was made possible by adopting digitalized, internet-based processes. By using networks with employers and financial institutions the data needed could be obtained automatically and used automatically in the process of preparing tax report suggestions.

At this point in the change process the focus moves upwards in the organization again. Once the administrative and operational processes and routines and new networks are in place, 7) the management systems throughout the organization can be renewed. The final steps in the process relate to the competence development part of it. Adequate competences need to be developed by making sure that 8) managers and supervisors on all levels, 9) the workforce and 10) the service users understand and accept the organization's new systems and routines. All three aspects of competence development need to be attended to and handled adequately. This normally requires training and information but also ongoing communication. If this whole process is implemented successfully, a service culture will gradually emerge. However, 11) such a culture must be continuously reinforced. This requires continuous support and encouragement from managers and supervisors. If this service-focussed leadership is lacking, there is a risk that the attitudes and behaviours of managers, supervisors and service employees will gradually revert towards an inward-oriented culture, and helping service users will cease to be the top priority (Grönroos 2015).

## **Conclusion**

As the present article has demonstrated, there is no need for PSOs to function in an inward-oriented manner. They can be as user-focussed and service-oriented as private service organizations. What is required is good service management. The developmental processes described take time and require effort and resources. However, although some financial investments probably are needed in the process, mostly it is a matter of having visionary people with an understanding of what it takes to be a service-oriented PSO and the courage and strength to implement their visions. For an organizational turnaround the concepts and models of SL are supportive. Of course, other, for example, technology-related and human resource management-related skills and instruments are also needed. Finally, the objective is not only to develop an effective user-focussed service organization but also to create an efficient organization, which uses its resources effectively, avoids slack in the organization and has eliminated unnecessary routines that generate avoidable costs. In the final analysis, a user-friendly and service-oriented PSO can be both effective and efficient.

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Table 1. Becoming a user-focussed, service-oriented public service organization: the 11-step process.

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1. There must be a genuine strategic intent and service vision.
  2. A thorough service user insight is necessary.
  3. An analysis of the organization's processes and routines is equally necessary.
  4. Streamline the organization's administrative and operational processes and routines.
  5. Make use of technology.
  6. Develop networks to support operational processes and routines and information flow.
  7. Develop the management system; create service-focussed leadership.
  8. Ensure that managers and supervisors on all levels accept the new strategy, processes and routines; invest in competence development.
  9. Ensure that the workforce understands and accepts the new strategy, processes and routines; invest in competence development.
  10. Ensure that the service users understand and accept the new processes and routines; create user-informing routines.
  11. Reinforce the new user-centric service culture that gradually emerges through service-focussed leadership and employee engagement.
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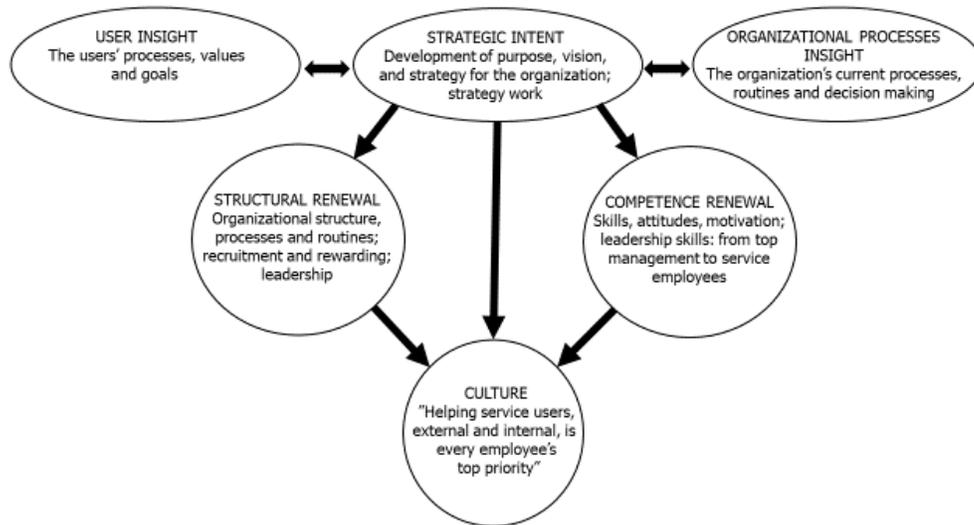


Figure 3. The process of transforming a public service organization: a process overview