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## **PUBLIC SERVICES CO-PRODUCTION: EXPLORING THE ROLE OF CITIZEN ORIENTATION**

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## **Abstract**

### *Purpose*

Since the introduction of “new public management” in the 1980s, public officials have looked for solutions to increase citizen participation in services planning and provision. Despite recent advancements in co-production and value-creation literature, the public sector is still lagging behind. A few studies have recently tried to investigate factors leading to public officials’ resistance to adopting these new practices and tools, but they only analyze structural and objective antecedents. This has led to unconvincing results. The purpose of this paper is to broaden the perspective by adopting public officials’ point of view, developing a scale for the construct “citizen orientation” and investigating its explanatory power.

### *Methodology/Approach*

A mail survey was conducted among a sample of Italian town mayors. Factor analysis and regressions were used respectively to develop the scale for citizen orientation and to test the hypotheses.

### *Findings*

Results support the hypothesis, showing that public officials’ citizen orientation is a significant antecedent of the intention to increase the level of co-production.

### *Research limitations*

Results could have been influenced by the degree of New Public Management development within the specific research setting. Further studies with larger samples are needed to strongly corroborate findings.

### *Practical implications*

Findings imply that a cultural change is needed among public officials in order for public organisations to become facilitators of value co-production processes.

### *Originality / value*

This paper develops a scale for citizen orientation as an adaptation of the customer orientation construct to explain public officials’ attitude toward co-production within local government. This perspective complements the more common approaches based only on objective antecedents.

**Keywords:** Italy, Citizenship, Public sector organizations, Customer services quality, Citizen participation

Paper type: Research paper

## 1. Introduction

Since the introduction of “New Public Management” in the 80s, public officials have focused on developing tools to increase citizen participation in services planning and provision (Kelly, 2005; Pollitt, 1988). Many studies have underlined the benefits of involving citizens in policy-making in order to improve services quality, for example through the use of citizen surveys (Dalehite, 2008; Melkers and Thomas, 1998). Anyway despite recent advancements in co-production and value co-creation literature (Grönroos, 2008; Vargo and Lusch, 2008), the public sector is still lacking behind. A few studies have recently tried to investigate factors leading to public officials’ resistance to adopting these new practices and tools (Dalehite, 2008). Nonetheless these analyses tend to focus on structural and objective antecedents (e.g. population size and form of government) while largely ignoring the decision maker’s perspective. This has led to unconvincing results. Drawing on this debate, this article aims to give at least two contributions:

- broadening the perspective of analysis by adopting public officials’ point of view and exploring the role of attitudes and behaviors instead of external objective factors alone;
- investigating the explanatory power of “citizen orientation”, which is constructed as an adaptation of the well-known customer orientation concept (Deshpande et al., 1993). Using this new construct it will be possible to identify and analyze the role of internal and cultural factors, as well.

The remaining of the article is articulated as follows: first of all available literature about co-production and co-creation in general and within the public sector in particular is reviewed. The empirical setting, data collection procedures and results are then presented. Finally findings are discussed, and managerial implications are drawn.

## 2. Literature review

Since 1980s “New Public Management” has emerged as a new market-based paradigm to improve quality and efficiency among public administrations all over the world (Page, 2005). Following this approach public officials’ efforts have been devoted to increase citizens participation in services planning and provision (Kelly, 2005; Pollitt, 1988). Significant services quality improvements can derive from citizens involvement, for example through the use of citizen surveys (Dalehite, 2008). More interestingly Brandsen and Pestoff (2006, p. 495) emphasize the importance of the so-called public services co-production which is “related primarily to the involvement of citizens or clients in production, i.e. direct user involvement”. This means creating a circular link between services planning, provision and performance and citizen feedback, based on a two-way communication (Cassia and Magno, 2008).

This co-production process implies benefits for all the involved actors. Citizens are provided with knowledge about public issues and with the opportunity of influencing agendas: as a consequence they can obtain improved services (Askim and Hanssen, 2008). Politicians and public officials can receive useful information about policies and citizens’ preferences (Poister and Thomas, 2007). Moreover citizen participation can improve the legitimacy of (local) government decisions (Robbins et. al, 2008).

Significant advancements to the public services co-production perspective could derive from the so-called service-dominant logic, which is a new general paradigm about the interaction of companies and clients (Vargo and Lusch, 2004; 2008). According to one of the main proposition of this approach “the customer is always a co-creator of value” (Vargo and Lusch, 2008, p. 7). Grönroos (2008) states the customer is a value creator (and not a value co-creator) while the firm is a value facilitator in that it provides the customer with the supporting

resources to self-create value. The interaction between the parties is then a fundamental component of this process, during which the firm can sometimes get the opportunity to become value co-creator, as well. Despite these differences, both approaches underline the importance of close interactions between the customer and the firm to successfully create the value to be then exchanged and captured.

Even if these concepts were not developed specifically for the public sector, they can nonetheless be successfully extended to this field.

It is obvious that in order for co-production or value co-creation to be implemented in this field, a pro-active behavior of (local) government officials is necessary because some tools and resources to support interaction must be made available: in other terms the local government becomes a value facilitator (Grönroos, 2008). In some cases citizens can spontaneously create some pressures toward co-production development, e.g. through urban blogs. Anyway this is not sufficient to identify value co-creation since both sides of the dyad must show involvement and willingness to create and exchange value through interaction (Ballantyne and Varey, 2006; Vargo and Lusch, 2004). Indeed strong resistances to the implementation of this approach are originated from the public side of the relation.

Even measuring citizens' perceptions about services performance is not an institutionalized practice within many local governments. For example the use of citizen surveys has been criticized for several reasons, above all the absence of a clear statistical correlation between service outputs and citizen evaluations of services outcome (Stipak, 1980; Swindell and Kelly, 2005; Swiss, 1992; Van Ryzin and Immerwahr, 2007) and their uselessness in supporting decision making (Poister and Thomas, 2007). Some other authors state that regardless their rational usefulness surveys may be adopted only for their symbolic value (Dahlehite, 2008). Moreover it is sometimes not clear what public managers can learn from the analysis of citizen ratings and how actions could benefit from these insights (Kouzmin et al., 1999). These difficulties are also emphasized by the fact that decision-making in the public sector is more complicated, since efficiency and satisfaction must be combined with "political distribution" (Brudney and England, 1982). The result is that citizen surveys have been conducted in a medium-low percentage of cities and counties: e.g. Dahlehite (2008) registered a value of 31%. Without at least some tools and resources for listening to the citizens it is not possible to evolve to co-production (i.e. value is not created, exchanged and captured through interaction), which also implies interactive communication, not only from the citizens to the public officials, but also vice-versa (Ballantyne and Varey, 2006). Therefore authentic participation is rarely found as many public officials are reluctant to include citizens in the decision making process (Yang and Callahan, 2007).

Only a few studies have tried to investigate factors leading to public officials' resistance to adopting these new practices and tools (Dahlehite, 2008). These analyses tend to underline structural and objective antecedents (such as population size and form of government) while largely ignoring the decision maker's perspective. This has led to unconvincing results. As a matter of fact beyond structural and organizational drivers and obstacles, it seem reasonable that the inclination to adopt this co-production approach also depends on public officials' attitudes and opinions about its usefulness and effectiveness. For example previous studies about citizen surveys non-adoption demonstrated that public officials were skeptical about these tools because they thought that citizens did not have enough knowledge about local government to correctly evaluate municipal services (Stipak, 1980; Van Ryzin and Immerwahr, 2007).

Several studies conducted in the private sector have demonstrated that the level of the so-called “customer orientation” within the organization or among managers and salespersons (Strong, 2006) can explain some behaviors, choices (Periatt et al., 2004) and performances in terms of profits and return on investments (Kumar et al., 2008). More interestingly Schedler and Summermatter (2007) found that the level of customer orientation within municipalities is able to explain differences in the availability and usability features of their web sites. Customer orientation, sometimes also labelled “customer focus”, is usually defined as “the basic set of beliefs that puts the customer’s interest first while not excluding those of all other stakeholders such as owners, managers, and employees” (Deshpande et al. 1993, p. 27). Following this reasoning Shah et al. (2006, p. 115) state that “the true essence of the customer-centricity paradigm lies not in how to sell products but rather on creating value for the customer and, in the process, creating value for the firm”. In the public sector, since the introduction of Total Quality Management (TQM), there has been a long debate about citizen orientation as a general approach to be applied to public services (Navaratnam and Harris, 1995; Redman et al., 1995). Anyway all these studies have taken a different view from the common definition of customer orientation based on a “set of beliefs” (Deshpande et al., 1993) expressed by people belonging to the organization. Indeed citizen orientation has not been considered as a predictor of behaviours and performance, but as a performance indicator itself of services quality.

Drawing on the analyses conducted in the private sector, this paper considers citizen orientation as an attitude developed by local officials and politicians, which could explain specific behaviours, in particular the decision to implement the tools needed to make co-production possible.

Following this reasoning we suggest this hypothesis: the level of (local government) public officials’ citizen orientation is a predictor of the intention to implement the tools needed to allow public services co-production. In particular we theorize a positive impact of citizen orientation on the adoption of channels for both listening to the citizens (Hp. 1a), and communicating to them (Hp. 1b).

### **3. Empirical analysis**

To answer the research questions a survey was administered to a sample of Italian towns’ mayors. The questionnaire was firstly developed through a focus group involving a convenience sample of mayors. Depending on the information needed, different question formats were included. General data was analysed through descriptive statistics, while the scale for the construct “citizen orientation” was developed through a factor analysis and the hypotheses were tested through a regression analysis.

The questionnaire was mailed to a sample of 200 Italian town mayors, selected out of a population of 8,101 Italian towns, according to a geographical sampling. The Italian public sector has recently been characterized by significant efforts to implement the so-called New Public Management, with specific legislative acts trying to work as stimuli for this change.

Given the average small/medium size of Italian towns, mayors were chosen as key informants, since we believe they own all the needed information to fill in the questionnaire. Anyway 43.2% of the questionnaires were completed by other political members (mainly deputy mayors), delegated by mayors.

46 questionnaires were returned giving a response rate of 23%. Average population of the towns involved in the study was 12,359.

#### 4. Results

Before describing findings about the core hypotheses of the paper, some introductory results derived from the investigation of the interactive tools used by Italian local governments are presented.

First of all respondents were asked to indicate the tools they had applied in the past two years to understand citizens' needs and satisfaction (fig. 1). Almost all of local government mayors involved in the survey indicated that they had relied on informal contacts (91.3%) and public meetings (82.6%), while analysis of complaints and e-mails sent by citizens were used respectively by 60.1% and 58.7% of the sample. On the other hand, only a small percentage of local governments adopted surveys about one or more services (26.1%) or about all municipal services (10.9%), but their adoption is significantly correlated to town population ( $\beta=.34$ ,  $p<0.05$ ), confirming previous studies (Dalehite, 2008).

Take in Figure 1

In order to have a complete view of the two-way interactions, respondents were asked to answer a question about the means they used in the previous two years to communicate to their citizens. Findings show that outdoor posters and web sites were the most preferred options, followed by public meetings and front line employees, leaflets - brochures. Some other specific means were spontaneously mentioned by some respondents, for example: tv and radio ads, sms, press releases (fig. 2).

Take in Figure 2

In the last 15 years, Italian central government has been trying to support co-production and interaction between citizens and the local public organisations providing services. In particular since 1993, some laws and recommendations have supported the adoption of specific offices for managing relations with citizens (the so-called U.R.P.). These offices should be intended as centralized points of contact between citizens and public organizations, thus institutionalising a structured and systematic procedure to improve interaction and co-production.

As the number of local governments which have adopted U.R.P. could be an interesting proxy measure of the overall level of co-production, a specific question was included in the questionnaire. Findings demonstrate that only 34.8% of local governments have already created their U.R.P., while another 17.4% intend to activate it in the next two years.

After these introductory questions, the main hypothesis of the paper was tested in order to assess whether the level of local government public officials' citizens orientation was a predictor of the intention to implement the tools needed for public services co-production. First of all the scale for the construct "citizen orientation" was developed as an adaptation of the well known customer orientation concept (Deshpande et al., 1993), following Churchill's (1979) recommendations. After having conceptually defined the construct, the items were developed mainly through rewording of the customer orientation concept and administered to the sample (all items were measured on seven point agreement – disagreement Likert-type scales). An exploratory factor analysis was then performed. To test the factorability of the correlation matrix, we performed Bartlett's test of sphericity to estimate the probability that the correlations in the matrix were 0 (Worthington and Tiffany, 2006), obtaining a satisfying and significant value (Chi-square=75.33; sig. .000). Anyway since the participants-to-item ratio was greater than 5:1, as suggested by Worthington and Tiffany (2006) we also calculated

the Kaiser-Meyer-Olkin measure of sampling adequacy to provide additional evidence for scale factorability, obtaining a value of .736, which is greater than the minimum level of .60. Finally the anti-image correlation showed small off-diagonal elements. The final scale for “citizen orientation” is summarized in table I.

<b>Citizens' orientation</b>	
<b>Item</b>	<b>Factor loading</b>
1. Public services exist to be useful for citizens	0.64
2. Citizens satisfaction should guide local government decisions about services provision	0.68
3. Citizens always have the right perception about services quality	0.76
4. Citizens' interest should always be put in the first place	0.56
5. The most important aim of local government is a high level of citizens satisfaction	0.75
6. Services should be planned according to citizens' needs	0.77
Cronbach's alpha	0.77

**Table I – Citizen orientation scale: factor loadings and Cronbach's alpha.**

Then two regressions were performed in order to test the hypotheses that public officials level of citizens orientation was a predictor of their intention to implement the tools needed to allow public services co-production, i.e. tools for listening to the citizens (Hp. 1a), and tools for communicating to them (Hp. 1b). Findings support both Hp. 1a and Hp. 1b (table II).

<b>Model</b>	<b>Standardised Beta</b>	<b>t</b>	<b>Sig.</b>
Citizen orientation => intention to increase the number of means for communicating to the citizens in the next future	.354	2.455	.018
<b>Model</b>	<b>Standardised Beta</b>	<b>t</b>	<b>Sig.</b>
Citizen orientation => intention to increase the number of means for listening to the citizens in the next future	.362	2.514	.016

**Table II – Test of hypotheses.**

## **5. Discussion and implications**

The aim of this paper was to explore the ability of the construct “citizen orientation” to explain the level of co-production within local government. The scale for this construct was successfully developed and findings supported the main hypothesis of this paper: the degree of public officials’ “citizen orientation” can have a significant explanatory power in analysing the intention to increase the level of co-production within local government.

At the same time results do not falsify previous studies analysing external and objective antecedents of citizen involvement. For example this paper found further support to the correlation between past citizen surveys adoption (which is one of the expressions of citizen orientation) and town population size. In the same way some other studies demonstrated the impact of financial resource availability on the mentioned criterion variable (e.g. Cassia and Magno, 2009). Anyway this paper shows that the choice to increase the level of co-production depends on cultural as well as on objective factors. In particular public officials’ level of citizen orientation generates a higher or lower willingness to increase citizen involvement in the services provision process.

From an applied point of view, current adoption of means to listen to and to communicate to citizens within Italian local governments can be interpreted in different ways. Looking at the most common answers it seems quite clear that unstructured methods are widely preferred over structured methods, e.g. informal contacts are widely preferred over citizen surveys. Anyway co-production should rely on specific and structured processes and not only on public officials' liking in order to fully involve citizens (otherwise, for example, citizens not reached by informal contacts could be excluded from co-production). In particular while some citizens are trying spontaneously to enable co-production and participation through blogs and other channels, from the local government point of view co-production cannot depend on the spontaneous willingness of one or few public officials.

Findings therefore imply that a cultural change is still needed, in particular among those public officials having the power to create favourable conditions to support and facilitate successful interactions leading to value creation and exchange.

## **6. Conclusions and limitations**

The aim of this paper was to contribute to the current debate about co-production and value creation through an analysis within local governments. In particular drawing on the construct of customer orientation developed within the private sector, this study has shown that a similar "citizen orientation" construct can be able to explain specific behaviours and outcomes within the public sector, as well. Findings supported this hypothesis demonstrating that the intention to increase the level of co-production within local government depends not only on objective antecedents (e.g. available financial resources), but also on the level of public officials' citizen orientation.

Future studies could provide further contributions by exploring the antecedents of the new citizen orientation construct, thus suggesting suitable ways to increase its level.

Several limitations of this study should be underlined. First of all results could have been influenced by "New Public Management" degree of development within the specific research setting. Therefore attention should be paid when generalising the results to contexts characterised by more advanced practices. Moreover given the small sample size, further studies will be necessary to strongly corroborate findings. Finally the possibility of respondents self-selection should be mentioned, which means that mayors who completed the questionnaire could have been more oriented toward "New Public Management" than the whole sample.



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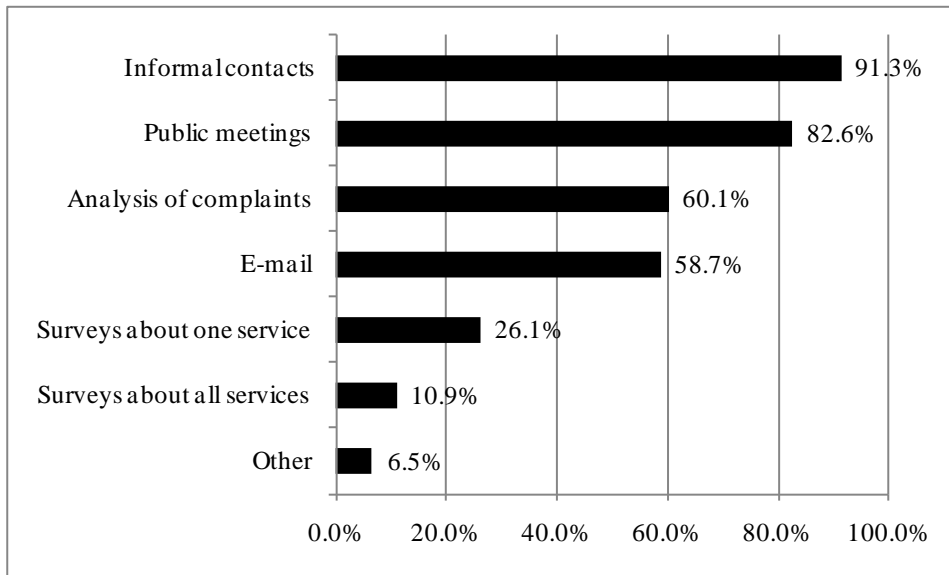
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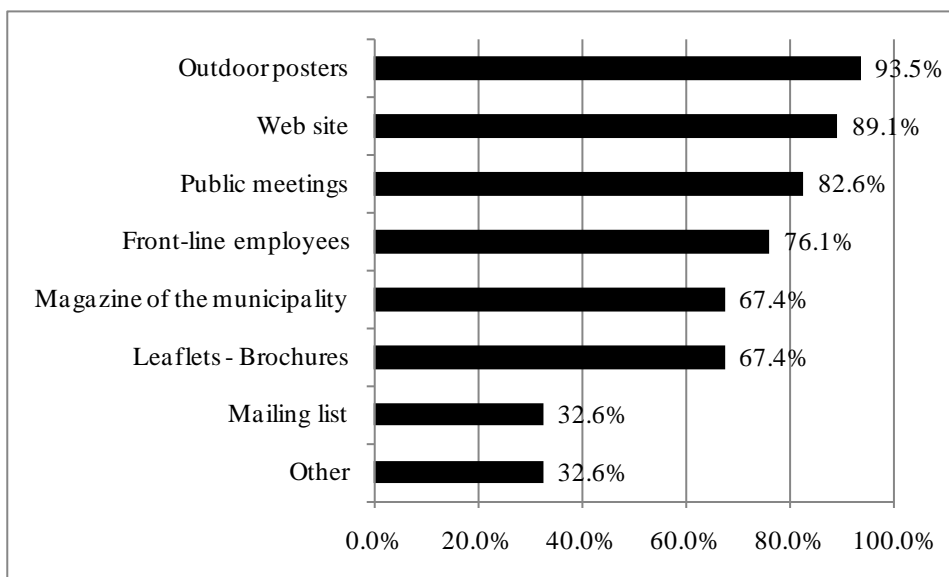
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**Fig. 1 - Tools used in the past two years to understand citizens' needs and satisfaction.**



**Fig. 2 - Tools used in the past two years to communicate to citizens.**