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The American Review of Public Administration 2006; 36; 41

DOI: 10.1177/0275074005282583

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Public Value Management

A New Narrative for Networked Governance?

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The aim of this article is to clarify the nature of the management style most suited to the emergence of networked governance. The paradigms of traditional public administration and new public management sit uncomfortably with networked governance. In contrast, it is argued the public value management paradigm bases its practice in the systems of dialogue and exchange that characterize networked governance. Ultimately, the strength of public value management is seen to rest on its ability to point to a motivational force that does not solely rely on rules or incentives to drive public service practice and reform. People are, it suggests, motivated by their involvement in networks and partnerships, that is, their relationships with others formed in the context of mutual respect and shared learning. Building successful relationships is the key to networked governance and the core objective of the management needed to support it.

Keywords: *public value management; networked governance; management paradigms*

The emergence of networked governance begs a question of the nature of an appropriate management response. Networked governance, as other contributors to this volume make clear, requires the state to steer society in new ways through the development of complex networks and the rise of more bottom-up approaches to decision making. Established institutional forms of governance appear under challenge, and new forms of governance appear to be emerging. Networked governance is a particular framing of collective decision making that is characterized by a trend for a wider range of participants to be seen as legitimate members of the decision-making process in the context of considerable uncertainty and complexity. The pressure is on to find new ways to collaborate as the interdependence of a range of individuals and organizations intensifies.

The arrival of networked governance implies a different way of working for politicians as well as public sector managers or administrators. At the level of practice, as Kettl (2002) argues, "Public managers need to rely on interpersonal and interorganizational processes as complements to—and sometimes as substitutes for—authority" (p. 168). They need, among other things, to manage through networks, to be open to learning in different ways, and to draw in resources from a range of sources. But this article argues that they need something more. They need a vision of an alternative paradigm, an overarching framework in which to put their new practices. Without a more general theory of public administration for net-

Initial Submission: April 25, 2005

Accepted: June 30, 2005

worked governance, public administrators and other actors are less able to characterize the nature of emerging systems in the management of public services and programs, much less evaluate the strengths and weaknesses of these changes. Drawing together a range of ideas that are coming to the surface, this article seeks to formulate a new paradigm to guide public servants in their networked governance roles. The public value management paradigm offers a broad framework in which to comprehend the management challenge posed by networked governance.

The initial aim of the article is to specify the nature of the public value management paradigm in contrast with its historical antecedents and continuing competitors, traditional public administration and new public management, particularly in its market-oriented version. The public value management paradigm presents the achievement of public value as its core objective. Public value is more than a summation of the individual preferences of the users or producers of public services. The judgment of what is public value is collectively built through deliberation involving elected and appointed government officials and key stakeholders. The achievement of public value, in turn, depends on actions chosen in a reflexive manner from a range of intervention options that rely extensively on building and maintaining networks of provision. Networks of deliberation and delivery are central features of this governance approach. For the public value management paradigm, the understanding of the public interest, the nature of the public service ethos, the role of managers, and the contribution of democratic processes stand in contrast to traditional public administration and new public management.

The second half of the article compares the normative implications of public value management to its alternatives. Management approaches, to justify the claim to paradigmatic status, have to be able to offer answers to the major questions that surround the provision of public service. How is efficiency achieved? How is accountability maintained? How are issues of equity addressed? A paradigm needs to have an answer to these questions to provide a publicly defensible platform to which its followers can appeal. Traditional public administration and new public management have recognizable answers to offer, and the issue for the new contender is whether it can match their achievement. It needs to have the capacity to meet what Goodin (1996) describes as the publicity principle, namely, that in an argument in public, it would be possible to present reasoned arguments as to the appropriateness and virtues of the position presented by the paradigm. Public value management has a distinctive understanding of the challenges of efficiency, accountability, and equity.

Traditional public administration predates new public management, which in turn predates public value management. Each of the latter two paradigms has to some degree emerged as a response to the shortcomings of its antecedents. For example, new public management is to some extent a response to the administrative inefficiencies associated with traditional public administration, whereas public value management has been a response, at least in part, to the narrowly utilitarian character of new public management.¹ Although the transition from traditional public administration through new public management to public value management has elements of the familiar thesis, antithesis, and synthesis format, the relationship between the paradigms is more confusing and complex. Previous arrangements have not given way to a finally formed new period. Indeed, in Western democracies, many of the trappings of traditional public administration still live on, and it is new public management that can claim to be the main challenger to that approach. The period of transition is complex given that it is driven by reform initiatives that are not entirely coherent and where

new ways of working run alongside features of administration and management that would have graced earlier periods.

Reform processes that involve a competition between management paradigms or a complex unfolding of reform paradigms, one on top of the other, are often fraught with difficulties because underlying the approaches are different understandings of human nature and different values attached to the achievement of various outcomes. Debates are not technical disputes about what works best, although they are often framed in those terms. They are about differences around the fundamental understanding of human motivation that narratives imply and the desirability of the emphasis placed on the often competing values of efficiency, accountability, and equity.

Another source of conflict and confusion within debates is that each of the management paradigms contains certain tensions that are central in its operation and are recognized in the narrative. This issue is a focus for discussion in the concluding section of the article. Tensions can be observed in the way that different management paradigms attempt to balance the demands of a legitimate political process and effective management. As such, the public value management paradigm does not provide a panacea but rather a different, if flawed, resolution of a complex of issues to guide the reform of public services and functions.

Beyond Traditional Public Administration and New Public Management: Searching for Public Value

Claims that a new paradigm is emerging in any sphere of social and political study are rightly treated with skepticism. In part this is because nothing is ever entirely new, and there always are connections to the past. The overarching aim of this article is to help establish the defining features of a new kid on the block, a management that defines its task more broadly than do previous paradigms and achieves many of its purposes through a dynamic of network governance (Kelly & Muers, 2002; Perri 6, Leat, Seltzer, & Stoker, 2002).

Table 1 contrasts key features of traditional public administration and new public management against the emerging public value management paradigm. The next three subsections explore the features of each in a little more detail. It would be neat if the evolution of traditional public administration through new public management to public value management fell into the familiar thesis, antithesis, and synthesis format. There are elements of such a pattern to be observed, but the relationship between the paradigms is more confusing and complex. In its definition of the public interest, approach to service delivery, and commitment to a public service ethos, the new public value management paradigm does blend together features of traditional public administration and new public management. However, in its key objectives, attitude to democracy, and ideas about the role of public managers, it goes beyond either of the previous paradigms into territory that marks a clear break with past understandings of the way that governmental actors, both official and elected, should behave.

Traditional Public Administration

Traditional public administration provides a particular set of solutions to the challenges of governance. It draws heavily on a Weberian perception of the world. In Weber's political thought, three institutions are seen as essential to coping with the complexity of modernity and delivering order to the governance process. They are political leadership, party, and

Table 1
Paradigms of Management

	Traditional Public Administration	New Public Management	Public Value Management
Key objectives	Politically provided inputs; services monitored through bureaucratic oversight.	Managing inputs and outputs in a way that ensures economy and responsiveness to consumers.	The overarching goal is achieving public value that in turn involves greater effectiveness in tackling the problems that the public most cares about; stretches from service delivery to system maintenance.
Role of managers	To ensure that rules and appropriate procedures are followed.	To help define and meet agreed performance targets.	To play an active role in steering networks of deliberation and delivery and maintain the overall capacity of the system.
Definition of public interest	By politicians or experts; little in the way of public input.	Aggregation of individual preferences, in practice captured by senior politicians or managers supported by evidence about customer choice.	Individual and public preferences produced through a complex process of interaction that involves deliberative reflection over inputs and opportunity costs.
Approach to public service ethos	Public sector has monopoly on service ethos, and all public bodies have it.	Skeptical of public sector ethos (leads to inefficiency and empire building); favors customer service.	No one sector has a monopoly on public service ethos; maintaining relationships through shared values is seen as essential.
Preferred system for service delivery	Hierarchical department or self-regulating profession.	Private sector or tightly defined arms-length public agency.	Menu of alternatives selected pragmatically and a reflexive approach to intervention mechanisms to achieve outputs.
Contribution of the democratic process	Delivers accountability: Competition between elected leaders provides an overarching accountability.	Delivers objectives: Limited to setting objectives and checking performance, leaving managers to determine the means	Delivers dialogue: Integral to all that is undertaken, a rolling and continuous process of democratic exchange is essential.

Source: Kelly and Muers (2002).

bureaucracy (Held, 1987). Weber can be taken as the standard-bearer for this approach. He was not opposed to the idea of direct democracy but felt it was unlikely to be a viable option for most decision making within a mass democracy. A representative form of democracy, in contrast, is seen as having the flexibility to balance different interests and develop policies to meet shifting circumstances. The Weberian perspective, however, placed modest expectations on the representative body of elected politicians. It allowed for discussion and debate among representatives, but it primarily was there to provide a pool of potential political leaders. Elections, in turn, provide the crucial mechanism for popular endorsement or otherwise of political leadership. Competing political leaders lie at the heart of the democratic process. Weber assumed that the public largely has been uninterested in wider political engagement

and participation. This concept of elite democracy remains a central plank in Western political thought and understanding of democracy (Saward, 2003).

Parties—with tight discipline—are the key institutions for mobilizing support in a mass democracy and in organizing the practice of government by holding representatives accountable. Career politicians who owe their advances to political parties emerge, and the parties in turn become key vehicles for fighting and winning elections. Parties get out the vote and organize government. Modern democracy is unthinkable save in terms of political parties (Dalton & Wattenberg, 2000).

Bureaucracy forms the third arm for organizing the modern state. Mass citizenship leads to increased demands on the state in areas such as education and health that only can be managed by standardization of administrative responses that enable an organization to meet the welfare tasks that it generates. Moreover, modern economic systems demand the stability and predictability provided by bureaucracy. From a Weberian perspective, bureaucracy delivers organizational effectiveness through four features (Beetham, 1987). The first is the placing of officials in a defined hierarchical division of labor. The central feature of bureaucracy is the systematic division of labor whereby complex administrative problems are broken down into manageable and repetitive tasks, each the province of a particular office (Beetham, 1987). A second core feature is that officials are employed within a full-time career structure in which continuity and long-term advancement is emphasized. Third, the work of bureaucrats is conducted according to prescribed rules without arbitrariness or favoritism and preferably with a written record. Finally, officials are appointed on merit. Indeed they become experts by training for their function and in turn control access, information, and knowledge in their defined area of responsibility.

New Public Management

New public management presents a complex set of ideas that have evolved and developed different themes (Hood, 1995). The version most clearly embraced by the governments across the Western world rests on a critique of monopolistic forms of service provision and an argument for a wider range of service providers and a more market-oriented approach to management. Public service organizations, so the argument has it, tend to be dominated by producer interests (the bureaucrats and the various ranks of other employees). Unlike in private sector organizations, the power of the producer is not held in check by countervailing incentives and demands. As a result, public service organizations tend to be neither efficient in terms of saving public money nor responsive to consumer needs. The solution is to fragment monopolistic public service structures and develop incentives and tools to influence the way that they operate. Key reforms include the introduction of a purchaser-provider divide within organizations and the development of performance targets and incentives. The aim is to create an organizational home for the client or consumer voice within the system to challenge the power of producers. Consumers or their surrogate representatives, commissioners, would have the power to purchase the services they required and measure performance. The achievement of better performance would be aided by arms-length systems of inspection and regulation to check not only the spending of public money but also the delivery of public services against demanding targets.

New public management then seeks to dismantle the bureaucratic pillar of the Weberian model of traditional public administration. Out with the large, multipurpose hierarchical

bureaucracies, new public management proclaims, and in with lean, flat, autonomous organizations drawn from the public and private sectors and steered by a tight central leadership corps. The idea of a public sector ethos is rejected as simply a cover for inefficiency and empire building by bureaucrats.

Party politics is tolerated as part of the new public management vision, but its key function is reduced to providing the leaders to guide the system. Indeed it is held that these top politicians should, to a considerable degree, be separated from their party and other political colleagues and connections to exercise good judgment. A common way of achieving that objective is to emphasize the value of a separate political executive in governance arrangements. Politicians are not seen as having an exclusive role as the conveyor belts of public opinion, as the Weberian model implied, as customer surveys and focus groups would provide more of that input in processes run directly by administrators. Politicians remain important as interpreters of public opinion, but in addition, their role is to set tough targets and make tough choices over budgets. Above all, they should leave the business of administration to the managers.

Having good quality political leadership is an asset for new public management as it is for traditional public administration. Both require a separation between the world of politics and the world of officials. Politics has its place in both systems, but it is to be hedged in and confined. A good Weberian bureaucracy would not brook political interference over its appointments or rules, and it would be protective of the sensibilities of its experts. Equally, a good new public management system gives managers the freedom to manage. Politicians exist to set goals but then get out of the way. Contracts defined by performance targets and agreed systems of performance measurement drive the system rather than direct political or bureaucratic oversight. Politicians come back in when it comes to the final judgment of the performance of managers against the goals that have been set.

Public Value: An Emerging Management Paradigm

Steering toward public value is an emerging new management paradigm. In contrast to traditional public administration and new public management, it does not seek to confine politics but rather sees it as central to the management challenge. Its origins can in part be traced through the work of practitioner-oriented management writers concerned with getting officials to work more effectively with politicians and to develop a sense of a distinctive nonbusiness dimension to weigh in on which public services should be run (Goss, 2001; Moore, 1995; Ranson & Stewart, 1989; Smith, 2003).

For the advocates of public value management, there is a strong sense that the public realm is different from that of the commercial sector, which is something shared with the traditional public administration perspective. Governing is not the same as shopping or more broadly buying and selling goods in a market economy. As a result, some of the prescriptions of new public management drawn from private sector experience may not be appropriate. Above all, in the public value model, politics is not confined to some specific space, and this characteristic makes for a considerable contrast with the other two paradigms. Traditional public administration and new public management seek to confine politics to the role of initial input into the system of management and final judge. When politics escapes beyond these tasks into other spheres, it is seen as a failure. But in the public value paradigm, politics is the process that breathes life into the whole process. Politics, however, is seen as broader than party politics.

Politics is valued as a mechanism for social coordination for at least three reasons. First, it enables people to cooperate and make choices on the basis of something beyond the individualism of the market. It treats people and encourages them to treat others with recognition of the full roundness of their human qualities and experience. Second, political decision making is flexible; therefore, it can deal with uncertainty, ambiguity, and unexpected change. Politics is an essential coping mechanism in an uncertain and unpredictable world. Finally, politics can move beyond a distribution of benefits—a rationing function also offered by markets—to establish a process of social production in which interests are brought together to achieve common purposes. Politics can influence the basis for cooperation by changing people's preferences and creating an environment in which partnership is possible.

A general statement of the management paradigm that challenges both traditional public administration and new public management would be: The governance of the public realm involves networks of deliberation and delivery in pursuit of public value. It can be fleshed out by four propositions. These are worth exploring further to mark out the different territory that the paradigm occupies.

Public interventions are defined by the search for public value. Mark Moore, Harvard University John F. Kennedy School of Government professor, argues that the underlying philosophy of public managers (whether politicians or officials) should be to create public value. The issue that needs to be addressed is whether the public intervention that they are directing is achieving positive social and economic outcomes. The focus on generating public value brings in its wake some implications that carry considerable bite.

Public managers create public value. The problem is that they cannot know for sure what that is. . . . It is not enough to say that public managers create results that are valued; they must be able to show that the results obtained are worth the cost of private consumption and unrestrained liberty forgone in producing the desirable results. Only then can we be sure that some public value has been created. (Moore, 1995, pp. 57, 29)

Providing services is no longer a sufficient justification for state intervention funded by citizens, whether those services are provided directly or commissioned. The question that has to be answered is Does the service advance valued social or economic outcomes? Does it deliver public value? And that judgment itself only can be made in the context of debate and deliberation. To know whether public value is delivered requires an engagement and an exchange between the relevant stakeholders and government officials.

There is a need to give more recognition to the legitimacy of a wide range of stakeholders. Politicians and officials have a particular legitimacy given that government is elected, but there are other valid claims to legitimacy from among others, including business partners, neighborhood leaders, those with knowledge about services as professionals or users, and those in a position of oversight as auditors or regulators. These diverse bases of legitimacy cannot be trumped simply by the playing of the political card (Goss, 2001). The public value management paradigm relies on a stakeholder conception of legitimacy in its governance arrangements. The fundamental idea is that for a decision to be legitimate or for a judgment to be made, it is necessary to have all the stakeholders involved (Prakasas, in press).

There should be a shift from a culture that accepts public acquiescence in decision making to one that expects active citizen endorsement (Stoker, 2004). People are perhaps only on rare occasions going to get wildly excited about the stuff of politics, but the system is unsustainable if we do not address the mounting evidence of public disinterest and apathy. The challenge is to find ways of engaging people on their own terms. Voting can be made easier and more meaningful. Consent beyond the ballot box can be obtained through various methods of public consultation and deliberation, such as citizen juries. New information and communication technologies offer a range of further opportunities to get people's participation in ways that are flexible, attractive to them, and not too time-consuming.

The argument for finding new ways to engage with people is not just that government needs to listen and learn to design better policies and services, although that is important. Effective channels of communication are essential to achieving many social and economic outcomes. For example, to launch a waste recycling scheme or change driving habits requires an intensive dialogue and high levels of trust between the public and authorities. More generally, there is a need to rebuild public confidence in political institutions, and the most powerful way to do that is to seek active citizen endorsement of the policies and practices of public bodies.

An open-minded, relationship approach to the procurement of services is framed by a commitment to a public service ethos. Effective procurement requires an open-minded approach to identify the best supplier, whether they are in the public, private, or voluntary sector. Consulting with users, benchmarking, and open competition are among the mechanisms that will ensure a focus on end results. There is no ideological dimension to deciding who provides services and no particular moral virtue in people receiving their wages directly from the government. The assumption is that although direct provision from within the organization may be appropriate in some circumstances, in many others the advantages of private or voluntary sector provision will be greater. The private sector, for example, may be able to combine vitally needed investment with the responsibility for providing services. The voluntary sector, through its wider involvements, may be able to guarantee a more joined-up or seamless service for the public.

Above all, what public value management expects is for a relational approach to service procurement. There should not be a great divide between client and contractor; both should see each other as partners looking to sustain a relationship over the long run and should not be narrowly focused on any contract. What further marks out the approach from new public management is that an ethic of public service is seen as vital to the system. There is not a specific public sector ethic, but there is a public service ethos. Aldridge and Stoker (2002) identify five elements of a new public service ethos that should be adopted by all providers of public services:

- A performance culture. A strong commitment to service for individuals and the community reflected in world-class service delivery and reinforced by training, support, and systems to ensure a sustainable service culture and continuous improvement.
- A commitment to accountability. An emphasis on open access to information for individuals and groups of interested citizens with strong public accountability to the electorate at large.
- A capacity to support universal access. Recognition of a special responsibility to support the rights of all service users in an environment where their choice of service is restricted.
- Responsible employment practices. Well-trained, well-managed, and well-motivated staff members who act professionally and are fairly rewarded.

- Contribution to community well-being. A recognition of the need to work in partnership with others across the public, private, and voluntary sectors to contribute to the promotion of community well-being and to meet the needs of individuals.

This list may well have its deficiencies, but the essential observation remains that management for public value requires that all those involved share certain ethical values and commitments.

An adaptable and learning-based approach to the challenge of public service delivery is required. Intervention in the context of network governance is viewed as a process where adaptability and flexibility are key virtues (Jessop, 2000; Rhodes, 1997). Managers have an active role in making the system work by recognizing that it will not work unless it is adjusted on a continuous basis. The public value paradigm demands a commitment to goals that are more stretching for public managers than those envisaged under previous management regimes. Managers are tasked with steering networks of deliberation and delivery and maintaining the overall health of the system. The questions they have to ask of themselves in searching for public value are more challenging and demanding. They are asking more than whether procedures have been followed. They are asking more than whether their targets have been met. They are asking if their actions are bringing a net benefit to society.

The ideal manager is therefore engaged in a process of continuous evaluation and learning. The focus is on an evidence-based approach that accepts that interventions are prone to losing their bite over time and that ways of achieving public value may require rethinking what has been done at a pace and to a depth that is distinctive in comparison with the other paradigms. To quote Moore (1995) again,

Even if they could be sure to-day, they would have to doubt tomorrow, for by then the political aspirations and public needs that give point to their efforts might well have changed. . . . It is not enough, then, that managers simply maintain the continuity of their organizations, or even that the organizations become efficient in current tasks. It is also important that the enterprise be adaptable to new purposes and that it be innovative and experimental. (pp. 55, 57)

Traditional public administration is keen on establishing core bureaucratic disciplines; new public management believes that certain set systems of allocating contracts and money, once established, will bring benefits. Public value management emphasizes the role of reflection, lesson drawing, and continuous adaptation. Permanence and stability—traditional administrative attributes—are less dominant in the thinking of public value management. Instead, the emphasis is on challenge and change.

Meeting the Challenges of Efficiency, Accountability, and Equity

Each of the management paradigms we have discussed has to be able to respond to at least three core questions about what it will deliver when it comes to efficiency, accountability, and equity and how it will set about delivering the benefits it seeks in these areas. These questions are unavoidable for management paradigms that aim to guide the provision of public services funded largely through taxation and subject to democratic oversight. To establish itself alongside traditional public administration and new public management, public value management has to have a set of plausible answers to these questions. Each paradigm, as we shall

Table 2
Management Paradigms and the Challenges
of Efficiency, Accountability, and Equity

Responses to Core Challenges	Efficiency	Accountability	Equity
Traditional public administration	Break down complex tasks and get staff to follow procedures.	Competitive elections provide leaders who can steer and exercise oversight.	By treating all similar cases the same.
New public management	Set tough performance tasks that the organization is encouraged to achieve.	Politicians set public goals and set targets and then hold managers to account for their delivery.	Offering a framework of responsiveness to users and setting targets to achieve fair access to services.
Public value management	Check on a continuous basis that activity fits purpose.	By negotiated goal setting and oversight.	By developing individual capacity so that rights and responsibilities are realized.

see, gets to its answers by defining what is at stake and how it is to be achieved in different ways (see Table 2).

Efficiency for traditional public administration is taking action correctly by following procedures, rules, and systems. Accountability comes from the oversight exercised by elected leaders. Equity is defined in terms of treating all similar cases in the same way. For new public management, the solutions are somewhat different. Democracy in the shape of the role of formal politicians only was to be trusted with setting the broadest directions for the system. Managers under new public management were expected to clarify and express the needs of the clients or, to put it in new public management terms, to take their customers seriously. They are then tasked with designing and implementing programs to meet these objectives. Efficiency comes from the setting of tough performance tasks that the organization is encouraged to achieve. Accountability comes through the assessment of management achievement against targets through the measure of performance. Equity issues are addressed as a by-product of responsiveness to users. Not all users are the same, and to ensure that services meet the needs of users, issues of access and positive action need to be addressed.

At first sight, public value management appears to lack the clarity of response to the challenges of efficiency, accountability, and equity that traditional public administration and new public management can muster in different ways. The paradigm seems unclear about how to determine efficiency, and it appears uncertain about accountability given that decisions are made by stakeholders rather than politicians who can be held to account. Doubts about whether it can meet equity concerns would appear to be raised given the centrality of partial and closed networks not only to deliberation leading to policy but also its delivery. Can public value management meet the challenge and establish how it will deliver on efficiency, accountability, and equity?

The concept of public value does appear to have a decidedly context-dependent character. As a result, public value management does not have the immediate sharpness about how to meet efficiency demands that is available to other paradigms. Efficiency has to be judged in

terms of the broader goals of whether public value is being achieved. Furthermore, some claim that its exclusive reliance on closed networks and ambiguity about where ultimate responsibility for decisions rests create a major problem of accountability for public value management. Rhodes (2000) states the problem of accountability with his native Yorkshire bluntness when he argues that networks “substitute private government for public accountability” and that “accountability disappears in the interstices of the webs of institutions which make up governance” (p. 77). Add to this the argument that the resources necessary to build networks represented by social capital (Putnam, 1995) are unevenly distributed (Maloney, Smith, & Stoker, 2000), and it would appear that there is a fatal flaw in public value management from an equity perspective.

To develop a defense of public value management and enable it to respond to these challenges, it is necessary to first clarify the underlying conception of human nature and motivation that underlies each of the paradigms. Following the logic of human motivation offered in grid-group or cultural institutional theory, it is clear that traditional public administration is dominated by a hierarchical worldview (Hood, 2000; Stoker, 2004; Thompson, Ellis, & Wildavsky, 1990). “People need rules to follow” is the core proposition that is offered up to pass the plausibility threshold demanded by the publicity principle. In the case of new public management, the broad image of human motivation, again, in grid-group terminology is that people are individualistic and entrepreneurial. They therefore need to be given the right incentives to get them to behave in a manner that is desired. They need to be given targets, to operate in a competitive environment, and to be held to account for their performance.

The broad worldview associated with public value management is what grid-group terminology refers to as the communitarian or cooperative perspective; here the assumption is that people need to share and come to endorse each others’ viewpoints. The bonds of partnership enable things to get done that no amount of rule setting or incentive providing can deliver. People need to develop ownership of issues and tasks, and in doing so, their performance will be enhanced.

The key point in understanding public value management is that it is premised on a different core understanding of human motivation compared to traditional public administration and new public management. It starts with the understanding that preferences are not formed in a vacuum and should not be taken as given. Part of the challenge of public managers is to engage the public in a dialogue about their preferences but in a way that allows for deliberation about choices and alternatives. Car users might favor more spending on public transport if it is clear that their interests are served by such a move because it might lower congestion, and if they had the scope to recognize that if the system was improved, they might use the public transport provided. People are capable of changing their position, the public value management paradigm assumes. In a broad sense, public opinion is more subtle than some paradigms allow. People may have preferences that are systemwide rather than service specific. They may favor a certain degree of fair distribution or systems of delivery that are ecologically sustainable.

Discovering preferences involves a complex dialogue so that efficiency and accountability are trading partners, not the objects of a trade-off. As a public official, you cannot be efficient in the use of resources unless you have explored with people their needs and preferences. Otherwise, how would you be able to gauge what is public value? Moreover, technical efficiency is not achieved by handing over the job to bureaucrats or managers. Rather, the key is a learning exchange and mutual search for solutions. Finding the best way of doing things also

involves a democratic flow. The search for efficiency involves public managers checking on a continuous basis that activities fit a purpose valued by the public.

For public value management, accountability is achieved by negotiated goal setting and oversight. Accountability relies on a complex and continuous exchange among leadership and checks and balances to that leadership. Whatever form of leadership that emerges, it should be accountable and visible. It may emerge at a range of levels and from a number of quarters. There should be checks and balances to ensure that the leadership is facilitative rather than simply commanding or even dictatorial. But leadership is needed, and the issue of how best that leadership can emerge in a way that is capable of moving people and making them feel willing to join the process should not be ducked. Government needs to learn to steer with a light touch, and the capacity and skills to act in such a way will have to be installed in governance systems.

The democratic emphasis is on informed consent as the basis of governmental authority. Those who hold office in these circumstances have to be active representatives, providing an account of their (proposed) actions and being subject to enforced accountability for results achieved and outcomes. Accountability therefore involves justification and being held responsible. Democratic theory usually demands that someone takes a leadership role in both functions. "Leading from the front" and "the buck stops here" may be myths, but they are important ones (March & Olsen, 1995). Accountability in the context of network governance demands political leadership—people to offer justifications and to be held to account. These leaders are of a new type, organically part of the system rather than outside it (Wheatley, 1999). Governance in the world of public value management is one where no one is in charge but where leaders at various levels play key roles.

For public value management, accountability is a multifaceted concept, not a linear relationship between a principal and agent as it is for traditional public administration and new public management. There are three main forms of accountability to consider, and under any circumstances, none of these forms is easily established in any system. Day and Klein (1987) offer a split among (a) fiscal or regularity accountability (or probity), (b) efficiency accountability (or value for money), and (c) program accountability (or achievement of desired outcomes). They go on to comment that accountability has become "an ever-more complex and difficult notion to apply in practice" (p. 7). Complicated divisions of labor, the constraining effect of specific expertise, and the sheer scale and variety of government intervention make accountability a considerable challenge. In this light, accountability can be delivered in a variety of ways (Hogwood, Judge, & McVicar, 2000). In some instances, it will involve accepting formal responsibility for being in charge and taking whatever blame or even punishment that may result from failure. For much of the time, accountability is about rendering an account, justifying action or inaction, providing information, and taking amendatory responsibility (i.e., agreeing to sort out a problem).

In defending public value management from the charge that it neglects accountability, another argument can be brought into play. In shifting the attention from inputs and processes to the achievement of desired outcomes, the thrust of public value management has been to create a more demanding accountability hurdle. Yet it has to be conceded that accountability for outcomes (program accountability) is problematic because there is a danger that what is demanded of leaders is accountability without responsibility. This is because programs involve multiple actors. What makes for successful policy is almost always a complex mix of

factors, and the measuring of outcomes is often uncertain. To quote March and Olsen (1995), "Democratic political systems have generally insisted on an allocation of personal accountability for political outcomes that most modern students of political history would consider descriptively implausible" (p. 161).

As a management practice, public value management offers new forms of accountability through the direct involvement of users and stakeholders in service delivery and decision making. A complicating issue is that network governance offers a richer form of democracy (Hirst, 2000). It may fail to always deliver a clear-cut accountability framework, but it does provide more effective governing by providing scope for learning and the development of shared ownership in the search for solutions. Moreover, there are opportunities to engage in the reconstruction or redistribution of the social capital resources necessary to underwrite mobilization (Stoker, Smith, Maloney, & Young, 2004). Public value management rests on the need for a more extended capacity for exchange than that afforded by the simple act of voting. Accountability comes through more extended citizen involvement.

The complexity of modern governance systems demands the more networked and varied forms of accountability offered by public value management. The state is no longer a local or even a national institution, and it also takes a supranational form of which the development of the European Union is one of the strongest expressions in the world. Holding the state at bay is an inadequate response in such a globalized world as our lives are affected by global forces, and we need a way of influencing those institutions that make decisions for us on that global terrain.

The key question then becomes the appropriate form and role of democracy in this changed setting. The focus in modern democratic theory therefore goes beyond democracy's moral or instrumental value in defending basic human rights to an argument that properly organized democracy increases our capacity to address fundamental social problems. Democracy helps to provide solutions by enabling us to exchange and learn from one another. The appeal that lies behind networked governance is that it provides a framework for that more expansive vision of democracy to operate. The conception of democracy that underlies the idea of networked governance is that democracy is a process of continuous exchange between governors and governed. As Hirst (2000) argues, "Democracy in this sense is about government by information exchange and consent, where organized publics have the means to conduct a dialogue with government and thus hold it to account" (p. 27). The issue is not the subjection of all decisions to majority approval. Elections or even referenda may have a role, but they do not take center stage in the construction of a sustained dialogue between governors and governed. What makes democracy work is networked exchange. But what is required by the governors to confirm their democratic credentials is a way of extending the rights of consultation to the widest possible range of issues and the construction of a dialogue that allows space for the involvement of the disorganized many as well as the organized few.

In a democratic system, the participation of all is not required; rather, its defining characteristic is its openness to all. This feature is central to the claim that networked governance inevitably does not have to become private, unaccountable governance. Public value management gives managers the task of opening up the governance system as far as possible. Many people prefer to spend their time on nonpolitical activities, or they face social and economic constraints that limit their time for political activity. As Held (1987) argues,

What is at issue is the provision of a rightful share in the process of "government." It requires that people be recognized as having the right and opportunity to act in public life. However, it is one thing to recognize that right, quite another to say it follows that everyone must, irrespective of choice, actually participate in public life. (p. 95)

Citizens may well decide on reasonable grounds not to avail themselves of the opportunities to participate, believing that their interests are already well protected or unthreatened. In short, if representative politics is working, then on many occasions further public participation may be unnecessary. It may well be necessary for managers to audit the driving factors behind participation. The value of openness does not require or assume large-scale and continuous, direct participation. It rests its case on the richness of democratic practice and the fact that options for extending participation are available. These options should operate without making overwhelming time demands and in ways that enhance the broad representativeness of those involved. A variety of participation interventions and initiatives may be necessary to achieve the end of enhanced citizen engagement so that social and economic disadvantages can be overcome (Lowndes, Pratchett, & Stoker, in press). Effective democratic exchange also requires opportunities for deliberation. Judgment requires the sharing of experiences and the give and take of collective deliberation.

Public value management offers a challenging perspective to traditional theories of democracy. The protection of individual rights is seen as a necessary but not a sufficient guide to democratic practice in the 21st century. There also is a need to move beyond the still valuable but limited contribution of formal representative democracy driven by occasional elections. Democracy is more than a safety valve to protect basic rights and liberties. It has the potential to provide the basis for learning, to drive the search for collective solutions to complex and shared problems. Public value management as a form of governance provides the frame on which a more extended exchange between governors and governed can be built.

The theme of shared responsibility is carried over into the response to the equity challenge (Giddens, 1998, 2000; White, 1998). Equity for public value management means giving people the opportunity to succeed and expecting them to make a contribution to the process. The search for equity involves a two-way moral commitment on the part of both public service managers and their clients. On one hand, there is an emphasis on opportunity, on enabling individuals to realize their potential. On the other hand, there is a concern with civic responsibility—a recognition that individuals have obligations, as well as rights, to themselves and their fellow citizens. Within the frame of public value management, the scale of citizen responsibility will vary. Those of a more liberal disposition see the range of areas where the state or the community can demand civic responsibility to be more narrowly defined, whereas those of a more communitarian outlook might favor a wider range of areas where responsible behavior is demanded. For public value management, equity concerns are addressed by developing individual capacity so that people can obtain their rights and assume their responsibilities.

Conclusion: Coping With Dilemmas

The aim of this article is not to suggest that public value management is a new panacea that will solve all the problems of governments as they seek to make their interventions through public services and functions more effective. Rather, the goal is to clarify the nature of the

Table 3
Dilemmas Associated With Management Narratives

Dilemmas	Traditional Public Administration	New Public Management	Public Value Management
Usurping democracy	The domination of officialdom, a system that frustrates politics; "Yes, minister" syndrome.	Management chases targets not political demands; the extenuation of contract relationships makes political control even more problematic; citizens reduced to consumer.	Managers doing politics could push citizens and politicians to the margins; there are severe limits to the extent that politics can be managed and remain open and legitimate.
Undermining management	The politicization of bureaucracy.	The undermining of professional judgment.	Encouraging a talking shop rather than action-oriented management.
Key safeguards	Conventions and constitutions.	Alertness of political leadership.	Good practice and stakeholder pluralist review to ensure that the system delivers effective stakeholder democracy and management.

management style most suited to the emergence of networked governance. In the choices made by governments to tackle specific problems, they are likely to employ a mix of the various management approaches that have been outlined. But in making that choice, it is helpful to have an understanding of what management approaches correspond to broader understandings of the governance challenge involved.

Each narrative of management rests on a particular understanding of human motivation and resolves the challenges of efficiency, accountability, and equity in its own way. To add further complexity to our conclusions, it can be noted that each narrative has embedded within it a dilemma (see Table 3). A dilemma recognizes a perceived contradiction in the narrative; it is a source of creative tension born out of the experience of practice or as a result of more abstract reflection that can lead to developments in patterns of thought (Bevir & Rhodes, 2003, pp. 35-37). In the context of public decision making in democracies, all forms of management are in creative tension with inputs from the world of politics or democracy.

In both traditional public administration and new public management, the trade-off between democracy and management is perceived to have the potential to go wrong and create significant problems. For traditional public administration, the dilemma is captured by a perceived danger that politicians on the outside of bureaucracy could not exercise any real control. But equally there is a concern that too much political interference would undermine the capacity of bureaucracy to deliver. The dilemma for traditional public administration is how to keep management and democracy apart and in their right place. The solution and the route to balance argue for the establishment of constitutions and conventions that prescribe the roles of politicians and managers and that can be appealed to by both sides in times of strife.

For new public management, a key dilemma is whether it leaves any meaningful sphere for politics. Politicians set the broad targets of the system, but those are usually negotiated with managers. The system can appear to lose responsiveness to politics as managers pursue their targets rather than the changing and fluid aspirations of the political system (on these and other pathologies of new public management, see Stoker, 1999). With the involvement of

arms-length providers, the immediate political control of traditional public administration through overhead democracy gives way to a more attenuated set of exchanges through contracts, performance review reports, and inspection regimes. The system from the viewpoint of the politician can appear much more difficult to steer (Kettl, 1993). Citizens themselves may feel reduced to mere consumers, not allowed to question the objectives of service delivery but only encouraged to comment on their quality. As a result, new public management rests on a trade-off that places efficiency—the achievement of a supposed value for money in public services—as the overwhelming objective. Management is king, and politics is sidelined. The dominance of management is extended further by the undermining of the role of professional capacity and expertise in the system. The only hope would appear to be that imaginative and assertive politicians are alert to these problems and take the necessary remedial action to rebalance the system.

The public value management paradigm as part of a wider networked governance argues that legitimate democracy and effective management are partners. Politics and management go hand in hand. One must involve many stakeholders to make good decisions and to get a grip on delivery and implementation. The public value paradigm places its faith in a system of dialogue and exchange associated with networked governance. It is through the construction, modification, correction, and adaptability of that system that democracy and management are reconciled and delivered. The dilemma for public value management arises from the expectation embedded within it for managers to manage democracy. Such management can push politicians and citizens onto the margins. Legitimate democracy is often too demanding and unpredictable to be subject to the full disciplines of management. Moreover, management cannot be entirely democratized, or if it is it runs the risk of becoming a deformed management—all talk and no action. Partnerships that only are talking shops rather than foci for effective intervention are of limited value. Vigilance and regular critical review by all the partners in the system is central to ensuring that the promise of both stakeholder democracy and management is delivered.

Public value management does offer a new paradigm and a different narrative of reform. Its strength lies in its redefinition of how to meet the challenges of efficiency, accountability, and equity and in its ability to point to a motivational force that does not rely on rules or incentives to drive public service reform. It rests on a fuller and rounder vision of humanity than does either traditional public administration or new public management. People are, it suggests, motivated by their involvement in networks and partnerships, that is, their relationships with others formed in the context of mutual respect and shared learning.

Note

1. Thanks to an anonymous referee for this observation.

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