



Animated video serie «Little Green Bags» of the University of St.Gallen (HSG)

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Public Value - Common Good and the Society

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Did you ever ponder the value of the company you work for, the civil service you consult or the association you make donations to? Not in the financial sense. No. The question is: Are those organizations valuable for society at large? And hereby valuable for you?

To answer those questions, the University of St. Gallen developed a unique approach of Public Value.

Its novelty is to embed management concepts, like Shareholder Value, Customer Value, Sustainability, Corporate Social Responsibility, Shared Value and Stakeholder Value within society as a whole.

The concept of Public Value has its foundations in the idea that we humans are social animals. We are virtually interacting with each other all the time: Together, within a group and in large organizations: Companies, the public administration and unions and associations build the ecosystem in which we live. That's why scholarship sees organizations as "productive social systems".

However, companies and organizations aren't just places where social interaction happens. They produce goods and services; they create jobs, pay taxes and social contributions, carry out legally fixed performance mandates and unions and associations perform important tasks for our civil society. Thereby, organizations deeply impact our living environments, push or hold back progress and coin our attitudes towards society – not least also through advertising. They constitute – as sociologists like to say – a reproduction mechanism of society with all its values, rules and norms. Simply put: Organizations make society and thus generate Public Value.

But, what exactly is Public Value? √

Public Value means value creation towards the common good. That is, the added value and benefit of an organization for the wellbeing of each individual and the general public – in other words the common good. It represents the values and norms, which shape our way of living together and which everybody benefits from.

Effects that go beyond mere economic transactions and that affect our living conditions, are understood as negative or positive externalities by economists. Accordingly, organizations may create or destroy common good. This, however, depends on one's perspective. That's

why the concept of common good or Public Value is unique: It is all about looking at organizations from the point of view of society.

But how can we evaluate an organization from the standpoint of society?

Psychology comes in handy here. It found four stable, basic human needs that build the motivational and emotional backbone for the evaluation of Public Value:

1. Each of us would like to understand the surrounding world and to have a target-oriented effect on it
2. Each of us seeks recognition as a human being
3. Each of us strives for sound social relationships

and 4. each of us looks for positive and enjoyable experiences.

These four elements result for every individual in a distinct pattern of needs, which organizations touch and influence with their performances and behaviors.

Let's wrap it up: The concept of Public Value does not understand the value creation that an organization seeks to generate as mere material thing, but also as a motivational and emotional one that is anchored in our awareness. So, it is all about the images in our minds.

But is this interesting for managers and politicians?

Yes. Various organizations think about their contribution to the common good through their core businesses or performance mandate. Fresenius Medical Care, for example, wanted to know the social appraisal of their dialysis clinics. Swiss insurance company Mobiliar analyzed the potential effects of a corporate acquisition on their Public Value. The Football club FC Bayern Munich examined the challenges of its growth strategy for its Public Value. And the German Federal Employment Agency – one of Europe's biggest civil services – tried to find out which contribution to the common good legitimizes its reason of being.

Now, how exactly were these organizations able to measure their contribution to the common good?

The University of St. Gallen developed two methods to analyze Public Value. Both focus on the four basic human needs.

1. The Public Value Scorecard
2. The Public Value Atlas

The Public Value Scorecard focuses on five questions:

1. Is it profitable?
2. Is it useful?
3. Is it decent?

4. Is it politically acceptable?
5. Is it a positive experience?

Keeping these five questions in mind when making management decisions allows us to think beyond the profitability of the company and to take into account the four basic human needs. Not everything always fits neatly, however. A management's initiative for example, could be profitable and useful, but at the same time neither decent nor politically acceptable. It also may be legal, but not legitimate yet.

The second method is termed the Public Value Atlas. In this case, the general public is directly asked what Public Value an organization creates.

Similar to customer surveys it is possible to gather management information at the heartbeat of society. An organization is able to better understand for what it is esteemed for and for what it isn't; if its actions are perceived as legitimate and if its efforts have a positive impact on the public.

"This is all about advertising and political marketing!", you say?

At the core of the Public Value Atlas lays the assumption that sooner or later, empty promises won't hold. Public Value is what the public values. Put simply: Public Value is a matter of attitude. And the attitude of all of us determines how valuable the activity of an organization is.

(6) Let's sum up:

- The Public Value approach tells us that an organization always acts meaningfully, whenever it gets appreciated by the public and thus whenever it contributes to a functioning society.
- It helps to scrutinize management decisions against their compatibility with the common good.
- It fosters a new understanding of value creation that combines hard and soft factors.
- and it makes it possible to evaluate the performance of an organization in a new way.

Public Value matters for all of us: Management, society and you.

Link:

https://www.youtube.com/watch?annotation_id=annotation_2667302083&feature=iv&src_vid=em0LQR7RWJs&v=tLGAQ4q_Sb0