

PUBLIC VALUE IN ACTION

Co-Creation Strategies for Sustainable and Inclusive Governance

Edited by
Alessandro Spano
Enrico Guarini



**Società Italiana di Ragioneria
e di Economia Aziendale**

FrancoAngeli 

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All chapters have undergone a peer review process
that attests to their scientific quality

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TABLE OF CONTENTS

Introduction	p.	11
1. NGOs' strategies for public value co-creation: A stakeholder network analysis, <i>Caterina Cavicchi</i>	»	15
1.1. Introduction	»	15
1.2. Public value co-creation and the role of NGOs	»	16
1.3. Social network analysis in NGOs	»	18
1.4. Methodology and research questions	»	18
1.5. Results	»	20
1.5.1. Current use of SNA	»	20
1.5.2. Future development of SNA	»	23
1.6. Discussion	»	26
1.7. Concluding remarks	»	26
References	»	27
2. Public value in local utilities. A structured literature review, <i>Maria Testa, Giulia Leoni</i>	»	32
2.1. Introduction	»	32
2.2. Perspectives from prior literature reviews on public value: a contextualization in local utilities	»	34
2.3. Methodology	»	36
2.3.1. Selection papers phase	»	36
2.3.2. Data analysis	»	38
2.4. Results	»	38
2.4.1. Paper profile	»	38
2.4.2. Regulatory setting	»	39
2.4.3. Corporate strategy	»	41
2.4.4. Co-creation and co-production	»	41

2.4.5. New technologies adoption	p.	42
2.4.6. PV destruction	»	43
2.5. Discussion and conclusion	»	43
References	»	45
Appendix I – Papers sampled	»	49
 3. Assessing public sector alignment with ESG integration in ERM: Implications for decision-making and public value, Sarah Russo		
	»	52
3.1. Introduction	»	52
3.2. Theoretical background	»	54
3.2.1. Managing risk in PSOs: A public value perspective	»	54
3.2.2. The role of enterprise risk management in decision-making in PSOs: ESG considerations for creating public value	»	56
3.3. Research design	»	58
3.3.1. Research approach and data collection	»	58
3.3.2. Data analysis	»	59
3.4. Findings: A documental analysis	»	60
3.4.1. Step 1: The identification of relevant content in the ERM process for creating value and making decisions	»	60
3.4.2. Step 2: From the content to the identification of themes on value creation and decision-making by integrating ESG into ERM	»	62
3.5. The proposition of a guide specifically for PSOs	»	64
3.5.1. Challenges of integrating ESG into ERM in PSOs: Risk culture, pressures, and public value implications	»	64
3.5.2. Integrating ESG into ERM in PSOs: A guide for improved strategic decision-making and public value creation	»	66
3.6. Future directions and conclusion	»	71
References	»	73
 4. Exploring public value and sustainability in healthcare, Paola Canestrini		
	»	77
4.1. Introduction	»	77
4.2. Background	»	80
4.3. Method	»	84
4.4. Findings	»	87
4.5. Conclusions	»	92

4.6. Acknowledgments	p.	95
References	»	95
5. NPM reforms and performance auditing: Divergence or alignment in the pursuit of public value? A systematic literature review, <i>Simona Caramia</i>	»	100
5.1. Introduction	»	100
5.2. Public value and co-creation	»	104
5.3. Methodology	»	105
5.3.1. Planning the literature review	»	105
5.3.2. Conducting the literature review	»	106
5.4. Results	»	109
5.4.1. Descriptive analysis	»	109
5.4.2. Thematic analysis	»	112
5.4.2.1. Recurring themes per period	»	113
5.4.2.2. PA: history and countries' experiences	»	114
5.4.2.3. Focus and motivations behind performance auditing	»	117
5.5. Discussion and conclusion	»	120
References	»	125
6. Public value creation and international institutions: A systematic literature review, <i>Gabriella Pica</i>	»	134
6.1. Introduction	»	134
6.2. Background concepts	»	135
6.2.1. Public value creation	»	136
6.2.2. International institutions	»	137
6.3. Methodology	»	138
6.3.1. Search strategy and eligibility criteria	»	139
6.3.2. Studies selection	»	140
6.3.3. Data analysis	»	141
6.3.3.1. Descriptive analysis	»	141
6.3.3.2. Coding	»	142
6.4. Findings	»	143
6.4.1. Descriptive analysis	»	143
6.4.2. Emerging themes from coding	»	146
6.4.2.1. Approach to public value	»	146
6.4.2.2. Direction of public value creation processes	»	147
6.4.2.3. Tools for public value creation	»	148
6.4.2.4. Research design	»	148
6.4.2.5. Implications for public value literature and theory	»	148

6.5. Discussion and research agenda	p.	149
6.6. Conclusions	»	153
References	»	154
Annex 1	»	159
7. Navigating value co-creation dynamics: A literature review of public-nonprofit partnerships, <i>Beatrice Meo</i>	»	161
7.1. Introduction	»	161
7.2. Method	»	163
7.2.1. Writing the research protocol	»	164
7.2.2. Research questions	»	164
7.2.3. Data collection and sample selection	»	165
7.2.4. Define analytical framework	»	172
7.2.4.1. Developing reliability	»	172
7.2.4.2. External and internal validity	»	172
7.2.4.3. Article coding	»	173
7.3. Developing codes for analysis	»	173
7.4. Findings	»	174
7.4.1. Articles and authors' demographics	»	174
7.4.2. Location	»	177
7.4.3. Research methods	»	178
7.4.4. Research focus	»	179
7.4.5. Jurisdiction	»	180
7.4.6. Organizational focus	»	181
7.4.7. Audience	»	181
7.5. The future of social value co-creation	»	182
7.6. Conclusion	»	185
References	»	187
Appendix A	»	192
8. Public value integration into performance management systems: Insights from universities, <i>Giovanni Barbato, Martina Pisarra</i>	»	195
8.1. Introduction	»	195
8.2. Literature background: features of PV-informed PMSs in public sector organizations	»	197
8.3. Empirical context: the introduction of a PV-informed PMS in the Italian PA	»	202
8.4. Research design	»	203
8.5. Empirical results: an analysis of the PIAOs of Italian mega universities	»	205
8.6. Discussion	»	212
8.7. Concluding remarks	»	214

References	p.	215
9. A bibliometric analysis of the reverse innovation concept,		
<i>Marco Mastrodascio</i>	»	220
9.1. Introduction	»	220
9.2. Theoretical background	»	222
9.3. Research methodology	»	227
9.4. Results	»	229
9.4.1. Descriptive analysis	»	229
9.4.2. Thematic map analysis	»	233
9.4.3. Motor themes	»	239
9.4.4. Basic themes	»	241
9.4.5. Niche themes	»	242
9.4.6. Declining or emerging topics	»	243
9.5. Discussion and conclusions	»	246
9.6. References	»	250
10. Enhancing value creation in inner areas through dynamic performance governance,		
<i>Noemi Grippi, Francesco Gennusa</i>	»	257
10.1. Introduction	»	257
10.2. Dealing with inner areas dynamic complexity through collaboration	»	259
10.3. Dynamic performance governance	»	263
10.4. Applying the DPG approach to inner areas' performance governance	»	266
10.4.1. Pursuing value creation by identifying inner area dynamic complexity through DPG: The Sicani Mountains example	»	269
10.5. Concluding remarks	»	273
Referen	»	275
Editors	»	281
Authors	»	282

INTRODUCTION

Promoted by the Italian Society of Professors of Accounting and Business Administration (SIDREA) through its ‘Co.Val.E.S.’ working group (Co-creation of Public Value for a Sustainable Ecosystem), this book is devoted to early-career scholars addressing the critical challenge of co-creating public value. The book combines ten double-blind peer-reviewed chapters, offering diverse theoretical and empirical perspectives on public value. Employing various methodological approaches – including network analysis, systematic literature reviews, case studies, and conceptual reflections – the contributions examine the roles of public institutions, private companies, and third-sector organisations in creating, co-creating, and, in some cases, destroying public value. This book is addressed to scholars, policymakers, and public and non-profit practitioners, offering analytical tools and critical reflections on collaboration processes for public value creation, emphasising stakeholder involvement and the central role of service recipients.

Why focus on co-creation of public value? In a context of growing complexity, institutional distrust, and demands for inclusion, co-creation of public value stands at the core of current governance debates. The concept of public value rose to prominence in academic discussion through Mark Moore’s seminal work *Creating Public Value* (1995), which offered a normative counterweight to the business-like approaches of New Public Management. Moore argued that public organisations should not define success solely by efficiency, but by their ability to produce outcomes that society values – such as justice, security, and well-being – while maintaining democratic legitimacy and operational capacity (Benington and Moore, 2011). Yet, Moore’s original model viewed value creation primarily as a managerial responsibility, a perspective later challenged by collaborative governance

and co-production theories. These frameworks underscore that public value cannot be produced by governments acting alone but must be co-created through sustained interaction among multiple actors, each contributing unique resources and perspectives.

Unlike the private sector, where profit provides a precise performance measure, public value is ambiguous and contested (Pollitt and Hupe, 2011). It embodies plural, often conflicting values – efficiency, fairness, liberty, equity – requiring negotiation and compromise rather than unilateral definition. Moore acknowledged a core dilemma: “Public managers create public value. The problem is that they cannot know for sure what that is” (Moore, 1995: 57).

Co-creation further amplifies the challenge of using public value as a basis for performance measurement. When value emerges from interactive processes involving citizens, service users, and networks, internal metrics cannot capture performance. It calls for participatory evaluation frameworks, shared accountability mechanisms, and indicators that reflect relational, trust-based, and process-oriented outcomes.

The co-creation of public value represents both an opportunity and a challenge for public management and governance.

This evolution reflects a broader paradigm shift: from value delivery by government to value co-production in ecosystems. Public managers no longer act as “value creators” but as orchestrators of collaborative arenas – enabling deliberation, fostering trust, and leveraging distributed resources to achieve outcomes no single actor could deliver alone (Bryson et al., 2015).

The chapters in this book engage with these theoretical and practical challenges through diverse lenses. They combine conceptual insights with empirical evidence, contributing to ongoing debates on how to build collaborative capacities for public value creation in complex, uncertain environments.

Chapter 1, authored by Caterina Cavicchi and titled *NGOs’ strategies for public value co-creation: A stakeholder network analysis*, examines an Italian social cooperative. Using social network analysis (SNA) combined with interviews and qualitative methods, the study maps stakeholder relationships, identifies key actors, network centrality, and weak ties, and demonstrates how strategic partnerships enhance public value co-creation.

Chapter 2, co-authored by Maria Testa and Giulia Leoni, and titled *Public value in local utilities: A structured literature review*, systematically examines how local utilities create – or destroy – public value. The review identifies five thematic clusters: regulation and governance, strategy and performance, stakeholder co-creation, digital innovation, and value destruction. The chapter underscores the importance of multi-stakeholder accountability and outlines a future research roadmap.

Chapter 3, authored by Sarah Russo and titled *Assessing public sector alignment with ESG integration in ERM: Implications for decision-making and public value*, offers a guide for public sector organisations to integrate Environmental, Social, and Governance (ESG) risks into Enterprise Risk Management (ERM) systems. Addressing the limitations of existing ERM frameworks, the chapter adapts them to the public sector context to better support public value creation.

Chapter 4, authored by Paola Canestrini and titled *Exploring public value and sustainability in healthcare*, examines how public value is conceptualised and implemented in the Italian health sector. Drawing on qualitative data from research hospitals, the study introduces a Public Value Knowledge Domain Tree to map value-creating strategies, revealing that while sustainability is acknowledged, it remains secondary to core institutional missions.

Chapter 5, authored by Simona Caramia and titled *NPM reforms and performance auditing: Divergence or alignment in the pursuit of public value? A systematic literature review*, explores how performance auditing, shaped by New Public Management reforms, influences public value creation. The review reveals contextual differences in audit's impact: in managerial systems, audits foster collaboration and co-creation with auditees, while in legalistic settings, they remain largely procedural.

Chapter 6, authored by Gabriella Pica and titled *Public value creation and international institutions: A literature review*, presents a systematic review of the existing literature on how public value is conceptualised and studied within the context of international institutions. The chapter identifies emerging trends, methodological approaches, and theoretical insights by addressing a fragmented body of research. This study contributes to consolidating the research field and proposes directions for future investigation into public value creation in global governance.

Chapter 7, authored by Beatrice Meo and titled *Navigating value co-creation dynamics: A literature review of public-nonprofit partnerships*, examines the collaborative processes through which public and non-profit organisations co-create social value. The chapter adopts a mixed-method approach, integrating bibliometric analysis with a structured literature review. This research offers a comprehensive overview of the current literature on value co-creation arising from partnerships between public administrations and non-profit organisations, a field that remains in its early stages of development.

Chapter 8, co-authored by Giovanni Barbato and Martina Pisarra, and titled *Public value integration into performance management systems: Insights from universities*, identifies the key features of public value-informed performance management systems and uses document analysis to examine how major uni-

versities in Italy implement such systems empirically. The findings reveal an incomplete integration of these features, with universities selectively adopting elements such as multidimensional goals and horizontal accountability approaches, while often overlooking stakeholder engagement and an improvement-oriented focus.

Chapter 9, authored by Marco Mastrodascio and titled *A bibliometric analysis of the reverse innovation concept*, sheds light on how co-creation processes tailored to diverse social, economic, and cultural needs in emerging markets can drive inclusive public value and spread sustainable innovation in developed countries. To clarify this approach, known as ‘Reverse Innovation’, the chapter presents a comprehensive bibliometric review of fifteen years of research, mapping its evolution, key themes, influential scholars, and emerging trends.

Chapter 10, co-authored by Noemi Grippi and Francesco Gennusa, and titled *Enhancing value creation in inner areas through dynamic performance governance*, explores how a ‘Dynamic Performance Governance’ approach can foster public value creation and resilience in inner areas, understood as complex systems characterised by interrelated wicked problems. By integrating system dynamics, collaborative governance, and performance management, this approach promotes stakeholder learning, coordination, and sustainable value creation over time.

As a closing remark, by challenging early-career scholars to address the multifaceted nature of public value co-creation, our collective intellectual effort seeks to foster scholarly dialogue and practical reflection, inviting readers to engage with the following chapters as a coherent and thought-provoking exploration of collaborative pathways for the sustainable creation of public value.

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NGOs' STRATEGIES FOR PUBLIC VALUE CO-CREATION: A STAKEHOLDER NETWORK ANALYSIS

*Caterina Cavicchi**

1.1. Introduction

Public value co-creation refers to the collaborative delivery of public policy programs involving the public, private, and the non-governmental organizations (NGOs) sectors (Crosby et al., 2017; Conteh and Harding, 2023). This concept shifts the focus of both practice and research from individual organizations to arenas where multi-actor networks play a decisive role in producing public services (Sancino et al., 2018; Bryson et al., 2017).

Austerity policies and the consequent legitimacy crisis of public sector organizations (Best et al., 2018; Bovaird and Loeffler, 2012) emerged alongside the increasing prominence of non-profit entities in providing public services and addressing social challenges (Parker, 2024; Collini, 2022; Gray and Purdy, 2018). This trend has been facilitated by the enhanced boundary-spanning capacity of these organizations (Conteh and Harding, 2023). NGOs' role has been further legitimized with the advent of the new public governance model (Bingham et al., 2005), which emphasizes networks, collaborative governance, multi-actor policymaking (Agranoff and McGuire, 2003; Huxham and Vangen, 2013; Emerson and Nabatchi, 2015). Central to this model is the concept of value co-creation (Torfing et al., 2019) through networking (Petrescu, 2019), with a focus on fostering public service ecosystems (Sicilia et al., 2016; Sorrentino et al., 2018; Osborne, 2018).

In the public management literature, networks have been examined in terms of their emergence, functioning, control, and influence on decision-making, policy outputs, outcomes, and governance (Mandell, 1988; Provan and Milward,

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1995; Provan and Milward, 2001; Berry et al., 2004). In the non-profit management field, research have focused on how NGOs configure their networks to support organizational growth, effectiveness, legitimacy, innovation, and advocacy (Galaskiewicz et al., 2006; Balser and McClusky, 2005; Fu and Cooper, 2021). Within co-production activities, the concept of value-in-production describes the value that emerges simply from an individual's participation (in this case, the NGO) in co-production processes, regardless of project outcomes. From this perspective, conducting a social network analysis (SNA) represents a potentially valuable tool for NGOs to better manage their networks – facilitating access to strategic resources, reducing environmental uncertainty through trust-building, acquiring legitimacy, demonstrating organizational effectiveness, and improving advocacy through political networking (Brass et al., 2004; Sozen et al., 2009; Johansen and LeRoux, 2013).

In analysing the structure of its social network, an NGO may enact effective stakeholder management, identify structural gaps and assess the convenience of establishing new connections, gain visibility in the network, benchmark its performance compared to its partners, and evaluate its flexibility by leveraging a combination of strong and weak ties (Johnson et al., 2010; Best et al., 2018).

While existing literature has outlined these potential benefits, there is still limited empirical research on whether and how SNA contributes to NGO's ability to create public value through service improvement and innovation – commonly referred to as service-level value (Fu and Cooper, 2021; Osborne et al., 2022).

Given their proximity to local communities, NGOs are uniquely positioned to better identify the needs of potential users and help those needs gain prominence in the network, potentially fostering mission alignment among service providers and improving public service outcomes (Chapman and Varda, 2017). Responding to the call in the literature does not presume the effectiveness of SNA in advancing public value, but rather investigates whether, and to what extent, an NGO engaged in social service provision is strategically employing SNA toward public value co-creation. In doing so, it explores both the potential and limitations of SNA in real-world practice.

1.2. Public value co-creation and the role of NGOs

In the public service ecosystem, value co-creation can result from networking “*within a service-for-service exchange framework, where common processes link network actors as a form of service provision*”, to promote the well-being of both the individual and society (Petrescu, 2019: 1971; Grano-

vetter, 1983, 2005; Vargo and Lusch, 2016, 2017). Networks are structures that include “*multiple nodes – individuals, agencies, or organisations – with multiple linkages and interactions between them, through the dynamic process of service provision*” (Petrescu, 2019: 1974; Choi, 2016; McGuire, 2006; Vargo, and Lusch, 2017). When networks are examined in the context of the public service ecosystem, value creation is the outcome of multiple actors (e.g., individuals, public sector organizations, private players) who assume different roles at different times to create value in the resource-exchange process (Petrescu, 2019).

Osborne et al. (2022) proposed a framework to study the public service ecosystem, focusing on the different schools of thought that address value creation mechanisms in the context of public service delivery, with a focus on the macro, meso, micro, and individual levels of the ecosystem. At the meso-level, value is investigated based on the role of multiple actors’ networks, stemming from the collaborative governance paradigm (Emerson and Nabatchi, 2015; Torfing and Ansell, 2017). As argued by Osborne et al. (2022), collaboration can generate value-in-production, which is “value-added, derived (1) from the experience of being involved in the co-design/co-production of a public service and independent of its outcomes; [and] (2) from the value added to a public service through service improvement” (Osborne et al., 2022: 641). This latter form can lay the basis for value co-creation when service innovation aligns with users’ expectations. Therefore, network management, with the aim of addressing users’ expectations in service design and delivery, is key to implementing public value co-creation (Sancino and Schindele, 2022).

SNA, as a technique to study network composition and characteristics, may provide a focus on the roles played by different actors in delivering public services (Alford, 2016; Petrescu, 2019) and generate public value (Hartley et al., 2017, Bryson et al., 2017). NGOs’ role in these networks is growing. In the 1990s, the welfare state shifted to a welfare mix, which was exacerbated by the 2008 financial crisis, leading to a decrease in funding for public social protections. This transition to decentralized public administration resulted in the appearance of novel governance frameworks that incorporated various stakeholders, affecting funding by emphasizing project-based approaches. This motivated NGOs to establish collaborative networks and participate in projects involving multiple actors (Gaeta et al., 2021; Osborne, 2010). NGOs can cooperate with public sector organizations through numerous arrangements. From the perspective of value creation, scholars have turned their attention to co-production, investigating the factors that facilitate it (Strokosch and Osborne, 2020; Sicilia et al., 2019). Close ties between NGOs and communities help identify users’ needs, align the missions of dif-

ferent actors in the network, and improve outcomes (Chapman and Varda, 2017). The next section will introduce SNA and explain its relevance to NGOs in the context of public service value co-creation.

1.3. Social network analysis in NGOs

Social network theory traces its origins to sociological studies (Fuhse, 2020). Granovetter's seminal work (Granovetter, 1983, 1976) introduces weak ties as connections, which are crucial for the flow of information and resources in social networks. Following Granovetter, SNA has evolved through the development of new frameworks and methodologies to encompass aspects such as density, centrality, and network cohesion. In particular, the concept of social capital, originating from networking, emerged in the literature (Bourdieu, 1986) to explain dense network structures based on closure, cooperation, and trust (Coleman, 1988) to enhance territorial economic growth (Putnam, 1993). Burt (1992) refined Granovetter's weak ties theory by highlighting the strategic advantage of connecting separate network parts, exploiting structural gaps for information and resource access (Burt, 1992; Granovetter, 2005). Thus, SNA can enhance resource mobilization, stakeholder engagement, and nodes of collaboration (Aldrich and Kim, 2007). As a result, social networking is relevant for NGOs for capacity building and sustainability, as they rely on funding, volunteers, and external partnerships to achieve their missions (Cavicchi and Vagnoni, 2023; Sanyal, 2006).

Recent studies have applied SNA in the non-profit sector to analyse collaborative networks, inter-organizational cooperation, and community engagement strategies (Gaeta et al., 2021). Nevertheless, whether and to what extent NGOs adopt SNA to strategize around public value co-creation remains an open question, thus providing the basis for this research (Fu and Cooper, 2021; Osborne et al., 2022).

1.4. Methodology and research questions

Given the research aim, a single exploratory case study was conducted (Yin, 2009). The chosen NGO is a social cooperative operating in the following service areas: reception of migrants; identification, care, and empowerment of victims of trafficking; job placement, professional training, counselling, and shelters for victims of gender-based violence; and services to people at risk of marginalization. The cooperative was chosen as it has an

established reputation at the national level for its work against migrant trafficking, and it has a long history of collaboration with national and local institutions on this topic. Focusing on NGOs and value co-creation, the case study approach is considered suitable to study network dynamics as the NGO under study adopted SNA starting in 2021 (Best et al., 2018).

As a result, analysing the use of SNA for management purposes is of particular interest. Semi-structured interviews were held with the project manager of the NGO (PM; 2 interviews), with the head of the training and employment services area (HTESA; 2 interviews), with two project officers involved in co-production activities (PO1 and PO2; 2 interviews), and with the data manager of the NGO (DM; 2 interviews). A total of 8 interviews (each of which lasted from an hour to an hour-and-a-half) were conducted. It was considered useful to look at different functional and hierarchical levels to overcome the bias of the so-called interpretations of image-conscious informants (Eisenhardt and Graebner, 2007). The protocol of interview was aimed at gathering data about:

- the NGO's mission, core service areas, and organizational structure;
- the co-production/co-design projects in which the NGO is involved and its role;
- the role played by the public sector and other stakeholders in co-production/co-design projects, from the perspective of the NGO's top management;
- the motivations that pushed the NGO to conduct SNA and the function performed by SNA;
- the possible effects derived from using SNA regarding the NGOs' strategic planning activities (if any);
- the possible developments of the tool (if any) according to the vision of top management.

The interview protocol was therefore structured to understand whether and to what extent SNA had impacted the NGO's management. All interviews were recorded with the permission of the interviewees and transcribed verbatim. To analyse the interviews, the NVivo Software package was employed. Thematic analysis was then performed to identify the main patterns emerging from the data (Clarke et al., 2015; Terry et al., 2017). The social reports of 2021, 2022, and 2023 and the website were also analysed based on content to corroborate the findings (Vaismoradi and Snelgrove, 2019).

1.5. Results

Table 1 shows the codes, sub-themes, and themes emerging from the coding process.

Table 1

Themes	Sub-themes	Codes
Current use of SNA	Value-co-creation made visible to stakeholders	• SNA in the social report to valorize partners' contribution to value co-creation.
	Co-production for value co-creation	• SNA to enhance political advocacy at the local level and enable co-production opportunities. • Transaction costs and goal congruence can affect co-production activities. • When goal congruence is achieved, service innovation and project continuity are obtained.
Future development of SNA	Service-level value	• Network density analysis. • Identification of key partners to customize projects. • Visualization of boundary spanning capacity to valorize in new projects.
	Factors affecting the use of SNA for project management	• Corporate culture. • Readiness of the information system.

The themes are discussed in detail as follows.

1.5.1. Current use of SNA

SNA was used for the first time when the cooperative adopted the social report in 2021. The social report’s adoption followed the legal obligation from Legislative Decree 117/2017. Furthermore, SNA was adopted at a time when collaboration with public organizations required increasingly more non-financial qualitative-quantitative monitoring of the projects being implemented. Hence, the cooperative needed to structure its own information system and to build a management system that could keep track of the variables to be reported for each project. This also gave the NGO the opportunity to track all the partnerships established by the cooperative for each project and each service area. SNA was initially applied and disclosed in the social report to reveal to partners the contribution made in the creation of value for the beneficiaries. In this regard, the sensitivity of the data manager (DM), whose background is in sociology, meant that SNA could be adopted as a

reputational tool with the aim of divulging public value co-creation, emphasizing the strength of weak ties:

We did it to involve stakeholders and show them how much we are connected and collaborate to carry out projects. We wanted to show that even collaboration with the smallest non-profit association is useful as it helped us to activate a service, exploiting its connections with local public sector organizations (i.e., the municipality, the local health authority). Especially for the small businesses and associations we work with, and for which there are no formal protocols, it is a way to show them that they are part of the network. To make the network of stakeholders visible in the social report was a way to tell the latter that we are grateful for their support because without this collaboration, none of the cooperative's services can be delivered. (DM)

SNA is also used in the NGO under study to investigate the links the organization has established with stakeholders and the kinds of stakeholders involved, considering each core service area of the cooperative. A quantitative evaluation is then made to comprehend the role played by the stakeholders in the network; as a result, the number of ties established with each stakeholder, per core service area is assessed: the more a stakeholder is connected to the NGO, the more relevant it is to its project activities. Furthermore, a qualitative evaluation is made to assess the presence and power of a particular stakeholder per service area. As indicated by the social report of 2023, each stakeholder gravitates around the central nodes of the core service areas, creating a well-balanced network in the inter-project collaboration. Cooperation with the municipalities, the police headquarters, the prefectures, and the local health authorities is clearly visible in the areas of trafficking and exploitation, reconnecting with the areas of inclusion and extreme marginality.

Furthermore, adult education centres, universities, and other training bodies connect all the areas of the cooperative, underlining their importance with respect to the professional and non-professional training of the beneficiaries and support for entering the job market through cooperation with regional employment centres. This qualitative analysis allows the NGO to identify clusters of stakeholders who simultaneously contribute to the same service area and could also serve as connectors among different service areas of the cooperative. Clearly, the fewer the stakeholders shared among projects, the more fragmented the network becomes, resulting in homogeneous groups. From the analysis of the out-degree connections, it is possible to notice that public sector organizations are the ones linked to all the service areas of the NGO, revealing their strategic relevance for the NGO's projects. All interviewees emphasized the presence of strong ties due to reputation and trust developed over time with national public institutions and is considered a key

factor to enable co-creation activities, especially at the co-design stage. The head of the training and employment services area said:

An example of co-creation is that of the national anti-trafficking network. When it comes to [launching] new projects, the Ministry of Labor and the Ministry of the Interior ask us to make observations of lines of intervention that will be released soon. This would not be possible if we had not built a network of trust with public sector institutions over time. (HTESA)

While at the national level, opportunities for collaboration in project design were consolidated, at the local level, all the interviewees highlighted the need to build a strong reputation for the cooperative to collaborate with municipalities. In this sense, networking was considered a critical factor of success to be pursued.

The head of the training and employment services area further stated:

In recent years, we have come to understand that public institutions have become aware of the cooperative at the European and national levels. If you ask locals who our cooperative is, they tell you “Ah yes, it is the one that deals with trafficking, that strange thing.” Why is this? Because if you don’t interact with the local actors, with the municipalities, if you don’t share some interdisciplinary care projects, they don’t understand the things you do. Thus, we are doing advocacy activities, and the disclosure of the network’s value through the SNA in the social report is an example of such stakeholder engagement to enable co-production activities. (HTESA)

One advocacy activity, carried out at the local level, led to interesting results in the field of service co-production; it involved an urban redevelopment project initiated by a small municipality with the aim of supporting neighbourhoods at risk of marginalization. The municipality issued a call for a co-production. As stated by the PM:

In the classic calls for tenders, there is usually one group of players that wins and another that loses. The non-profit leader of the winning group takes everything. In that [instance of] co-production, there were two groups, more or less of eight organizations each. As a result, sixteen of us arrived at the co-design table as the municipality decided to reward both projects that had been presented; therefore, we inevitably had to scale back everyone’s expectations and share goals. However, in my opinion, this thing [offered] a positive opportunity for long-term collaboration with the scope to help people in problem neighbourhoods. Through advocacy activities, we try to make people understand how important project continuity is. Going out of the project could be very damaging for beneficiaries. As a result, when the project ended, all of us tried to find resources to continue the project and then we made it through a capacity building call from the European Asylum, Migration, and Integration Fund. The work that was car-

ried out was valorised because at the municipality's discussion table for future action planning, we were involved. I must say that it was one of the few cases of co-production that worked well, despite management and coordination complexity. (PM)

About service innovation arising from the co-production, the first project officer said:

Thanks to that project, a whole series of specific networks was developed in the territory that connected the public and the entire network of public actors with private actors and the third sector present in the territory. An important proximity function was activated through the creation of a multi-agency desk. Since 2021, our cooperative has been physically present in that neighbourhood, acting as a bridge between citizens and public sector organizations. (PO1)

When discussing potential criticalities faced in co-production, finding goal congruence and emerging transaction costs covered a relevant role. The project manager stated the following:

One of the main elements that I would point out when reasoning about co-production activities is the difficulty of establishing an agreement among the diverse perspectives of network participants. It was a very long process that lasted months; [there were] a lot of meetings between all the players and the municipality to compile the ideas and needs of the various actors, which obviously were partly similar and partly very different. We tried to synthesize all of them to have a single project that [we could launch]. It was the first attempt that we made. It is a very slow path, and some organizations only blame the public sector for that. In my opinion, the third sector has to learn from these experiences as well. I don't think any of us are truly ready yet, but we have taken some further steps. Structuring initiatives in this way can be costly for both public and non-profit organizations, but it is essential to ensure the success of such collaborations. (PM)

1.5.2. Future development of SNA

From the perspective of top management, SNA offers NGOs the potential to make strategic evaluations, such as deciding whether to include new actors in the network. SNA is a valuable tool to attract new stakeholders who share the NGO's values and goals, by revealing connections that could be leveraged in new applications for public funding. In this regard, SNA is a professionalizing tool that demonstrates the NGO's expertise to potential donors, especially public sector organizations with which they cooperate the most. These analyses can provide specific support to the project management of-

fice by facilitating collaborations in co-design activities with public sector organizations. Specifically, SNA may aid in identifying key stakeholders to involve and establish new partnerships. Moreover, it helps the cooperative visualize its boundary-spanning capacity within the network. The head of the training and employment services area remarked:

On some projects financed by public sector organizations, we work with an existing bone structure. I wouldn't discuss co-creation in this context. However, there are other projects financially supported by the public sector – such as projects in partnership with the Equal Opportunities Department addressing human trafficking, and the exploitation of labour and prostitution – where we are involved from A to Z, free to engage with stakeholders from our network. Based on the budget, we determine responsibilities, akin to “building the project from scratch,” which enables us to adjust activities with changing circumstances. We include all necessary stakeholders. For example, I incorporate agreements with companies and other regionally accredited employment agencies. I never expected the accredited employment agencies to seek to collaborate, but they rely on the cooperative's expertise to work with job centres. (HTESA)

The project manager specified:

When we draw up the proposals for anti-trafficking projects, there is a huge amount of work to demonstrate the presence of the network, and we all put together the contacts that each of us has developed over time to support the project's feasibility. (PM)

Another analysis conducted by the data manager with the aim of informing future planning is related to the evolution of the network's structure over time. In this regard, the density of each project area is analysed to determine if the number of ties (including those per stakeholder) and partners has increased. This analysis also seeks to identify key stakeholders, particularly those involved in multiple project areas, to further customize projects to address beneficiaries' needs via service-level innovation. The data manager said:

If the Equal Opportunities Department is involved in both the areas of gender violence and trafficking victims and migrants' integration, the NGO can create protocols for projects that address specific needs. For instance, people who are victims of trafficking or people within the local reception and integration system, because the latter may have vulnerabilities regarding gender identity. (DM)

This element can be implemented during the planning phase, especially in areas where the NGO, leveraging its established reputation, is invited to contribute its expertise.

The DM also emphasized discussing structural holes to hypothesize future collaborations that could benefit current projects and/or functional areas, re-

quiring a brokerage activity of the NGO. Moreover, all interviewees acknowledged the need to assess the network's effectiveness in providing co-created services in relation to the goals of each partner and the beneficiaries:

The more we can see how ties are transformed into resources, the more we are able to understand their effectiveness in pursuing objectives. It would be interesting to conduct an SNA to understand the types of services partners provide to each other, and if they align with the needs of our beneficiaries to enhance our cooperation strategy. However, it is quite a large task considering we serve approximately 4,000 beneficiaries. (DM)

Although the interviewees were aware of the benefits of using SNA for value co-creation, it was also recognized that using such a tool for network management requires additional time and resources. While there is a shared intent to implement SNA on a stable basis, and initial discussions within the project management office have begun regarding its use for project planning, two critical areas require attention to integrate it into strategic decision-making: (a) the corporate culture, and (b) the systematic collection of project and network data. In fact, the DM indicated that, in the beginning, not everyone in the cooperative understood how SNA works, its usefulness for project design, nor its potential role to inform strategic planning activities. On the side of the data needed to perform the SNA, the cooperative was also experimenting with a new project management software to automate the data collection process. Regarding this, the data manager stated:

Last year [2022] the SNA was incomplete; this year we made it! They [the staff responsible for the service areas] all collaborated to provide me with data after having been their worst nightmare! But then we succeeded! Furthermore, with the implementation of the new software, I will be able to extract these data automatically to conduct the analysis. They can directly insert the stakeholders for each project into the project management software, and update the datum every year, so stakeholders are added or eliminated if the collaboration no longer exists or is not progressing. This will also identify a trend in collaboration, which is visible in the stakeholders' network analysis. (DM)

To promote the stable use of SNA for strategic planning purposes, the organizational chart is also being altered to introduce a strategic control group composed of the PM, the DM, and the communications manager to ensure that all opportunities for collaboration that are useful for the cooperative's projects can be seized upon.

1.6. Discussion

While mapping partners is useful for disclosing information on value co-creation in social reports, focusing on the perspective of the public ecosystem, the evidence of using such analysis to support project management within the cooperative was only found in part due to SNA still being in the nascent stage. In this regard, SNA facilitated creation of the cooperative's reputation at the local level through political advocacy activities, which have improved the chance to participate in co-production and generated long-lasting collaboration with public sector organizations. The path is not free from obstacles, however, given the need to tend toward a congruence of intent and the complexity of coordinating the network's activities for the design of the social intervention (Strokosch and Osborne, 2020). Nevertheless, the experience has propelled a shift in mentality and has made project continuity possible in favour of the beneficiaries. Thus, a learning effect was identified for both non-profit and public sector organizations and consisted in value added from the experience of being involved in the co-design of the social intervention (Osborne et al., 2022). At the same time, it produced service-level innovation due to multi-agency desks that worked as bridge between citizens' needs and public sector organizations.

Focusing on the future development of SNA, all interviewees acknowledged the relevance of making the expertise gained through the network and boundary-spanning capacity visible for potential donors when responding to public bids (Conteh and Harding, 2023; Balser and McClusky, 2005). Moreover, its use for capitalizing on partnerships, covering structural gaps through brokerage activities, and assessing the network's effectiveness considering the beneficiaries' needs were hypothesized. The use of SNA to support strategizing was discussed as requiring additional resources, which, in the case of the NGO, are voluntary and could take time away from the core activities (Cavicchi and Vagnoni, 2023). The creation of a strategic control group, along with the digitalization of the cooperative, in this sense was deemed useful to change the mindset of the cooperative and start to use SNA for strategic planning and project management.

1.7. Concluding remarks

In response to recent scholarly calls (Bryson et al., 2017; Petrescu, 2019), this study shows that SNA can support NGOs in strategically engaging with value co-creation process (Fu and Cooper, 2021), particularly within the context of the public service ecosystem (Osborne et al., 2022).

From a theoretical perspective, the study contributes to the public value co-creation literature by advancing understanding of the role that public value entrepreneurs (Bryson et al., 2017), such as NGOs, can play in the design and delivery of public services through strategic network management.

From a practical perspective, the study offers valuable insights into the application of SNA as a tool for generating service-level value in the context of public value co-creation (Osborne et al., 2022). Furthermore, by highlighting the key conditions and enablers that influence the effective use of SNA, the findings provide guidance for NGO managers seeking to incorporate this approach into their strategic planning for enhanced public value creation.

The limitations of the study are related to the interview process, which only focused on the cooperative's top management; interviews may then be extended to the cooperative's stakeholders to explore whether and to what extent the network's disclosure may have strengthened their awareness of being part of a value co-creation process entailing the development of mutual trust and reputation. In this regard, the value-in-production of the public service ecosystem that emerged from the perspective of the cooperative (Osborne et al., 2022) could provide further confirmation by examining the perceptions of the other actors in the network. From the public managers' standpoint, the analysis of an NGO's network can provide practical information on available ties and competencies that can support public service delivery through the co-creation approach (Fu and Cooper, 2021), and ultimately, effective solutions to complex problems when the multi-actor networks are strategically mobilized (Sancino et al., 2018). Furthermore, conducting a longitudinal case study on SNA implementation could also reveal how SNA may affect the network's performance in value co-creation activities, especially regarding the long-term impact for beneficiaries. Given the limitations inherent in case study research, particularly concerning the generalizability of findings, a complementary quantitative analysis – such as an exploratory survey – would be a valuable next step to further validate and extend the insights derived from this study.

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PUBLIC VALUE IN LOCAL UTILITIES. A STRUCTURED LITERATURE REVIEW

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2.1. Introduction

Amongst the multifaceted conceptualizations of public value (hereafter PV) (Bryson et al., 2017), scholars agree on the importance of overcoming the Traditional Public Administration and New Public Management paradigms, thinking beyond the bureaucratic routines and the economic or financial level for creating PV (Moore, 2013). Following claims that the concept of PV varies across contexts (e.g., Moore, 1995; Spano, 2014; Osborne, 2021), we focus on how PV is defined within a specific sector, analyzing local utilities as organizational type.

In general, the topic of PV in the management and provision of public services is highly sensitive. The market liberalisation and the changes in the ownership structure involving private shareholders raise PV issues (De Bruijn and Dicke, 2006). PV appears to be particularly relevant in local utilities, which are characterized by a close relationship with basic needs of citizens and impact their essential rights. Local utilities ensure that all residents in their service area have access to essential services (e.g., water, transport, waste management), thereby promoting equity and reliability as well as health, safety, and economic stability. Moreover, they are obligated to serve all who requests service. Local utilities are also regulated to maintain fair pricing, service reliability, and adherence to safety standards. Because their

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activities directly influence the well-being of citizens and the functioning of businesses and local governments, PV concerns naturally arise.

This is supported by two recent literature reviews (Testa, 2024; D'Amore et al., 2023), which, despite focusing on different specific utility-related issues (respectively, non-financial reporting, and sustainability practices) suggest that utilities can be considered a resonance chamber for PV issues. Moreover, local utilities operate under a peculiar governance model and recognize the crucial role of stakeholders (Harvey and Schaefer, 2001; Gnan et al., 2013; Ligorio et al., 2022; Venturelli et al., 2023; D'Amore et al., 2024), which can influence PV, defined as the societal-level value generated by public services, prioritizing collective over individual benefits (Benington, 2011).

While previous scholars carried out literature review on PV providing a valuable overview of the state of research in the field of public administration and management (e.g., Alford and O'Flynn, 2009; Williams and Shearer, 2011; Hartley et al., 2017; O'Flynn, 2021), there is still an open call for studies on understanding how PV transfers between sectors or adapts to distinct environments (O'Flynn, 2021).

For this reason, this study aims to investigate the literature on PV contextualized in local utilities. Specifically, we ask:

RQ1. How has the literature on PV in local utility contexts developed?

RQ2. What are the most commonly addressed PV-related topics in local utility contexts?

To do that we rely on a structured literature review analysis (Massaro et al., 2016), useful for developing consideration, recommendations, and new perspectives (Snyder, 2019; Post et al., 2020). In particular, our research investigates through an inductive approach the accounting and management literature by employing an analysis of 33 articles.

We believe there are two main reasons to run a comprehensive literature focused on local utilities. First, a systematic review can categorize research and thereby provide information on how PV is addressed in local utilities and suggests specific directions for future research. This allows to assess whether findings from the public domain can also be extended to the local utility context, or whether this context remains unaffected by them - potentially leading to the development of concepts not highlighted in the public domain literature. Second, the results offer insights into how PV is developed in local utilities, which can inform practitioners, especially regulatory organizations and managers. They will gain a better understanding of PV-related issues in the local utility sector when implementing actions, allowing them to evaluate each decision more thoughtfully. By highlighting and discussing these findings, this research also targets local utilities seeking to address the growing

need to align their operations with PV. It also opens the door to reflections on new contractual arrangements for public services management and provision, highlighting how PV can be created and safeguarded.

Therefore, this research extends the literature on PV by showing how it is addressed in the local utility context. It opens an interesting debate on PV investigation regarding the local utilities. Here, this research shows that these companies play a crucial role in safeguarding and implementing PV. It contributes to the discussion on PV destruction, considering how, in specific contexts, PV may be at risk. Additionally, it contributes to the literature on new technologies, generating knowledge on their role in PV-related issues. Finally, this work calls for future research in this area.

The following Section 2 offers perspectives from prior literature reviews on PV, providing a contextualization in local utilities. Section 3 details the methodology, while Section 4 presents the results. Finally, Section 5 covers the discussion and conclusions.

2.2. Perspectives from prior literature reviews on public value: a contextualization in local utilities

Since when the idea of PV emerged (Moore, 1995), research on PV has significantly increased in the field of public administration and management, demonstrating a strong interest in understanding what public value is. This has sparked a debate about the various meanings of PV (Alford and O’Flynn, 2009; Hartley et al., 2017), which is still ongoing (O’Flynn, 2021) and defined as “multi-dimensional and multi-layered” (Cui and Aulton, 2023). Its conceptualization has been shaped by processes of “simultaneous invention and diverse developments” (Moore, 2019, p. 351), which have even extended into other fields (e.g., Mazzucato and Ryan-Collins, 2019). According to Benington (2011), PV is the value collectively experienced by society, focusing attention not only on the individual interests and needs of current service users but also on the broader public interest and the long-term impact of services, thus including future generations. This broad conceptualization of PV is used here to examine the impact of local utility services on communities.

From an overall view of the existing literature reviews, periodic contributions have provided valuable research on the state of the debate on PV in the broadly conceived field of public administration and management (Alford and O’Flynn, 2009; Williams and Shearer, 2011; Hartley et al., 2017; O’Flynn, 2021). Other literature reviews focus on the measurement methods to be applied in public service organizations, aiming to identify key compo-

nents for measuring PV (Faulkner and Kaufman, 2018), the role and impact of accounting (Bracci et al., 2019), as well as understanding how value is conceptualized and measured (Jensen et al., 2023). However, there is still an open call for studies on understanding “how public value travels across sectors or in unique environments” (O’Flynn, 2021, p. 873). This aligns with previous research that considered PV as differing across contexts (Moore, 1995; Spano, 2014; Osborne, 2021).

By contextualizing PV in the local utility sector, it has been highlighted how the way services (such as water, transport, waste collection) are managed and provided reflects the values of democratic states (Chan and Rosenbloom, 2010; Klausen and Winsvold, 2021; Jensen and Wu, 2017). As a result, regulatory organizations define the boundaries of these companies’ actions. The role of the local utilities is not only the mere production and delivery of services, but the need to ease and support users’ value creation processes, improving their well-being (in line with Grönroos and Voima, 2013). Also, despite difference between private and public value have been explored, scholars suggest that PV outcome include wider benefits (O’Flynn, 2007), and that the generation of private value can be integrated into the creation of PV (Trischler et al., 2023). Here, we consider local utility services as the result of resource integration (Skalén, 2018), thereby acknowledging collaboration and resource integration as key aspects (e.g., Osborne, 2017; Osborne and Strokosch, 2013; Marsilio and Mastrodascio, 2024). However, this can even result in value co-destruction (Engen et al., 2021), which, although weakly conceptualized, can arise by situations of value ignorance, value disproportion, value backlash, and value exploitation (Cui and Osborne, 2023).

This perspective is consistent with the literature on the stakeholders’ role in local utilities actions (e.g. Harvey and Schaefer, 2001; Gnan et al., 2013; Ligorio et al., 2022; Venturelli et al., 2023; D’Amore et al., 2024), the co-production public services (Landriani et al., 2022; Sicilia et al., 2019; Sorrentino et al., 2018; Brandsen et al., 2018; Joshi and Moore, 2004; Bovaird, 2007), and public-private partnerships (PPPs) (Cheng et al., 2023; Lima et al., 2021; Skietrys et al., 2008). Indeed, this body of literature contributes to the discussion on how stakeholders - and especially users - participate in PV creation. However, there remains an open question regarding how PV is expressed and achieved in the context of local utilities. This question is particularly significant, as Hartley et al., (2017) point out that a sectorial approach may help determine the applicability of empirical findings on PV, which has become increasingly important. This sector-specific focus on local utilities also aligns with Meynhardt (2009) perspective on understanding PV as a result derived from diverse public service actors.

2.3. Methodology

Considering the assumptions about the usefulness of the literature review for the development of new ideas, considerations, recommendations, and perspectives (Snyder, 2019; Post et al., 2020), and this research purpose, we carry out a structured literature review (Massaro et al., 2016).

This section highlights the structured literature review approach. Firstly, we show the construction of the reviewed sample in terms of the selection of studies, the definition of inclusion/exclusion criteria, the establishment of reliability, and validity. Secondly, we show the procedure carried out for data analysis.

2.3.1. Selection papers phase

The selection of studies is based on the definition of keywords and the choice of relevant databases. Regarding the database selection, the research used two of the major bibliographic databases: Scopus and Web of Science. This research aims to investigate how the management and provision of public services by local utilities address PV issues. Consistently with this research purpose, we carried out the selection paper phase. The search was done in January 2024 to retrieve articles whose title, abstract, and keywords contained:

((*“utility” OR “utilities” OR “public service*” OR “water” OR “waste” OR “transport” OR “public compan*” OR “municipally-owned enterprise*” OR “municipally-owned compan*” OR “municipally-owned organization*” OR “municipally-owned organisation*” OR “hybrid organization*” OR “hybrid organisation*” OR “local”*) AND (*“public value*” OR “value creation” OR “value co-creation”*)).

This query aims to identify the papers referring to the public services management and provision at a local context, such as water, waste collection, and transport, addressing PV(s) issues. As a result of privatisation, the companies that manage and provide essential public services can adopt different legal configurations and ownership structures. The keyword “utility” and its synonyms are used to refer to all of them. Moreover, we also identify papers focused on issues related to the public services management and provision at the local level (water, waste collection, and transport) and PV.

The study carried out queries regarding “business, management and accounting” in Scopus and “management”, “business”, and “public administration” in Web of Science, without setting time and geographic limits. Thus, we included all articles published to date and did not exclude any national context. Moreover, we established some exclusion criteria. Particularly, non-

English articles, conference proceedings, editorials, books, book chapters, debates, commentaries, dissertations are excluded. Likewise, we excluded articles with a focus on PV(s) but not on the management and provision of local public services, and articles where PV was only mentioned, and the work did not focus on its analysis.

The Scopus database returned 816 articles, while Web of Science returned 515, with 483 duplicated documents, which were removed, leading to an initial output of 848 articles. As the queries used “broad” keywords, it led to the identification of off-theme documents. By reading the abstracts, these articles concerning unrelated research fields were identified and excluded, if this was not clear after reading the abstract, the entire paper was read, and 536 documents were excluded in this process. These studies often dealt with different research fields: social science, public policy, environmental science, engineering, technology; or different research topics: universities, hospitals, third sector organizations.

Regarding the inclusion or exclusion of papers in cases of uncertainty, decisions were made after full reading and consultation between authors. With this last step, the list of eligible articles for analysis was reduced to 30.

Finally, to obtain a more representative sample, the selection process was completed by additional research. A manual search was carried out in the following top journals publishing public sector accounting and management articles and journals focusing on local utility topics, by inspecting all their papers, without time limits set (Table 1).

To enhance the reliability and validity of the sample formation, we conducted our query using Google Scholar, restricting the search to articles published in journals indexed by the SCImago Journal Rank. This additional analysis confirmed the initial results.

Table 1 – List of additional targeted journals

Accounting journals	Accounting, Auditing and Accountability Journal; Accounting Forum; American Review of Public Administration; Australian Journal of Public Administration; Critical Perspective on Accounting; Financial Accountability & Management; International Journal of Accounting and Information Management; Meditari Accountancy Research; Sustainability Accounting, Management and Policy Journal
Public administration and public management journals	International Journal of Public Sector Management; International Public Management Journal; International Review of Administrative Sciences; International Review of Public Administration; Journal of Public Administration Research and Theory; Journal of Public Budgeting, Accounting & Financial Management; Local Government Studies; Public Administration; Public Administration Review; Public Management Review; Public Money and Management
Specific sectoral journal	Utilities Policy

Source: Authors’ own work

This search led to the addition of 3 articles. The final number of articles rises to 33 (Appendix I).

2.3.2. Data analysis

A data-driven content analysis was conducted, following the approach conducted by previous studies (e.g., Gardner et al., 2011; Seuring and Gold, 2012; Ali et al., 2017; Bujaki et al., 2023). Particularly, we employed an inductive approach to guide the coding phase (Berkova et al., 2021; Frith and Gleeson, 2004). Through an in-depth reading of the documents, we identified five different themes. To identify the themes, we considered the latent level of meaning, not only the semantic content (Braun and Clark, 2006; Vears and Gillam, 2022).

The analysis was conducted manually. Adopting an inductive approach, a careful reading of the articles was carried out and then the concepts were identified. These were then traced back to the identified themes. Specifically, we carried out the reading of the selected papers by identifying the keywords for each of them. The number of keywords to be identified for each paper was not predefined beforehand but varied depending on the content of each paper. Subsequently, keywords with similar conceptual meaning were grouped together into themes to develop overarching categories (Section 4).

The coding activity was carried out by constant discussion on each article by the authors.

2.4. Results

In this section, we first provide a profile of the papers analysed, including the distribution of studies by source and distribution of studies by year. We then delineate the five main themes identified during the data analysis. Particularly, the identification of keywords and their grouping based on conceptual similarity led us to identify five themes. These themes are presented in five categories (sub-paragraphs 4.2-4.6) and shown in Appendix I; they are then discussed in section 5.

2.4.1. Paper profile

The identified articles cover a period ranging from 2002 to 2024, and the number of studies per year is relatively small with a trend stable until 2020. A significant increase in the number of studies begins in 2020, with a peak in 2021 (Figure 1).

Among the 22 journals that published the articles, the Utilities Policies Journal, Public Management Review, and International Review of Adminis-

trative Sciences have published the highest number of articles on the topic, counting a total of 13 papers, which represents 39% of the sample (Table 2).

2.4.2. Regulatory setting

Given that local utilities experience the market liberalisation and ownership structure patterns that may include private shareholders, a regulatory setting is necessary to safeguard PV. Regulation would allow local utilities to avoid a mere attention on financial objectives and to create PV (Colon and Guerin-Schneider, 2015). Particularly, a regulatory context for a local utility enables the achievement of public values leading to legitimacy and trust (Marie, 2016). In line with this perspective, Marie (2016) argued that PV takes precedence in the regulation of local utility service.

From another perspective, Cave and Wright (2021) highlight that PV should shape the regulation of investor-regulated utilities, suggesting that utility regulation should integrate the concept of PV. The crucial role of the regulatory context is further confirmed by an empirical analysis by Peltola et al. (2016). These scholars explored the waste business ecosystem and noted that some stakeholders, mainly the regulators, have a crucial impact on business opportunities in waste management (Peltola et al., 2016).

Within the regulatory context, contracting out emerges as a key issue. It addressed the challenges of complexity related to alternative market supply models, such as government management, citizen rights, and principal agent problems. Here, managers steer the market process balancing “technical and political concerns to secure public value” in compliance with regulation (Hefetz and Warner, 2004). Politicians also play an important role in PV-related issue (Jorgensen and Bozeman, 2002).

Likewise, public-private partnership (PPP) models have been investigated in relation to PV creation (Warner, 2010; Van den Oever and Martin, 2019; Herrala et al., 2012). Herrala et al. (2012) demonstrate that infrastructure plays an impactful role in PV creation within PPPs (Herrala et al., 2012). Particularly, Warner (2010) emphasizes the need to identify models of public service provision and management that go beyond PPPs to balance efficiency, accountability, and equity.

Van den Oever and Martin (2019) address the question of who benefits from the value created through PPPs. Their empirical analysis shows that the answer depends on whether the corporate decision-making process includes politicians or, on the contrary, follows a rational process. In the former case, the organisation tends to appropriate more value than in the latter (Van den Oever and Martin, 2019).

Figure 1 – Distribution of studies per years

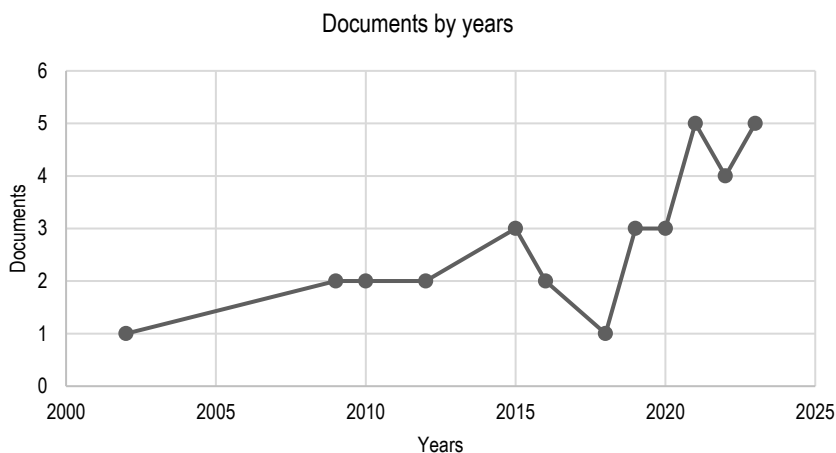


Table 2 – Distribution of studies by source

Journal	Number of Studies
Utilities Policy	7
Public Management Review	3
International Review of Administrative Sciences	3
Journal of Cleaner Production	2
Administration and Society	1
Australian Journal of Public Administration	1
BAR - Brazilian Administration Review	1
Critical Perspectives on Accounting	1
European Journal of Information Systems	1
International Journal of Energy Sector Management	1
International Journal of Knowledge-Based Development	1
International Journal of Public Sector Performance Management	1
International Journal of Quality and Service Sciences	1
International Journal of Services, Economics and Management	1
International Public Management Journal	1
Journal of Economic Policy Reform	1
Journal of Knowledge Management	1
Journal of Nonprofit and Public Sector Marketing	1
Managing Service Quality	1
Management Research Review	1
Public Administration Review	1
Strategic Management Journal	1

2.4.3. Corporate strategy

The concept of PV should be integrated into corporate strategies in order to be effectively achieved. Indeed, PV creation success depends on local utilities' genuine attitude to embracing PV by embedding it into core strategies and operations, going beyond mere profit maximization (Daiser and Wirtz, 2021). This has been emphasized also by Laitinen and colleagues (2018), who suggest new performance metrics to evaluate efficiency and effectiveness of local public services, declining any simplistic reductions to the performance of financial metrics (Laitinen et al., 2018).

Some scholars have shown that corporate strategy is crucial and should be matched with a holistic view of PV that includes the achievement of SDGs (Bauer et al., 2023). Specifically, Bauer et al. (2023) found that there is a strong attitude among Austrian and German municipal utilities towards the achievement of the SDGs due to their interactions with local communities, although this holistic view could be implemented to obtain sustainable value. In line with this perspective, Farooqi et al. (2023) noted that local utilities should be accountable and prioritize public service delivery over profit to positively impact performance systems and sustainability outcomes (Farooqi et al., 2023).

This holistic approach is also interesting when considering other corporate strategy aspects. First, corporate mergers and acquisitions involving local utilities should be evaluated beyond their financial, operational or service efficiency impacts (Walsh and Ajibade, 2019). Second, corporate organisational capabilities that emphasize collaboration with diverse actors to co-create value beyond organizational boundaries are essential (Gebauer et al., 2012). Finally, accounting changes in local governments can impact PV-related issues in local utilities (Bruns, 2014).

2.4.4. Co-creation and co-production

New initiatives in the public services sector impacting on PV can be driven by co-creation processes (Saha and Goyal, 2021). User engagement contributes to PV by increasing legitimacy, competitiveness and public trust and better design and provision of public services (Bonetti et al., 2023). According to Gebauer et al. (2010), public service providers cannot be viewed as “mere facilitators of value” but must support user participation, thereby becoming co-creators of value themselves.

Citizen engagement in co-production also plays an important role in PV creation. Particularly, it can improve public service quality and promote territorial identity (Landi and Russo, 2022). However, some critical aspects emerge. It can bring benefits, but poses several challenges (e.g., in terms of managing relationships with participants) and can negatively impact on PV (Jaspers and Steen, 2022). Just think of the tensions arising between the various dimensions of PV, which co-producers have to address by implementing both balancing and trade-off strategies (Jaspers and Steen, 2021). Although citizens may recognize the importance of PV even when they do not contribute to the development of the principles that generate it (Salmoria et al., 2021), their participation in this phase is also crucial for PV creation. Furthermore, it is important to ensure a higher quality of services in the regulation of co-production (Blanchet et al., 2023).

2.4.5. New technologies adoption

The fourth theme refers to the adoption of new technologies. PV creation involves the integration of technological innovations (Li et al., 2009; Koo et al., 2022; Sindakis et al., 2015; Lusikka et al., 2020). Particularly, new technologies can support the development of management strategies by facilitating the collection and use of information across various corporate phases. For example, mobile ticketing technologies in the transport sector can improve the implementation of PV creation strategies, also with a focus on revenue management (Li et al., 2009). Similarly, smart water metering and monitoring system can support PV creation by considering users' water bill (Koo et al., 2022). In line with this, some scholars demonstrate that new business models based on new technologies can create PV (Leviakangas and Oorni, 2020; Wirtz and Muller, 2023).

Moreover, the implementation of new technologies requires a focal role of users and their needs in order to create value (Sindakis et al., 2015). For example, innovative platforms enable the provision of customised services to users, and thus create PV (Lusikka et al., 2020). In this respect, Sindakis and colleagues (2015) refer to “customer-centred knowledge management”, which is crucial in improving the level of sustainability, and, consequently, generating PV. Furthermore, electronic-word-of-mouth via social media platforms can enable online value co-creation (Frempong et al., 2020).

2.4.6. PV destruction

A few studies have addressed the theme of PV destruction. Although this topic remains under-investigated – with only two papers focusing on it - we consider it significant enough to warrant a dedicated thematic cluster. PV destruction represents a concept that is diametrically opposed to PV creation but equally relevant in the context of public service management and provision. Lindholm (2021) focused on local utility ownership structure and observed that when privatised companies fail to create value, municipalization may be pursued as a corrective measure for privatisation failures (Lindholm, 2021). Rönnback et al. (2009) highlighted the risks to PV when public service provision is outsourced. The role of management and internal processes is central to these dynamics and can be detrimental to the PV (Rönnback et al. 2009).

2.5. Discussion and conclusion

Considering our results, the total number of different journals identified shows a diverse sample of sources, with the exception to the sector-specific journal of Utilities Policy, and the two public management journals – *Public Management Review*, and *International Review of Administrative Sciences* – which have the highest number of studies. The pattern of year of publications indicates a growing number of papers since 2021, suggesting increasing interest from researchers in the topic.

A key finding of our research is that the reviewed studies highlight a total of five themes which captured the PV dimension. Concerning the most addressed PV-related topics in local utility contexts, it is evident that PV is deeply intertwined with the regulatory environment, the corporate strategy, the co-creation and co-production processes, and the adoption of new technologies.

PV in local utilities has been addressed from different perspectives, such as an external perspective (regulatory context) and an internal perspective (corporate strategy). The regulatory environment needs to prioritize PV, balancing financial metrics with the broader goals of public service delivery. This can be shaped by integrating the PV concept in utility regulation. This confirms the crucial role of the regulatory context in safeguarding and implementing PV in the local utilities. In this prioritization activity the corporate strategy is crucial. In particular, it is important to develop a holistic approach to PV in the corporate strategy planning, including the organisational capabilities of the companies themselves.

Moreover, sensitive issues emerge in the context of contracting out and PPPs. In these cases, the academic debate has raised concerns about PV issues and has shown the central role played by managers and politicians.

Furthermore, the academic debate has identified crucial issues regarding user engagement. User engagement can have an impact on PV, supporting its creation. In particular, local utilities should actively promote user participation and effectively manage any tensions that may arise among participants. Thus, in the context of local public services management and provision, PV co-creation and co-production, along with contracting out and PPPs, are not considered a panacea, as they introduce several challenges.

The complexity of the PV-related issues imposes the need for an appropriate corporate strategy, encompassing the concerns of an active user engagement.

Moreover, our research finds a specific focus on the adoption of new technologies in local public services, highlighting great potential for PV. Indeed, new technologies adoption can positively impact PV by supporting the development of management strategies and stimulating user engagement.

Another crucial dimension that emerges is PV destruction. Local public services management and provision can destroy PV. Although there are few studies on this topic, it emerges that different contractual formats for the management and provision of public services can entail several risks that negatively impact PV. Also, the privatization phenomena can lead to performance failures, prompting the remunicipalisation of local utilities as a corrective measure.

To the best of our knowledge, this is the first structured review of research on PV in the local utility sector. Despite the growing attention of this topic, no reviews of this research existed. Our aims in conducting this review were twofold (1) to summarize how the literature on PV in local utility contexts developed; and (2) to define the most commonly addressed PV-related topics within these contexts.

This research shows that the PV issues are impacted by regulatory setting and different formats for the management and provision of services considering the different degree of engagement of stakeholders and primarily citizens/users. Moreover, PV is significantly affected by the adoption of new technologies. So, this review contributes to the PV discussion by showing how this topic is addressed in the utility sector. Knowing the debate focused on this specific context enriches the literature by revealing the crucial related aspects impacting PV. The findings are intended to stimulate greater debate within the utility sector, supporting local utility companies in aligning their operations with PV principles.

Moreover, this literature review offers a thorough synthesis of PV research within the context of local utilities and proposes targeted directions for future research. Indeed, considering these results, as well as the complex and multifaceted nature of PV, future research could propose and test comprehensive models that integrate these different PV-related topics in local utilities. Additionally, it would be beneficial to continue the discussion by further developing each identified topic. For example, it could be valuable to investigate the long-term impacts of different public service models (e.g., PPPs) on PV. This could include comparative case studies where PPPs have both succeeded and failed, to identify key factors that contribute to their effectiveness. Also, future research could compare specific PV-related issues to those in the broader public sector domain. Finally, additional theoretical and empirical research on PV destruction would be valuable.

From a practical perspective, we considered that understanding how PV is developed within local utilities is valuable for both regulatory organizations and managers. They will gain knowledge of PV issues related to the utility sector when adopting some actions, so they will be able to evaluate each decision more thoughtfully.

To conclude, while our approach aligns with previous structured reviews (Massaro et al., 2016), it has some limitations. First, we focused on English-based peer-reviewed articles and excluded other types of contributions. Second, we limited our research to two databases (Scopus and WoS), and part of the existing knowledge could not be included. Despite reducing this risk, by carrying out additional research in a list of targeted journals, some contributions could still have been missed.

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ASSESSING PUBLIC SECTOR ALIGNMENT WITH ESG INTEGRATION IN ERM: IMPLICATIONS FOR DECISION-MAKING AND PUBLIC VALUE

*Sarah Russo**

3.1. Introduction

The irony of risk here is that rationality, that is, the experience of the past, encourages anticipation of the wrong kind of risk, the one we believe we can calculate and control, whereas the disaster arises from what we do not know and cannot calculate.

Ulrich Beck, “Living in the World Risk Society” (2006)

Risks are ubiquitous – whether at the national level, within organisations, or at the individual level, they permeate all aspects of contemporary society (Beck, 1992, 2009). Generally, risks are defined as the potential for adverse situations to occur in the future, with outcomes or impacts that are both observable and measurable. This potential for adverse events influences decision-making processes, often constraining the choices that can be made from the outset.

For organisations, particularly public sector organisations (PSOs), this broader societal exposure to risk creates specific pressures to act responsibly and in an accountable way towards the public (Power, 2007; Vincent, 1996; Hood & Miller, 1996). For example, public managers must navigate political and economic risks stemming from recent crises such as the COVID-19 pandemic, the Ukrainian conflict, the exacerbated Israel-Palestine conflict, and other significant events (e.g., climate-related disasters, floods), which are challenging to resolve but can profoundly affect public well-being (Grossi and Vakulenko, 2022; Mitchell et al., 2021; Russo et al., 2022; see also Ferraro et al., 2014; Gatzweiler et al., 2022, on ‘grand challenges’). These ex-

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emply the Environmental, Social, and Governance (ESG) risks that increasingly impact PSOs and necessitate a proactive, integrated approach within their Enterprise Risk Management (ERM) frameworks. Addressing these issues requires PSOs to align their risk management processes with ESG principles, not only to protect against these risks but also to create and sustain public value, enhance resilience, and meet societal expectations (Bracci, Saliterer et al., 2021; Jørgensen and Bozeman, 2007).

PSOs are particularly vulnerable to systemic risks, such as climate change, given their responsibility for serving entire populations and managing the broad societal impacts of such risks (Hood and Miller, 1996). Despite acknowledging these challenges, there remains a lack of dedicated risk management frameworks for the public sector, as existing models are often used for risk avoidance purposes rather than proactive management (Hood and Miller, 2009; Hood, 2002). Research suggests that generic ERM tools are often less effective in PSOs compared to the private sector, indicating a need for public-sector-specific approaches (Paape and Speklè, 2012). Scholars have suggested that integrating risk management within management control systems (MCS) can enhance its practical value for PSOs (Bracci et al., 2021, 2022; Rana et al., 2019), particularly in the context of addressing systemic risks, including those related to ESG factors (Rana and Parker, 2023). Additionally, the alignment of ERM practices with public value objectives and sustainable resilience metrics has been identified as a means to increase the relevance of ERM within the public sector (Andersen and Young, 2023).

In response to the absence of established guidelines for PSOs, and in light of recent calls to adapt ERM to the distinct and complex demands of the public sector (Andersen and Young, 2023; Rana and Parker, 2023), this chapter proposes a tailored guide to support PSOs in assessing their alignment with ESG principles through an ERM system that integrates ESG-related risks. Given the potential of ERM to enhance public service provision, as argued by Mahama et al. (2022), the proposed tool is intended to support PSOs in assessing their progress towards this goal. It aims to facilitate more informed decision-making in the face of increasing service complexity (Andreeva et al., 2014; Power et al., 2009; Rika and Jacobs, 2019), while also acknowledging the challenges PSOs encounter in managing such risks to create public value (Andersen and Young, 2023).

Employing an interpretative approach to documentary analysis (Bowen, 2009; Lee, 2012), existing ERM frameworks are skimmed, read and interpreted to outline the possible elements that can promote the alignment of public sector objectives with ESG principles. A thorough analysis of such documents has also been central to identify the related effects of integrating

ESG-risks into ERM for decision-making and public value creation. The documents selected have been published by entities that have been forerunners in the field of ERM and contributed extensively to the definition of such practice within organisations.

The proposed guide offers several contributions, especially for public managers. For example, by assessing the alignment between ESG risk integration into ERM, PSOs can make more informed decisions concerning their internal structures, and the external environments in which they operate. This, in turn, can advance a more sustainable future and enhance public value. Moreover, the guide allows PSOs to monitor their progress in embedding ESG risks into their ERM processes, thereby fostering a proactive risk management approach that supports sustainable and strategically informed decision-making.

The chapter is structured as follows. Section 2 provides the background to the study, focusing on the literature related to risk management from a public value perspective in PSOs, as well as the role of ERM in supporting decision-making within these organisations. Section 3 describes the documentary research method adopted to develop the guide. Section 4 describes the findings extrapolated from the documents collected and analysed. Section 5 aims to discuss the findings by unpacking the key considerations for public managers in integrating ESG-risks into the ERM, specifically within PSOs. This section provides a practical guide for advancing this important and timely endeavour. Particular attention is placed to the implications of this integration for decision-making processes within PSOs. The chapter concludes with some suggestions for future research avenues and final remarks (Section 6).

3.2. Theoretical background

3.2.1. Managing risk in PSOs: A public value perspective

A critical link exists between management and the creation of public value, defined as the societal benefit derived from public sector activities directed toward citizens (Moore, 1995). As Bryson et al. (2014) argue, a managerial approach to public value, consistent with Moore's work, positions public managers as central, strategic actors responsible for identifying and responding to public needs. Whereas the link between management and public value creation is acknowledged by public sector scholars, how public managers can create public value by adopting practices, such as risk man-

agement, that align organisational actions with societal goals and expectations has not been explicitly explored in the literature.

The adoption of risk management in PSOs is not solely about mitigating financial losses and blame avoidance, it requires a delicate balancing act between safeguarding public resources (Hood and Miller, 1996; Hood, 2002) while also fostering innovation and responsiveness to public needs (Brown and Osborne, 2013; Osborne and Brown, 2011). Therefore, adopting risk management practices in PSOs can enhance the managers capacity to deliver on a range of public values, also in relation to topics such as resilience, social equity, and environmental sustainability. Managers require guidance throughout this process, so that they become aware of how they best align the organisations' objective to the public value expectation of citizens (Meynhardt, 2019).

Despite several calls over the last few decades (e.g. Hood and Miller, 1996; Paape and Speklè, 2012, Andersen and Young, 2023) to develop an ad hoc risk management framework and deployment of specific risk management practices for the public sector, practitioners and academics have not yet tried to make an advancement in that direction. As shown in Paape and Speklè's (2012) comprehensive study on ERM adoption, this might be due to PSOs rating their ERM effectiveness lower than their private counterpart. In other words, the study conducted by the authors suggests that generic ERM concepts, tools and techniques are not as much valued in PSO as in private organisations, which makes them less effective in such context for that reason. While the authors advise for developing specialised risk management approaches tailored to the public sector, they do not provide recommendations on how such public-sector-specific ERM framework needs to be designed and devised to become valuable for PSOs.

In line with these findings, some other scholars have been researching possible ways for transforming risk management into a valuable practice for PSOs. For instance, they have begun researching the effects of integrating the generic ERM framework into the broader sphere of MCS in PSOs (Bracci et al., 2021, 2022; Rana et al., 2019). As noted by Bracci et al. (2021), integrating ERM with other managerial systems is particularly relevant in PSOs for making ERM adoption a managerial endeavour rather than merely a compliance activity. This integration is also essential for incorporating ESG risks, which are increasingly significant in the operations of PSOs (Rana & Parker, 2023). Moreover, Andersen and Young (2023) suggest that, to be successful, risk management's traditional focus on risk-adjusted investment valuation and shareholder returns, needs to be adapted in a way that it aligns risk management practices with public value considerations and pursuing sustainable resilience as a key performance measure.

By studying the integration of risk consideration into strategic decision-making, performance management and MCS (e.g. Bracci et al., 2021; Rana et al., 2019; Mahama et al. 2022, 2023; see also, Prewett and Terry, 2018), organisations can better align their activities to the actions needed to achieve desired public values and deliver tangible benefits to citizens. In other words, public managers can align risk management objectives and practices to the broader societal objectives and therefore promote value creation and preservation, if risk management is employed as a holistic proactive tool set to enhance public value. As stressed by Andersen and Young (2023) reshaping ERM in a public value perspective is, therefore, crucial for its effectiveness in the public sector as it ensures that risk management decisions reflect societal priorities and contribute to the common good.

3.2.2. The role of enterprise risk management in decision-making in PSOs: ESG considerations for creating public value

Academic literature investigating ERM reflects a spectrum of opinions on its adoption in the realm of PSOs. Advocates of ERM adoption in PSOs argue convincingly for its implementation, citing its potential to enhance organisational performance and accountability (Arena and Arnaboldi, 2014; Palermo, 2009, 2014), its effectiveness and relevance for shaping the ever more complex public service landscape (Mahama et al., 2022) and, if integrated with MCS, its capacity to enable PSOs in identifying, assessing, monitoring and reporting risks of difficult appraisal, such as climate change and cybersecurity risks (Rana and Parker, 2023).

As a holistic risk management tool, ERM can govern information in ways that foster informed decision-making and guide future actions, as well as individuals' behaviours (Mikes, 2011). ERM couples strategic and operative dimensions of managing risks with an ex-ante control perspective, therefore, being able to influence organisational decision-making (Meidell and Kaarbøe, 2017) and control for organisational behaviour. This makes ERM particularly suitable for prompting a cultural change, where managing ESG-related risks and making decisions about them becomes central despite the political pressures, limited resources, or accountability issues unique to the realm of PSOs.

Conversely, some scholars caution against adopting ERM, in its current form, without any adaptation in the public sector. The implementation of ERM has often been limited by traditional compliance logic still pervasive in many European countries (Pollitt and Bouckaert, 2017). Indeed, if implemented

through a box-ticking activity (Power, 2007, 2009), isolated from the actual realm of organisations, ERM can generate adverse managerial effects (Huber and Scheytt, 2013; Thomsen and Skærbæk, 2018). Scholars have also warned against the possible challenges deriving from the difficulty of integrating ERM with other managerial practices (Arena et al., 2017). A broader managerial approach to risk management systems is advocated for, so that it can become part of or support better MCS (Bracci, Tallaki et al., 2021; Mahama et al., 2023; Rana et al., 2019). This broader approach should drive organisational and individual behavior and therefore could be better suited for addressing systemic risks such as ESG-related risks faced by the public sector.

Despite evidence showing that integrating ERM could lead to a greater focus on the opportunity side of risk identification and response (Mahama et al., 2022; Rana et al., 2019), strategy and related decision-making have not played their expected roles effectively in the public sector literature (Arena et al., 2010, 2017; Bracci, Tallaki et al., 2021; Palermo, 2017). This is surprising, as the usefulness of risk management in helping organisations become more sustainable is prompted by the several international initiatives, frameworks and standards that rely on risk-based thinking to improve organisations sustainable performance (e.g. Task-force on Nature-related Financial Disclosure, SASB, GRI, etc.). ERM plays a role in guiding organisational decisions aligned with ESG principles (Rana and Parker, 2023), and therefore how PSOs embed ESG-related risks into their ERM is a worthwhile endeavour for improving decision-making by public managers.

ERM can play a transformative role in PSOs by fostering a proactive approach to addressing also ESG risks, which are essential for ensuring and promoting public value creation. By embedding ESG principles within ERM, PSOs can go beyond mere compliance, engaging in a structured yet flexible approach to risk that informs both strategic planning and everyday decision-making. This integration enables PSOs to better anticipate and mitigate ESG risks, ultimately contributing to the sustainability, resilience, and social equity of public services. ERM's holistic framework aligns well with the public sector's goals of long-term value creation, as it not only strengthens operational resilience but also supports accountable governance. Through ESG-integrated ERM, public managers gain the strategic foresight necessary to respond effectively to complex societal challenges, such as climate change and social inequality, positioning PSOs as active agents in building a sustainable, equitable future.

3.3. Research design

3.3.1. Research approach and data collection

This research employs an interpretative approach to documentary analysis. As noted by Bowen (2009: 27), this method requires data to be “examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin and Strauss, 2008; see also Rapley, 2007)”. The documentary analysis is employed to explore existing and established ERM frameworks and documents to extract valuable knowledge that helps address the research purpose proposed in this chapter: provide PSOs with a guide to assess their alignment to ESG principles via the integration of ESG-risk in the ERM process, to also identify possible implications for public value creation and decision-making.

An interpretive approach was adopted to examine existing and well-recognised ERM frameworks and documents (Burrell and Morgan, 1979; Lee, 2012, 2021), aiming to inductively capture nuances (i.e., characteristics of PSOs or the context) that might affect PSOs. Investigating these documents in light of the implications for PSOs’ value creation and decision-making is particularly valuable, as the blurring of boundaries between the public and private sectors after the New Public Management (NPM) reforms has led to the rise of so-called hybrid (i.e., public-private) organisations within the PSO umbrella. These organisations, such as energy, waste, and multi-utility companies, provide public services but are also subject to market-regulated industry forces (Bozeman and Bretschneider, 1994). This duality has significant implications on how they may create public value, make decisions (Coursey and Bozeman, 1990) and, consequently how they can respond to future uncertainties.

The existing guides and frameworks for managing risks in a holistic way, particularly in light of PSOs’ recent interest in ESG risks, were retrieved from the official websites of the different entities publishing these documents. The documents analysed are as follows.

- Committee of Sponsoring Organisations of the Treadway Commission (COSO) – 2004 – Enterprise Risk Management – Integrated Framework.
- Committee of Sponsoring Organisations of the Treadway Commission (COSO) – 2017 – Enterprise Risk Management – Integrating with Strategy and Performance.
- World Business Council for Sustainable Development (WBCSD) – 2017 – The Role of Enterprise Risk Management in Sustainability.

- Committee of Sponsoring Organisations of the Treadway Commission (COSO) & World Business Council for Sustainable Development (WBCSD) – 2018 – Enterprise Risk Management – Applying Enterprise Risk Management to Environmental, Social, and Governance-related Risks.

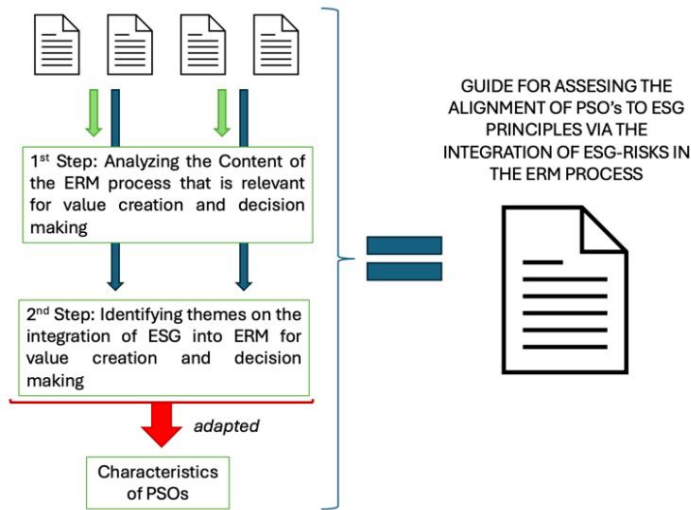
3.3.2. *Data analysis*

The collected documents, which are established and known frameworks and guides used by managers and professionals in implementing ERM within organisations, are not simply containers of content. They are analysed acknowledging the fact that they produce social effects on the organisations that use them (Lee, 2021), in this research, PSOs. The collected documents are therefore analysed with the understanding that they do not merely reflect an objective reality; rather, they actively contribute to shaping that reality.

Document analysis involves an iterative process of skimming, reading, and interpreting documents (Bowen, 2009). This process “combines elements of content analysis and thematic analysis” (Bowen, 2009: 32). Content analysis organises information into categories that correspond to the central questions of the research. In this case, information was first categorised as relevant or irrelevant in assisting PSOs in assessing their alignment with integrating ESG-related principles into their ERM. Practically, the information was initially grouped according to what this guide defines as ‘ERM components’ which are the key elements necessary for an effective ERM process that improves decision-making and generates value. This first step laid the groundwork for examining the recurring themes within each component, which emerged naturally and formed the basis for further classification into themes. In other words, the second step involved thematic analysis to identify ways ESG risks could be integrated into the ERM process.

The results of steps 1 and 2, based on the documents reviewed, provide the foundation upon which this guide is built. Recognising the unique characteristics of PSOs and their context as well as the possible challenges deriving thereof, the findings from both steps informed the development of a guide for PSOs to assess their alignment with integrating ESG risks into ERM and monitor progress toward this goal. Figure 1 depicts the process of the guide’s development.

Figure 1 – From the data collection to analysis: The development process of the guide



3.4. Findings: A documental analysis

3.4.1. Step 1: The identification of relevant content in the ERM process for creating value and making decisions

Since the beginning of the 21st century, the Committee of Sponsoring Organisations of the Treadway Commission (COSO) (2004, 2017) has placed a particular interest in how risk has become part of managerial practice and affects how organisations operate. The COSO, therefore, proposed its first integrated ERM framework in 2004 to support organisations in better identifying risks at each organisational level that could affect shareholder value and improving decisions on how to respond to such identified risks. This first version of the ERM adopted an extensive control focus with a primary relevance to the proper managing of the risk cycle (mainly identifying, evaluating and responding to risks). The version of 2017 goes beyond this view, by emphasising the need to integrate risk management with the setting of organisational strategy and performance management processes to create and safeguard organisational value and the value creation process. Here, the importance of ERM in enhancing organisational performance is underscored, as it not only mitigates risks but also identifies opportunities for value creation.

Unlike the version of 2004, the ERM Integrated framework (COSO, 2017) is presented in its interwoven helical form composed of two support elements, “Governance & Culture” and “Information, communication & reporting,” and three elements forming the risk management process, “Strategy & Objective-setting,” “Performance,” and “Review & Revision.” Given its generalist structure, it can be adapted to any kind of organisation and context, and it is aligned with the view of the development of value creation (see Figure 2).

Figure 2 – COSO’s Enterprise Risk Management Framework



Source: COSO (2017)

Both versions of the ERM framework proposed by COSO (2004 and 2017) share how the ERM process unfolds. These commonalities are defined as ‘ERM components’ in this research and represent meaningful categories of value creation and decision-making in the ERM process. Such ERM components are the result of the identification and categorisation of data within the ERM framework. The ERM components extrapolated from the analysis are: governance and culture; practices; integration with strategy-setting and performance; and managing risk and creating, preserving and realising value. Table 1 lists all these ERM components, providing also a description next to each component. Recognising such components is the first step towards identifying the areas of the ERM process that are relevant for improving value creation and decision-making.

Table 1 –ERM components possibly effecting value creation and decision-making.

ERM Components	Description
Governance and culture	The framework of rules, practices, and processes by which an organisation is directed and controlled and the organisational behaviours, norms, and values that influence how risk is viewed and managed.
Practices	The procedures and routines embedded in the organisation to manage risk.
Integration with strategy-setting and performance	ERM is not a standalone process but is integrated with the organisation's strategic objectives and performance metrics.
Managing risk and creating, preserving, and realising value	The ultimate goal of ERM is to support the organisation in achieving its objectives and ensuring its sustainability and growth.

Source: Own elaboration from COSO (2014, 2017)

Moreover, the components are not considered independent from each other. As illustrated in the documents the ‘governance and culture’ component of the ERM process influences several other components of the ERM process. For example, the ‘practice’ component which concerns how organisations operate includes the skills and expertise required to manage risk, the procedures and routines embedded within the organisation, and the overall approach to risk management. This component is affected by the cultural approach taken by the organisation. The ‘integrating with strategy-setting and performance’ component of the ERM process too guided by the cultural approach taken by the organisation and suggests that ERM is more deeply engrained into the operations of an organisation. The last component on the risk management process, along the creation, preservation, and realisation of value, underscores the need to establish criteria to ensure that ERM supports the organisation in driving growth and value creation.

3.4.2. Step 2: From the content to the identification of themes on value creation and decision-making by integrating ESG into ERM

By focusing on the components of the ERM process a structure is established to further explore the recurring themes or deeper insights related to ESG integration into the ERM process. After acknowledging the ERM components necessary to create value and make decisions, it is relevant to consider how ESG risks can be integrated into such system and the implication of that integration. In this setting, themes can be identified by exploring the document published from a joint effort between the COSO and the World Business

Council for Sustainable Development (hereafter, WBCSD). This document proposes a guide on how to support decision-making based on the integration of ESG-related risks into the ERM process of organisations (COSO & WBCSD, 2018). The relevance of this integration was priorly acknowledged by the WBCSD (2017), but it was solely through the joint effort that the dimensions of ERM in this latter version acknowledged the relevance of ESG-related risks for the holistic risk management of an organisation.

The guide resulting from the collaboration between COSO and WBCSD (2018) reflects better the business environment where organisations create and preserve value. It seeks to do so by maintaining the emphasis on linking risks to performance and strategy. All ESG-related issues are considered throughout the implementation of ERM, ultimately to improve therefore decision-making (see Figure 3). In so doing, the proposed guide by the COSO and WBCSD already identifies the themes on how ESG-risks can be integrated into the ERM process.

Figure 3 – Guide for applying enterprise risk management to ESG-related risks



Source: COSO & WBCSD (2018)

COSO and WBCSD’s (2018) framework proposes to consider all steps of the ERM also in light of ESG-risks. Hence, the proposed framework stresses the importance of embedding ESG awareness into an entity’s culture integrating ESG elements into the organisation’s mission, vision, and core values to foster behaviours and decisions aligned with sustainability goals and risk management (Governance & Culture for ESG-related risks).

It calls for a greater consideration of mega trends, and global risks on the setting of strategic and operative objectives (Strategy & Objective setting for

ESG-related risks). Also, it proposes to consider also ESG-related risks in each step in the identification, assessment and evaluation of risks and the implementation of risk responses (Performance of for risk-related risks) and to develop indicators for monitoring and revising those risks (Review & Revision for ESG-related risks). Lastly, it recalls that effective communication and reporting of ESG-related risks require tailored information for internal and external stakeholders, using appropriate channels and ensuring data quality, to support informed decision-making and meet regulatory obligations (Information, Communication & Reporting for ESG-related risks).

3.5. The proposition of a guide specifically for PSOs

3.5.1. Challenges of integrating ESG into ERM in PSOs: Risk culture, pressures, and public value implications

The framework proposed by the COSO and WBCSD (2018) on the consideration of ESG risks throughout the ERM process is of general nature and was developed with the intent to make organisations aware of the need to integrate ESG-risks to better respond to major threats posed and challenges faced by organisations in contemporary society, e.g. climate change. Despite not being fundamentally unsuited for PSOs, such a framework does not consider the unique context of public service provision and the specific role PSOs' have in creating public value. Drawing on the recent calls for considering the complexity of PSO's landscape in risk management (Andersen and Young, 2023; Paape and Speklè, 2012) and prior research advocating for the need of ad hoc risk management framework (Hood and Miller, 1996; Rana and Parker, 2023), there is a need to develop a guide for public managers to help them embark on this journey.

Building on the details in Table 1, which outline the ERM components – culture and governance, practices, integration with strategy-setting and performance, and managing risk to create, preserve, and realise value – key considerations for decision-making and value creation in PSOs can be made in regard to the ESG integration into ERM. As will be discussed in the following paragraphs, the literature shows that a public sector specific lens, e.g. through public value, could prompt a successful implementation of the risk management processes for PSOs (Andersen and Young, 2023). Such perspective could be especially critical for PSOs in managing ESG risks (or systemic risks as argued by Hood and Miller, 1996). In this regard, the themes discussed in Section 4.2.

about the consideration of the ESG risks within each of the 5 dimensions of the ERM framework of the COSO (2017) outline the different ways ESG-risks can be integrated into the ERM process while also pointing to the likely effects on value creation and decision-making of PSOs.

Risk culture and governance entails the creation of a shared and common conception of risk within an organisation (COSO, 2004; The Institute of Risk Management, 2012). In turn, such shared and recognised conception can shape the attitude of employees towards the defined risk perception. A well-structured governance assures that the risk culture is upheld, but to date, research has contended that risk management is still loosely integrated within PSOs (Bracci et al., 2021, 2022) and the problem often has been attributed to a scarce acknowledgment of fostering a strong organisation risk culture.

While some external tools have been promoted, e.g. Institute of Risk Management (2012) has launched the Risk Culture Aspects Model (REAC), to provide a practical approach to public managers it is fundamental to understand first the characteristics of PSOs organisations that could affect this component. Promoting a more deliberate risk culture is an arguably relevant topic for the public sector. However, it is also a difficult endeavour since the predominant risk culture found in the public sector is typically of the risk-aversion kind (Bozeman and Kingsley, 1998; Chen and Bozeman, 2012). The result has been an adoption of risk management practices primarily for blame avoidance purposes (Hood and Miller, 1996; Hood, 2002).

Given that ESG-related topics become increasingly more relevant in how PSOs manage their risk (Rana and Parker, 2023) and account for their responses to such risks (Andreeva et al., 2014), PSOs' managers need increasingly to be more aware of such risks. As noted by Hood and Miller (1996), it is exactly those systemic risks that PSOs should consider in their managerial systems in order to reflect about possible ways to mitigate them (see also Power, 2007). ESG risks among the many other risks impinging on human-kind are increasingly more noticeable by contemporary societies (Beck, 2009). A greater global awareness about such risks, at an individual level, might represent a double-edged sword. It could intimidate public managers in making more risk-averse decisions funnelled by terror and fear about environmental or social consequences (Beck, 2009). On the contrary, such awareness might be instrumental to foster organisational changes by helping managers pursue innovations in line with a more sustainable future via the setting of a higher risk appetite (Brown and Osborne, 2013).

Still, it becomes necessary to develop within PSOs a shared risk perception that incorporates both traditional and external ESG risks, such as climate change. To this end, governance structures can encourage a proactive stance

on ESG risks, cultivating a culture of openness to ESG opportunities thereby leading to public value creation and better decision-making. As discussed by Bozeman and Kingsley (1998), PSOs might be less risk adverse as traditionally expected and their propensity to entrepreneurial behavior likely depends on other factors than sector, for example, the existing level of organisational performance (see, for example, Nicholson-Crotty et al., 2017). In this respect, it is particularly relevant, through shared norms and rules to enable public managers in this process, especially when they operate within PSOs that compete with private companies and are subject to the performative pressures introduced by New Public Management (NPM) reforms (Hood, 1991, 1995).

Unlike private sector counterparts, whose primary mission revolves around profit, PSOs are responsible for creating and sustaining value for the public. PSOs must adopt practices that also function under more complex value systems that prioritise practices pursuing public interest, social equity, and sustainability (Moore, 1995; Bozeman, 2007). By operating on the market, with private sector peers, PSOs therefore might be induced to mimicry private-sector practices also as regards managing and reporting about ESG risks (for example, Dumay et al., 2010; Greiling et al., 2015). This raises concerns about public value creation, as PSOs might be tempted to focus more on financial value. Integrating ESG factors into PSOs' operations presents a unique opportunity to enhance public value by informing their practices by aligning organisational goals with broader societal needs, such as sustainability, social equity, and long-term resilience.

3.5.2. Integrating ESG into ERM in PSOs: A guide for improved strategic decision-making and public value creation

Through the embedding of ESG risks and opportunities within their ERM frameworks, PSOs can reshape decision-making processes to be more reflective of public interest values and therefore set in place ERM systems that foster accountability (Arena and Arnaboldi, 2014; Palermo, 2014). Incorporating ESG considerations within PSOs' ERM requires adapting private-sector-alike practices to align with the distinct objectives of the public sector. For example, PSOs may incorporate green procurement, socially responsible investments, and performance measurement through sustainability-related KPIs, thereby extending beyond the conventional private sector focus.

Given that PSOs are accountable to a broader set of stakeholders, they are typically expected to provide a more comprehensive reporting on their ESG practices compared to private organisations (Greiling et al., 2015). Particu-

larly, reporting quality around ESG themes has become particularly relevant in the aftermath of public sector reforms (Raimo et al., 2022). Decision-makers in PSOs must therefore develop new competencies to manage these ESG considerations effectively, positioning them to anticipate and respond to evolving societal needs. Moreover, incorporating ESG factors into strategic planning allows PSOs to proactively address potential ESG risks, which can reinforce public trust and strengthen accountability relationships with citizens. As PSOs become more attuned to ESG imperatives, they contribute not only to public value creation but also to a sustainable future that resonates with the values of contemporary society.

Integrating ESG considerations contained in ERM with strategy-setting and performance measurement systems within PSOs could contribute to making risk management transform from a compliance exercise to a strategic enabler that is also aligning risk practices with the generation of public value (Arena and Arnaboldi, 2014; Bracci et al., 2021; Rana et al., 2019). This shift in focus allows PSOs to prioritise sustainability goals and societal expectations when crafting their strategic objectives, as well as to implement performance metrics that track progress toward these goals. PSOs, however, face unique challenges due to goal ambiguity; they must often balance both social outcomes and market-based objectives, increasing the complexity of strategic alignment (Bozeman, 1989; Rainey and Bozeman, 2000). Incorporating ESG considerations into ERM helps mitigate these challenges by enabling PSOs to anticipate and address issues that may impact both the organisation's objectives and broader societal outcomes.

A comprehensive ESG framework within ERM requires PSOs to carefully consider potential risks and opportunities in areas like climate change, social equity, and governance to ensure their strategic actions contribute positively to the public good (Eccles et al., 2014). For example, strategic investments in sustainable infrastructure or policies promoting social equity reinforce public value by balancing immediate performance objectives with longer-term social and environmental goals. In this way, ESG alignment enhances resilience and strengthens PSOs' commitment to their public mission by embedding sustainability into day-to-day operations and long-term strategic planning. As shown by Esposito et al. (2023) in their study about the exploration of corporate social responsibility and financial performance, the integration of ESG risks into the ERM can provide insights into how ESG factors impact organisational performance. This approach helps PSOs uphold both service efficiency and sustainability, advancing their role in fostering economic, social, and environmental resilience.

The process of ESG integration begins with a thorough analysis of the organisational context, identifying which ESG factors may impact the organisation's strategic objectives. Under the COSO and WBCSD framework (2018), PSOs incorporate ESG risks into ERM only when these risks have the potential to influence their strategy and performance outcomes. However, PSOs' role as public stewards suggests a unique need for acknowledging both how external risks affect PSOs and how PSOs' actions impact societal or environmental conditions. Therefore, an ESG-inclusive risk approach in PSOs not only addresses traditional risk factors but also anticipates societal expectations, reinforcing a proactive and accountable stance in managing public value creation and decision-making in line with sector-specific ESG demands. In so doing, PSOs are better equipped to address ESG risks comprehensively, recognising the importance of how external societal or environmental shifts may influence their operations while also considering their own actions' impact on broader societal goals. This nuanced approach enables PSOs to foster transparency, reinforce public trust, and enhance accountability in a way that aligns with their core mission of delivering long-term public value.

Lastly, ERM aims to manage risks of any kind in the creation, preservation, and realisation of value (COSO, 2017). However, the concept of value is inherently vague and has always been infused with different belief systems (Friedland, 2017), resulting in varied perceptions of what is valuable. In the COSO framework, value is not explicitly defined, as the objectives of a private organisation – such as generating profits to increase shareholder value – may differ significantly from those of governmental or not-for-profit organisations. This is especially relevant in the public sector, where PSOs operate with diverse interests and objectives. Here, the multifaceted nature of value persists, as recognised by scholars like Bozeman (2007) and Moore (1995).

In the context of PSOs, leveraging ESG opportunities can be instrumental in creating and preserving value aligned with their public mission. Decision-makers within PSOs are increasingly prioritising initiatives that generate both social and financial returns, such as community engagement projects. Recognising that value creation in PSOs encompasses social and environmental outcomes, and not just financial metrics, has allowed these organisations to enable strategic investments aligned with both ESG principles and the public interest. Aligning decision-making with ESG principles enables PSOs to pursue sustainable value creation that benefits society as a whole, beyond merely managing risk, by realising opportunities that uphold public interest and ESG objectives.

The perception of what is valuable is closely linked to the cultural dimension, as values are deeply embedded within cultural beliefs (DiMaggio,

1997; Friedland, 2017). The core values of an organisation play a critical role in how they intend to create and sustain value for their stakeholders. In PSOs, however, the ambiguity related to what their values are (Bozeman, 2007; Moore, 1995) might challenge how they want to generate value. This multiplicity of values can make the goals of PSOs appear less straightforward at first glance, adding complexity to their strategic direction and decision-making. Accounting for these diverse values in an increasingly complex environment remains a priority and represents a promising avenue for future research (Bozeman, 1989; Bracci, Saliterer et al., 2021; Rainey and Bozeman, 2000).

Table 2 below summarises the key aspects of this section, providing a checklist that managers of PSOs can use to assess their alignment to ESG principles. Also, the Table shows the implications for decision-making and public value creation.

Table 2 – Guide for assessing the alignment to ESG principles by PSOs

Step 1: ERM Component	Step 2: ESG-integration in ERM	The identification of PSO characteristics	Checklist for assessing alignment to ESG principles by PSOs	Impact on PSOs' decision-making and public value creation
Governance and Culture	- Encourages a shared risk conception that broadens the scope of risk perception within PSOs (considering also external ESG risks such as climate change alongside traditional risks) - Promotes a more proactive acceptance of ESG risks and opportunities	- PSOs often exhibit a risk-averse culture, driven by the need to safeguard public interest (Bozeman & Kingsley, 1998; Chen & Bozeman, 2012). - The culture in PSOs is influenced by multiple interests and objectives pursued (Bozeman, 2007).	- Established a shared understanding of risk that incorporates both traditional and external ESG risks (e.g., climate change). - Fostered a culture that encourages proactive acceptance of ESG risks and opportunities. - Ensured that cultural aspects (e.g. risk aversion) and governance structures support the alignment of organisational culture with ESG objectives.	A well-structured governance structure shapes decision-making by aligning the organisation's culture with its ESG goals. Decision-makers in PSOs will need to balance risk aversion with opportunities presented by ESG trends, facilitating more holistic decision-making that accounts for both the short-term and long-term impacts on the public.

Table 2 – (continued)

Step 1: ERM Component	Step 2: ESG-integration in ERM	The identification of PSO characteristics	Checklist for assessing alignment to ESG principles by PSOs	Impact on PSOs' decision-making and public value creation
Practices	- Consideration of ESG risks that could affect organisational activities and practices ultimately affecting the accountability relationship with citizens. - Might lead to changes in operative practices (e.g. green procurement, socially responsible investments, and sustainability KPIs in performance measurement)	Unlike private sector organisations, where activities are profit-oriented, PSOs operate under more complex value systems that prioritise practices that pursue public interest, social equity, and sustainability (Moore, 1995; Bozeman, 2007). PSOs often lack the specialised skills to integrate and manage ESG risks within their existing ERM frameworks	- Integrated ESG risks into operational practices to enhance accountability to citizens. - Implemented ESG-driven operational changes, such as: - Green procurement policies - Socially responsible investments - Sustainability KPIs in performance measurement - Others - Developed ad hoc skills within PSOs to manage ESG risks effectively	Decision-makers will need to learn new skills to employ ERM practices that are dynamic and adaptive, allowing PSOs to respond to both internal and external environmental and social changes in light of the accountability relationship they cultivate with citizens.
Integration with strategy-setting and performance	- Ensures that strategic objectives are aligned with sustainability goals and societal expectations. - Requires considering ESG factors during the goal-setting phase and identify ESG risks that could impact performance.	PSOs face challenges with goal ambiguity, where objectives are often not solely financially driven but are focused on social outcomes. This increases complexity in aligning strategy with performance metrics (Bozeman, 1989; Rainey & Bozeman, 2000).	- Aligned strategic objectives with ESG and sustainability goals. - Incorporated ESG factors during goal-setting to ensure alignment with societal expectations. - Addressed goal ambiguity by balancing financial and social outcomes in strategy. - Have a system in place to adapt strategies to respond to evolving ESG risks and societal needs.	Strategic decisions in PSOs reflect a balanced approach to achieving public value and mitigating ESG risks. Decision-makers can ensure that their actions support long-term sustainability goals while also achieving immediate organisational performance targets if strategy is aligned with ESG considerations. Decision-makers will need to continuously adapt and refine their strategies as ESG risks evolve.

Table 2 – (continued)

Step 1: ERM Component	Step 2: ESG-integration in ERM	The identification of PSO characteristics	Checklist for assessing alignment to ESG principles by PSOs	Impact on PSOs' decision-making and public value creation
Managing risk, and creating, pre-serving, and realising value	• present opportunities for PSOs to create and pre-serve value in ways that align with their public mission. (e.g. sustainability initiatives, community engagement, or green infrastructure projects that generate both so-cial and eco-nomic/financial re-turns over time)	• The concept of value within PSOs is more nuanced compared to the private sector. For PSOs, value includes not just financial re-turns but also social and environmental out-comes (Moore, 1995; Bozeman, 2007).	• Leveraged ESG opportu-nities to cre-ate and pre-serve value aligned with the public mission. • Prioritised ini-tiatives that generate both social and fi-nancial re-turns (e.g., community engagement, green infra-structure pro-jects). • Recognised that value in PSOs encom-passes social and environ-mental out-comes, not just financial metrics. • Made strate-gic, long-term investments that serve both organisa-tional goals and public in-terest in line with ESG principles.	Decision-makers within PSOs can make more stra-tegic, long-term invest-ments that benefit not only the organisation but also society as a whole. These decisions are not only about managing risk but also about realising oppor-tunities for value creation in a way that is consistent with public interest and ESG goals.

3.6. Future directions and conclusion

Prior literature suggests that by following this guide and integrating ESG-related aspects into each component of their ERM systems, PSOs can enhance their ability to create public value and support more informed

decision-making for the future. A key strength of the guide lies in its emphasis on fostering a risk-aware culture and establishing structured governance, which is particularly relevant for PSOs given their typically risk-averse nature. The framework encourages a shift towards a more proactive risk culture – an issue that is timely as ESG issues increasingly shape both public and organisational agendas. By adopting this framework, managers in PSOs can make decisions that are more resilient and responsive to emerging risks, ensuring their organisations are not only prepared for current challenges but also equipped to anticipate and address future ones.

Furthermore, integrating ESG considerations into the broader mission of creating public value – including social equity, environmental stewardship, and economic resilience – ensures that PSOs remain focused on their core mission while adapting to contemporary challenges. The checklist included in the proposed guide facilitates the assessment of PSOs' progress toward aligning with ESG principles, enabling managers to track their alignment through a series of actionable steps. This alignment underscores the framework's emphasis on delivering long-term public value, which is vital for maintaining public trust and organisational legitimacy in the public sector.

This research seeks to contribute to the existing literature on risk management within the public sector by analysing and expanding the framework for integrating ESG-related issues into ERM specifically tailored for PSOs. In doing so, the study offers a pragmatic contribution for public sector managers by providing a guide, accompanied by a checklist, to help assess their progress toward successfully achieving such integration. Given the unique context of the public sector, this approach acknowledges the need for tailored adaptations to effectively address the inherent complexities of PSOs.

This study, however, is not without limitations. As it is solely conceptual, drawing on documents published by entities that have advanced the field of ERM through the development of ad hoc frameworks (e.g., COSO), the proposed guide has yet to undergo empirical testing. Future research could explore the guide's practical utility for public managers by conducting case studies or pilot projects to validate the framework across various public sector contexts. Additionally, this research employs a subjective and interpretative approach to data analysis, which means that the findings are not derived through objective methods and may not be generalisable to all public sector organisations.

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EXPLORING PUBLIC VALUE AND SUSTAINABILITY IN HEALTHCARE

*Paola Canestrini**

4.1. Introduction

Healthcare organizations, such as hospitals and clinics, are primarily dedicated to safeguarding public health through disease prevention, medical care, promoting healthy lifestyles, and scientific innovation. They ensure access to care and equity in the distribution of healthcare services, while also contributing to the continuous education of healthcare professionals and the regulation of public health. In line with the principles of Business Administration, as service organizations, healthcare organizations also rely on the working staff, without whom their mission could not be fulfilled (Borgonovi, 2005). Moreover, as part of the local health system, these organizations are deeply embedded within the institutions and communities they serve, engaging in constant interaction.

However, these organizations not only affect people's health but also have environmental, social, and economic impacts on the context in which they operate. For instance, healthcare organizations report high energy consumption, medical waste generation, intensive water usage, and greenhouse gas emissions (World Economic Forum, 2022). Their environmental footprint is further expanded using chemicals, infrastructure development, and the material supply chains they depend on (McGain and Naylor, 2014; Health Care Without Harm, 2019). Nevertheless, prior literature on the Public Value (PV) created by healthcare organizations concerns mainly treating diseases and protecting health (Amorim Lopes and Alves, 2020; Eriksson et al., 2021; van de Sande J. et al., 2022; Wade, 2022). Also, some forms of application of PV accounting

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within this sector to prioritize actions have been studied (Bozeman, 2003; Gaughan, 2003). However, the broader spectrum of social, environmental, and economic responsibilities and the effects of these organizations are still less navigated from research (Martin-Sardesai et al., 2024), so as the link between PV and sustainability (van Gestel et al., 2024).

The Italian case, however, makes it necessary to operationalize this connection. Recently, the Italian public sector reform (Law Decree 80/2021), introduced as a necessary measure to relaunch the post-COVID-19 recovery phase, has formally integrated the concept of PV. Since 2022, the central government has mandated that public organizations disclose their strategies and activities in terms of PV through a planning document known as PIAO (the “Piano Integrato di Attività e Organizzazione”). Additionally, regional governments are responsible for specifying how public health organizations should define their PV within the healthcare sector. Yet, to date, few regions have fulfilled this requirement.

According to this regulatory framework, PV is understood as the enhancement of citizens’ economic, social, educational, welfare, and environmental well-being, as well as the productive context. However, this conceptualization remains vague, offering limited clarity on how PV should be defined and operationalized in practice. Despite this, a clear connection emerges between PV and sustainability, understood as the capacity to meet present needs without compromising the ability of future generations to meet their own (World Commission on Environment and Development, 1987). Sustainability is rooted in the balance between three key dimensions: environmental, economic, and social (Elkington, 1997). To be sustainable, development must consider all three of these aspects, ensuring progress that respects the environment, is economically advantageous, and promotes social well-being. Yet, the relationship between PV and sustainability has not received substantial attention in academic literature (van Gestel et al., 2024).

While PV is well-established within accounting and management studies, its intangible nature leads to varying interpretations (Bracci et al., 2021). Nevertheless, there is consensus among scholars that PV relates to the ultimate outcomes of interventions within a community (Alford and Yates, 2014), and it requires the evaluation of the service recipients (Meynhardt, 2009). Additionally, PV can be understood in its plural form, as public “values”, which serve as governance criteria underlying the creation of PV (Beck Jørgensen and Bozeman, 2007). As a result, there is no singular way to define the content of PV, nor is there a clear framework for guiding organizations in disclosing it through their strategies (Steccolini, 2019). However, the various conceptualizations of PV may be reconciled by leveraging the opportunity presented by

the Italian government's requirement for public organizations to formulate their strategies and to plan their activities explicitly in terms of PV.

Drawing from the Italian experience, this manuscript explores whether the PV proposition within the health sector encompasses sustainability dimensions. The Italian National Health Service (NHS) is largely driven by IRCCSs ("Istituti di Ricovero e Cura a Carattere Scientifico"), which have played a pivotal role in combating the COVID-19 pandemic. These institutes function as high-quality research hospitals, uniquely combining the provision of healthcare with cutting-edge research. They absorb significant amounts of public and private funding, represent Italy in international health research competitions, and contribute to staff training and support for the NHS and universities.

The study adopts the Knowledge Domain Tree (Shiffrin and Börner, 2004), a conceptual framework that organizes, structures, and visualizes the components of a specific knowledge domain in a hierarchical, tree-like form. Through this framework, it becomes possible to identify the strategies and activities that contribute to PV creation and to articulate them based on the potential presence of the three dimensions of sustainability.

A qualitative study was conducted, combining both primary and secondary data analysis. The study begins with a document analysis of the PIAOs of IRCCSs. The resulting PV Knowledge Domain Tree outlines the hierarchical structure of the strategies and activities of IRCCSs concerning the creation of PV. This framework, developed from the perspective of the PIAO preparers, is organized into macro-areas, areas, and knots. Regarding the macro-areas, both internal and external dimensions have been identified as contributing to PV creation, including Functions, Management, and Sustainability. Notably, all three dimensions of sustainability – environmental, economic, and social – have been traced within the analysis.

Subsequently, a panel of IRCCSs' PIAO preparers discussed, revised, and validated the PV Knowledge Domain Tree. Each institute was interviewed separately (through group interviews with internal PIAO preparers teams or with a single preparer). These preparers engaged enthusiastically with the research, seeking to establish a standardized and uniform approach to analyzing PV while preserving the unique characteristics inherent to each institute. The notes taken during the discussions provided further insights, helping contextualize and refine the developed PV Knowledge Domain Tree.

To the best of the author's knowledge, this study is among the first to examine the relationship between PV and sustainability within the health sector. It demonstrates that the PV of such organizations extends beyond the traditional boundaries of disease treatment and health protection, encompassing a broader range of dimensions that reflect their wider societal and environmental

responsibilities. This paper contributes to the PV accounting and management literature, specifically referring to the health sector. The PV Knowledge Domain Tree contributes to enhancing PV accountability, as Bracci et al. (2021) call for research on accounting tools used by organizations for creating PV going beyond economic, efficiency, and transparency foci and including social, ethical, and environmental values. In particular, it considers research hospitals, a context that has been scarcely explored (Siboni and Canestrini, 2023), which, given their position as leaders in their field, contribute to spreading best practices, including from a managerial perspective. In particular, the study highlights a self-referential approach to PV, raising concerns about the absence of the patients' perspectives in the planning of PV creation, despite them being the primary beneficiaries of the PV generated.

This study also holds a practical contribution by presenting the first standardized framework for analyzing the PV proposition in the health sector from an organizational perspective. This framework is intended to support PIAO preparers in more effectively demonstrating PV creation and its integration with sustainability objectives.

The paper hereafter is structured as follows: the second section outlines the background of the study, composed of the PV concept and its link with sustainability objectives within the health sector; the third section overviews the method; the fourth section describes the study's findings; and the fifth section provides the conclusions and implications of the research.

4.2. Background

Given its intangible nature, PV has been conceptualized differently within the literature (Hartley et al., 2017). Despite its growing attractiveness over the past two decades, empirical research has struggled to clearly define and identify PV content (Grossi et al., 2020; Llewellyn et al., 2022), which limits the academic contribution to practical applications. Four main conceptualizations can be identified.

The first conceptualization defines PV as the contribution of a public organization to the public sphere, shaped through a deliberative process that prioritizes public needs (Benington, 2009), or as the intended outcome of interventions within a social context (Alford and Yates, 2014). According to this view, PV represents the value that a public organization's actions add to society, both for present and future generations (Osborne et al., 2016). This understanding links the outputs and outcomes of public organizations to their

broader contribution to societal well-being, positioning this contribution as the ultimate objective of their actions.

The second conceptualization approaches PV as a strategic framework within public management (Moore, 1995; Höglund et al., 2021). While PV remains the end goal of public sector activities (Wensley and Moore, 2010), it is framed as a strategy supported by accounting and accountability tools (Bryson et al., 2014; Ferry et al., 2019). This perspective challenges the primacy of economic factors in evaluation, emphasizing the role of civil society (Williams and Shearer, 2011) instead. Consequently, PV takes on a normative significance, guiding public organizations in their service delivery, legislation, regulation, and other actions (Shaw, 2013). Here, the content of PV is defined at an early stage, derived from the organization's strategic decisions and planned activities (Bracci et al., 2015).

The third conceptualization frames PV as value for the public (Meynhardt, 2009). This perspective posits that PV is created when individuals make subjective assessments regarding basic needs (Normann and Ramirez, 1993). In this view, PV is determined by what the public deems valuable and deserving of public resources. Such an understanding enables the public sector to better grasp what different segments of society consider to be of value (Ferry et al., 2019). Consequently, PV varies from one organization to another, shaped by the specific community an organization interacts with.

Thus, no organizational entity has a consistent or uniform PV; rather, PV fluctuates according to time and context (Benington, 2009). In this sense, PV is contingent (van der Wal and van Hout, 2009), not a fixed set of values that society defines at a single moment (Bozeman and Moulton, 2011). As a result, understanding PV requires empirical research to account for its dynamic and context-dependent nature.

The fourth conceptualization approaches PV in the plural form, as “public values,” referring to governance criteria (Beck Jørgensen and Rutgers, 2015). These governance criteria are derived from the legal frameworks and social obligations that a public organization is tasked with fulfilling (Wade, 2022). In this sense, public values are expressed through principles designed to best serve the long-term well-being of the community (Bozeman, 2007). These values embody ideals toward which an organization's deliberative process must strive to achieve outcomes, such as public interest and common good. Some of these values are measurable, such as air quality, while others – like freedom – remain conceptually debated and lack clear measures (Meynhardt, 2009). Thus, values are intangible inputs, while the synthesis of these values constitutes the PV, which represents the output.

In this context, Beck Jørgensen and Bozeman (2007) developed an Inventory of public values by analyzing public policy and administration literature that addresses values. This Inventory has been applied in accounting and management studies to highlight the multidimensional nature of PV. For instance, Vrangbæk et al. (2016) employed it in the management of healthcare organizations. Their approach accommodates the intersections between economic, environmental, political, and practical dimensions, recognizing the different levels of value – private, group, and public – that contribute to the creation and content of PV, as well as the interconnectedness of these values across organizations (Eriksson and Nordgren, 2018).

In relation to the health sector, PV is commonly understood as treating disease and protecting health (World Health Organization, 2008). Some studies explore various countries' NHS from multiple perspectives. For instance, Wade (2022) provides empirical evidence on the values that predict individuals' likelihood of recognizing access to healthcare as a form of PV in the United States. Eriksson et al. (Eriksson et al., 2021) examine the public service logic that shaped the Swedish healthcare system during the pandemic, expanding the range of values from those concerning individuals to those pertaining to the societal level, and identifying a multiplicity of values operating across various levels. Similarly, van de Sande et al. (2022) explore how multiple accountabilities enable an independent regulatory agency to navigate conflicting public values in complex and politically sensitive decision-making processes, as observed in the Dutch NHS. Finally, Beck Jørgensen and Bozeman's Inventory has been employed in studies on the co-production and co-creation of value in public healthcare, as discussed in the literature review by Amorim Lopes and Alves (Amorim Lopes and Alves, 2020).

Although these four conceptualizations may initially seem discordant, they can be reconciled to form a comprehensive framework that positions the creation of PV as a cornerstone of public service delivery (Osborne et al., 2021). The Italian government's recent mandate for public health organizations to plan their strategies and activities based on PV provides a timely opportunity to achieve such a synthesis.

Applying the concept of PV within the health sector to prioritize actions – forming the basis for PV accounting and accountability (Bracci et al., 2021) – is not new. For example, Bozeman (2003), in evaluating scientific research outcomes in terms of PV, argues that PV allows for identifying areas where science and technology contribute meaningfully, even without immediate economic outcomes. Thus, PV should be leveraged to improve policy decisions and guide research toward results of greater social relevance. Gaughan (2003) explores this approach in relation to social benefits and the creation of PV gen-

erated by cancer research. Williams and Shearer (2010) analyze various studies applying the PV concept in healthcare, highlighting how healthcare practices can be directed toward PV values, such as equity and service quality, as well as the challenges of measuring and implementing PV within the UK NHS.

The study of sustainable practices within the healthcare sector is not new either. Research indicates that sustainable practices in healthcare benefit from a participatory approach to clinical governance and management (Fantini et al., 2013; Schuller et al., 2015; Pisarra et al., 2023; Rahat et al., 2023), while other scholars find that limited staff engagement hinders sustainability efforts (Cavichchi, 2017; Benmamoun et al., 2023; Tushar et al., 2023). Siboni and Canestrini (2023) show how these organizations improve the quality of life for patients and caregivers and reduce population disparities by ensuring access to quality services. Borgonovi and Compagni (2013) analyze how the sustainability of universal health coverage depends on the interaction among social, political, and economic sustainability. They highlight that maintaining a robust NHS requires balancing available resources with population needs, necessitating management that accounts for both service quality and resource efficiency. Borgonovi et al. (2018) further discuss the nuances of sustainability in the European healthcare sector, categorizing challenges into environmental, social, and economic domains. The authors caution that any sustainability model risks being partial and inadequate without considering all these dimensions. Sustainability is not solely a financial issue; it also includes social and environmental impacts, often overlooked in traditional evaluations.

However, the connection between PV and sustainability within healthcare organizations remains underexplored in the current research landscape. Recently, Martin-Sardesai et al. (2024) explore how Knowledge-Intensive Public Organizations, including those in the health sector, significantly impact environmental, social, and economic outcomes, especially in times of crises like the COVID-19 pandemic. They highlight the crucial role such organizations play in integrating the United Nations' Sustainable Development Goals into their operational strategies. They emphasize that these organizations contribute to PV creation through the integration of knowledge, sustainability, and innovation, as well as through their capacity to address complex global challenges. Additionally, the study discusses the need for accounting tools that encompass sustainability and social responsibility, enabling more effective management and reporting of the impact generated by these organizations from a sustainable development perspective. Thus, addressing the creation and content of PV within the health sector is particularly crucial, as the actions, processes, and approaches employed by public providers can exert a significant impact – either positively or negatively – on community well-being.

4.3. Method

An IRCCS (Istituto di Ricovero e Cura a Carattere Scientifico) is a designation granted by the Italian Ministry of Health to a healthcare organization, or a section of it (whether public or private), that excels in conducting research on one or more pathologies of national interest (so-called “thematic specializations”). Currently, there are 53 IRCCSs: 23 public and 30 private. Most of these institutes (49) are mono-thematic, specializing in a single disciplinary area, with oncology being a recurring specialization (13 institutes). Since 2022, public IRCCSs have been mandated to plan in terms of PV by issuing a PIAO annually, covering a three-year period. This study, therefore, focuses exclusively on public-law IRCCSs, as the requirement to plan in terms of PV was introduced solely for these institutes.

The study is based on both primary and secondary data (Van Thiel, 2014), a consolidated methodological practice within public administration and management studies (Brusca et al., 2016; Cohen et al., 2017). The primary data consists of interviews with PIAO preparers, from which notes were taken. The secondary data includes a qualitative documentary analysis of PIAOs.

The first part of the research focused on secondary data. Data collection took place between February and October 2023, through a systematic search for the PIAOs issued by the 23 public IRCCSs on their respective websites and within the PIAO archive of the Ministry of Public Function’s website. Direct requests were made to the institutes when documents were unavailable online. A total of 37 documents from 22 IRCCSs were retrieved: 18 related to the 2022-2024 triennial and 19 to the 2023-2025 triennial. However, the sample was reduced to 16 institutes, as six IRCCSs were excluded due to their PIAOs being integrated into larger organizations (Local Health Authorities, University Hospitals, and Policlinics), which prevented the identification of strategies and activities specific to the IRCCS. Thus, the final sample consisted of 27 documents for analysis: 12 for the 2022-2024 triennial and 15 for the 2023-2025 triennial (Table 1).

A single researcher manually conducted a document analysis of the selected PIAOs. Document analysis is a widely used technique for extracting information from written sources. It involves systematically reviewing existing texts to gather data that aligns with the research objectives (Bowen, 2009). Known for its flexibility, qualitative document analysis offers in-depth, context-sensitive interpretations that quantitative approaches may miss (Merriam and Tisdell, 2016). Rather than focusing on predefined metrics, variables, or numerical measurement, it identifies emerging themes and insights within the content.

The document analysis focused on two key subsections of the PIAO: section 2.1, which outlines the PV the IRCCS aims to create, primarily gathering strategic directions, and section 2.2, which lists the planned activities along with the associated performance measures. The original data consists of extracts from sections of the PIAOs collected electronically in Excel format, allowing for efficient storage, verification, correction, and subsequent analysis (Nicolò et al., 2023).

The qualitative PIAO content analysis was conducted using inductive and deductive approaches (Gioia et al., 2013). Specifically, the researcher's reading of the sections relevant to PV in the PIAOs enabled an understanding of how this content could be reinterpreted cross-sectionally and hierarchically through a Knowledge Domain Tree. It consists of a hierarchical and standardized structure rooted in decision-making models. This framework is designed to map the relationships between concepts, theories, disciplines, or subfields, providing a clearer understanding of the hierarchy and interconnections within a given area of knowledge. Previous applications of this framework in the management and accounting field use this tool to represent and organize complex information. For example, in a study by Liou et al. (2019), cognitive maps delineated the interconnections between factors influencing urban sustainability. Similarly, Brito et al. (Brito et al., 2019) applied the Knowledge Domain Tree within the Multiple Attribute Decision-Making model to break down the complex issue of evaluating green suppliers into a hierarchy of attributes and sub-criteria. In both cases, this framework is structured to enable a systematic and integrated assessment of various sustainability-related criteria.

Open coding (Locke, 2001; Manes-Rossi et al., 2018) and thematic coding (Saldaña, 2016) were applied to analyze, through an inductive approach, the actions and strategies disclosed in the PIAOs and related to PV creation in the IRCCS context. First-order codes are generated by grouping actions and strategies across the documents analyzed according to common themes (e.g., creation of new beds; reduction of waiting lists as healthcare service management or access). These first-order codes were then consolidated into broader aggregate categories, producing second-order codes (e.g., healthcare production). Then, the deductive approach was used to identify the hierarchical sub-components of the Tree corresponding to the three dimensions of sustainability and other facets of organizational management and control (Anthony and Govindarajan, 2007) to which these actions and strategies can be associated. According to the Knowledge Domain Tree framework, it has been possible to identify and formulate common dimensions encompassing all strategies and activities contributing to PV creation. The “knots” are the

smaller and more operational level of the sub-dimension and capture the decisions, strategies, objectives, activities, etc., relevant to each dimension. One level above, there are specific “areas,” which are in an intermediate hierarchical position, and which lead to the “Macro-areas.” Such analysis led to the development of the so-called PV Knowledge Domain Tree (Figure 1). To ensure the reliability of the coding process, the author enlisted the expertise of a colleague with substantial experience in document analysis, particularly in public sector accounting and accountability practices with a focus on sustainability. This collaboration helped to resolve the coders’ ambiguities and discrepancies and reinforce the coding rules (Nicolo et al., 2023).

The second phase of the research, concerning primary data, consisted of interviews with a panel of PIAO preparers to validate the PV Knowledge Domain Tree. The governing bodies of the 12 IRCCSs who had approved their 2022-2024 PIAOs within the legal deadlines were asked to participate in the validation process. The panel was, therefore, composed of 4 IRCCSs who agreed to participate (as detailed in Table 1). There is no standard profile for PIAO preparers within the organizations, nor are there specific procedures or dedicated offices, so the respective governing bodies designated individuals identified as PIAO preparers. These 4 IRCCSs hold specializations spanning oncology, gastroenterology, pediatrics, and dermatology. Two IRCCSs included in the panel had issued PIAOs for both the 2022-2024 and 2023-2025 triennial, demonstrating greater compliance with the new regulations. In three institutes, a team of people prepared the PIAO and asked for a group interview, while the remainder underwent an individual interview. Respondents represent various managerial and administrative roles, including administrative directors, heads of planning and management control, legal advisors, and staff responsible for strategic planning. For instance, the Ente Ospedaliero Specializzato in Gastroenterologia Saverio De Bellis PIAO team consisted of a multidisciplinary group that included its administrative director, administrative manager, head of human resources management, and institute lawyer. Similarly, Istituti Fisioterapici Ospitalieri (IFO) contributed key personnel such as the head of anti-corruption and transparency and administrative staff involved in strategic direction and planning.

Between April and July 2023, an individual interview and three group interviews, one per institute, were held via Microsoft Teams with PIAO preparers, focusing specifically on refining and validating the PV Knowledge Domain Tree. During the interviews, the validation process involved describing how the Tree has been developed and reviewing all its dimensions. Examples from the document analysis of the institute to which the PIAO preparers belonged were discussed, encouraging constructive feedback and en-

richment of the PV creation framework through actions, strategies, etc., that might have been coded differently in the document analysis (e.g., a discussion emerged on how interpreting staff anti-corruption training procedures) or revealing activities that the PIAOs preparers missed to record in the document (e.g., a red bench initiative against violence toward women and femicide). Additionally, participants had the opportunity to challenge the placement of actions, strategies, and performance measures based on their knowledge of their own work context. This diverse composition of panel participants ensured that the PV Knowledge Domain Tree was validated through comprehensive and multi-dimensional discussions. These discussions were particularly valuable in contextualizing the actions and strategies employed across different IRCCSs. In line with established methodologies in the field (Ahrens and Ferry, 2015; Broadbent and Guthrie, 2008; Ezzamel et al., 2007; Kurunmäki, 1999), notes were taken from these discussions, which provided valuable insights into the organizational context and internal dynamics of each participating institute. Furthermore, the range of IRCCS's specialties represented in the panel, including oncology, gastroenterology, and dermatology, enriched the validation process by providing a wide spectrum of healthcare specializations and insights that informed and shaped the study's conclusions.

4.4. Findings

This study delves into the concept of PV within the health sector, particularly emphasizing the integration of sustainability dimensions. A PV Knowledge Domain Tree was developed by analyzing the strategies and activities that contribute to PV creation based on 27 PIAOs issued by 16 IRCCSs (Figure 1). This framework was subsequently refined and validated through in-depth discussions with the PIAO preparers of 4 IRCCSs.

The analysis revealed that the PV content of each IRCCS could be systematically mapped across three macro-areas, which encompass both the internal and external dimensions of the institutes. These macro-areas are as follows: Functions, Management, and Sustainability. Each macro-area captures distinct yet interconnected aspects of the institutes' operations and their contributions to PV, allowing for a comprehensive understanding of how these organizations balance their core activities with broader societal responsibilities.

Table 1 – IRCCSs sample – PIAOs analyzed and PIAO's preparers involved in the panel

#	IRCCS	PIAOs	Panel Participants
1	Fondazione Istituto Neurologico Carlo Besta	• 2022-24 • 2023-25	
2	Centro di Riferimento Oncologico (CRO)	• 2022-24 • 2023-25	
3	Centro di Riferimento Oncologico della Basilicata (CROB)	• 2023-25	
4	Ente Ospedaliero specializzato in gastroenterologia Saverio De Bellis	• 2022-24 • 2023-25	• Administrative Director • Administrative Manager • Head of Human Resources Management and Head of Anti-Corruption and Transparency • Institute lawyer
5	Fondazione IRCCS Istituto Nazionale dei tumori	• 2022-24 • 2023-25	
6	Fondazione IRCCS San Gerardo dei Tintori	• 2022-24	• Head of Planning and Management Control
7	IRCCS Centro Neurolesi Bonino Pulejo	• 2022-24 • 2023-25	
8	Istituti fisioterapici ospitalieri Istituto Regina Elena, Istituto Dermatologico Santa Maria e San Gallicano (IFO)	• 2023-25	• Head of Anti-Corruption and Transparency • Strategic Direction and Planning and Management Control Administrative Staff • Administrative Manager
9	Istituto Giannina Gaslini	• 2023-25	
10	Istituto Nazionale di Riposo e Cura per Anziani	• 2022-24 • 2023-25	
11	Istituto Nazionale Tumori Fondazione Giovanni Pascale	• 2023-25	
12	Istituto Oncologico Veneto	• 2022-24 • 2023-25	• Head of Planning and Management Control • Head of IRCCS Accreditation and Recognition Office • Planning and Management Control Administrative Staff
13	Istituto Ortopedico Rizzoli	• 2022-24 • 2023-25	
14	Istituto per le Malattie Infettive Lazzaro Spallanzani	• 2022-24 • 2023-25	
15	Istituto Tumori Giovanni Paolo II	• 2022-24 • 2023-25	
16	Ospedale infantile Burlo Garofolo	• 2022-24 • 2023-25	

The *Functions* macro-area consists of two areas: the healthcare provided and the research carried out by IRCCSs. The provision of health services contemplates their production, therefore the volume of healthcare and the link with the territory, the creation of diagnostic paths, and quality assurance through protocols and clinical risk management (equivalent to knots in the Tree). The research area is focused on clinical trials, the research's impact, and creating and maintaining collaborations and networks (knots).

The *Management* macro-area comprises two areas: internal procedures and relational aspects. The knots of internal procedures are processes, information flows (such as reporting, analysis of variance, etc.), and the technological apparatus. The knots of relational aspects include the institute's human resources and the relations with providers and partners of the NHS (such as other health research institutes, hospitals, etc.).

The *Sustainability* macro-area is articulated into three areas, corresponding to the common sustainability pillars: economic-financial, social and environmental. The knots of the economic-financial pillar include the management of public and private funds, as well as efficiency and spending administration. The knots of the social one concern relations with patients, family members and caregivers (in individual or associated form) and community-oriented activities, such as social initiatives and educational and preventive campaigns. Finally, the knots of the environmental pillar include managing natural resources such as electricity, water and gas and related ecosystem services, construction and maintenance of buildings, waste disposal and pollution management.

This study focuses on exploring the content of PV and examining whether there is a link between PV and sustainability, rather than attempting to quantify it. Nonetheless, it was observed that the upper section of the PV Knowledge Domain Tree – the Functions macro-area – is particularly rich in strategies and activities, reflecting the core mission of the IRCCSs. In contrast, the lower sections, which correspond to the Management and Sustainability macro-areas, appear sparser. However, the findings reveal that social, environmental, and economic sustainability dimensions are embedded in the IRCCSs' creation of PV. The original PV Knowledge Domain Tree framework identifies key areas where sustainability influences PV creation, such as efficient resource management, community-oriented activities, and environmental initiatives. This study contributes to the understanding that PV in healthcare must encompass sustainable practices to fulfill broader social and environmental responsibilities.

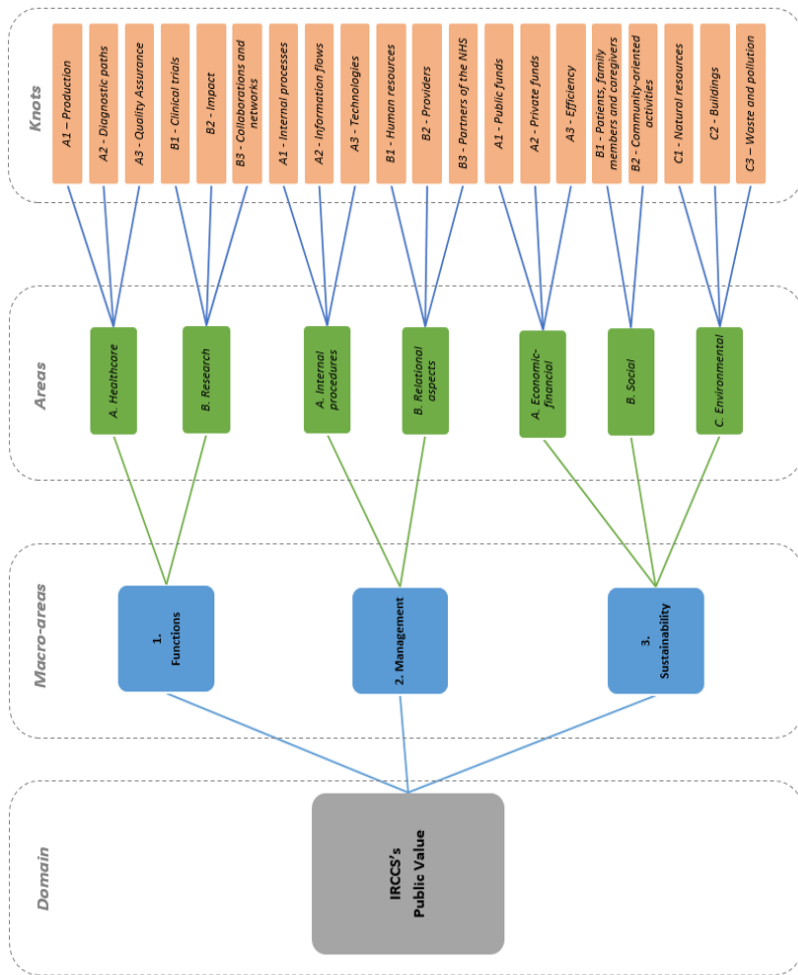
Given the lack of guidelines concerning PV planning, the PIAO preparers interviewed expressed a need for the tool developed. They appreciated that

the PV Knowledge Domain Tree had a comprehensive nature in mapping the strategies and activities of their respective institutes, and they endorsed its hierarchical structure. They also acknowledged the imbalance among macro-areas, noting the greater concentration of strategies and activities related to the core functions of the institutes compared to those related to management and sustainability. However, they emphasized that such an imbalance is to be expected. In their view, aspects like economic-financial sustainability – which pertains to traditional cost-saving financial models – are less relevant in an IRCCS. As a result, the PV Knowledge Domain Tree effectively synthesizes the various dimensions that drive these institutes from an internal perspective.

Furthermore, the application of the PV Knowledge Domain Tree to the PIAO offers a systematic method for listing, mapping, and organizing all the activities carried out by an IRCCS, surpassing previously used planning tools. This structure enables a more critical analysis of the activities undertaken. For instance, it allowed PIAO preparers to identify activities contributing to PV that had not been initially included in their PIAOs, such as the creation of a red bench symbolizing the institute's commitment to raising awareness about violence against women. It also brought greater focus to initiatives traditionally considered secondary to the institute's core mission, such as providing subsidized housing for caregivers and offering psychological support to family members, which generate significant social impact and therefore warrant explicit recognition and communication. These initiatives were found to play a crucial role not only in supporting the institute economically – by reducing healthcare mobility to other regions – but also in enhancing patient and family well-being, improving treatment compliance.

Moreover, the PV Knowledge Domain Tree enables external stakeholders, such as patients, to better understand the comprehensive journey an IRCCS undertakes to achieve its ultimate goal of delivering advanced therapies. It highlights that the work of an IRCCS extends beyond direct healthcare provision, making the planning document a valuable tool for public communication. Presenting the institute's activities in a clear and accessible format enhances transparency and fosters a deeper understanding of the institute's contribution to society.

Figure 1 – PV Knowledge Domain Tree of IRCCSs



4.5. Conclusions

This study aimed to establish a structured understanding of PV created by healthcare organizations and to explore its connection with sustainability, drawing insights from the Italian context. The research addressed the gap identified in the literature regarding the link between sustainability and PV in healthcare – an area recognized as crucial yet lacking in integrated frameworks in prior studies (van Gestel et al., 2024). It builds on previous research that identifies sustainability as a relevant consideration in healthcare operations (Borgonovi and Compagni, 2013; Borgonovi et al., 2018), yet notes its limited integration with PV. It further addresses the evolving role of healthcare organizations, which are increasingly expected to adopt sustainable practices considering their substantial environmental footprint and their critical function in promoting public well-being (Martin-Sardesai et al., 2024; World Economic Forum, 2022).

The study develops the PV Knowledge Domain Tree, an adaptable and comprehensive framework designed to help healthcare organizations articulate PV creation in alignment with sustainability principles. In doing so, it offers a valuable contribution to the academic literature, informs professional practice, and supports policy-making.

The framework consolidates various conceptualizations of PV found in the literature (Alford and Yates, 2014; Benington, 2009), confirming that, within the healthcare sector, PV encompasses more than the provision of medical services and the protection of health. Furthermore, this study responds to the call of Bracci et al. (Bracci et al., 2021) for accounting research that moves beyond traditional emphases on economic performance, efficiency, and transparency, by incorporating tools that reflect social, ethical, and environmental dimensions of value creation.

This study aligns with certain strands of previous research on sustainability in the health sector, while diverging from others. For example, economic-financial sustainability appears to be of relatively lower priority for institutions like IRCCSs, which receive public funding to support their mandates of high-quality, specialized research and care. In contrast, within the broader scope of an NHS, Borgonovi and Compagni (Borgonovi and Compagni, 2013) emphasize the need to balance available resources with population needs, a factor potentially tied to the unique nature of research institutes. As highlighted in prior studies on the PV created by research policies and organizations, research activities contribute significantly to PV, even in the absence of immediate economic returns (Bozeman, 2003; https://cspo.org/legacy/library/110215F3AQ_lib_Bozeman_PVMKnowle.pdf), due to the social benefits they generate (Gaughan, 2003) and their alignment with key PV values such as equity and service quality (Williams

and Shearer, 2010). The current study further highlights that, while healthcare and research remain the core mission of IRCCSs, the dimensions of sustainability are not peripheral but integral to PV creation. This view aligns with Boronovi et al. (2018), who, in discussing the nuances of sustainability within the European health sector, argue that social and environmental impacts are essential considerations, despite their frequent omission from traditional evaluation framework.

However, this study adopts a critical perspective towards the practice of defining PV *a priori* from the standpoint of the organization tasked with delivering it, without adequately considering the perspective of its intended beneficiaries. A notable distinction emerges between PV as it is envisioned or planned and PV as it is actually realized and perceived. If PV is understood not only as the ultimate goal of a public organization's actions – aimed at enhancing community well-being – but also as that which is recognized and valued by the public itself, then organizational PV planning should be seen as a *proposition* of PV, rather than PV in its realized form. When PV is defined solely from an internal, organizational viewpoint, as is often the case in current PV planning within IRCCSs, there is a risk of it becoming self-referential and disconnected from societal relevance. Consistent with Meynhardt (2009), this study contends that (Meynhardt, 2021), PV should reflect the values of the broader community, positioning it as a shared and dynamic construct shaped by public perceptions and societal needs. Accordingly, this research highlights the necessity of moving beyond an exclusively organizational perspective toward an inclusive approach that incorporates the views of PV recipients, thereby ensuring that PV definitions align with community values and stakeholder needs.

Moreover, the PV Knowledge Domain Tree provides a robust framework to support health organizations in effectively disclosing their PV. The PIAO preparers interviewed highlighted a clear need for such a tool, citing the current lack of health sector-specific guidelines. The Tree serves both as a structuring and guiding tool, particularly relevant for Italian public organizations now mandated by recent regulations to report on PV through the PIAO. In doing so, it addresses growing demands for PV accountability. The Tree offers a comprehensive and adaptable framework for healthcare organizations to systematically map and disclose their PV planning. By organizing PV elements into hierarchical categories (macro-areas, areas, and knots), the Tree integrates the three pillars of sustainability directly into the PV construct. This approach helps organizations reframe their core healthcare functions with a broader context of societal and environmental responsibility, underscoring that sustainable practices are intrinsic to, rather than separate from, PV creation. The PV Knowledge Domain Tree empowers organizations to capture and communicate the full spectrum of their PV ini-

tatives, reinforcing their role in advancing both public and environmental well-being. Moreover, this model has the potential to help organizations shift away from bureaucratic compliance toward a more strategic orientation, fostering a culture that integrates planning, programming, and budgeting processes toward a unified goal: the creation of PV.

Indeed, the Tree enables organizations to classify and organize activities, strategies, and performance measures across specific PV domains. By mapping PV into structured categories (e.g., Functions, Management, and Sustainability), organizations can comprehensively represent their contributions to PV, rather than treating these as isolated or disconnected efforts. This approach allows organizations to disclose their PV initiatives transparently, helping external stakeholders (such as patients, the community, and regulatory bodies) understand how PV is integrated into the organization's strategic goals and daily operations. Thus, the Tree framework provides a means to systematically represent PV activities, enhancing accountability and transparency, and facilitating regulatory compliance. Additionally, its inherent flexibility allows for adaptation across a range of healthcare institutions, with categories customized to align with their specific missions and goals. Furthermore, the Tree provides a basis for benchmarking PV practices and enables cross-institutional comparisons, which is especially valuable for organizations of excellence aiming to share best practices in PV and sustainability.

Along with practitioners, especially PIAO preparers, the PV Knowledge Domain Tree is a valuable resource for policymakers, who often face a lack of clear guidance in defining and conceptualizing PV within the health sector.

The study acknowledges limitations, including the subjectivity inherent in qualitative research methods and the relatively small sample size, which may limit the generalizability of findings. As an initial framework for examining the intersection between PV and sustainability in healthcare, the PV Knowledge Domain Tree establishes a foundation for further research. Additional studies could assess this model's adaptability and efficacy across a range of healthcare settings, or other healthcare organizations, including university hospitals and international research centers, by examining factors like institutional size, specialization, and geographic region that shape PV creation. Through the continued refinement and empirical validation of this framework, future studies could offer deeper insights into PV's operationalization and promote further alignment with sustainable development goals, supporting healthcare organizations in their dual role as service providers and sustainability advocates.

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NPM REFORMS AND PERFORMANCE AUDITING: DIVERGENCE OR ALIGNMENT IN THE PURSUIT OF PUBLIC VALUE? A SYSTEMATIC LITERATURE REVIEW

*Simona Caramia**

5.1. Introduction

Beginning in the late 1970s, widespread dissatisfaction and declining trust in public sector organisations have become global concerns (Guthrie and Parker, 1999; Rika and Jacobs, 2019). In response, governments-initiated waves of modernisation reforms ‘with the objective of getting them to run better’ (Pollitt and Bouckaert, 2011: 25). New Public Management (NPM) emerged as a set of approaches promoting managerial models in public administration to address such concerns (Bozeman, 2007: 79; Lapsley, 2009). These reforms significantly reshaped public sector activities, including audit practices (Cordery and Hay, 2024; Monfardini and von Maravic, 2012). Indeed, NPM expanded auditors’ roles to include assessments on the efficiency and effectiveness of public spending (Barzelay, 1997; Guthrie, 1987; Lonsdale, 2011) through the institutionalisation of performance auditing (PA). PA evaluates accountability, transparency, and fairness in public services, programs and policies, aiming to support continuous improvement.

As such, PA plays a critical role in creating public value, which is reflected in the tangible benefits that public sector organizations deliver to society through the achievement of public objectives and the effective, efficient response to citizens’ needs (Osborne et al., 2022; Bozeman, 2007). PA’s contribution to public value creation can be observed from different points of view. First, PA enhances public value by evaluating the efficiency and effectiveness of public programmes, thereby promoting a more strategic and pur-

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poseful allocation of public resources (Ștefănescu and Trincu-Drăgușin, 2020). Second, PA strengthens accountability and transparency by providing independent assurance to citizens and elected officials regarding the use and management of public funds (Rana et al., 2022; Cordery and Hay, 2019; Barrett, 2010). In particular, it verifies whether performance targets are being met and whether public services, policies, and programmes are aligned with the needs and expectations of the community (Barrett, 2010). In addition, PA contributes to public value by offering practical and evidence-based recommendations when performance gaps or inefficiencies are identified, thereby supporting continuous learning and institutional improvement for the auditee (Barrett, 2012; Šalienė et al., 2024). Taken together, these functions show how PA contributes to the creation of public value for a diverse range of stakeholders, enhancing assurance and accountability for citizens, while simultaneously fostering learning and performance improvement within audited entities (Hancu-Budui and Zorio-Grima, 2024; Hay and Cordery, 2021).

Learning and improvements are two key PA objectives whose achievement relies on close interaction and active collaboration between auditors and auditees throughout the audit process. This suggests that NPM has not only promoted key elements of public value creation but also supported its co-creation (Hancu-Budui and Zorio-Grima, 2024). Public value co-creation refers to the collaborative processes through which public sector institutions, citizens, and other stakeholders jointly contribute to the design, delivery, and evaluation of public services, policies, and outcomes (Osborne, 2018). In the context of PA, public value co-creation can be understood as the value generated through such an interaction between the performance auditors and auditees (Hancu-Budui and Zorio-Grima, 2024). However, auditor-auditee interaction is not consistently observable across all institutional contexts in which PA is employed. Consequently, PA cannot universally be conceptualised as a process of value co-creation. Rather, PA represents an evolving technology that reflects and adapts to transformations in its broader environmental context (Hay and Cordery, 2018; Pearson, 2014). NPM helps explain how and why PA has been implemented in varied forms across different institutional contexts. Indeed, the pace and intensity of reform implementation have varied significantly across countries (Downe et al., 2010; Guthrie and Parker, 1999; Torres and Pina, 2002), given to institutional, cultural and political factors (Downe et al., 2010; Heald, 2003; Johnsen et al., 2001). Notably, countries with a common law tradition have more successfully adopted the NPM reforms (Manes Rossi et al., 2021). On the contrary, in countries rooted in civil law traditions, the modernisation of public administration in line with NPM principles has progressed more slowly and with less impact (Pollitt et al., 1999). Indeed, the collective

justification underpinning public value varies across institutional contexts (Bryson et al., 2014; Moore, 2006). This variation affects how auditors and auditees prioritise different principles in practice, thereby influencing the specific forms and emphases of public value creation through PA.

Although research has sought to explain the various audit reforms introduced because of NPM by examining different administrative-institutional styles and the varying pace and outcomes of these reforms (see Pollitt & Bouckaert, 2017), a systematisation of such studies is lacking. Moreover, scholars have seldom explained these variations from a public value perspective (Guthrie, 1989). Further, even fewer scholars have explained the different approaches that PA has acquired in different institutional contexts by looking at PA as a value (co-)creation process (Hancu-Budui and Zorio-Grima, 2024).

This chapter aims to explore the influence of NPM reforms on PA, to understand whether and how these reforms have influenced the ways in which PA contributes to the creation of public value (Pollitt and Bouckaert, 2011). This research follows a two-step approach. First, a three-phase Systematic Literature Review (SLR) is conducted (Denyer and Tranfield, 2009; Mauro et al., 2017) to systematically synthesise existing literature on how NPM has shaped the implementation of PA across different contexts. Second, the findings of the SLR are examined through the lens of public value co-creation, to investigate whether and how NPM reforms have influenced PA in ways that promote the creation of public value. This step allows for a deeper understanding of how specific NPM-driven principles, such as a focus on accountability and a push towards improvements, may have reconfigured PA practices to enable the (co-)production of public value. The aim is to identify the institutional conditions that facilitate or hinder the (co-)creation of public value through PA.

The findings suggest that PA contributes to public value creation in varying ways across institutional contexts, primarily by emphasizing different principles – most notably accountability and the promotion of improvements. The prioritization of these principles influences how value is created. In countries more receptive to managerial reforms, such as those in the Anglo-Saxon tradition, public sector auditors prioritise the stimulation of improvements, sometimes at the cost of auditors' independence. In these countries, the reforms appear to have encouraged PA as a process oriented toward advancing principles supporting the co-creation of public value by both auditors and auditees, given that fostering the improvement of the auditee involves a necessary collaboration and interdependence between auditors and auditees. Indeed, interactions and collaboration between these actors have been recognised as significant indicators for the co-creation of public value

(Hancu-Budui and Zorio-Grima, 2024). On the contrary, countries associated with a state law logic, such as the Continental European ones, have been structurally and culturally less hospitable to NPM reforms (Pollitt and Bouckaert, 2011; Torres and Pina, 2002). In these countries, financial audit still plays a central role. As a consequence, auditors remain more attentive to the accountability principle and view collaboration with the auditee as potentially detrimental to their independence, thus giving PA a lower orientation towards the co-creation of public value. In some cases, PA can even contribute to the destruction of public value, given that it can be reduced to a mere formalistic exercise and rather creating further inefficiencies (Cui and Osborne, 2023; Rana et al., 2022; Prabowo et al., 2017).

This research is relevant from both a theoretical and practical perspective. Theoretically, it collects and systematises existing literature on PA, offering an explanation of how this practice can contribute to the (co-)creation of public value across diverse institutional contexts. Building on the premise that PA can play an active role in value creation, the study further contributes to the public value literature by proposing that a collaborative relationship between auditor and auditee can be interpreted as a form of public value co-creation. In doing so, it broadens the traditional understanding of co-creation – typically framed as a participatory process involving citizens in the design, delivery, and evaluation of public services (Osborne et al., 2016) – by extending the concept to include collaborative processes among other institutional actors. This reconceptualisation highlights that value co-creation can go beyond direct citizen involvement, thus offering a more comprehensive view of how public value can emerge within governance and audit systems (Voorberg et al., 2017; Osborne, 2018). From a practical standpoint, this research could assist policymakers in developing and implementing potentially effective PA systems, even in institutional contexts that are not yet culturally prepared for such activities.

The rest of the chapter is structured as follows. Paragraph 2 provides a brief background on the concept of public value and co-creation, which represents the lens through which the results of the SLR are then analysed. Paragraph 3 depicts the methodology adopted, by explaining the phases through which the SLR has been undertaken. Paragraph 4 presents the SLR results, organised into descriptive analysis and thematic analysis. The last paragraph discusses the results achieved using a public value creation approach, offers some suggestions for future research and concludes.

5.2. Public value and co-creation

Public value refers to ‘the many dimensions of value that a democratic public might want to see produced by and reflected in the performance of government’ (Moore, 2014: 465). In other words, it represents ‘something substantively valuable for society’ (Osborne et al., 2022: 635) that public sector organisations create to fulfil public purposes and address the citizens’ expectations at a reasonable cost, while also respecting democratic principles (Moore, 1995; Crosby et al., 2010). When the process of value creation involves the key stakeholders of a public service collaboratively, this process is referred to as ‘co-creation’ (Osborne et al., 2022; Osborne et al., 2016). Through public value co-creation, public sector organisations strive to align their actions with societal needs, focusing on enhancing services and adapting to the evolving expectations of users (Moore, 1995; Bryson et al., 2017). To do so, they foster the collective contribution to produce values such as legitimacy, transparency, and trust (Moore, 2014; Hazgui et al., 2022). Generally, such a collective contribution refers to the active involvement of service users who collaborate with other stakeholders involved in service delivery throughout the design, implementation, and evaluation stages of public services (Osborne, 2020; Osborne, 2018). However, public value co-creation also encompasses diverse forms of multi-actor collaboration (Cluley & Radnor, 2020). Public value co-creation refers not only to the value generated through continuous interaction between providers and citizens, who are the primary stakeholders and recipients of public services and programs, but also to the value created through collaboration between the provider and other non-service user stakeholders (Hancu-Budui and Zorio-Grima, 2024). Indeed, another significant source of value co-creation arise from collaboration between public administrations and other bodies and institutions directly or indirectly involved in service delivery. The provision of public services often involves interconnected organisations whose operations influence one another, fostering opportunities for collaborative improvements (Page et al., 2015; Osborne et al., 2016). By promoting collaboration with these entities, public sector organisations can enhance the overall quality of their services (Bryson et al., 2017; Le Pennec and Raufflet, 2018). An example of this inter-institutional co-creation can be observed in public sector auditing, where auditors collaborate with their auditees to build mutual trust, respect, and coordination (Hancu-Budui and Zorio-Grima, 2024). In this context, value co-creation extends beyond immediate auditing outcomes, contributing to the sustainability and continuity of public services for future generations (Osborne et al., 2015; Osborne et al., 2016).

In essence, the adoption of value co-creation approaches in public services represents a shift from traditional hierarchical governance towards more networked and participatory models (Klijn & Koppenjan, 2015). Whether through direct citizen involvement or through collaboration between public sector organisation and various other bodies and institutions, these practices have the potential to strengthen accountability, build trust, and ultimately (co-)create enduring public value.

5.3. Methodology

This review draws on the principles of the systematic literature review (SLR). SLRs are useful to minimise the author's bias by using a well-documented process that is robust, transparent, and replicable (Denyer and Tranfield, 2009; Mauro et al., 2017). This process favours the achievement of results that have greater scientific value than traditional reviews. A systematic review, in fact, is 'a methodology that locates existing studies, selects and evaluates contributions, analyses and synthesises data, and reports the evidence in such a way that allows reasonably clear conclusions to be reached about what is and is not known' (Denyer and Tranfield, 2009: 671). Following Tranfield et al. (2009), this SLR is developed through three phases: planning, conducting, and reporting the results. The following two sub-sections show the first and second of these phases. Paragraph 4 is devoted to the results reporting.

5.3.1. Planning the literature review

The first phase is planning, during which a review protocol was prepared as a guide to performing the review and to increase research reliability and assure results replicability (Massaro et al., 2016; Yin, 2018). Specifically, the protocol provides information on the research question addressed, the search strategy used to identify the relevant literature, the documents' inclusion and exclusion criteria, and the techniques used to code and synthesise the data. Given that literature review activities that are planned too closely are not suitable for exploratory processes (Denyer and Tranfield, 2009), a more flexible approach was adopted. This allowed adjustments through the course of the study if new or different research needs arose.

This SLR seeks to answer the following questions: How have NPM reforms influenced PA? How can the observed variations be explained in terms

of value creation? Based on the findings, which avenues for future research can be identified?

5.3.2. Conducting the literature review

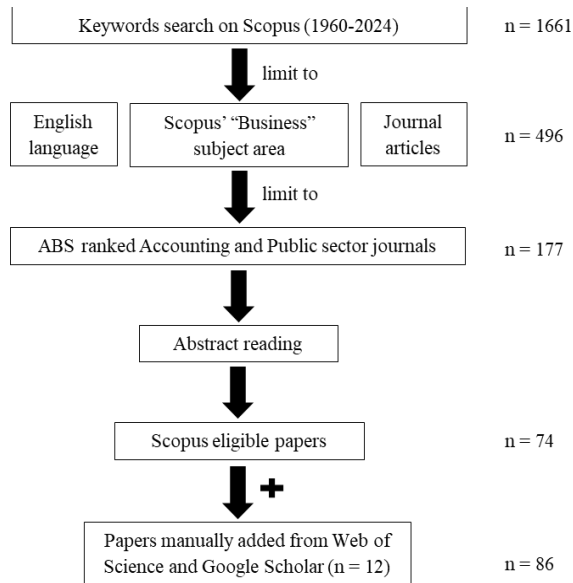
The second phase is conducting the literature review. Consistently with recent research, papers to include in the SLR were first searched on Scopus, considered one of the most significant databases within social sciences (Dal Mas et al., 2019; Nerantzidis et al., 2022). The papers retrieved from Scopus were then integrated with article journals taken from Web of Science and Google Scholar. This is to ensure that all the relevant literature on the investigated topic has been collected. Aware that the first papers on PA were not published until the early 1970s (Rana et al., 2022), to ensure that no paper was left out, the search for papers covered the period between 1960 and 2024. The initial extensive search on Scopus started with the keywords ‘performance audit*’ and ‘public sector*’ searched in the sources’ titles, abstracts, or keywords. The star (*) is aimed at including all possible suffixes (Collis and Hussey, 2014).

Additionally, the term ‘new public management’ was searched throughout the entire text of the sources. Indeed, many sources do not address the reform issue in the title, abstract or keywords, but they provide explanations within the text. However, many of these articles mention the NPM only marginally or provide explanations that are not directly related to PA. This explains the high number of documents retrieved after the first search, which resulted in 1.661 papers. In line with prior SLRs (Rana et al., 2022) the query included alternative terms used in lieu thereof the main labels: ‘value-for-money’ and ‘efficiency audit*’ in lieu of ‘performance audit*’; ‘public administration*’ and ‘government’ in lieu of ‘public sector*’; ‘NPM’ in lieu of ‘new public management’. The 1.661 documents were filtered by limiting the Scopus search to the Business, Management and Accounting subject areas and to papers written in English. This skimming resulted in a dataset composed of 496 articles. Given the requirement for SLRs to synthesise the best research available (Denyer and Tranfield, 2009), only articles published in peer-reviewed journals ranked by the Association of Business Schools (ABS) were considered, as they guarantee a quality process in selecting meaningful contributions (Dal Mas et al., 2019).

To further narrow down the dataset and make the papers as close as possible to meeting the information needs of the review, following Rana et al. (2022), only the papers contained in journals included in the Accounting

(ACCOUNT) and Public Sector (PUB SEC) research areas, as identified by the ABS, were kept. This left 177 articles. For these 177 articles, the abstracts were read to verify their consistency with the objective of the review. 103 papers were excluded as they were loosely focused, leaving 74 eligible articles (Mauro et al., 2017). An additional 12 articles were manually added to the dataset, bringing the total to 86. These articles were identified through citation tracking and manual searches because they were deemed to provide relevant information. Indeed, despite they do not explicitly reference the term NPM (or its synonyms), they offer valuable insights into the relationship between the varying implementation of NPM across different institutional contexts and time periods and the resulting impacts on the implementation of PA. As such, they were incorporated into the final dataset. Figure 1 outlines the search strategy employed, while the Appendix details the articles included in the dataset along with their key information. The final dataset aligns with those used in other literature reviews on auditing and PA. Notably, previous reviews examining the literature on auditing or PA at a broader level – without narrowing the focus to specific aspects like the connection with NPM, as done here – have utilised datasets comprising between fewer than 50 and nearly 200 articles. Examples include Bonollo (2019), which reviewed 40 articles; Rana et al. (2022), with 125 articles; and Mattei et al. (2021), which analysed 199 articles.

Figure 1 – Search strategy



After being identified, the 86 articles needed to be carefully read and analysed. Each paper was coded based on some information relevant to the review. All relevant details pertaining to the aspects essential for the review were gathered and systematically arranged in an Excel sheet (Anessi-Pessina et al., 2016; Bonollo, 2019; Massaro et al., 2016). The coding scheme adopted is built around four macro-areas, each including different categories to be coded. The first macro-area refers to the general information about the article: title, author(s), journal and year of publication. The second macro-area refers to research strategy information: methodological approach adopted, data collection source(s) and theory adopted. The third macro-area looks at the content of the article on specific aspects of interest: main topic addressed, geographical setting of the study, and main findings achieved in terms of NPM-inspired PA values. Since the literature review is an exploratory process, space was left to identify new recurring themes or codes during the review, to have more flexibility in coding data (Tranfield et al., 2003: 215). Table 1 summarises the coding scheme used.

Table 1 – Coding scheme

Macro-area	Categories
General information	Title
	Author(s)
	Journal
	Year of publication
Research strategy information	Methodological approach adopted
	Data collection source
	Theory adopted
Specific information on the article's content	Geographic setting of the study
	Level of government analysed
	Main topic addressed
	Main findings

The third phase of the SLR concerns the presentation of the results obtained. Results presented concern both a descriptive analysis, by presenting information such as the distribution of the papers through space and time, and a thematic analysis, which delves into the main content of the papers analysed.

5.4. Results

5.4.1. Descriptive analysis

The majority of articles included in the review dataset – specifically 65 – are published in journals classified within the accounting discipline according to the Academic Journal Guide (ABS) (see Table 2). The remaining 21 articles are published in journals dealing with public sector issues. The journals *Financial Accountability and Management* and *Public Money and Management* have the highest number of articles included in the review, with 21 and 10 articles respectively. Within the accounting sector articles, 7 publications belong to journals that specifically deal with audit (*Managerial Auditing Journal* and *International Journal of Auditing*).

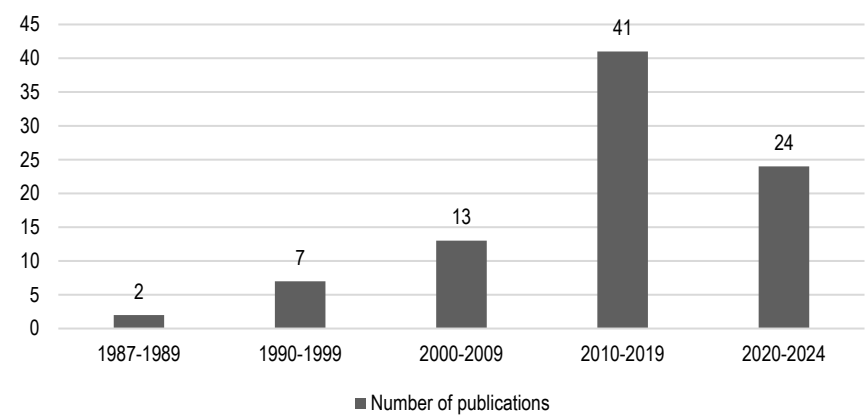
The temporal distribution of the papers deserves attention. As Figure 2 shows, the number of publications has grown considerably over the years. The first paper included in the sample was published in 1987. This is consistent with Hay and Cordery (2021) who state that ‘there was virtually no auditing research before 1980s’ (Hay and Cordery, 2021: 235). Moreover, this is also coherent with the literature asserting that the NPM paradigm shift occurred around the 1980s (Johnsen et al., 2019; Rosa et al., 2014). An important rise in the number of published articles is recorded starting from 2010, with a significant increase in the four-year period 2020-2024, during which 24 articles were published. This suggests that nowadays accounting and public sector scholars are very involved in research on PA and that there are strong premises for the achievement of significant results in the years to come.

Examining the distribution of the papers based on their geographical setting, a predominance of studies located in the UK and Australia emerges. Some of the articles dealing with PA in the UK are comparative studies of the three UK countries (e.g., Downe et al., 2010), while others focus on only one of them (e.g., Midwinter, 2008; Lapsley and Pong, 2000). The dataset is also composed of studies having a cross-country focus. Some of these cross-country studies have an international scope (e.g., Cordery and Hay, 2021; Ferry et al., 2023), while others look only to European countries (e.g., Manes Rossi et al., 2021; Torres et al., 2016), especially the Nordic European ones (Johnsen et al., 2019; Johnsen et al., 2001). Those results are strongly in line with previous research that contended that PA has predominantly been investigated in countries adopting a Westminster system of public administration, primarily Anglo-Saxon and Scandinavian nations (Rana et al., 2022; Guthrie and Parker, 1999).

Table 2 – Distribution of publications by journal

	Journal	N.
Public sector journals	Public Money and Management	10
	International Journal of Public Administration	4
	Administration and Society	2
	Public Management Review	1
	Public Administration Review	1
	International Journal of Public Sector Management	1
	Public Organisation Review	1
	Governance	1
	Total public sector journals	21
Accounting Journals	Financial Accountability and Management	21
	Accounting, Auditing and Accountability Journal	7
	Managerial Auditing Journal	6
	Critical Perspectives on Accounting	4
	Journal of Public Budgeting, Accounting and Financial Management	4
	Journal of Accounting and Organisational Change	3
	Australian Accounting Review	3
	Accounting and Business Research	2
	European Accounting Review	2
	International Journal of Accounting, Auditing and Performance Evaluation	1
	Abacus	1
	Accounting Forum	1
	Asian Review of Accounting	1
	International Journal of Auditing	1
	Journal of Applied Accounting Research	1
	Evaluation	1
	British Accounting Review	1
	Sustainability Accounting, Management and Policy Journal	1
	Journal of Islamic Accounting and Business Research	1
	Contemporary Accounting Research	1
	Meditari Accountancy Research	1
	Pacific Accounting Review	1
	Total accounting journals	65
Total publications		86

Figure 2 – Number of publications by decades



As for the distribution of papers by methodological approach, many qualitative studies emerge (54 out of 86), and most of them are based on case studies (see Annex). This is in line with Hay and Cordery (2018), who state that the existing value-for-money auditing studies rely mainly on qualitative research (Hay and Cordery, 2018: 9). Most of these qualitative studies are based on interviews with auditors and/or auditees as the main source of data collection (e.g., Sumiyana et al., 2024; Morin and Hazgui, 2016), in some cases combined with document analysis (e.g., Lassou et al., 2024; Rika and Jacobs, 2019). Literature reviews are also included in the group of qualitative studies (i.e., Cordery and Hay, 2024 and Rana et al., 2022). Some studies employ mixed methods. Among these studies, De Widt et al. (2022) integrate interview data from auditors and auditees with survey findings, while Cordery & Hay (2019) combine insights from interviews and a focus group with senior managers of Supreme Audit Institutions (SAI) with content analysis of SAIs’ reports.

Looking at the theoretical approaches used, a predominance of articles based on Institutional theory emerges. In these papers, Institutionalism has been employed following the various trends through which the theory has been developed over the years. New Institutional theory (e.g., Johnsen et al., 2001), Institutional isomorphism (e.g., Tetteh et al., 2023), Institutional logics (Torres et al., 2016), Suchman’s institutional legitimacy (e.g., Hazgui et al., 2022; Funnell, 2015) and Historical institutionalism (e.g., Bawole and Ibrahim, 2017; Talbot, 2008) showcase specific approaches employed within the framework of Institutionalism. The wide appeal to institutional theories is consistent with the generally accepted view that PA is a malleable social

construct rather than a definitive performance review (Guthrie and Parker, 1999). PA, in fact, is a technology covering a broad range of activities and each country has adapted PA through its own history of auditing and unique legal and institutional frameworks (Benamraoui et al., 2024; Parker et al., 2019). This has made Institutionalism, which concerns the influence of societal institutions on how organisations are structured and behave, an appropriate theoretical lens for analysing it (Funnell and Wade, 2012).

Another theoretical approach frequently adopted in PA studies is the agency theory. Under the agency lens, the main role of the performance auditor is to reinforce the accountability relationship between a government organisation on the one hand, and citizens and their elected representatives on the other hand (e.g., Midwinter, 1994; Tillema and ter Bogt, 2016). As evidenced by Tillema and ter Bogt (2016), ‘agency theory is particularly relevant to organisations where relationships are characterised by a lack of trust, formal agreements and a clear separation of roles’ (Tillema and ter Bogt, 2016: 138). Furthermore, agency theory is also used to explain potential conflicts of interest between managers (agents) and stakeholders (principals), where managers, acting to maximize their own interests, can put pressure on internal auditors to obtain favourable reports (Taha, 2024; Iskandar et al., 2014). Other theories used are Actor-Network theory (Skærbæk & Christensen, 2015; Skærbæk and Thorbjørnsen, 2007), Goffman’s impression management (Parker et al., 2019), framing (Rika and Jacobs, 2019) and dramaturgical sociology (Sharma, 2007). A group of studies rely on abstract concepts and metaphors drawn from the audit literature. Among these, the concepts of ‘regulatory space’ (Ferry et al., 2023; Ferry and Ahrens, 2022), ‘audit explosion’ (Monfardini and von Maravic, 2012) and ‘masque’ (Parker et al., 2019). Lastly, some papers are purely descriptive or reflect the author’s thoughts in which no theory is used (e.g., Funnell, 2004; Guthrie, 1987).

5.4.2. Thematic analysis

The thematic analysis is organised in three parts. The first part highlights the existence of thematic trends that have risen over the years. The analysis categorises the main themes by decades, commencing from the 1980s, the date of the first article in the dataset. The second part synthesises the history of PA, showing how its introduction in public sector organisations has been pushed as a result of NPM reforms. It then moves to outline how differently PA has been adopted within the various geographical contexts. The last part

systematises the scholarship on the different roles that PA can fulfil, depending on the main values pursued.

5.4.2.1. Recurring themes per period

During the 1980s' scholars were concerned with the analysis of those innovations and changes introduced in the public sector as a response to the NPM reforms. Among these, the rise of a 'new audit' was outlined (Guthrie, 1987). Through it, auditors started to overcome the bureaucratic logic based on the public administration paradigm (Cordery and Hay, 2024) and their activities to respond to the demands for better service delivery (Guthrie, 1987; Hamburger, 1989). Contextually, the focus of audit research slowly shifted from compliance to performance, with a specific focus on why and how performance should be audited, who should audit it, and which dimensions of performance should be audited (Hamburger, 1989; Rana et al., 2022).

In the 1990s' researchers began to take stock of the effects that the introduction of PA in the public sector had produced, with the awareness that PA has often been far from successful (Mussari, 1995). In this period, the idea of the changing and mutable role of PA consolidated. This idea was depicted through the metaphor of PA as a 'malleable masque', according to which the concepts and techniques of PA can be created and reviewed through the interactions built between those involved in PA (Guthrie and Parker, 1999; Jacobs, 1998). This implies the impossibility of relying on any universal technical definition of PA. At the end of the 1990s, the perceptions of the actors involved in the audits also began to be examined (e.g., Bowerman and Hawksworth, 1999).

In the ongoing endeavour to analyse the impacts of PA, research from the 2000s increasingly focused on investigating auditors' and auditees' perceptions of PA (Johnsen et al., 2001). Although PA was proven not to have produced the expected changes (Morin, 2008), scholars found that the subjects involved in PA consider it a useful tool for rational public management able to bring performance improvements (Johnsen et al., 2001). Discourses on auditors' identity and role and related tensions began to appear. Those tensions arise because making things auditable involves negotiating the identities of auditors and their manoeuvres about what they can and cannot do (Skærbæk and Thorbjørnsen, 2007). Earliest comparative considerations were also made on the different times of adoption of PA by various countries, even if not yet at a broad international level (Funnell, 2004).

Starting from the 2010s, the economic crisis and the public's general dissatisfaction with government actions are seen as significant reasons for the unprecedented growth of PA (Tillema and ter Bogt, 2016; Reichborn-Kjennerud, 2014). Consequently, the discussion on the effects produced by PA became more systematic (Bawole and Ibrahim, 2017; Johnsen et al., 2019). Specifically, PA's impact is seen in terms of improvements in the democratic processes (Tillema and ter Bogt, 2010) and changes implemented in the public sector organisation following PA (Reichborn-Kjennerud and Johnsen, 2018; Raudla et al., 2016). Furthermore, the debate on the identity of performance auditors continued. Articles in the 2010-2019 decade look at performance auditors as guardians, watchdogs, assistants, helpers, or change agents (Cordery and Hay, 2019; Ferry et al., 2017; Morin and Hazgui, 2016). Other themes emerging in this period are the negative effects that PA could exert (Kells, 2011) and the role and evolution of PA during austerity and audit reforms (Ferry and Murphy, 2018; Eckersley et al., 2014).

Finally, the issues that emerge in the five years 2020-2024 concern the current situation in terms of audit harmonisation (Manes Rossi et al., 2021), together with comparative studies both at European (Hazgui et al., 2022) and international level (Ferry et al., 2023). Moreover, the logic and attitudes of both auditors and auditees are investigated (Parker et al., 2021) as well as the expectation gap between the two groups (Benamraoui, et al., 2024). Several authors also tried to depict how auditing is evolving in contemporary uncertain times (Barrett, 2022; Sian and Smyth, 2022; Cordery and Hay, 2021; Ferry et al., 2022; Ahrens and Ferry, 2021). Also, studies analysing the issue of PA on sustainability issue emerged in the last few years (Cordery et al., 2023; Tetteh et al., 2023).

5.4.2.2. PA: history and Countries' experiences

During the 1970s and early 1980s, many countries experienced extensive growth in public expenditure and huge fiscal imbalances (Johnsen et al., 2019). This raised both the political desire to cut costs (Jacobs, 1998) and the community's concerns about the value of public services they received for the money they paid as taxpayers (Rika and Jacobs, 2019). To respond to these pressures, public sector organisations worldwide launched a modernisation process (NPM) through which the traditional concept of public administration relying on strict rules was overturned and replaced with managerial models. These models place high emphasis on better service delivery and more efficient and effective management of public policies and programs

(Guthrie and Parker, 1999). The role of the government audit mirrored these changes through the expansion of the audit remit (Barzelay, 1997; Hay and Cordery, 2018). Indeed, the auditors' perspective was broadened from considerations on whether public money was spent as planned to broader considerations on whether the money was spent efficiently and used effectively (Parker et al., 2019). This new approach made traditional financial and compliance auditing complemented by a new type of audit, called 'performance audit' (PA), addressing all these new issues (Rana et al., 2022; Newcomer, 1998; Guthrie, 1987). With the introduction of PA, the traditional input-focused monitoring of public organisations was gradually replaced by an emphasis on outcome indicators (Midwinter, 2008; Funnell, 2004).

Overall, ascertaining what exactly PA is and finding general agreement on what the term means remains a difficult task (Bowerman and Hawksworth, 1999). One of the main explanations is that PA is strongly influenced by the specific context in which it is implemented (de Widt et al., 2022; Kontogeorga, 2019). Indeed, NPM-type reforms have not found universal application, but their implementation has often created a mix of accounting reforms and technologies (Downe et al., 2010; Guthrie and Parker, 1999). In this regard, research has found that, compared to those with a strong administrative tradition, countries with a common law tradition have more successfully adopted PAs (Rana et al., 2023; Funnell, 2004). Coherently with these ideas, Anglo-American countries, with their managerial logic, seem closer to performance-oriented ideas, including PAs (Torres et al., 2016). On the contrary, continental European countries, associated with a state law logic, have been structurally and culturally less hospitable to this type of reform (Rana et al., 2023; Torres et al., 2016). Developing countries also had a similar experience to continental European countries. For example, looking at the case of Indonesia, Prabowo et al., (2017) found that public sector reforms were not consistent with the efficiency and effectiveness principles of NPM as reliance on the existing system led the reforms to create further inefficiency (Prabowo et al., 2017).

Tillema and ter Bogt (2016) explain the different ways of implementing PA based on the different 'models' that can be followed. They identify two possible models. One derives from the P-A theory, which deems the independence of the auditor as the fundamental requirement for PA. The second considers responsiveness as the fundamental requirement for the auditor, as suggested by stewardship theory. The authors note that, possibly influenced by the emphasis on auditor independence in financial audits, in practice, many audit bodies use an agency-type audit model as the basis for conducting their PAs. Probably the most shared explanation of the various ways of implementing PA is the one that looks at the different audit models followed by the SAIs. Literature has often

identified several categories of SAIs according to different criteria (Morin and Hazgui, 2016; Kontogeorga, 2019). The most known classification considers three different configurations. The first one is the ‘jurisdictional’ or ‘Napoleonic’ model, in which the SAI takes the form of a Court of Audit and has mainly judicial and legal functions. Court systems traditionally focus on compliance with rules and regulations, while comparatively less attention is paid to issues related to the economy, efficiency, and effectiveness (Johnsen et al., 2019). This model is widespread in countries such as France, Italy, Portugal, Spain, Greece, and Belgium (Caruana & Kowalczyk, 2021). A second model is the ‘Westminster’ or ‘monocratic’ model. In this case, the SAI is an independent audit office headed by an Auditor General (Bonollo, 2019). SAIs organised according to the Westminster model tend to place greater emphasis on PAs, whereas compliance with laws and regulations plays a secondary role. This model is widespread in the USA, the UK, Canada, Latin America, and Commonwealth countries. The third model is the ‘board’ or ‘collegiate body’ model. Sharing with the Westminster model the underlying Anglo-Saxon philosophy, the collegiate model is managed by a board made of a group of people rather than a single person, and SAI’s auditors do not have a judicial function (Caruana and Kowalczyk, 2021). This model is widespread in Eastern countries, such as Indonesia, Japan, and the Republic of Korea. Northern European countries follow this model as well (Johnsen et al., 2019; Kontogeorga, 2019). Based on this widely agreed distinction, several authors note that the level of impact of PA is greater for countries that adopt a Westminster model, while a low impact is recorded for PAs conducted by SAIs adopting a Napoleonic model (Johnsen et al., 2019; Reichborn-Kjennerud and Johnsen, 2018; Reichborn-Kjennerud, 2014).

The different ways of implementing PA throughout countries and the difficulty in defining what PA is led several researchers to think about PA as a ‘non-neutral discipline’ (Hamburger, 1989), an ‘elastic concept’ (Benamraoui et al., 2024; McKeivitt and Davis, 2016) which, ‘lacking clarity’ (Bowerman and Humphrey, 2001: 36), often came to include the activities of different practitioners such as evaluators or analysts. For these reasons Guthrie and Parker (1999) refer to it as a ‘malleable masque’. Being malleable in nature, PA is more subject to political influence than financial audit (Thomasson, 2018; Funnell, 2011). The problem is also that PA is often related to the concepts of efficiency and effectiveness in ways that are rarely made precise, and the institutionalisation of the meaning of PA often is a consequence of what auditors do in practice as PA (Ahonen and Koljonen, 2020). Moreover, the benchmarks against which the activities of audited bodies are compared and upon which audit conclusions and recommendations rely, are largely uncoded (English, 2007). For these reasons, PA is a concept and an activity not apt for standardisation (Johnsen et al., 2001).

5.4.2.3. Focus and motivations behind performance auditing

One of the reasons behind and consequences resulting from the elasticity (McKevitt and Davis, 2016) and malleability (Guthrie and Parker, 1999) of the concept and implementation of PA is the different focus and motivation that, according to the audit scholars, PA can pursue. Two main motivations for PA are identified throughout the literature: improvement for the auditee and accountability.

Many scholars consider the improvement of the auditee's performance as the main motivation for conducting PA (Grönlund et al., 2011; Parker et al., 2019). To evaluate this improvement, public sector organisations have developed sets of indicators to grasp the level of economy, efficiency, and effectiveness with which the public sector organisations have provided the services (Ferry and Murphy, 2018; Guthrie and Parker, 1999). PA, in fact, should prove the economy of public organisations' administrative activities, verifying whether they are operating in a way that minimises costs. To do so, performance auditors can also verify the correct functioning of the internal control systems (Thomas and Purcell, 2019; Reichborn-Kjennerud and Vabo, 2017). PA also encompasses the verification of the efficiency, i.e., of whether financial, human, and physical resources have been used in a way that maximises output for any given set of resource input or that minimises input for any given quantity and quality of output. Finally, PA encompasses the audit of effectiveness in relation to the achievement of the objectives of the audited entity and of the actual impact of activities compared with the intended impact (Svärdsten, 2019; O'Leary, 1996). Considering PA as an activity aiming at reaching improvements in the auditee's performance through improvements in the 3 Es means recognising PA as a catalyst for change and moderniser (Lapsley and Pong, 2000; Morin, 2003) and acknowledging that the performance auditor plays a fundamental role in consulting and advocating the auditee in view of these change and modernisation processes (Volodina et al., 2022; Parker et al., 2021). According to many authors, in fact, auditors have acquired roles of facilitators and collaborators towards the controlled entities, thus acting as 'agents of change' (Morin, 2003), 'evaluators' and 'modernisers' (Ferry and Ahrens, 2022). The development of PA has expanded the role of public sector auditors beyond those of the historically limited 'watchdogs' or 'accountants' into institutional assistants and consultants (Morin and Hazgui, 2016). This change in the auditor's approach implies that public service users are at the centre of attention, tailoring services more closely to people's lives and providing high-quality and efficient public services (Lapsley and Pong, 2000). The logic of perfor-

mance auditors, in fact, has gradually shifted towards greater involvement with the auditees. Auditees, on their part, are more receptive to the engagement strategies and consultation efforts of the auditors, even more if the auditors maintain a collaborative attitude (Parker et al., 2021). This is true both for internal auditors, who are expected to develop a mindset more oriented towards consultancy roles, to guide organisations regarding strategic changes (Volodina et al., 2022) and for external auditors, such as SAIs, that are slowly endorsing the role of ‘advisers’ with the explicit task to contribute to an improvement in public administration (Kontogeorga, 2019; Desmedt et al., 2017). Lindermüller et al. (2023) found that auditors in more formalised public-sector audit organisations are more likely to communicate errors to the auditee. This is due to reduced role ambiguity, which leads them to view themselves as partners of the auditee (Lindermüller et al., 2023).

Often, however, the lack of measurable outputs represents a serious constraint for this consultation to be effective (Loke et al., 2016). Furthermore, in the eyes of the auditees, the auditors’ role as catalysts for change is often much less credible than that of the controller that the auditor assumes when reviewing the financial statements. Indeed, the role of the auditor as a controller is embedded in the accountability provisions of laws regulating financial audits (Funnell et al., 2016; Funnell, 2011; Morin, 2003). If accountability is considered one of the main objectives pursued by traditional financial audits, it often creates debates when dealing with PA. Many scholars, in fact, believe that there is a trade-off between the PA’s double objectives of enhancing accountability and improving performance (Ferry et al., 2022). Whilst performance improvement represents evidence of improved results based on available resources, performance accountability provides the opportunity for public sector organisations to render an account through ‘meaningful information’ (Barrett, 2024: 2) of their stewardship to all relevant stakeholders (Bawole and Ibrahim, 2017).

Since performance improvement and performance accountability satisfy the needs of different groups and given that one is likely to prevail over the other depending on the interests at stake (Bawole and Ibrahim, 2016), accountability may tend to slow or impede improvements rather than acting as an engine for improved performance (Rana et al., 2022). This enhanced accountability at the expense of better performance represents an ‘accountability paradox’ (Reichborn-Kjennerud and Johnsen, 2018). In fact, accountability is based on explicit norms, whereas improvement is dependent on explanation. Stakeholders may conceive reports based on norms as more legitimate than reports based on explanation. Performance accountability audits are thus closely related to the general definition of auditing as ‘checking cor-

responsiveness with established criteria', while performance improvement audits are more related to evaluation (Jeppesen, 2012). This conflicting agenda creates dilemmas for auditors in practice (Reichborn-Kjennerud and Johnsen, 2018). Auditors' focus on the organisations' compliance with rules to fulfil the accountability requirement can make it difficult to use the audit process for facilitating learning (Barrett, 2016). A focus on accountability entails an emphasis on rigour and independence, whereas a focus on learning would imply stakeholder trust, social proximity, and space for discussion (Morin, 2003). The public nature of PAs can generate defensiveness by the auditees and limit the opportunities to learn. As noted by Gendron et al. (2001), auditors cannot claim to work independently while being actively involved in improving the management of the audited organisation. Moreover, issues related to the maintenance of democracy could arise when independence is not assured. Indeed, democracy can be threatened when the state auditor crosses the boundaries of independence by acting as a consultant and becoming closely involved in management's activities (Sumiyana et al., 2021; Gendron et al., 2001).

Opposite to this view, some studies found that no trade-off exists between the accountability and performance improvement objectives of PA (e.g., Raudla et al., 2016). In fact, the goal of many audit bodies is twofold. First, they must reinforce the accountability relationship between the auditee and the citizens. Second, they must stimulate the auditee to make performance improvements (Tillema and ter Bogt, 2016). Public sector auditors can take on two roles: that of 'guardian' (or 'watchdog') of public sector organisations emphasising accountability, and that of 'moderniser' or 'consultant' primarily assisting them in their efforts to improve performance. Morin and Hazgui (2016) found that the NAO auditors in the UK do not perceive a dichotomy in this double mission. Pursuing accountability, performance auditors can discover underperformance, and the risk of disclosing underperformance can positively affect performance (Kells, 2011; Tillema and ter Bogt, 2016). Despite it could be possible to conciliate the accountability and the improvement missions, the mandate of performance auditors often emphasises accountability because the knowledge base and culture of performance auditors are highly influenced by those of financial statements audit that is very focused on accountability (Benamraoui et al., 2024). Looking at the accountability objective from a policy-oriented perspective, PA is a practice with a potentially high degree of democratic relevance (Svårdsten, 2019). Moreover, PA is a process aiming to produce legitimacy for auditors as well as for auditees (Power, 1997). Traditional financial audits have long been considered as a tool to achieve legitimation from the public and enhancing the cred-

ibility of the governments. In the case of PAs, the effect can be even more persuasive due to their less prescriptive mandate, as they show a wide array of activities of public performance (Funnell, 2015). Public sector auditors can either serve as legitimisers of government actions or as unintentional partners of public sector administrations. This can happen, for instance, when auditors choose not to reveal certain information or ‘public secrets’ (Morin and Hazgui, 2016). From this point of view, Gårseth-Nesbakk and Kuruppu (2018) stated that to achieve more effective and legitimate PAs, it is necessary to adequately understand and balance accountability perceptions of those held accountable.

From another perspective, PA can be instrumentalised by organisations as a form of ‘moral cover’ – a strategy to enhance legitimacy, reassure the public, and distance themselves from perceptions of political influence (Reichborn-Kjennerud and Johnsen, 2018). In some cases, PA may even serve as a façade to obscure unethical or corrupt practices (Lassou et al., 2024). Consequently, PA risks being perceived merely as a formalistic exercise or a form of ‘window dressing’ (Rana et al., 2022). Viewed in this light, it may devolve into a ritualistic process of verification, offering reassurance within an ‘audit society’ but failing to drive meaningful improvements (Johnsen et al., 2019; Power, 1997). This tendency is particularly evident when excessive emphasis is placed on procedural compliance and documentation, which can limit the transformative potential of PA and reduce it to a series of symbolic acts – what Kells (2011) refers to as ‘hollow rituals’ (Kells, 2011: 383).

5.5. Discussion and conclusion

This SLR has examined the varied implementation of PA across different institutional contexts and how these variations may be connected to the differing pace and approaches with which NPM-inspired reforms have been adopted globally. Interpreting the findings through the lens of public value creation allows for an understanding of how these varying approaches have, in turn, affected the processes through which public value is generated through PA.

Considering that public value is ‘something substantially valuable for society’ (Osborne et al., 2022: 635), there is no doubt that audit, in all its forms, contributes to creating public value, strengthening aspects such as transparency towards citizens (Skærbæk and Christensen, 2015; Ferry and Eckersley, 2015) and trust in public institutions (Morin, 2003; Van Looke and Put,

2011). Indeed, auditing plays a key role in fostering the pursuit of a ‘more sustainable and equitable society and in reflecting the plurality of values expressed by the society’ (Rana et al., 2022: 14). The introduction of PA has reinforced this role by responding to widespread public dissatisfaction with governmental performance and concerns about the value received in return for taxes paid (Bawole and Ibrahim, 2016; Reichborn-Kjennerud, 2014; Guthrie, 1987, 1989).

Drawing on the literature reviewed, it is possible to state that PA contributes to the creation of public value in different ways. First, PA contributes to public value creation through the enhancement of public sector accountability. It achieves this by systematically assessing the extent to which public sector organisations meet their objectives in terms of efficiency, economy and effectiveness (the ‘3 Es’). By publishing results transparently, PA holds public decision-makers accountable for the use of resources and the outcomes achieved (Volodina et al., 2022; Cordery and Hay, 2019). Indeed, PA is a government technology to make public sector management visible (Rana et al., 2023; Funnell and Jupe, 2022). In this regard, public sector auditors can be seen as ‘controllers’ or ‘assessors’ of the proper use of public resources (Barrett, 2024; Abu Hasan et al., 2013; Morin, 2003), thus reinforcing the integrity and responsiveness of public institutions. Second, PA contributes to the creation of public value by providing assurance (Parker et al., 2019). By offering independent and professional assessments of whether public programs are operating as intended and producing results consistent with the stated objectives, PA should reassure stakeholders and citizens that public funds are used appropriately (Barrett, 2010; English 2007). Indeed, through PA the government can ‘signal’ to its main stakeholders that it is managing resources well (Hay and Cordery, 2018). Recognising the need to be democratically accountable for efficiency and effectiveness is a fundamental aspect of public value (Cordery and Hay, 2019; Moore, 2013). Third, PA contributes to the creation of public value by stimulating the achievement of improvements through the issuance of recommendations. In this perspective, the acceptance and implementation of recommendations by the auditee can be considered as a measure of the value created (Barrett, 2022; Cordery and Hay, 2019; Svärdesten, 2019; Abu Hasan et al., 2013). Moreover, PA can contribute to public value creation by strengthening internal controls (Reichborn-Kjennerud and Vabo, 2017) and addressing issues at the forefront of contemporary debate, such as audits of environmental policies (Cordery et al., 2023; Cordery and Hay, 2019; Weihrich, 2018).

However, the findings of this SLR suggest that PA is unlikely to foster public value creation through all potential modalities simultaneously. Rather,

the evidence indicates that reforms inspired by NPM principles – of which PA represents a prominent example – have yielded divergent outcomes across institutional contexts. Consequently, context-specific PA models have emerged, each reflecting the prioritisation of different underlying principles shaped by local administrative and political environments.

Specifically, a PA approach contributing to value creation through the prioritisation of accountability concerns is typically adopted in countries characterised by a state law logic, such as those in Continental Europe (Torres et al., 2016). In these contexts, auditors place a strong emphasis on accountability requirements, often perceiving collaboration with auditees as potentially compromising their independence and assigning relatively little weight to the exercise of professional discretion, both by auditors and public managers. This is consistent with the bureaucratic traditions typical of state law systems, where financial audits remain central and are underpinned by formalised principles and standards that auditors are expected to uphold (Mussari, 1995). The persistence of a deeply rooted bureaucratic culture has, in many cases, hindered the implementation of managerial reforms, thereby limiting PA's potential to drive improvements in economy, efficiency, and effectiveness, the very objectives it was originally intended to promote (Cingolani and Fazekas, 2020; Pollitt and Bouckaert, 2011). In such contexts, PA risks devolving into a purely formalistic exercise, primarily oriented toward the production of documentation rather than fostering substantive change (Power, 1997; Peta, 2016). This reduction of PA to a set of 'hollow rituals' (Kells, 2011; Lassou et al., 2024) not only limits its potential to generate value but may actively contribute to the destruction of public value (Cui & Osborne, 2023). Indeed, by consuming public resources without delivering meaningful improvements in public service delivery, such practices can deepen public disillusionment, weaken trust in oversight institutions and, in the end, create further inefficiency (Prabowo et al., 2017).

On the other hand, countries characterised by a managerial culture, such as the Anglo-Saxon ones, which have been more receptive to NPM-inspired reforms, have placed greater importance on the professional discretion of both managers and auditors, better reflecting the managerial values promoted by NPM (Jeppesen, 2012). In these countries, PA prioritises fostering improvements over strictly enforcing accountability (Bawole and Ibrahim, 2017; Ferry et al., 2022). The pursuit of improvements in economy, efficiency, and effectiveness is intended to enhance the provision of public services, ensuring that they are better aligned with citizens' expectations and needs (Cingolani and Fazekas, 2020; Pollitt and Bouckaert, 2011). In this sense, PA contributes to public value creation by assessing whether public

sector activities are effectively directed toward achieving outcomes that are socially desirable (Saliene et al., 2022; Ștefănescu et al., 2020). PA makes it possible to demonstrate whether public organisations are delivering services that generate value for citizens, thereby helping to close the gap between governmental action and societal expectations (Barrett, 2010; Morin, 2003). In fact, PA helps identify areas of inefficiency, thus supporting better resource allocation and improved service delivery (Saliene et al., 2022; Cordery and Hay, 2019). By verifying the alignment between the objectives pursued and the results obtained, PA plays a crucial role in assuring citizens that public resources are being used in a way that reflects their collective interests. This is particularly relevant given that public services are financed through taxation, and citizens expect Value-for-Money, i.e. a return in terms of quality, accessibility, and effectiveness of those services (Cordery and Hay, 2019; Bawole and Ibrahim, 2017). In this light, PA supports the creation of public value by providing evidence that public action is not only legally compliant and procedurally sound, but also substantively valuable for society (Osborne et al., 2022; Sharma, 2007).

The pursuit of long-term improvements is advanced through closer collaboration with auditees during the audit process, facilitating the development of actionable recommendations and promoting their acceptance and implementation (Gendron et al., 2001). Given that collaboration between auditors and auditees has been shown to more effectively achieve the goal of improvement, thus creating value for the auditee and, indirectly, for citizens, this collaboration can reasonably be considered a process of public value co-creation (Nath et al., 2020; Hancu-Budui and Zorio-Grima, 2021). Indeed, the auditor-auditee interaction should not be viewed merely as a technical control, but rather as a constructive collaboration that drives improvements within the auditee and fosters legitimacy and trust among citizens (Guthrie and Parker, 1999; Rika and Jacobs, 2019). This affirms that public value co-creation extends beyond the value generated through interactions between the public sector organisations (providers) and citizens (users); it also encompasses the value created through collaboration between the auditee (the provider) and other stakeholders, such as the auditor, who are not direct service users (Hancu-Budui and Zorio-Grima, 2024).

PA can thus be seen as a vital tool for public value co-creation when it evaluates key aspects such as economy, efficiency, and the long-term outcomes of public policies, programs, and services, while encouraging the active participation of the auditee in the process and promoting continuous improvement. Moreover, a well-designed PA can directly or indirectly engage not only the auditee but also citizens and other stakeholders, ensuring that

value is created in accordance with societal expectations. The adoption of a collaborative approach to PA for public value co-creation, therefore, necessitates an evolution in the auditor's role, from that of an independent and impartial controller to that of a change facilitator and catalyst (Morin, 2003; Volodina et al., 2022). This has several implications that warrant further exploration in future research.

First, scholars may investigate the challenges inherent in the auditor-auditee collaboration, particularly how the auditee's involvement, and the potential reduction in the auditor's independence and objectivity can negatively affect value co-creation. Second, considering that the level of collaboration may vary significantly across countries, future studies could investigate strategies for balancing the requirement for auditor independence with the need for collaboration, in the context of value co-creation, across different institutional contexts. Third, scholars could explore methods for measuring the success of public value co-creation processes, assessing whether traditional audit indicators are suitable for this purpose, or if the development of new evaluation tools would be more effective. Furthermore, this study highlights the need for further research on public sector PA. Despite increasing attention in recent years, it still lags behind the extensive body of research on private sector audit, with certain aspects remaining underexplored (Morin, 2008; Raudla et al., 2016). First, much of the research on PA has focused on the Westminster model, with relatively little attention given to countries operating under the Court model. While existing studies have explored the possibility that differences between the two models arise from distinct institutional contexts that prioritise varying audit values, there remain unanswered questions regarding the broader implications for audit practices. Additionally, the findings of the literature review suggest that current research may present a PA framework that is predominantly Anglo-centric. Although PA has a long history within the public institutional landscape and has been applied in diverse settings, research on the topic has only gained significant traction in recent decades, often with a focus on Anglo-Saxon and Nordic countries (Rana et al., 2022). As a result, much of the existing literature has centred on Westminster-model or board-model SAIs, as well as countries that were early adopters of NPM reforms, such as the UK, Canada, Australia, the USA, Sweden, and Norway. There has been limited interest in the Napoleonic-model SAIs (such as those in France, Spain, Italy, and Portugal), primarily due to the judicial nature of these institutions. Their focus remains largely on ensuring auditee compliance with regulations, with management improvements often relegated to secondary consideration (Bonollo, 2019; Johnsen, 2019). Moreover, most studies on perceptions of audits focus pri-

marily on PAs conducted by national-level auditors, typically examining their audit activities in relation to national organisations such as central government departments, ministries, and agencies (Pollitt and Summa, 1996; Skærbæk and Thorbjørnsen, 2007). As a result, comparatively few studies have investigated audit perceptions within local governments. The limited research on PA in local governments is surprising, not only given the significant role local government plays within the broader public sector, but also in light of the substantial institutional changes implemented in audit regimes for local governments across several countries over the past few decades (de Widt et al., 2022). Finally, although some scholars have highlighted the potential for PA to involve various types of professionals, research has yet to explore how PA is carried out when it results from the collaboration of multiple stakeholders, nor have the impacts of such collaboration been investigated.

Considering the findings of this SLR and acknowledging that PA is not a static or universally defined concept but rather an activity shaped significantly by its context, investigating PA within systems that differ from those traditionally explored in the literature could offer valuable contributions to both theory and practice. Such an investigation could enhance our understanding of how PA operates within institutional contexts traditionally dominated by financial and compliance audits. It could also illuminate how the concurrent work of various audit institutions and professions contributes to shaping a distinct approach of conducting PAs. Moreover, this research could provide insights into why, in systems adopting a jurisdictional-Napoleonic audit model, PA has been less successful in achieving the intended improvements compared to its implementation in Westminster model countries.

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6

PUBLIC VALUE CREATION AND INTERNATIONAL INSTITUTIONS: A SYSTEMATIC LITERATURE REVIEW

*Gabriella Pica**

6.1. Introduction

International Institutions (IIs) are diverse entities operating at the international level and composed of national states (Missoni and Alesani, 2014). These institutions have an impact on a wide range of actors: They encourage cooperation among states, regulate firms' economic activities and influence individuals' lives through their policies. Moreover, they address problems affecting the entire population worldwide, such as poverty, wars and climate change (Tallberg et al., 2016).

There is no doubt that IIs are committed to creating value for a broad public, either independently or in collaboration with other actors (Smouts and Devin, 2011). However, the overall contribution of these organisations remains controversial (Lall, 2017; Hirschmann, 2023). While there is an increasing attention on how to make these organisations accountable for their results (Monfardini and von Maravic, 2019), there is still limited understanding of their internal processes of public value creation. In addition, significant challenges remain in capturing the overall value created in a multilevel governance context. As a result, IIs are sometimes viewed as highly influential and at other times as superfluous. Although IIs have gained significant societal relevance, these organisations have received relatively little scholarly focus in the public management literature (Amici and Cepiku, 2020; Cepiku, 2020a; Dijkzeul, 1997; Monfardini and von Maravic, 2019). The existing literature on IIs is fragmented and less systematically developed than that on other public sector

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organisations. Notably, it lacks a comprehensive analysis of the relationship between IIs and public value creation. Adopting a public value perspective could significantly enhance our understanding of IIs. This theoretical lens – rooted in public management scholarship – holds the potential to offer new insights into the internal processes of IIs and the nature of their broader impact (Gutner, 2010; Cepiku, 2020).

Given the limitations of current research and the growing importance of IIs, this chapter aims to systematise the state-of-the-art literature on the relationship between IIs and public value creation. Specifically, it examines public value creation processes both within IIs and in external contexts where IIs play a contributory role.

To achieve this aim, this chapter presents a Systematic Literature Review (SLR) guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) approach. The research questions formulated for this study is: “What is the present state of scholarly research concerning the relationship between IIs and public value creation?”

The contribution of this chapter is twofold. On a theoretical level, it enriches Public Value literature by providing new insights about public value creation with reference to specific public sector organisations. Previous efforts to organise scientific knowledge on public value and its creation have focused exclusively on national and local public sector organisations (Maragno, Gastaldi, and Corso 2021; Sami et al. 2018), neglecting the international level. On the practical level, this review can inform policymakers and practitioners in IIs about the public value creation processes taking place inside and outside these entities.

This chapter is structured as follows. Section 6.2 outlines the background concepts relevant to this research. Section 6.3 details the methodology employed in this study. Section 6.4 presents the findings organised into descriptive analysis and emerging themes identified through coding. Section 6.5 discusses the findings and proposes a research agenda. The final section offers conclusions and highlights the limitations of the current research.

6.2. Background concepts

This chapter centers on two core concepts – public value creation and IIs – which are explored in depth in this section.

6.2.1. Public value creation

The concept of public value has become increasingly prominent in public management discourse (Williams and Shearer, 2011) and has attracted growing attention in public management research, particularly in examining how various organisations affect the public (Honglund et al., 2021). Mark Moore (1995) developed the theory of public value through a management-oriented lens, emphasising the distinctive purpose and mission of public sector organisations. He contends that value creation in the public sector necessitates approaches that are fundamentally different from those applied in the private sector, due to distinct institutional logics, accountability structures, and societal roles.

Whereas private sector managers generate value for shareholders, public managers are responsible for creating value for the broader public (Moore, 1995). Therefore, this conceptualisation of public value depends on stakeholders' expectations, and is closely linked to good performance, which encompasses efficient and effective public organisations as well as socially and politically authorised outcomes (Bryson et al., 2014). Since Moore (1995), many studies have addressed public value creation (Chandra and Paras, 2020; Crosby et al., 2017). Various stakeholders can participate in public value creation processes if these are “drawn from the experience of the public” (Meynhardt, 2009). Thus, public value processes can also occur beyond a public sector organisation's boundaries and in the space between this entity and the public.

Moore (1995, 2013) further developed public value theory by elaborating the “strategic triangle” framework, which identifies three dimensions that a public manager should focus on to achieve public value “that is also administratively feasible and wins public and government approval” (Jacobs et al., 2014). These three dimensions represent the three points of the strategic triangle and include (1) legitimacy and support (i.e., citizens' perceptions and opinions), (2) public value (i.e. the value the public sector organisation produces) and (3) operational capabilities (i.e. available resources). This framework is less used in public value research, but it has also been identified as a promising value for research “to diagnose the existing situation, that is, the alignment between the authorising environment, the existing operational capacity and the public value created” (Höglund et al., 2021: 1609).

Benington (2015) provided a complementary perspective on public value creation by highlighting the importance of public values – those collectively held by society – as central to defining and assessing what constitutes value in the public sphere. From this perspective, public value arises not only from

managerial processes but also from an ongoing democratic process in which diverse public values are debated, negotiated, and reconciled (Hartley et al., 2017). This implies that creating public value is “a contested democratic practice” due to the conflict of contrasting public values (Benington, 2015). Researchers adopting this approach focus on the societal or policy level and aim to explore who, how and with what objective to construct and discuss different meanings of public value (Hartley et al., 2017).

IIs embody this notion of contested democratic practice, serving as arenas for cooperation among member states that bring diverse and often conflicting values to the table (Coicaud and Heiskanen, 2001; Graz, 2012). The compendium of International Organisations states that IIs “provide platforms for countries to work together, discuss shared challenges and to develop international instruments whose use can address them” (OECD, 2021). In this way, IIs function as “arenas” in which public values are actively negotiated, prioritised, and reconciled, such as the trade-offs between economic development and environmental sustainability, or national sovereignty and global cooperation. This inherently contested nature of IIs highlights the relevance of employing public value creation theory as an analytical lens.

6.2.2. International institutions

Different non-state actors operate at the international level, including IIs. These organisations have three minimum characteristics that distinguish them from the broad spectrum of entities operating at the international level (Missoni and Alesani, 2014a). First, an IIs is founded through a treaty. Second, this agreement involves at least two States. Finally, IIs possess a permanent administrative structure. Permanent administrative structures allow for the exclusion of meetings between states with no formal organisational arrangement (Bordin, 2019). Other authors have also highlighted this aspect. For example, Gutner and Thompson (2010) state that IIs “are more independent and formalized than other international bodies” as they “include some sort of centralized administrative apparatus with a permanent staff”. Biermann et al. (2009: 6) use the term “international bureaucracy” to refer to a “hierarchically organised group of international civil servants with a given mandate, resources, identifiable boundaries and a set of formal rules of procedures within the context of a policy area”.

Despite the characterisation provided by Missoni and Alazani (2014), IIs remain a highly heterogeneous group in practice. Scholars have attempted to classify them based on a variety of criteria including their goals, scope, membership, power, and decision-making mechanisms. Focusing on the purpose of these or-

ganisations, two key distinctions emerge. The first concerns the breadth of their mission, distinguishing between general-purpose IIs (i.e., European Union Institutions) and specific-purpose IIs (i.e., FAO, WHO). The second pertains their functional orientation, categorising IIs as either regulatory or operational. Regulatory institutions, as described by Gehring and Faude (2014), serve primarily to “fulfil regulatory purposes for their members” by creating space for negotiation and rule setting. For example, the World Trade Organisation facilitates the establishment and enforcement of trade rules among its members. In contrast, operational institutions focus on implementing tangible actions or services, addressing “operational purposes” (Gehring and Faude, 2014), such as providing aid or managing collective resources (i.e., UNICEF or UNESCO).

6.3. Methodology

This study aims to identify the state of art of scientific literature on public value and IIs. The general research question is articulated into specific sub-questions:

- i) What approach to public value is adopted in studying IIs?
- ii) What are the characteristics (i.e., direction, policy area, actors involved) of the public value creation processes analysed?
- iii) What are the most used methodological approaches?
- iv) What are the main implications for public value theory and literature?

This study reviews existing literature on public value and IIs using a SLR (Liberati et al., 2009). It addresses clearly defined and specific research questions (Petticrew and Roberts, 2006) and involves “explicit methods to identify, select and critically appraise relevant research, and to collect and analyse data from the studies that are included in the review” (Moher et al., 2010). It enables researchers to systematise scientific knowledge that can lead to reliable evidence to inform practitioners, policymakers and society (Tranfield et al., 2003).

This study draws on the PRISMA approach, a four-phase process encompassing a checklist of 27 items. The PRISMA has been developed in the medical science area, but it has been found very useful in conducting reviews in public management (Gjaltema et al., 2020; Mu and Wang, 2022). It is particularly valuable for interdisciplinary research and ensures a more systematic and transparent approach to the review. In addition, the PRISMA preserves SLR as a process of exploration and discovery by enabling modifications to the protocol, as long as changes are reported and motivated.

6.3.1. Search strategy and eligibility criteria

Identifying the most suitable keywords for the search is a critical stage of a SLR as it delimitates the scope of our review. In this study, keywords should cover the two background concepts. Initially, terms associated with public value creation such as “public value creat*” or “public value” were identified. Additionally, records were required to include at least one of the following terms referring to IIs: “International institutions”, “international institution”, “intergovernmental organi*”, “international governmental organi*”, “international bureaucracy*” or “international public administration*”.

A preliminary search showed that articles often do not include the above-mentioned words related to IIs, but rather scholars focus on single cases due to the heterogeneity of these organisations.

To address this challenge, the search strategy was refined to include references to specific IIs. These specific institutions were selected based on the following criteria.

- 1) Public visibility: Institutions that are widely recognised in global governance and frequently referenced in academic and policy discussions (Monfardini and von Maravic, 2018) such as European Union Institutions and United Nations.
- 2) A diverse range of institutional purposes: Both regulatory institutions such as WTO and operational institutions like FAO, UNESCO, World food program.
- 3) A variety of policy areas: social policy (i.e., UNICEF, ILO), food and agriculture (i.e., FAO and World Food Program), health policy (WHO), monetary and financial institutions (i.e., World bank and European Central Bank) and general multisectoral policy (i.e., European Union institutions and United Nations).

This broadened approach ensured that the review captures a wide spectrum of relevant literature, overcoming the limitations posed by heterogeneous terminologies in this field.

As the main focus was on public value creation, the related keywords were searched only in titles, while keywords related to IIs were searched in titles, abstracts, or author keywords.

The final search was carried out on Scopus and Web of Science databases. The keywords were combined to produce the following query in Scopus:

“TITLE (“value creation” OR “public value”) AND TITLE-ABS-KEY (“international organi*” OR “intergovernmental” OR “international institution” OR “international governmental” OR “international bureaucracy” OR “international public” OR “European Union” OR “European Union Institution” OR “European Commission” OR “United Nations” OR “OECD” OR “World Health Organi*”)

OR “World trade organi*” OR “WTO” OR “UNICEF” OR “ILO” OR “FAO” OR “World Food Program” OR “UNESCO” OR “UNIDO” OR “european central bank” OR “world bank”)

and the following query in Web of Science:

“(TI=(“value creation” OR “public value”)) AND TS=(“international organi*” OR “intergovernmental” OR “international institution” OR “international governmental” OR “international bureaucracy” OR “international public” OR “European Union” OR “European Union Institution” OR “European Commission” OR “United Nations” OR “OECD” OR “World Health Organi*” OR “World trade organi*” OR “WTO” OR “UNICEF” OR “ILO” OR “FAO” OR “World Food Program” OR “UNESCO” OR “UNIDO” OR “european central bank” OR “world bank”))”.

The search strategy produced 90 results on Scopus and 25 results on Web of Science. Successively, the search was limited to documents of the article type and conference papers (65 on Scopus and 19 on Web of Science). Only articles written in English were included (62 on Scopus and 19 on Web of Science). In Scopus, the search was limited to three subject areas: Social Sciences (which included articles on Public Administration), Business, Management and Accounting, and Multidisciplinary studies, with a resulting number of 51. In Web of Science, the search was limited to Business, Management, Public Administration, yielding 6 articles. The list of 57 articles has been cleaned by duplicates, resulting in 52 articles.

6.3.2. *Studies selection*

To ensure the quality of the review, only studies that met the following criteria were deemed eligible after an initial screening of titles and abstracts.

- 1) *Topic*: Only articles examining the relationship between IIs and public value creation were included in the review.
- 2) *Organisation type*: The review considered only IIs as defined by Missoni and Alesani (2014). This implies that other international organisations, including private international organisations, financial IIs, and international non-governmental organisations were excluded.

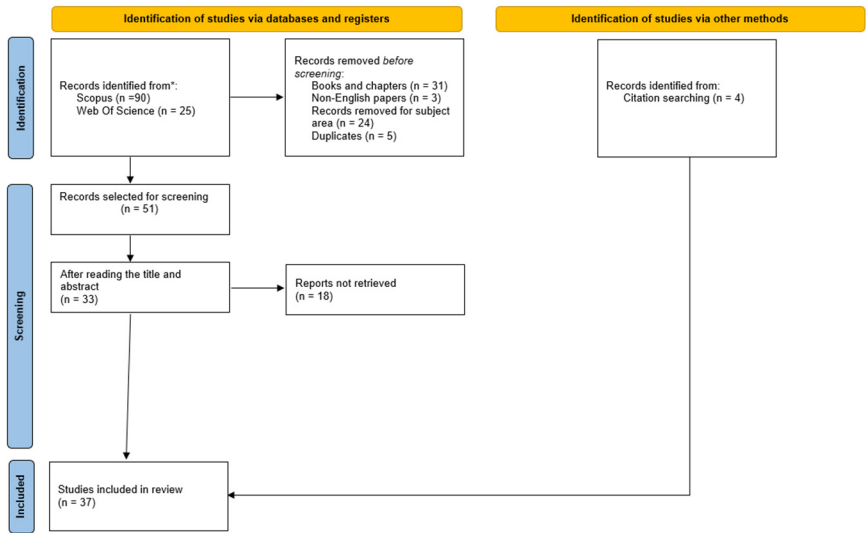
Articles referring to value created by policies undertaken by specific IIs were considered.

Articles that referenced an II solely in the abstract, without substantive relevance to the study, were excluded. For instance, studies using data produced by IIs regarding the value generated by firms or local municipalities, or those treating the European Union merely as a study context, were excluded. In all these cases, IIs were outside the scope of the study.

In other cases, public value creation was not the focus of an article, or it was, but the process did not involve any IIs.

After this screening, only 33 articles were selected (Annex 1). Articles using “value creation” to refer only to value created for private companies themselves were excluded. Additional four papers that met the criteria for inclusion were identified by looking at the references of selected studies. Figure 1 shows the PRISMA process followed.

Figure 1 – The Prisma Process



Source: Page et al. (2021)

6.3.3. Data analysis

Data analysis involved the examination of selected articles with the aim of capturing what is known and what is still missing in scientific literature and turning findings into suggestions for future research. Data analysis was articulated into two phases: Descriptive analysis and Coding.

6.3.3.1. Descriptive analysis

The first phase consisted of mapping general characteristics of selected studies, referred to as a “descriptive analysis”. This involved identifying general information such as publication date, journal of publication, type of

IIs involved and policy area addressed. This information provides the broader context of the research and informed the subsequent phase of the analysis.

6.3.3.2. Coding

The second step involved the implementation of a “coding” procedure where articles were systematically analysed using labels. The selection of labels followed a mixed approach combining both deductive and inductive methods. Specifically, some labels were determined prior to the analysis to allow for a structured analysis (i.e., such as methodological approaches). During the full reading process, other labels were developed, allowing themes (i.e., emerging lines of research) to naturally arise from the articles. Data were recorded and organised in Microsoft Excel according to the various labels for subsequent analysis.

The following labels were employed:

- 1) *Approach to Public Value*: This label categorised articles according to the theoretical approach to public value they adopt. Four categories were identified:
 - a) “Management-centric approach”: refers to articles using Moore’s (1995) management-centric perspective on public value.
 - b) “Strategic triangle”: refers to articles using the strategic triangle introduced by Moore (1995).
 - c) “Contested democratic practice”: includes articles that conceptualise public value as a contested democratic practice, as articulated by Benington (2015).
 - d) “Other”: categorises articles that do not employ any of the mentioned approaches.
- 2) *Direction of public value creation processes*: This label pertained to the “direction” of public value creation processes. Three labels categories were identified:
 - a) “Internal versus External”: This label indicates that public value creation processes occur within the perimeter of IIs to benefit external actors.
 - b) “External versus Internal”: This label indicates that external agents contribute to public value creation processes benefiting IIs.
 - c) “Other”: This label indicates situations that do not fall within the scope of the previous ones.

- 3) *Tools for Public Value Creation*: This label accounted for the “tools” or practices employed for managing value-creation processes.
- 4) *Methodological approaches*: This label categorised the methodological approaches applied in the literature. Three categories were identified:
 - a) “Quantitative methodological approaches”.
 - b) “Qualitative methodological approaches”.
 - c) “Mixed methods”.
- 5) *Implications for Public Value Literature and Theory*: This label categorised and described whether and how articles enrich the theoretical understanding of public value and its application in the context of IIs.

6.4. Findings

This section illustrates findings obtained from the descriptive analysis and coding phase.

6.4.1. Descriptive analysis

The search strategy led to the selection of 37 papers about IIs and public value. These articles have been published between 2000 and 2024. Figure 2 shows the distribution of articles among different journals.

Figure 2 confirms the need for systematic organisation of the literature on this topic, given the wide dispersion of the articles. Figure 3 illustrates a recent increase in the number of articles published on the subject.

With regard to the type of IIs being studied, Figure 4 shows that most articles focus on the European Union (i.e. Mairate, 2006), the OECD (Kysar, 2020) and UN (i.e. Arceneaux, 2024), confirming the importance of including specific kinds of IIs in the query. Only in rare cases, articles refer to IIs without specifying which one (i.e. Crowson, 2009).

Figure 5 presents the policy domains addressed by the articles. Public financing is the most frequently discussed area, followed by sustainability and trade. Some articles also refer to specific policies and regulations, such as the United Nations’ Sustainable Development Goals (SDGs), the EU Cohesion policy program (i.e. Mairate, 2006), and the OECD/G20 Base Erosion and Profit Shifting Project (i.e. Kysar, 2020).

Figure 2 – Number of articles per journal

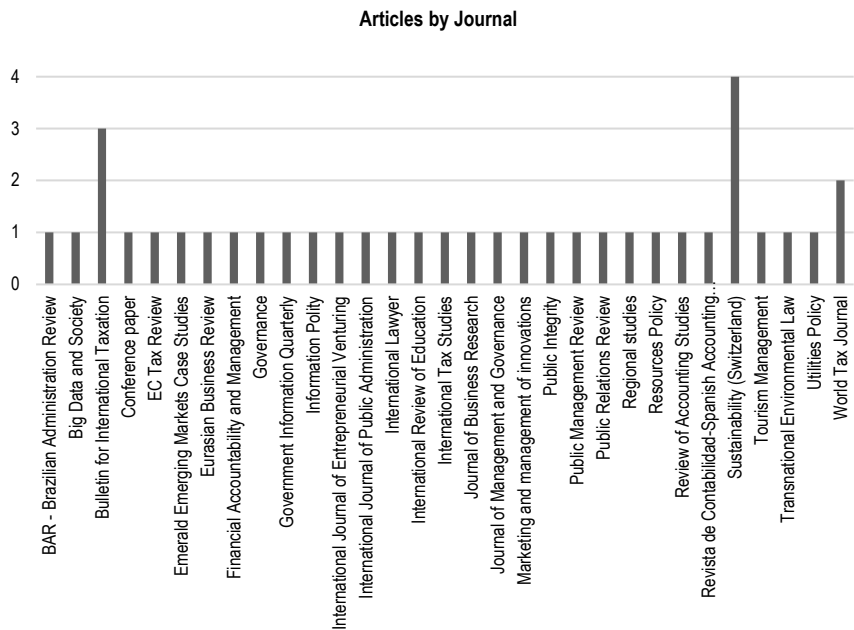


Figure 3 – Number of articles published per year

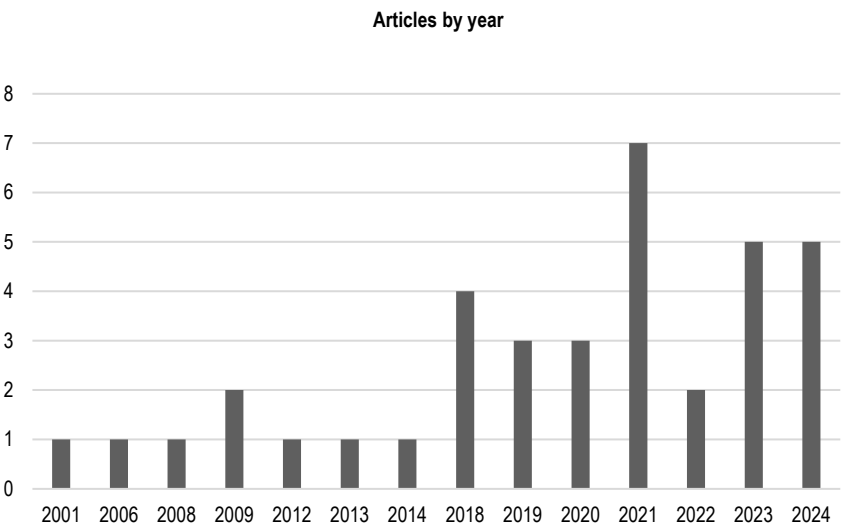


Figure 4 – Types of International Institutions

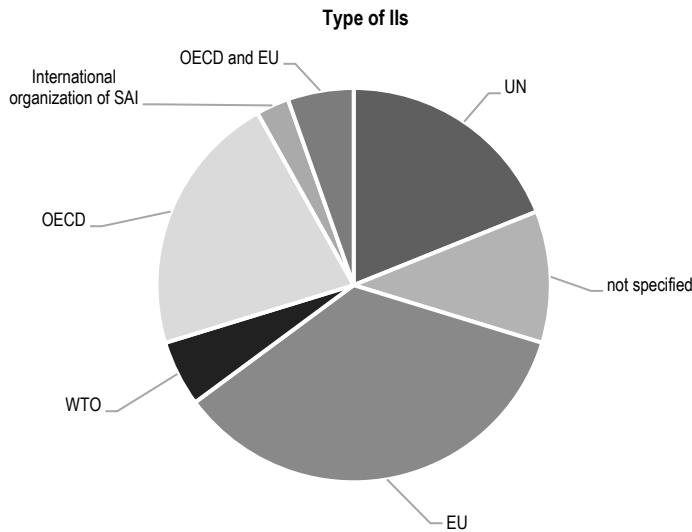
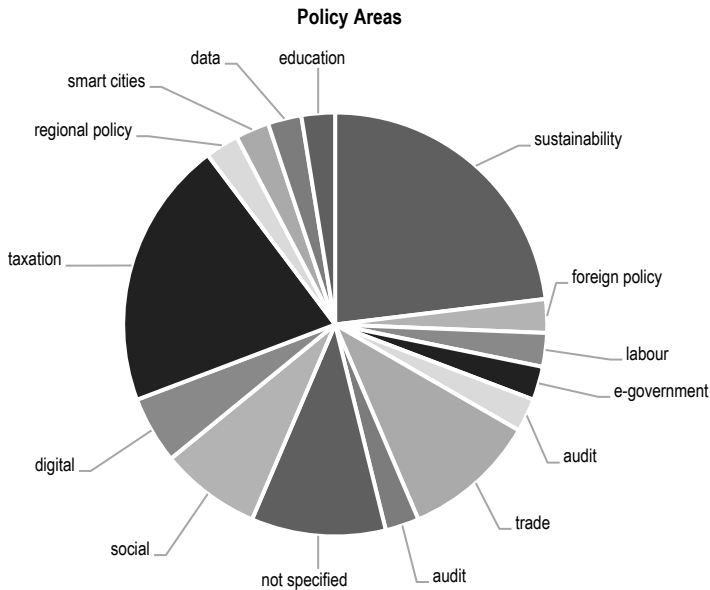


Figure 5 – Policy Areas



6.4.2. *Emerging themes from coding*

6.4.2.1. Approach to public value

During this phase, attention was paid to how public value was defined and conceptualised within the sample. Some articles clearly define their position on public value, while others do not offer a clear definition of public value (e.g. Crowson, 2009).

Regarding the three approaches identified in paragraph 6.2.1, some articles adopt a management-centric perspective, highlighting the role of public managers (Bauer et al., 2023) in processes or chains of value creation (Partiti, 2022). The work by Moore (1995) represents a reference to many authors (Sadiqi, 2018; Chantillon et al., 2020; Eckhard, 2021; Salmoria et al., 2021). For example, Rukanova et al. (2023) conceptualise public value as a process of creating value but emphasise its “interactive” and “integrative” dimensions. Public value creation processes, especially those involving IIs, involve a variety of actors and aim to achieve various objectives that require a more holistic perspective of public value. While only the work by Cordery and Hay (2019) in the sample refers to the “strategic triangle” by Moore (1995), many authors adopt a definition more aligned with the third approach to public value (see paragraph 6.2.1). For example, Mendez, Pegan, and Triga (2024) break the traditional “management-centred” definition of public value and develop a definition “relating public value creation to the subjective perceptions of citizens” so they “focus on how citizens as one element in the authorising environment judge the creation of public value”. Instead, Gross and Geiger (2023) investigated “the imaginaries” of public value guiding different groups of agents implicated in EU policy for digital health.

Finally, some articles do not use any conceptualisation of public value that falls within one of the approaches usually adopted in public management research. Some authors concentrate on the declination of public value, such as “sustainable value” (Sjåfjell, 2020). For example, the work by Bauer, Traxler, and Greiling (2023) states that sustainable value “can be understood as organisational contributions to achieving the SDGs” established by the United Nations. El-Haddadeh et al. (2021) operationalise value creation in the organisational ability to achieve SDGs. Instead, in examining the survival and development of winter touristic destinations, Flagestad and Hope (2001) preferred the term “sustained value” as it “adequately reflects the combined community, stakeholder and business goals of strategic success”. Instead, Langbein, Fuss, and Fuss (2018), Kysar (2020) and Nikolakakis (2021),

whose background is in taxation law, use “value creation” to indicate the source or place where value is created to support IIs in developing adequate taxation policies. In other cases, organisational “value creation” is discussed and whether IIs facilitate or obstruct this process (Cooney et al., 2009; Verdu-Jover et al., 2008). Also, in defining public value, some articles refer to other works such as O’Flynn (2007) and Stoker (2006). Instead, Salmoria et al. (2021) use as a reference work by the OECD highlighting the importance of citizen engagement.

6.4.2.2. Direction of public value creation processes

This label distinguishes whether IIs are directly responsible for creating public value through their internal processes (Breunig and Hydle, 2013; Nikolakakis, 2021; Gross and Geiger, 2023), or whether external actors, such as national or local governments, non-governmental organizations, or firms, contribute to the efforts of IIs to create value.

For example, in the article by Bauer, Traxler, and Greiling (2023), municipal utilities contribute to the realisation of SDGs set by the United Nations. Similarly, El-Haddadeh et al. (2021) show how the successful adoption of big data by UK firms could contribute toward creating value and achieving the SDGs. This confirms how external actors can contribute to IIs’ broader objectives of public value creation. However, the distinction between internal and external value creation is not clearly established. The reason for this complexity is that IIs usually operate in a networked and multilevel governance framework, which means that they deal with different stakeholders and engage with several tiers of governance (Mendez et al., 2024; Partiti, 2022). These interconnections obscure the precise locus of public value creation, complicating efforts to differentiate internal from external contributions. For example, Zaalouk et al. (2021) explore value creation through a project co-funded by the ERASMUS+ program of the European Union, aiming to strengthen teachers’ collaboration skills in peer communities of learners in an Egyptian context during the COVID-19 pandemic. Instead, Gherardi et al. (2021) examine how the EU cohesion policy is implemented in an Italian region, focusing on accountability and reporting practices for measuring and disclosing public value. Both studies demonstrate that public value creation is an interactive rather than a linear process.

6.4.2.3. Tools for public value creation

Various “tools” or practices for managing value-creation processes have been identified throughout the reading of selected articles. These include regulatory instruments (Sjåfjell, 2020; Nikolakakis, 2021; Partiti, 2022), management control practices (Bauer et al., 2023), performance indicators (Breunig and Hydle, 2013), policy or programs (Chantillon et al., 2020; Gherardi et al., 2021; Zaalouk et al., 2021; Gross and Geiger, 2023) and a combination of regulatory and management tools (Mendez et al., 2024).

6.4.2.4. Research design

The articles encompass a variety of research designs. Quantitative methods involve different forms of data collection such as survey (Cooney et al., 2009; Eckhard, 2021; El-Haddadeh et al., 2021) and hypothesis testing (Verdu-Jover et al., 2008). Salmoria et al. (2021) employ a descriptive statistics and factor analysis technique. Qualitative methods involve various data collection methods such as case studies (Breunig and Hydle, 2013; Eckhard, 2021; Rukanova et al., 2023), interviews (Van der Wal, 2014), focus groups (Mendez et al., 2024), documents (Cordery and Hay, 2019; Chantillon et al., 2020) and content analysis (Gross and Geiger, 2023; Bauer et al., 2023). One article uses a mixed method (Hancu-Budui and Zorio-Grima, 2024). Also, some conceptual papers are in the sample (Sadiqi, 2018).

6.4.2.5. Implications for public value literature and theory

Many articles show that public value creation is linked with stakeholder management (Cooney et al., 2009). In fact, a limited understanding of “public value” results in prioritising a few stakeholders’ expectations (Gross and Geiger, 2023) and employing inadequate management control practices (Bauer et al., 2023). Instead, a community or holistic perspective is often emphasised that goes beyond financial and economic interests (Gross and Geiger, 2023). For example (Mendez et al., 2024) highlights the importance of EU institutions adopting a public value perspective that gives relevance to citizens to “bring policy closer to citizens”. A holistic perspective is

particularly important for policy areas of broader interest that require multilevel governance with the involvement of IIs (Bauer et al., 2023).

Another interesting contribution comes from the work by Chantillon, Cromptvoets and Peristeras (2020). By declining the difference between public values and public value creation, the authors argue that a public values perspective enables one to examine whether public value is created by policies. A similar argument is proposed by Rukanova et al. (2023).

Few studies contributed to a better understanding of the internal and external antecedents of public value creation (Breunig and Hydle, 2013; El-Haddadeh et al., 2021). Also, some articles develop conceptual frameworks for studying public value within specific contexts (Cordery and Hay, 2019; Mendez et al., 2024). For example (Salmoria et al. 2021) developed a framework based on OECD principles to identify to what extent the elements for generating public value are mobilised in the citizen's perception in the context of smart cities. These include transparency focused on citizens' needs, innovation, social participation, and service capability sharing. Finally, the authors also developed a hierarchy of principles that generate public value as a practical guide for public managers.

6.5. Discussion and research agenda

Adopting a Public Value (creation) perspective implies a focus on organisations' internal process, capabilities, their impact and alignment with what has value for the public (Meynhardt, 2009; Hartley et al., 2017). It also highlights the role of collaboration among actors to enhance the production of public value (Ansell and Torfing, 2021). The results of this SLR demonstrate that this perspective has been applied in the context of IIs, but its adoption remains limited. This limitation might be related to the difficulty to incorporating the diversity of IIs within the search query as well as a relative lack of scholarship adopting an accounting and management perspective on these entities (Monfardini and von Maravic, 2019; Cepiku, 2020). This section discusses SLR's findings, identifying gaps and opportunities for future research. In doing so, it also draws on complementary studies about IIs to favour the discussion about these entities' capacity to create public value.

The descriptive analysis provided an initial understanding of the scope of existing research on IIs and public value. A first observation is that these studies predominantly focus on European Union Institutions and their policies (Mairate, 2006; Hancu-Budui and Zorio-Grima, 2024), largely

neglecting other organisations. This limitation might reflect the visibility of European Union Institutions but also methodological constraints. As illustrated in paragraph 6.3.1, a preliminary search revealed that many studies addressing IIs do not explicitly use terms like “International Institutions” or “International Organisations” in their conceptual framing. Instead, they often examine single cases in isolation, emphasising the heterogeneity of IIs and the fragmentation of the literature. This limitation highlights that, within the public management literature, IIs are conceptualised primarily as contextual actors rather than as principal agents of public value creation. This is likely because public value creation in IIs inherently involves a collaborative approach (Rukanova et al., 2023; Gutner and Thompson, 2010; Cepiku, 2020b). However, such a perspective can unintentionally downplay the direct contributions of IIs to public value and limit the scope of research. As a result, the literature has not yet fully explored the unique capacities and roles of IIs in producing outcomes that transcend national boundaries. These observations open different research opportunities. First, scholars can go beyond the EU, leading to theoretical implications that may be generalisable to other IIs. For example, comparative and multiple cases can highlight patterns and divergent practices across different IIs. Second, researchers should explicitly position IIs as active agents in public value creation. This shift would improve our understanding of IIs’ internal processes, roles, and capacities.

The descriptive analysis showed that the studies cover a diverse range of policy areas, reflecting the diverse range of missions pursued by IIs. Among these, sustainability emerges as a predominant focus (Sjåfjell, 2020; El-Haddadeh et al., 2021). Over time, IIs have assumed a more expansive role in managing transboundary issues, particularly sustainability challenges (Tallberg, 2002), such as climate change crisis (Pichler and Sorger, 2018) and the spread of infectious viruses (Esty, 2006). These examples illustrate how IIs contribute to public value by addressing challenges that no single nation can resolve alone, thereby requiring collective efforts and collaboration. Unlike other public sector organisations, such as local municipalities whose benefits are often confined to specific services provided within delimited territories, IIs aim to provide benefits that transcend national boundaries, affecting cross-boundary communities.

A deeper analysis identified different approaches to public value. Within the sample, various definitions and conceptualisations were observed. Similar to other public administrations, IIs create value through the interaction between the political representation systems, comprised of member states that shape the organisation’s priorities, and the management systems, which

are focused on optimizing the use of resources (Missoni and Alesani, 2014; Mussari, 2017). By using a management-centric approach, selected studies shed light on the inputs, processes and outputs that contribute to public value creation (Partiti, 2022). Instead, a perspective that emphasises public value creation as a contested democratic field was employed in studies that identified common and contrasting discourses in place (Gross and Geiger, 2023). Consequently, such a perspective could be particularly valuable for studying regulatory IIs, which create value by providing a space for cooperation within which different values are negotiated and reconciled (Coicaud and Heiskanen, 2001). Findings show that the “strategic triangle” was the less used despite the valuable insights it can offer (Cordery and Hay, 2019). It could support a better understanding of strategic management in IIs from a managerial and accounting perspective (Cepiku, 2020a). In public management literature, increasing attention has been dedicated into strategic public value creation (Höglund, Mårtensson, and Thomson 2021), but IIs have been often left out of the analysis (Missoni and Alesani, 2014). A critical avenue for future research lies in examining the role of managers and leaders within the management systems of IIs, particularly in how they influence decision-making and the creation of public value. As Cortell and Peterson (2021: 420) suggest, IIs differ from other public administrations in that their civil servants typically enjoy greater autonomy in responding to external developments. On one side, this autonomy potentially drives responsiveness and innovation, on the other side, it also raises questions about accountability and alignment with member states’ priorities. This raises different research questions that could be explored such as: How do international civil servants envision public value and how is their decision-making influenced by tension between political directives from member states, external needs, and broader societal transformations? Addressing these questions could lead to modifications of the strategic triangle to better reflect these pressures. In addition to providing theoretical insights, the strategic triangle can offer practical guidance to managers for enhancing public value creation strategies within IIs.

Each of these public value approaches offers valuable and complementary insights into the public value creation of IIs, and as such, no single approach can be considered universally preferable. However, the choice of perspective may be tailored to align with the specific institutional purpose of the IIs. For regulatory IIs, which are inherently political in nature, a perspective that frames public value as a contested democratic field is more appropriate, as it captures the predominance of political negotiation and the reconciliation of values throughout the public value creation process. In

contrast, for operational IIs, Moore's strategic triangle appears more suitable, as it focuses on the alignment of strategic management practices with tangible outcomes.

Findings show that IIs carry out public value creation processes directly – within their institutional boundaries – and indirectly, when external actors implement processes and efforts that contribute to the IIs' broader public value objectives. In addition, public value creation is often a shared responsibility that transcends the boundaries between “internal” and “external” value creation processes (Rukanova et al., 2023). This suggests that the examination of public value creation is intrinsically linked to governance. Future studies could identify and compare different public value governance models among IIs, examine partnerships and networks where IIs participate and investigate, whether public value creation affect these models. In this context, public value co-creation is a promising lens for analysing IIs' collaboration with a variety of stakeholders (Ansell and Torfing, 2021). Unlike other public administrations, IIs are often perceived as operating at a considerable distance from local communities (except for operational IIs). This distance might potentially pose challenges for public value co-creation and raises questions about how IIs can reduce this distance. Future research could investigate how co-creation practices are adapted to address this disconnect. For example, digital technologies can have an important role in fostering participatory public value creation.

Articles show that a variety of tools and practices are used to manage public value creation. While regulatory tools are well-recognised in the literature, other practices, such as strategic planning, performance indicators, and reporting systems, deserve further investigation. These practices are considered effective mechanisms through which public value can be disclosed, monitored, and managed (Gherardi et al., 2021). Future studies could explore the role of these practices in public value creation, examining how they not only measure outcomes but also guide the strategic direction of IIs in pursuit of value creation goals. This limited focus on public value accounting also emerges from studies in other public administrations. As Bracci et al. (2019) pointed out, relatively few studies have examined public value accounting in detail. Notably, there is limited understanding of how public value is operationalised in accounting terms and how accounting can hide public value “destruction”. Accounting systems, while crucial for transparency and performance management, might inadvertently obscure or fail to capture the negative or unintended consequences of certain actions. This will contribute to enrich literature about accountability and IIs (Monfardini and von Maravic, 2019).

A recurring theme across literature is internal and external antecedents of public value creation. Among internal antecedents, the knowledge possessed by bureaucrats about their country of origin is particularly important. When international civil servants share their ‘informational knowledge’ (culture, politics, and traditions) and ‘relational knowledge’ (the way in which people behave and interact), they can generate risks but also benefit public value creation (Eckhard, 2021). This further emphasises the role of international civil servants in public value creation. Externally, citizens’ perception (Bauer et al. 2023) and other agents’ beliefs play an important role in public value (Gross and Geiger, 2023). As IIs are particularly exposed to reputational and legitimacy pressures, future research could investigate how these forces affect public value creation (Coicaud and Heiskanen, 2001; Cortell and Peterson, 2021; Monfardini and von Maravic, 2019).

With regard to methodological approaches, quantitative approaches are less recurrent than qualitative. This suggests that the adoption of a qualitative approach can offer more valuable insights into the complexity inherently public value creation in IIs (Mendez et al., 2024). For this reason, interpretative studies offer a promising avenue for further investigation.

6.6. Conclusions

IIs plays an increasingly important role in the international landscape (Gutner and Thompson, 2010). However, there is a limited understanding of their internal processes and impact from a Public Accounting and Management perspective (Amici and Cepiku, 2020; Missoni and Alesani, 2014). This chapter was motivated by the ambition to capture to what extent the understanding of IIs can be improved through the application of an interpretive framework commonly employed in public management scholarship, specifically public value theory.

To achieve this objective, a SLR has been conducted to explore previous research about Public Value (creation) and IIs. Relevant articles have been organised around specific codes, analysed and discussed. The results reveal the various perspectives on public value, the characteristics of public value creation processes, and the methodological approaches employed. The discussion section interprets these findings and identifies the main implications for public value theory and the existing body of literature. In this way, this study contributes to the systematisation of scientific literature on this topic and identifies research gaps, providing opportunities for future research.

However, this study is not exempt from limitations. The main limitation lies in the difficulty of including all types of IIs within the search query. As a result, the review may not comprehensively represent the full diversity of IIs, with the risk of overrepresenting scientific articles focused on specific IIs. In the discussion section, some potential explanations have been provided. For instance, public management scholars might consider IIs not as principal actors in public value creation, but rather as contextual elements influencing the broader landscape of public value governance. Another possibility is that the public value approach is predominantly applied to analyse specific policies, programs, and initiatives promoted by IIs, rather than addressing the institutions themselves. This is the case of SDGs or cohesion policies (Mairate, 2006). This focus on single programs and policies complicates the development of a search query that effectively captures the full scope of relevant programs and activities associated with IIs. To reduce this risk, keywords have been chosen carefully after an iterative search process that allows to include a variety of synonyms and different types of IIs. Also, the search was conducted on multiple databases. Despite these efforts, the inherent complexity of the topic may still limit the breadth of coverage.

In conclusion, this study demonstrates that IIs play a significant role in public value creation, highlighting the need for further research to capture the complexity of these processes. This is particularly relevant in the context of contemporary global challenges, where IIs are increasingly central to generating public value. As their role in addressing pressing societal issues expands, a deeper understanding of how IIs contribute to public value will be essential for scholars, practitioners, and stakeholders concerned with the public interest.

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Annex 1

Authors	Title	Journal	Year
Akasaka F., Mitake Y., Watanabe K., Nishikawa Y., Ozawa J., Shimomura Y.	Designing a Digital Service System for Sustainable Social Value Creation: A Holistic Design Method Based on Socio-Cyber-Physical System Perspectives	Sustainability (Switzerland)	2024
Arceneaux P.	Value creation through organizational storytelling: Strategic narratives in foreign government public relations	Public Relations Review	2024
Bauer P., Traxler A.A., Greiling D.	Management control by municipal utilities for value creation to achieve the sustainable development goals	Utilities Policy	2023
Breunig K.J., Hydle K.M.	Remote control: Measuring performance for value creation and governance of globally distributed knowledge work	Journal of Management and Governance	2013
Chantillon M., Cropvoets J., Peristeras V.	Prioritizing public values in e-government policies: A document analysis	Information Polity	2020
Cooney T.M., Ratcliffe A., Silver J.A.	Supporting value creation by reducing cultural distance as a barrier to exporting	International Journal of Entrepreneurial Venturing	2009
Cordery C.J., Hay D.	Supreme audit institutions and public value: Demonstrating relevance	Financial Accountability and Management	2019
Crowson P.	Adding public value: The limits of corporate responsibility	Resources Policy	2009
Dosi G., Virgillito M.E., Yu X.	Gains from trade or from catching-up? Value creation and distribution in the era of China's WTO accession	Eurasian Business Review	2023
Eckhard S.	Bridging the citizen gap: Bureaucratic representation and knowledge linkage in (international) public administration	Governance	2021
El-Haddadeh R., Osmani M., Hindi N., Fadlalla A.	Value creation for realising the sustainable development goals: Fostering organisational adoption of big data analytics	Journal of Business Research	2021
Flagestad A., Hope C.A.	Strategic success in winter sports destinations: A sustainable value creation perspective	Tourism Management	2001
Gherardi L., Linsalata A.M., Gagliardo E.D., Orelli R.L.	Accountability and reporting for sustainability and public value: Challenges in the public sector	Sustainability (Switzerland)	2021
Gross N., Geiger S.	Choreographing for public value in digital health?	Big Data and Society	2023
Hancu-Budui, Andreea, and Ana Zorio-Grima	New Public Governance and Public Value Co-Creation: The Case of the European Court of Auditors Environmental Audits	Revista de Contabilidad-Spanish Accounting Review	
Hollander R., Alcaraz J., Alves P.	CODEVI: translating cross-border challenges into value creation?	Emerald Emerging Markets Case Studies	2022
Jørgensen T.B., Sørensen D.L.	Codes of Good Governance: National or Global Public Values?	Public Integrity	2012
Kysar R.M.	Value creation: A dimming lodestar for international taxation?	Bulletin for International Taxation	2020
Langbein S.J., Fuss M.R.	The OECD/G20-BEPS-Project and the Value Creation Paradigm: Economic Reality Disemboguing into the Interpretation of the 'Arm's Length' Standard	International Lawyer	2018
Maheshwari R.	Are the Revenue Sourcing Rules of the OECD's Pillar One Fulfilling the Objective of Taxing Value Creation?	Bulletin for International Taxation	2023
Mairate A.	The 'added Value' of European Union Cohesion Policy	Regional Studies	2006
Mendez C., Pegan A., Triga V.	Creating public value in regional policy. Bringing citizens back in	Public Management Review	2024
Nikolakakis A.	Aligning the Location of Taxation with the Location of Value Creation: Are We There Yet!?	Bulletin for International Taxation	2021
Olbert M., Spengel C.	Taxation in the Digital Economy - Recent Policy Developments and the Question of Value Creation	International Tax Studies	2019
Partiti E.	Private Processes and Public Values: Disciplining Trade in Forest and Ecosystem Risk Commodities via Non-Financial Due Diligence	Transnational Environmental Law	2022
Richter W.F.	International aligning profit taxation with value creation	World Tax Journal	2021
Rukanova B., van Engelenburg S., Ubacht J., Tan Y.H., Geurts M., Sies M., Molenhuis M., Slegt M., van Dijk D.	Public value creation through voluntary business to government information sharing enabled by digital infrastructure innovations: a framework for analysis	Government Information Quarterly	2023
Sacco P.L., Ferilli G., Blessi G.T.	From Culture 1.0 to Culture 3.0: Three socio-technical regimes of social and economic value creation through culture, and their impact on European cohesion policies	Sustainability (Switzerland)	2018
Sadiqi J.	EVALUATING THE DEVELOPMENT OF SMART COMMUNITIES: A PUBLIC VALUE PERSPECTIVE	Marketing and management of innovations	2018
Salmoreia F.T., Félix Júnior L.A., de Guimarães J.C., Nodari C.H., Guimarães L.G.	Public Value in the Perception of Citizens from the Perspective of Smart Cities	BAR - Brazilian Administration Review	2021

Sansing R.	Taxing multinational income based on value creation versus value realization: an industry perspective	Review of Accounting Studies	2024
Screpante M.	Rethinking the arm's length principle and its impact on the IP licence model after OECD/G20 BEPS actions 8-10: Nothing changed but the change?	World Tax Journal	2019
Sinnig J.	The reflection of data-driven value creation in the 2018 OECD and EU proposals	EC Tax Review	2018
Sjåfjell B.	Sustainable value creation within planetary boundaries-Reforming corporate purpose and duties of the corporate board	Sustainability (Switzerland)	2020
Van der Wal Z.	Elite Ethics: Comparing Public Values Prioritization Between Administrative Elites and Political Elites	International Journal of Public Administration	2014
Verdu-Jover A.J., Gomez-Gras J.M., Mirasolives I., Martinez-Mateo J.	Alternative value creation strategies in the footwear industry: Exploring the role of production offshoring	Conference paper	2008
Zaalouk M., EL-Deghaidy H., Eid L., Ramadan L.	Value creation through peer communities of learners in an Egyptian context during the COVID-19 pandemic	International Review of Education	2021

NAVIGATING VALUE CO-CREATION DYNAMICS: A LITERATURE REVIEW OF PUBLIC-NONPROFIT PARTNERSHIPS

*Beatrice Meo**

7.1. Introduction

The “co-creation” concept has proliferated over the past decade, associated with many diverse topics and application areas (Saha et al., 2022). Since the beginning of the century, the co-creation concept has gradually evolved to become an effective process, owing to the growing interest in the idea among practitioners and academics worldwide; this concept implies a shift from conventional and product-centric views to specific customer-centric ideas (Prahalad and Ramaswamy, 2004). Despite this application in various fields, however, there is little consensus on what “co-creation” is.

Still, the definition that the author believes is most complete is the one according to Ramaswamy and Ozcan (2018): “[...] Co-creation is the enactment of interactional creation across interactive system-environments, entailing aging engagements and structuring organizations” (Ramaswamy and Ozcan, 2018: 196).

It is also crucial to underline that there are some related concepts in the literature that have often been used mutually with the concept of co-creation (e.g., co-design, co-innovation, co-production). Although these mentioned concepts are sides, they refer to different forms of co-creation between organizations and people, and their meanings slightly differ from the main concept of value co-creation. Co-creation refers to the involvement of users in

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various steps of the production or creation process. This is more specific than the vast concept of participation, which could also refer to inactive involvement (Voorberg et al., 2014).

In this study, the application of co-creation in the public services sector is primary (Osborne, 2018). The rationale behind the application of co-creation in public services is to promote societal well-being (Anderson et al., 2013; Esping-Andersen, 2002). It has been suggested that in the context of public services, the role of the government is to provide service offerings to citizens who can use the services and create value for themselves (Saha et al., 2022). Here it is important to cite Mark Moore with the book “Creating Public Value: Strategic Management in Government” (1995), which describes a normative approach made possible by the strategic triangle and strongly advises public managers to “manage down”, to ensure that their organization has the operational capacity to truly provide value to the public; “manage outward” to the public and other stakeholders, and “manage up” to the formal authorizing environment (Bryson et al., 2017).

At the same time, it is essential to understand the application of co-creation in the no-profit organizations (NPOs) area. NPOs, by developing socially innovative programs, projects, services, or activities, such as the co-creation of services and products with companies, can generate a positive social impact (Álvarez-González et al., 2017). In this regard, through NPO-business inter-sectoral alliances, social agents achieve their objectives faster and on a larger scale (Díaz-Perdomo et al., 2020). Adopting the strategy of co-creation in activities, projects, and programs, is essential to achieving the expected organizational and social value of NPOs.

However, although the value co-creation between companies and customers has been substantially investigated, there is a significant gap in both theoretical and empirical research into the adoption of NPOs and also on how and whether collaboration between NPOs and the public services sector generates social value (Ricci et al., 2023; Álvarez-González et al., 2017). It is important to investigate whether collaboration between NPOs and the public service sector generates social value so that we can improve the construction and management of initiatives aimed at developing social value and innovation (Civitillo et al., 2022; Civitillo, 2021; Sanzo et al., 2015; Holmes and Smart, 2009). Social value, often defined as the broader societal benefits organizations produce, goes beyond financial metrics to encompass positive changes in social equity, community well-being, and environmental sustainability (Moore, 2000). Collaborative initiatives between NPOs and public services have the potential to address complex social issues more effectively

than either sector could achieve independently due to the unique strengths each brings to the partnership (Brinkerhoff, 2002).

NPOs are exemplary in their commitment to the community, they are part of networks and they are adaptable, which allows them to respond effectively to local needs. Public administration, on the other hand, can provide stable funding, policy support, and scalability (Ricci, 2022; Gazley and Brudney, 2007). Together, they can create initiatives that leverage these complementary strengths, and boost the capacity to generate social value. By investigating these partnerships, researchers can identify best practices that allow initiatives to harness both flexibility and resource stability to maximize impact (Selsky and Parker, 2005). Moreover, by studying these collaborations, we can understand how to design initiatives that are not only innovative but also resilient in the face of resource or policy changes (Osborne et al., 2008).

This study aims to trace an analysis of the existing literature on the co-creation of social value produced by a collaboration between public administration (PA) and non-profit organizations (NPOs). It seems that no one has ever conducted a structured literature analysis on the topic, indicating the need for an up-to-date analysis that can structure all the previous literature on the topic. The next section describes the methodology. Section 3 contains the developing codes for analysis, section 4 contains findings, section 5 some reflection on the topic, and section 6 some conclusions.

7.2. Method

This study evaluated social value co-creation generated thanks to the collaboration between public administration and non-profit organizations using a mixed method: a bibliometric literature review and a Structured Literature Review (SLR) (Massaro et al., 2016). Bibliometric analysis employs a quantitative methodology alongside knowledge mapping to examine the connections and strengths of relationships among various elements such as authors, countries, keywords, and articles (Zhang et al., 2019). In addition, according to Massaro et al. (2016), SLR makes it possible to examine the scientific corpus of a field of study, including the scientific rigor, dependability, and reproducibility of the procedures used by researchers. As suggested by many scholars, this method allows qualitative and quantitative variables to highlight the best authors, journals, and keywords and combine a systematic literature review and bibliometric analysis (Forliano et al., 2021). As suggested by Massaro et al. (2016), there are some steps to best organize an SRL:

1. writing the research protocol;

2. identify research questions;
3. defining the research sample;
4. developing codes for analysis;
5. critically analyzing, discussing, and identifying a future research agenda.

Considering the above premises, the author believes that bibliometric and structured literature review, together, is the best method to comprehensively locate and synthesize related research using organized, transparent, and replicable procedures at each step in the process (Shaffril et al., 2021), because it combines scientific validity, replicability of the research protocol, and connection between multiple inputs. Structured Literature Reviews (SLRs) serve as valuable tools for investigating and summarising the current landscape of research within a defined area (Pittaway and Cope, 2007). This method contributes to increase transparency and ensuring the replicability of research findings (Tranfield et al., 2003; Armitage and Keeble-Allen, 2008; Kraus et al., 2020).

7.2.1. Writing the research protocol

The initial phase of the Structured Literature Review (SLR) method, termed the “literature review protocol”, serves as a foundational step aimed at delineating the entirety of the review process employed, with a primary focus on ensuring transparency and facilitating replicability (Tranfield et al., 2003; Armitage and Keeble-Allen, 2008). This phase is crucial for identifying and documenting advancements in literature about specific areas of inquiry (Senivongse et al., 2017). The literature review protocol entails the provision of a comprehensive description, rationale, and proposed methodologies for addressing the review question, encompassing the strategies for locating, evaluating, and synthesizing various types of studies (Petticrew and Roberts, 2008: 44).

The investigation into the social value co-creation resulting from collaborations between public administration and non-profit organizations represents a relatively novel and underexplored research domain. Thus, this SLR endeavors to elucidate the current state of knowledge in this field.

7.2.2. Research questions

The first step is research question identification. As Alvesson and Deetz (2000) suggest, the research questions follow three specific tasks: “insight,”

“critique,” and “transformative redefinitions” Massaro *et al.* (2016) established the following research questions:

RQ1: “How is research developing to investigate the co-creation of value produced by the collaboration between PAs and NPOs?”

RQ2: “What is the literature focus and critique within the value co-creation?”

RQ3: “What are the last studied topics and gaps present in the literature on value co-creation?”.

The first research question tries to determine the qualitative and quantitative components of the knowledge flow under study. The second research question seeks to determine the state of the art and method used in value co-creation. Lastly, the third research question seeks to assist scholars in determining theoretical and practical ramifications, as well as potential directions for further study in this area. Formulating the research protocol stands as the pivotal second phase in the SLR process. This protocol encompasses a comprehensive outline, justification, and proposed methodologies for addressing the review question, incorporating specifics on how various types of studies will be identified, evaluated, and synthesized (Petticrew and Roberts, 2008).

7.2.3. Data collection and sample selection

The third step is to specify the search strategy and search database. Our analysis is based on these search strings on Web of Science (WoS) database: “co-creat*” OR “co-design*” OR “co-deliver*” OR “co-evaluate*” OR “co-monitor*” OR “co-asses*” OR “co-plan*” OR “co-prioritis*” OR “co-manag*” (Topic) and “noprofit*” OR “nonprofit*” OR “NPO*” OR “no-profit*” OR “non-profit*” AND “public administration” OR “public sector” OR “pa” OR “PA” (Topic) and “effect*” OR “outcome*” OR “impact*” OR “cost*” OR “benefit*” OR “implication*” OR “efficien*” OR “inefficien*” OR “effectiv*” OR “ineffectiv*” OR “inclusi*” OR “exclusi*” OR “public value*” OR “performan*” (Topic).

This review aims to provide a comprehensive overview of the current state of research in the field, offering insights and critiques and outlining avenues for future investigation. The search encompassed the Web of Science (WoS) collection, yielding a total of 483 pertinent articles. WoS, a multidisciplinary database, has long been prominent in academia, particularly due to its annual publication of journal impact factors, a metric used to gauge the significance and influence of individual publications (Falagas *et al.*, 2008). Originally introduced as the Science Citation Index (SCI) by the ISI

in 1964, WoS has undergone significant expansion over the years, currently encompassing approximately 34,000 journals (Birkle et al., 2020).

The research exclusively focuses on peer-reviewed articles and reviews to ensure scientific rigor and relevance (Secinaro et al., 2020), excluding grey literature, conference proceedings, and books or book chapters. Additionally, articles not written in English were excluded from consideration. To ensure transparency and replicability, the analysis was conducted in January 2024. No time limits were set for the search, but the results considered papers published from 2006 (when the first article on the topic was published) until 2024.

Using this research strategy, the author, in the end, retrieved 111 articles on WoS which were analyzed with biblioshiny software to describe the initial context of the research and provide a Bibliometric literature review. Subsequently, all the articles with more than 20 total citations (TC) and more than 10 total citations per year were selected by the author to carry out an in-depth analysis and complete the SLR.

To strengthen the analysis, the investigation benefits from a graphical representation of the flow of citations reviewed (Liberati et al., 2009); the workflow provided may benefit the replicability of the results (Figure 1). Please note that it was decided not to include a specific period as an exclusion/inclusion criterion to have as complete an analysis of the existing literature as possible.

This section also includes an analysis of a key part of the results carried out through the bibliometric analysis of the literature (Meo et al., 2024); Biblioshiny software with the R package was implemented.

This approach yields comprehensive and accurate insights, presenting results in an accessible format. Results, representing entities like articles, authors, journals, countries, and keywords, serve as the fundamental units in this analysis (Huang et al., 2019).

The utilization of the Biblioshiny R package, developed by Aria and Cuccurullo (2017), further increases the quantitative analysis process, particularly benefiting non-coders by facilitating the generation of statistical information from bibliographic data (Phoong et al., 2022). It's worth noting that the bibliometric analysis considered only academic articles published in English and available online.

Table 1 reveals preliminary information about sources, databases, growth rate, and citations of documents.

Those papers are spread over 66 journals in the areas of management, business, and public administration. The Annual Growth Rate (12.98%) reveals a strong interest in the topic. Also, the high percentage of international co-authorships (31.53%) indicates a strong shared interest in the topic on an

international level, but above all, the desire to collaborate on a global level to understand the topic in depth.

Figure 1 – Graphical representation of the flow

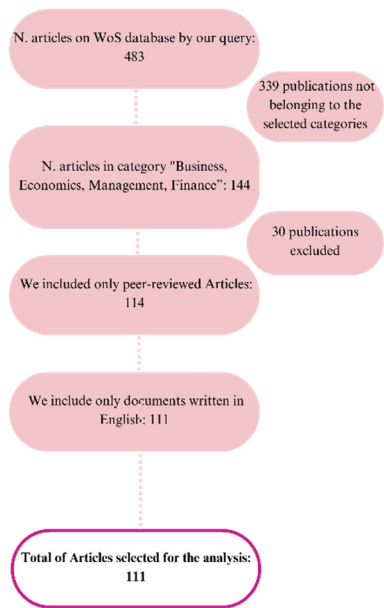


Table 1 – Preliminary information

	Description	Results
Size	Timespan	2006-2024
	Sources (Journals, Books, etc)	66
	Documents	111
	References	7081
	Document Average Age	3,67
	Average Citations per doc	26,79
	Keywords Plus (ID)	387
	Author's Keywords (DE)	462
Authors	Authors	290
	Authors of single-authored docs	15
Authors Collaboration	Co-Authors per Doc	2,86
	Single-authored docs	15
	International co-authorships	0,32
	Annual Growth Rate	0,13

Even if the bibliometrics analysis (Meo, Giosi, and Testarmata, 2024) only provides a macro-level idea based on networks and trends, the author has added a more structured and deeper level of analysis through the SRL.

To make an in-depth analysis with an SLR, the author selected the studies using two criteria:

- the number of total citations (TC), which must be greater than 20;
- the number of TC per year, which must be greater than 10.

Table 2 – Most global cited document with TC grater than 20

Paper	Total Citations	TC per Year
VOORBERG WH, 2015, PUBLIC MANAG REV	1050	105,00
TORFING J, 2019, ADM SOC	207	34,50
PUCCIARELLI F, 2016, BUS HORIZ	198	22,00
CROSBY BC, 2017, PUBLIC MANAG REV	175	21,88
BLOCKER CP, 2015, J SERV RES	157	15,70
BLOMKAMP E, 2018, AUST J PUBLIC ADM	153	21,86
WINDRUM P, 2016, EUR J INNOV MANAG	71	7,89
LIU SM, 2015, PUBLIC ADM DEV	51	5,10
BRANDSEN T, 2006, PUBLIC MANAG REV	41	2,16
PASKALEVA K, 2018, TECHNOVATION	37	5,29
BEST B, 2019, PUBLIC MANAG REV	34	5,67
DIAZ-DIAZ R, 2016, J ORGAN END USER COMPUT	33	3,67
LEINO H, 2021, ENV PLAN C-POLIT SPACE	32	8,00
DZINIC J, 2016, NISPACEE J PUBLIC ADM POLICY	29	3,22
CRIADO JI, 2021, INT J PUBLIC ADM	28	7,00
WHICHER A, 2019, PUBLIC MONEY MANAGE	26	4,33
LOEFFLER E, 2019, PUBLIC MONEY MANAGE	25	4,17
FUENTES M, 2019, INT J PROJ MANAG	24	4,00
RYAN A, 2016, SCAND J MANAG	24	2,67
BURTON S, 2017, J BRAND MANAG	22	2,75

As already said, the number of TC is an indicator of the quality and influence of a paper (Garrigos-Simon et al., 2018). Moreover, the TC per year metric can be a very useful metric to assess the yearly impact of a journal or author. It compensates for the time an academic/journal has been active, which provides a fairer comparison for junior academics (Harzing, 2010). As you can see in Table 2, we have 20 papers with a TC number greater than 20 and only 6 papers with a TC per year number greater than 10 (Table 3). All the papers with more than 10 TC per year have a TC number over 20.

Table 3 – Most global cited document with TC per year grater than 10

Paper	Total Citation	TC per Year
VOORBERG WH, 2015, PUBLIC MANAG REV	1050	105,00
TORFING J, 2019, ADM SOC	207	34,50
PUCCIARELLI F, 2016, BUS HORIZ	198	22,00
CROSBY BC, 2017, PUBLIC MANAG REV	175	21,88
BLOMKAMP E, 2018, AUST J PUBLIC ADM	153	21,86
BLOCKER CP, 2015, J SERV RES	157	15,70

Having examined the preliminary results of the bibliometric analysis of the literature, the studies useful for carrying out the SLR and in-depth analysis on the topic were highlighted (Table 4) using the previously described criteria.

As you can see, they are all recent studies (2015-2021), except Paper No. 9 by T. Brandsen and E. van Hout (2006). Also in this case, the most relevant sources in terms of several papers are Public Management Review (PMR) with four papers, and Public Money & Management (PMM) with two studies.

Considering to be of little significance the total number of articles selected through the Bibliometric analysis, it was decided to expand the dataset by studying the cross-references (i.e. the articles cited in two or more papers in the dataset). In total, there are 73 cross-reference articles. After reading the abstracts, 14 articles were selected (Table 5) and considered relevant to the focus of the literature review. Furthermore, the same selection criteria used for the initial query were used for the selection: only articles in English, excluding grey literature, conference proceedings, and books or book chapters. In total, we have 34 studies for the analysis (See appendix A).

Table 4 – Studies selected for the in-depth analysis

	Title	Authors	Year	DOI	Sources
1	A Systematic Review of Co-Creation and Co-Production: Embarking on the social innovation journey.	W. H. Voorberg, V. J. J. M. Bekkers & L. G. Tummers	2015	10.1080/14719037.2014.930505	Public Management Review
2	Transforming the Public Sector into an Arena for Co-Creation: Barriers, Drivers, Benefits and Ways Forward	Torring, J., Størensen, E. & Retsekind, A.	2019	10.1177/0095399716680057	Administration & Society
3	Competition and strategy in higher education: Managing complexity and uncertainty.	Pucciarelli, F., & Kaplan, A.	2016	10.1016/j.bushor.2016.01.003	Business horizons
4	Public value creation through collaborative innovation	Crosby, C.B., 't Hart P. & Torring J.	2017	10.1080/14719037.2016.1192165	Public Management Review
5	Tue Transformative Value of a Service Experience.	Bloeker C. P., & Barrios, A.	2015	10.1177/1094670515583064	Journal of Service Research
6	Tue promise of co-design for public policy 1	Bloemkamp, E.	2018	10.1111/1467-8506.12310	InRoutledge handbook of policy design
7	Tue co-creation of multi-agent social innovations: A bridge between service and social innovation research	Windrum, P., Scharinger, D., Rubalcaba L., Gallouj, F. and Toivonen, M.	2016	10.1108/EJIM-05-2015-0033	European Journal of Innovation Management
8	Tue evolution of information and communication technology in public administration.	Liu, S. M., & Yuan, Q.	2015	10.1002/pad.1717	Public Administration and Development
9	Co-management in public service networks	Brandseu T. & van Hout E.	2006	10.1080/14719030601022908	Public Management Review
10	Open innovation and the evaluation of internet-enabled public services in smart cities	Peskaleva, K., & Cooper, I.	2018	IO.	Technovation
11	Stakeholder salience in public sector value co-creation	Best B., Morfett S. & McAdam R.	2019	10161/technovation.2018.07.003	Public Management Review
12	Implementation of Social Media Concepts for e-Government: Case Study of a Social Media Tool for Value Co-Creation and Citizen Participation.	Diaz-Diaz, R. & Pérez-González, D.	2016	10.1080/14719037.2019.1619809	Journal of Organizational and End User Computing (JOEUC)
13	What can co-creation do for the citizens? Applying co-creation for the promotion of participation in cities	Leino, H., & Puumala, E.	2021	10.4018/OEUC.2016070107	Environment and Planning C: Environment and Planning C: Politics and Space
14	Participatory budgeting: A comparative study of Croatia, Poland and Slovakia.	DZinić, J., Svidenova, M. M., & Markowska-Bzducha, E.	2016	10.1177/2399654420957337	NISPAee Journal of Public Administration and Policy
15	Public innovation and Living Labs in Action: A Comparative Analysis in post- New Public Management Contexts!	Criado J.L., Ferreira Dias T., Sano S., Roj as-Martin F., Silvan A. & Filho A. S.	2021	10.1515/nispa-2016-0002	International Journal of Public Administration
16	Co-design, evaluation and the northern Ireland Innovation Lab	Whicker A. & Crick T.	2019	10.1080/01900692.2020.1729 181	Public Money & Management
17	Co-commissioning of public services and outcomes in the UK: Bringing co-production into the strategies commissioning cycle	Loeffler E. & Boward T.	2019	10.1080/09540962.2019.1592905	Public Money & Management
18	Co-creation of value outcomes: A client perspective on service provision in projects	Fuentes M., Smyth H. & Davies A.	2019	10.1016/j.ijproman.20 19.01.003	International journal of project management
19	The role of the boundary spanner in bringing about innovation in cross-sector partnerships	Ryan A. & O'Malley L.	2016	I O. 1016/j.scaman.2015.09.002	Scandinavian Journal of Management
20	Helping those who help us: co-branded and co-created Twitter promotion in CSR partnerships	Burton S., Soboleva A., Daellenbach K. Et al.	2017	10.1057/s41262-017-0053-5	J Brand Manag.

Table 5 – Studies selected by cross-references

	Title	Authors	Year	DOI https://ipmr.net/index.php/ipmr/article/view/73	Sources
1	Collaborative innovation in the public sector.	Bommet B.	2014		International Public Management Review
2	Beyond Engagement and Participation: User and Community Co-Production of Public Services.	Boyard, T.	2007	10.1111/j.1540-6210.2007.00773	Public Administration Review
3	Designing and Implementing Cross-Sector Collaborations: Needed and Challenging.	Bryson J., B. C. Crosby, and M. M. Stone	2015	10.1111/puar.12432	Public Administration Review
4	Generating "Good Enough" Evidence for Co-Production. Expanding understanding of service exchange and value co-creation: a social construction approach.	Durose C., Needham C., Mangan C., and Rees J. B., Gruber, T.	2017	10.1332/174426415X14440619792955	Evidence & Policy: Journal of Research, Debate and Practice
5	Value co-creation in service logic: a critical analysis.	Edvardsson, B., Tronvoll, B., Gruber, T.	2011	10.007/sll 747-010-0200-y	Journal of the Academy of Marketing Science
6	Public Managers as Catalysts of Knowledge Co-Production?	Maillero, A. C. V. Viegas, M.	2011	10.1177/1470593111408177	Marketing Theory, 11(3):279-301
7	Investigating Knowledge Dynamics in Local Environmental Policy.	Frey, J. L. Ribeiro, and J. L. Viegas	2013	IO.IO 16/j.envsci.2012.12.007	Environmental Science and Policy
8	Networked Co-Production of Public Services in Virtual Communities: From a Government-Centric to a Community Approach to Public Service Support.	Meijer, A.	2011	10.1111/j.1540-6210.2011.02391	Public Administration Review
9	It Takes Two to Tango? Understanding the Co-Production of Public Services by Integrating the Services Management and Public Administration Perspective.	Osborne, S., and K. Strokosch.	2013	10.1111/1467-8551.12010	British Journal of Management
10	Distinguishing Participation and Inclusion. Making Governance Networks Effective and Democratic through Meta Governance.	Quick, K. S., and M. S. Feldman	2011	10.1177/0739456X11410979	Journal of Planning Education and Research
11	Enhancing Collaborative Innovation in the Public Sector.	Sorensen, E., and J. Torfing	2009	10.1111/padm.2009.87.issue-2	Public Administration
12	Co-Production: The State of the Art in Research and the Future Agenda.	Sorensen, E., and J. Torfing	2011	10.1177/0095399711418768	Administration & Society
13	Value Co-Creation through Collective Intelligence in the Public Sector: A Review of US and European Initiatives.	Verschuer, B., T. Branden, and V. Pestoff	2012	10.1007/s1266-012-9307-8	Voluntas
14		Wise S., Paton R.A. and Gegenhuber T.	2012	10.1108/03055721211272773	VINE

7.2.4. Define analytical framework

The determination of coding nodes for our investigation was guided by prior Systematic Literature Reviews (SLRs) (Massaro et al., 2016; Guthrie et al., 2012), integrating various factors including the demographics of articles and authors, geographical distribution of research, methodologies employed, thematic concentrations, jurisdictional elements, organizational perspectives, and intended audience. Modifications were implemented to tailor these coding nodes to the particular intricacies inherent in our research subject matter.

7.2.4.1. Developing reliability

When coding the first articles, the author read the articles and recorded the codes on a separate spreadsheet. Moreover, developing and following a standardized protocol for conducting the literature review, detailing every step of the review process, including search strategies, selection criteria, data extraction methods, and analysis techniques, is a reliability technique often employed in this field (Okoli, 2015). The author also uses a standardized protocol to ensure consistency in how the review is conducted, which is fundamental for reliability. In addition, the author uses a comprehensive and systematic search strategy to minimize the risk of missing relevant studies (Misra & Agarwal, 2018). Lastly, employing software tools designed for managing literature reviews (Anlesinya & Dadzie, 2023), can help manage references, automate the removal of duplicates, facilitate screening, and ensure a systematic approach to data extraction and analysis.

7.2.4.2. External and internal validity

External validity is concerned with whether the results of a study can be generalized. In this study, the author performed several queries to understand how the selected articles were representative of the available literature. To do this, the author read the abstracts, in some cases the full content of the articles identified with query research, and identified several articles as being not relevant to the review. The rejected articles were not academic articles or articles in which the author of the article referred to the private sector or used the term co-creation in a general or unrelated way.

Moreover, using bibliometric literature analysis, it was possible to identify the most significant authors and papers in the field. This makes the SRL more

precise and targeted. Using the SRL technique, this article wants to map and structure the literature in the field of social value co-creation generated by PA and NPOs. In addition, a stringent methodology, namely the SLR protocol (Massaro et al., 2016), is employed due to its heightened reliability compared to conventional or critical literature reviews (Dumay et al., 2016). This approach facilitates the generation of insights, critical reflections, the identification of future research trajectories, and the formulation of research inquiries.

As for internal validity, according to Massaro et al. (2016: 787), “*Since SLRs use a coding framework to analyse articles, it is important when analysing data that researchers define the technology to be used for the coding procedure*”, the author will use Nvivo software and was adopted a bibliometric analysis, using Biblioshiny software to perform the keywords and bibliographic analysis of articles collected highlighting emerging research topics (Silverman, 2013).

7.2.4.3. Article coding

Coding nodes were derived from established SLRs (Dumay and Cai, 2014, 2015), integrating considerations such as article and author demographics, research regions, methodologies employed, and the focus and contributions of the articles, with adjustments made to align with the specific research topic under examination.

Following the delineation of the analytical framework and validation of its reliability, the author undertook the coding of articles, and the outcomes were recorded in an Excel spreadsheet. Moreover, to accommodate the potential emergence of pertinent article attributes or categories not encompassed by the pre-established framework, an open coding method was concurrently employed alongside structured coding. Consequently, two additional criteria were integrated into the analytical framework after the initial coding phase, based on newfound insights gleaned during the review and coding of articles. This underscores the adaptive and iterative nature of the SLR process, emphasizing its versatility beyond a fixed methodology.

7.3. Developing codes for analysis

This section provides the codes of the articles to answer the research questions RQ1 and RQ2. The research follows the SLR method, classifying the articles according to the SLR schema (see, Table 6).

Here it is important to give insights on the current state of the art and present critiques within this research field. To rigorously bring these insights and critiques, the articles are classified according to the Structured Literature Review (SLR) scheme, with modifications made to analyze the value co-creation resulting from the collaboration between public administrations (PAs) and non-profit organizations (NPOs).

Each criterion of the SLR framework is described, explaining the reason underlying its choice to conduct the analysis and the insights and critiques to develop the results. In the next sections are found: the articles and authors' demographics; locations (geographical region of research); research methods; research focus; jurisdiction; organizational focus; and audience.

7.4. Findings

This part explores and discusses the results of RQ1: “How is research developing to investigate the co-creation of value produced by the collaboration between PAs and NPOs?” and RQ2 “What is the literature focus and critique within the value co-creation?”.

Table 7 summarizes the code' results.

7.4.1. Articles and authors' demographics

The category “Articles and Authors demographics” is added to the original classification system of Guthrie *et al.* (2012) to provide more details also regarding the scholars, their number, and the geographical origin of the authors (i.e., university affiliation for academics and firms location for practitioners).

The total number of scholars is 81 (code A1) in the 34 articles selected in the final dataset.

Also, the number of co-authors for the selected articles is analyzed (code A2), to understand how many authors contributed to the creation of the articles. As shown in Fig. 2, the number of authors for each article has been reported.

The results show that the most numerous categories is the one with two scholars, equal to 41%, while the least numerous is that written by four scholars, equal to 3% (Figure 2).

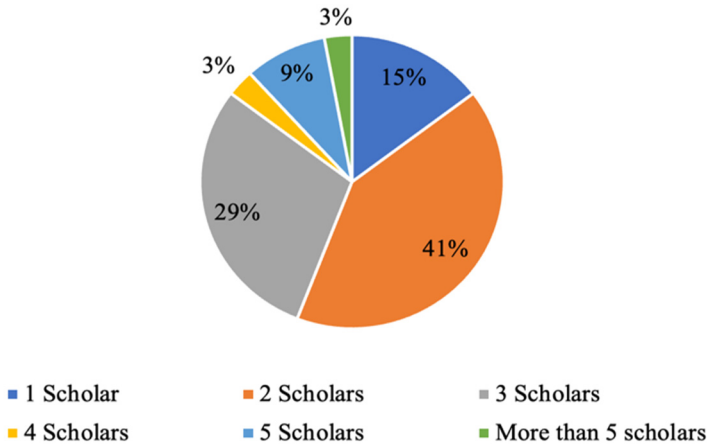
Table 6 – Coding nodes

Category	Code	Variables
A. Articles	A1	Scholars
	A2	Average n. of scholars per article
	A3	Journals
	A4	Years
	A5	Overall Citations
B. Geographical Region of Research (Location)	B1	New Zealand
	B2	Australasia
	B3	North America
	B4	United Kindom
	B5	European Union
	B6	Combination of continents/countries
C. Jurisdiction	C1	National
	C2	One organization
	C3	Supra-national/Intemational/Comparativ e/General
D. Research Methods	D1	Theoretical/literature review/empirical
	D2	Case/Field Study/Interviews
	D3	commentary/normative/policy
	D4	Survey/questionnaire/other empirica!
	D5	Mixed methods
	D6	Content Analysis/Historical analysis/Etnographic analysis
E. Research Focus	E1	Quality/Satisfacion
	E2	Value co-creation/community /commitnt
	E3	Co-creation/performancc/organisations
	E4	Co-production/management/govenance
	E5	Challenges/public-sector/absorptive-capacity
	E6	Behavior/trust/identity
	E7	Knowledge/experience/consumruption
	E8	Mixed themes
F. Organizational Focus	F1	Publicly listed
	F2	Private Sector (SMEs/Others)
	F3	Public Sector
	F4	No-profit
	F5	General/Other/Not specified
G. Audience	G1	Academics
	G2	Practitiones
	G3	Policy makers
	G4	Mixed Audience

Table 7 – Coding results

Category	Code Variables	Results
A. Articles	A1 Scholars	81
	A2 Average n. of scholars per article	2,71
	A3 Journals	27
	A4 Years	2006-2022
	A5 Overall Citations	17.597
B. Geographical Region of Research (Location)	B1 New Zealand	1
	B2 Australasia	/
	B3 North America	6
	B4 United Kindom	10
	B5 European Union	11
	B6 Combination of continents/countries	6
C. Jurisdiction	C1 National	16
	C2 One organization	/
	C3 Supra-national/International/Comparative/General	18
D. Research Methods	D1 Theoretical/literature review/empirical	14
	D2 Case/Field Study/Interviews	14
	D3 Commentary/normative/policy	1
	D4 Survey/questionnaire/other empirical	1
	D5 Mixed methods	1
	D6 Content Analysis/Historical analysis/Etnographic analysis	3
E. Research Focus	E1 Quality/Satisfacion	1
	E2 Value co-creation/community /commitment	8
	E3 Co-creation/performance/organisations	4
	E4 Co-production/management/governance	8
	E5 Challenges/public-sector/absorptive-capacity	5
	E6 Behavior/trust/identity	1
	E7 Knowledge/experience/consumption	3
	E8 Mixed themes	4
F. Organizational Focus	F1 Publicly listed	/
	F2 Private Sector (SMEs/Others)	/
	F3 Public Sector	28
	F4 No-profit	/
	F5 General/Other/Not specified	6
G. Audience	G1 Academics	5
	G2 Practitiones	2
	G3 Policy makers	6
	G4 Mixed Audience	21

Figure 2 – number of scholars per doc



7.4.2. Location

The location criterion identifies the geographic areas that are most frequently studied and highlights other countries or regions that may require further attention (Massaro et al., 2016). This criterion is based on the original classification proposed by Guthrie et al. (2012), with some attributes modified to improve the clarity of the locations of the papers utilized in this study.

The extra attributes are: “New Zealand” & “UK”, added as there are some papers that contain research on that location, and “Combination of Continents/Countries” added to include the papers regarding more than one regional focus.

Thus, the classification scheme of this research is composed of the following seven attributes: “North America (USA/Canada)”, “Australasia”, “United Kingdom”, “Continental Europe”, “Combination of continents/countries” and “General-Other”.

As shown in Table 8, the research results identify that the majority of the papers are in the “European Union” sub-category, while the following most represented geographical regions are “United Kingdom” with 10 papers, “North America” with 6 papers, “Combination of continent/countries” with 6 papers and finally “New Zealand” with one paper.

Table 8 – Location

Location – Geographical region of research		
B1	New Zealand	1
B2	Australasia	/
B3	North America	6
B4	United Kindom	10
B5	European Union	11
B6	Combination of continents/countries	6

7.4.3. Research methods

The research method criterion includes 5 attributes (Guthrie et al., 2012):

- “case-field study/interviews”
- “survey/questionnaire/other empirical”
- “commentary/normative/policy”
- “Theoretical: literature review/empirical”
- “content analysis/historical analysis/ethnographic analysis”.

The “ethnographic analysis” was added to the last category because an article appears to have this methodology which falls within the social qualitative methodologies (Altheide, 1987).

As shown in Table 9, this analysis reveals that the most used research method in this study is “Theoretical: literature review/empirical” and “case-field study/interviews” which include 14 articles each, the second most used method is “content analysis/historical analysis/ethnographic analysis” with 3 articles (e.g. Bommert, 2010, Meijer, 2011; Quick & Feldman, 2011) and all the other categories include 1 article each.

Table 9 – Research methods

Research Method		
D1	Theoretical/literature review/empirical	14
D2	Case/Field Study/Interviews	14
D3	Commentary/normative/policy	1
D4	Survey/questionnaire/other empirical	1
D5	Mixed methods	1
D6	Content Analysis/Historical analysis/Etnographic analysis	3

It is worth mentioning that a sixth category, “mixed method”, has been added which includes articles with different methods (e.g., case studies and surveys).

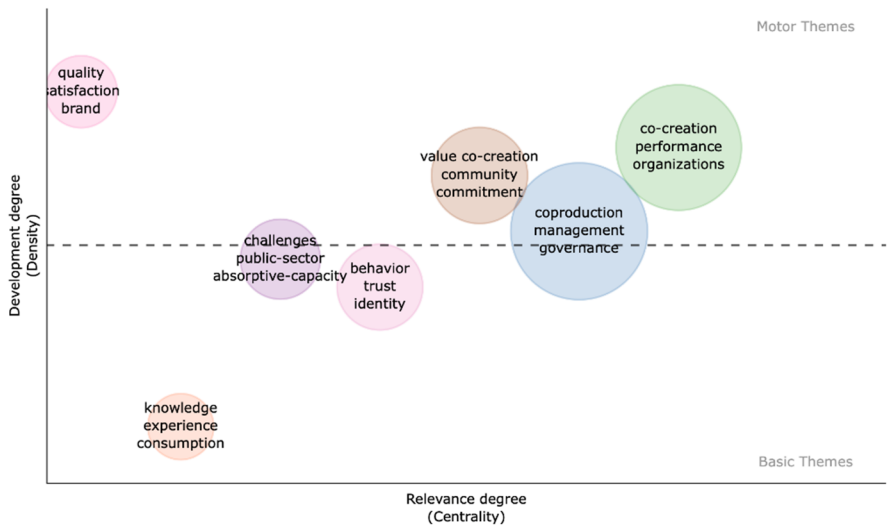
7.4.4. Research focus

The research focus corresponds to the motor and basic themes given by the Thematic map relating to the Bibliometric analysis (Meo, Giosi, Testarmata, 2024) and processed with the Biblioshiny software (Fig. 3).

Thus, the categories are:

- “Quality/Satisfaction”
- “Value co-creation/community/commitment”
- “Co-creation/performance/organisations”
- “Co-production/management/governance”
- “challenges/public-sector/absorptive-capacity”
- “behavior/trust/identity”
- “knowledge/experience/consumption”.

Figure 3 – Thematic Map



As shown in Table 10, the most numerous categories are “ Value co-creation/community/commitment” and “Co-production/performance/organizations” with both 8 articles (e.g. Quick & Feldman, 2011; Edvardsson *et al.*, 2011), this result is in line with the initial expectations of the research, as the scientific community often refers to the concept of Co-creation and Co-production and the relations with the public sector.

The second one is “challenges/public-sector/absorptive-capacity”, with 5 articles, indeed, there are contributions that investigate the different challenges that arise from innovation, from the implementation of co-production actions, and that must be addressed, such as Osborne & Strokosch, 2013 or Bommert, 2010.

The “co-creation/performance/organization” category is the third largest with the “mixed themes” category, those are made up of 4 papers (e.g., Meijer, 2011; Edvardsson *et al.*, 2011). Other categories contain fewer contributions, such as: “knowledge/experience/consumption” with 3 articles, “Quality/Satisfaction”, and “behavior/trust/identity” with 1 article each.

Table 10 –Research Focus

Research Focus		
E1	Quality/Satisfaction	1
E2	Value co-creation/community /commitment	8
E3	Co-creation/performance/organisations	4
E4	Co-production/management/governance	8
E5	Challenges/public-sector/absorptive-capacity	5
E6	Behavior/trust/identity	1
E7	Knowledge/experience/consumption	3
E8	Mixed themes	4

7.4.5. Jurisdiction

According to Massaro *et al.*, 2016, “Jurisdiction” category indicates the origin of the papers, exploring the field of Value co-creation produced by the collaboration between PAs and NPOs.

This criterion is divided into three perspectives: “Supra-national/international/comparative,” which categorizes articles without an empirical basis, such as literature reviews and those presenting evidence from two or more countries; “National,” which includes articles with a national or regional focus; and “One organization,” which refers to articles concerning a specific organization. More specifically, “Supra-national/international/comparative/general” cover articles providing evidence from one or more organizations located in multiple countries or within a single country.

As shown in Table 11, the category “Supra-national/ international/ comparative/general”, contains more than half of the total number of selected articles, it includes 18 articles out of a total of 34, while the “national” and “one organization” ones are less numerous, respectively 16 and no articles.

Table 11 – Jurisdiction

Jurisdiction		
C1	National	16
C2	One organization	/
C3	Supra-national/International/Comparative/General	18

7.4.6. Organizational focus

The Organizational Focus criterion is employed to determine the types of organizations examined in a research protocol (Massaro et al., 2016). In this SLR, following the structure proposed by Guthrie et al. (2012: 71), six attributes are identified: “publicly listed,” “private-SMEs,” “private – others,” “public sector,” “not-for-profit,” and “general/other/not specified.” The attributes “private-SMEs” and “private-others” have been merged into a single attribute: “Private sector”. As shown in Table 12, the majority of articles (28) focus on the “Public Sector” attribute, exemplified by works such as Crosby et al. (2016) and Criado et al. (2021). The remaining significant portion of articles falls under the “general/other/not specified” attribute, comprising a total of 6 papers.

Table 12 – Organisational Focus

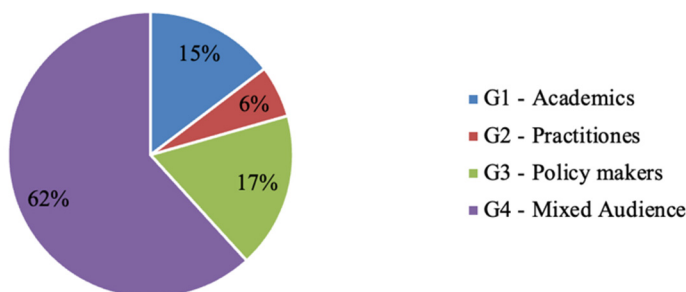
Organizational Focus		
F1	Publicly listed	/
F2	Private Sector (SMEs/Others)	/
F3	Public Sector	28
F4	No-profit	/
F5	General/Other/Not specified	6

7.4.7. Audience

In this SLR, an additional category, “Audience,” is included to identify to whom the papers are addressed. The attributes of this category are academic, practitioners and policy makers, and mixed audience.

More specifically, 61.8% of the articles are addressed to a mixed audience. The remaining part of the literature is constituted by 17.6% addressed to policy makers, 14.7%, addressed to academics, and, 5.8% to Practitioners, as outlined in the pie-chart displayed in Figure 4.

Figure 4 – Audience



7.5. The future of social value co-creation

This section will provide a meta-analysis of the articles, will point out the significant opportunities for researchers to investigate the topic, explain some significant challenges researchers and practitioners need to overcome, and, last but not least, will try to answer to the research questions. Also, this section provides the answer to RQ3 “*What are the last studied topics and gaps present in the literature on value co-creation?*”, discussing the main findings and implications and providing a critique (Silverman, 2013). Conducting critical research requires challenging established norms, disrupting cultural conventions, and bringing up productive dissent, rather than accepting surface-level consensus (Alvesson and Deetz, 2000).

The relevance of the topic is indicated by the growth of the number of published articles. The articles published indicate an annual growth of 12.98% of the researchers’ interest in the topic.

The number of citations also reflects the relevance of the subject, with an average of 26.79% citations per paper. Voorberg et al. (2015) and Torfing et al. (2019) published the most cited articles on the topic, with 1042 and 206 total citations, respectively. Both publications make important theoretical contributions.

Speaking of collaboration between authors and nations, from the overview, it is possible to know that the international co-authorship rate is 31.53%, with an average of co-authors per document of 2.86. Various factors, such as historical background, linguistic ties, and cultural similarities, may account for these collaborative networks (Patel et al., 2012). The quality of a scholar’s research is strongly and positively correlated with the degree of collaboration (Liao, 2011). Collaboration serves as a means to access re-

sources such as data and information repositories (Koseoglu, 2016). This facilitates researchers conducting comparative studies among nations with data that might otherwise be inaccessible to them. Additionally, integrating authors from diverse cultural backgrounds without any single dominant researcher culture is crucial for mitigating cultural biases (Hofstede, 1994). Nonetheless, this does not negate the value of sole authorship in scholarship; however, research collaboration is a pathway to achieving higher research quality (Liao, 2011).

From the analysis conducted on the relevant literature, the following main results can be pointed out.

Firstly, a preference emerges for qualitative research methodology (case studies, surveys, focus groups, interviews, content analysis), in 94.12% of the articles (see Table 6 and Table 8). It could also be useful to focus on quantitative data, for example, to measure stakeholder satisfaction in projects and plans implemented for the co-creation of social value.

The majority of the contributions regard research investigating the relation between Value co-creation and community/stakeholder commitment and also on Co-production/management and governance, which are aimed to provide an overview of these topics without making detailed studies related to jurisdictional issues, both at international and national level.

The majority of the studies do not take into account a specific geographical region of analysis, highlighting that many research tries to define a sort of “sense-making”. This finding is consistent with the previous one and entails that further studies could deepen these themes by conducting specific research on one or more countries. Furthermore, we see that nations or countries belonging to Asia, Africa or Australia are not present in the Geographical Region of Research (see Table 6 and Table 7). Conversely, the UK and EU have a strong presence in value co-creation issues.

A critical analysis of the results of this SLR reveals important implications across multiple research areas, each bringing unique insights into how we can improve public services and increase innovation.

First of all, research on value co-creation should explore the role and impacts of emerging technologies within collaborative initiatives. Recent discussions have highlighted the need for technologies that can improve citizen engagement and participation in co-creation. For example, interactive technologies have the potential to improve reporting systems, making them more accessible and engaging for citizens (Cohen and Karatzimas, 2021). Digital platforms also open doors for groups that have traditionally been hard to reach, making the co-creation process more inclusive and representative (Eseonu, 2022; Burgers et al., 2024). There’s also a need to un-

derstand how organizations can measure and manage the costs associated with these innovations, ensuring they can engage in technological advancements without risking unfair practices or adverse impacts on their partners (Cricelli et al., 2023).

A significant gap in the literature is the lack of quantitative research in this area. Empirical studies using quantitative methods are essential, as they reveal patterns and trends that qualitative approaches alone may miss. Amos (2016) argues that quantitative data can offer an expansive view that safeguards research from overgeneralization. Similarly, Blommaert (2013) emphasizes that a quantitative approach can add rigor to the field, contributing to a more comprehensive and validated understanding of how public and nonprofit partnerships generate value (Brandsen and Hout, 2017; Burton et al., 2017; Durose et al., 2017; Bommert, 2014; Hout, 2006).

Moreover, a growing interest has emerged in understanding how co-production in the public sector raises innovation and strengthens governance, exploring how innovation can be created and promoted by investing in activities, initiatives, and communities to create value (Blomkamp, 2018; Paskaleva and Cooper, 2018; Bovaird, 2007). Co-production, the collaborative effort between citizens, NPOs, and public services, is increasingly recognized as a critical factor in driving public sector innovation (Baretta et al., 2023; Bryson et al., 2015; Osborne & Strokosch, 2013; Sørensen & Torfing, 2009). This exploration includes understanding frameworks that prevent failures in open innovation initiatives and managing the complexities that arise when multiple actors work together to create value (Cricelli et al., 2023). Studies also emphasize that insights from public sector innovation and governance can inform managers on how to implement more transformative solutions, addressing society's most pressing challenges with greater impact (Crosby et al., 2017; Paskaleva and Cooper, 2018). The integration of co-creation practices, as defined by Ramaswamy and Ozcan (2018), promotes interaction across organizational boundaries, raising engagement and collaboration within public services (Osborne, 2018). This aligns with Moore's (1995) "strategic triangle", which emphasizes that public managers should manage internal resources, external engagement, and upward accountability. By adopting co-creation, it is possible to achieve a balanced citizen-centric approach that increases trust and public value, reinforcing the role of governance in strengthening societal well-being (Wang and Ran, 2024; Maiello et al., 2013).

Additionally, NPOs bring unique, community-centered strengths to partnerships with public services, as they often excel in adapting to local needs and fostering social innovation (Álvarez-González et al., 2017).

Through these collaborative relationships, public services can draw on NPOs' agility and build connections to implement innovative solutions that might be challenging to achieve through public agencies alone (Díaz-Perdomo et al., 2020).

What is more, in these collaborations, knowledge sharing is a crucial component (Civitillo et al., 2022). Public administration provides stability, policy support, and funding, which are essential for the scalability and impact of co-production initiatives (Gazley and Brudney, 2007). This exchange of resources and expertise strengthens governance by enabling NPOs to implement initiatives more sustainably (Civitillo et al., 2022).

Finally, a crucial implication of this research is its potential to inform policymakers and practitioners, helping them design and implement effective legislative initiatives and policies. Research in this area can explore capacity-building initiatives that involve the government and its partners, shedding light on the outcomes of collaborative governance models (Wise et al., 2012; Quick and Feldman, 2011). There is also a strong focus on sustainability and technology integration, which remains essential for creating policies that promote sustainable and innovative public services (Cohen and Karatzimas, 2021; Grossi et al., 2022).

Also, given the challenges in measuring social value beyond financial outcomes, developing frameworks to assess social impact is critical. These frameworks can guide both public agencies and NPOs in evaluating the social benefits they create, such as improvements in equity, community health, or environmental sustainability (Moore, 2000); in addition, to manage and sustain co-creation initiatives, policymakers should emphasize resilience and adaptability. Research suggests that co-creation is a valuable approach to navigating the challenges associated with resource or policy shifts, as NPOs and public services bring unique strengths. By embedding resilience in co-creation frameworks, initiatives can better withstand economic or political changes, ensuring long-term social impact (Selsky & Parker, 2005; Osborne et al., 2008; Voorberg et al., 2015). Moreover, policymakers should support developing and standardizing social impact metrics that allow both sectors to demonstrate accountability and impact comprehensively.

7.6. Conclusion

This research aims to make a point on the state of the art on existing literature in the field of co-creation of value produced by the collaboration between PAs and NPOs emphasizing that the co-creation in the context of

PAs and NPOs is in a nascent phase as we can also denote from the almost complete lack of quantitative studies, which imply a general application of these themes.

However, the topics covered are still too limited and fragmented for such a broad subject. A rigorous methodology is used, which is the SLR protocol (Massaro et al., 2016).

In particular, this research identifies four main implications, which can be used also as a starting point for future research:

1. Development of new research is suitable in the field of Value co-creation in the role and consequences of using new technologies implemented in activities and initiatives of co-creation to create value (Díaz-Díaz et al., 2016; Voorberg et al., 2015)
2. Need datasets to conduct empirical research and achieve robust results;
3. Exploring how innovation can be created and promoted by investing in activities, initiatives, and community to creating value (Crosby et al., 2017; Paskaleva and Cooper, 2018);
4. Increase contributions for policy makers and practitioner to provide support in the implementation of legislative initiatives and new policies at national and international levels (Pucciarelli and Kaplan, 2016; Quick and Feldman, 2011).

Also, several limitations should be mentioned. Beginning with the data source that was used, the data were collected from the WoS database. Although it includes the most relevant collection of articles, the analysis could include other databases such as Scopus, Ebsco, and Google Scholar. Furthermore, it is important to note that the scope of this study is limited to articles written in English. Thus, the outcomes may vary if publications in different languages are also taken into consideration. Additionally, the curation of scientific articles is confined to those that are published; hence, the findings of the inquiry could undergo alteration with the inclusion of other document types such as doctoral theses, books, book chapters, monographs, and so forth. The analysis can be improved by additional contributions through periodic updates to the search, as the validity of the findings is based on the timing of the search query. Moreover, the integration of supplementary keywords in the search may reinforce the incorporation of additional research, which merits consideration in prospective investigations.

This research offers utility to researchers, practitioners, and policymakers alike. Additionally, junior researchers often face challenges in identifying key authors and seminal papers within their respective fields of study. The data provided by this study can facilitate a more efficient organization of

their exploration. Moreover, senior researchers stand to benefit from a comprehensive understanding of the field's evolution, prevailing research trends, and avenues of inquiry. Furthermore, authorities can leverage this information to identify potential regulatory concerns more effectively.

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Appendix A

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8

PUBLIC VALUE INTEGRATION INTO PERFORMANCE MANAGEMENT SYSTEMS: INSIGHTS FROM UNIVERSITIES

Giovanni Barbato, Martina Pisarra**

8.1. Introduction

As a response to the limits of New Public Management (NPM) (Diefenbach, 2009), scholars and policymakers have undertaken an enduring reform trajectory of Public Administration (PA) (Bryson et al., 2014). This process has progressively led to the emergence of multiple and partially overlapping administrative paradigms (Stoker, 2006). Among this plurality, the concept of Public Value (PV) has gained increasing prominence (Moore, 1995). As claimed by Benington (2011), PV can be defined as a combination of two elements: what the public values, and what can add value to the public sphere. The essence of the PV paradigm entails a novel and more comprehensive approach to understanding how PAs contribute to addressing societal needs through the provision of public services and regulations (Meynhardt and Bartholomes, 2011). Specifically, the PV approach is distinctly post-competitive, prioritizing collaboration and cooperation between PAs and external stakeholders, with a strong focus on a citizen-centered orientation (O'Flynn, 2007; Hartley et al., 2017). Within this framework, citizens are not merely regarded as consumers but are instead viewed as active partners in the design and delivery of public services (Steccolini, 2018), while public managers are conceptualized as “explorers commissioned by society to search for PV” (Moore, 1995: 299).

In this context, as highlighted by recent contributions to the PV literature (Bracci et al., 2019; Manes-Rossi et al., 2022; Höglund et al., 2023), rela-

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tively few studies examine the relationship between PV and performance management systems (PMSs) (exceptions are e.g., Spano, 2009; Williams and Shearer, 2011; Guthrie et al., 2014; Salemans and Budding, 2022; Salemans and Budding, 2024; Höglund et al., 2021), namely the bundle of activities quantifying performance, defining a measurement object, formulating strategic goals and indicators, collecting, analysing and reporting data (Cepiku, 2016).

A clear literature gap is emphasized concerning how PV is planned and measured, as well as the process of PV-integration in PMSs, which is crucial to pass from abstract concepts to operational tools, thus requiring more empirical works (Bracci et al., 2019; Jensen et al., 2023). This chapter addresses the call, by empirically investigating how knowledge-intensive public organizations, namely universities, implement PV-informed PMSs. Universities provide a compelling context for investigating the integration of a PV approach into PMSs for at least two key reasons.

First, they contribute to the generation of PV in several ways (Modugno et al., 2014; Broucker et al., 2018; Cepiku et al., 2023). Through research and knowledge transfer activities, they provide innovative solutions to address both current and future challenges. Universities enhance human capital and reduce social inequalities by educating and training individuals. Furthermore, they promote citizens' participation in democratic life through public debate and cultural initiatives. They also deliver diverse services aimed at improving the well-being of local communities, including health and psychological support, continuing education, and volunteer programs.

Second, universities are traditionally described as symbols of complexity and *sui generis* organization. They are resilient and “loosely coupled organizations”, thus slowly (and often only superficially) adapting towards external pressures and reforms (Rebora and Turri, 2011; Dal Molin et al., 2017). Moreover, they are characterized by a high institutional complexity, stemming from i) a multiplicity of ends and activities, with only some of them prone to quantitative measurement (Barbato, 2023), ii) an extremely fragmented external demand: many external actors ask universities for many (often contrasting) different goals (Orton and Weick, 1990), and iii) an extremely fragmented internal environment: universities consist of several academic tribes (each defending its own territory), students, and the administrative staff, and the complex intersection of multiple logics (Pilonato and Monfardini, 2022; Guarini et al., 2020) (bureaucratic, managerial, professional). Therefore, the way universities implement PV-informed PMSs appears to be far from a straightforward research question.

The chapter specifically addresses the case of the Italian PA where a new system of integrated planning and performance measurement, named as “Integrated Plan of Activities and Organization” – (hereafter PIAO), was introduced to orient administrative actions toward the creation of PV (Deidda Gagliardo and Saporito, 2021; Deidda Gagliardo et al., 2023).

Within the context of Italian universities, this chapter empirically focuses on the largest institutions, known as mega universities, by addressing the following research question: How and to what extent do mega universities implement the new PV-informed PMS?

To address this RQ, a qualitative document analysis (Bowen, 2009) of the mega universities’ PIAOs (2023-2025) was conducted. The chapter is organized as follows: First, the literature background summarizes the distinctive features of PV-informed PMSs. Section 3 examines the case of the Italian public administration, which introduced a new PV-informed system. Following the methodology outlined in Section 4, Section 5 presents the findings. Finally, Sections 6 and 7 discuss the findings and highlight the research and policy contributions of this work.

8.2. Literature background: features of PV-informed PMSs in public sector organizations

This section summarizes the existing literature on PV to identify the key features of PV-informed PMSs within public sector organizations, based on four core questions that underpin the design and operation of PMSs (Moore and Kennedy, 2007; Spano, 2014):

- I. “What should be planned and measured?” (WHAT). This question seeks to elucidate the key dimensions of PV that planning and measurement processes should prioritize (Kelly et al., 2015).
- II. “How are goals and indicators defined and measured?” (HOW). This question reflects the approaches and means adopted by public sector organizations to identify and develop PV goals and metrics (Hills and Sullivan, 2006).
- III. “To whom public sector organizations are accountable?” (TO WHOM). This question aims to clarify the appropriate approach to accountability within the context of a PV-informed PMS (Page et al., 2015).
- IV. “Why is planning and measurement conducted?” (WHY). This inquiry aims to highlight the primary purposes and underlying rationales behind PV-informed PMSs (Behn, 2003).

I. Considering the “WHAT” question, the literature consistently asserts that PV should be assessed by focusing on multiple dimensions, both tangible and intangible (Andersen et al., 2012; Bracci et al., 2014; Liguori et al., 2014). As noted by Hartley et al. (2017), PV can be understood as “that which is created or added through the activities of public organizations and their managers. The focus is on what is added in value pertinent to societal outcomes”. This implies that, when assessing PV, attention should be directed not only to inputs and outputs but also to the long-term effects and impacts of public services, i.e., outcomes (Kelly et al., 2002; Talbot, 2008; Benington and Moore, 2010). Societal outcomes generated by the delivery of public services can be considered a “direct measure of the public value that we are trying to produce” (Moore and Kennedy, 2007). When outcomes are articulated and operationalized through goals, indicators, and targets to be achieved, they should be “consistent with citizens’ expectations and needs” (Spano, 2014). In this regard, it is crucial that the achievement of outcomes aligns with organizational capabilities and stakeholder perspectives to ensure that the benefits generated outweigh the costs and sacrifices incurred.

Moreover, as stated by Moore (2014), citizens evaluate government performance not only from a utilitarian perspective but also from a deontological one, which emphasizes how government authority is exercised to deliver and achieve specific outcomes. This implies that less tangible aspects, such as trust, perceived legitimacy in government actions, and equity of treatment, are also crucial in the evaluation process (or procedural legitimacy, see Page et al., 2015). Moreover, fair use of authority and solidarity should be adequately considered when measuring and assessing PV creation in the public sector context (Moore, 2013; Meynhardt and Bartholomes, 2011; Huijbregts et al., 2022).

Various attempts have been made to identify the dimensions of PV that should guide planning and measurement processes (Talbot and Wiggan, 2010). For instance, Kelly et al. suggest that strategic goals should focus on service outputs, user satisfaction, outcomes, and the maintenance of trust and legitimacy. Benington (Benington, 2011) identifies several equally important PV dimensions, such as public satisfaction, economic value (i.e., generating economic activity and employment), social and cultural value (i.e., enhancing social capital and cohesion), political value (i.e., fostering democratic dialogue and increasing public participation), and ecological value (e.g., promoting sustainable development and reducing pollution). Bracci et al. (2014) present four interrelated levels through which PV can be conceptualized, measured, and managed: (i) Public Value, which represents the qualities of an administrative action and the overall well-being of the surrounding society; (ii) Social Value, which can only be derived from a user

perspective and reflects the degree of satisfaction with the temporal, quantitative, qualitative, and monetary aspects of the public service; (iii) Tangible Economic Value, which refers to the value of tangible assets and the organizational capacity to enhance them; and (iv) Intangible Economic Value, such as human value, relational value, and the propensity for innovation. Finally, based on a systematic literature review, Faulkner and Kaufner (2018) proposed a summary of the dimensions for measuring PV: (1) outcome achievement (social, economic, environmental, cultural); (2) trust and legitimacy (e.g., transparency and fair processes); (3) service delivery quality (e.g., user satisfaction, responsiveness to citizens' needs); and (4) efficiency (e.g., value for money and minimal bureaucracy).

II. Addressing the “HOW” question, Hills and Sullivan (2006) argue that the process through which goals and measures are developed and applied is as important as the actual measures selected. In this context, the collaborative, democratic, and inclusive nature of a PV approach (Bryson et al., 2014) suggests that the involvement and engagement of multiple stakeholders in the planning and evaluation process is crucial for enhancing its legitimacy and effectiveness (Moore, 2013). Moreover, different scholars emphasize the idea that PV already exists within society (PV is what the public values, see Benington, 2011) and it should just be properly recognized.

Therefore, as the first crucial level of engagement, scholars argue that listening to the voices and perceptions of citizens and other key stakeholders is essential to clarify the strategic direction and goals of public organizations (Höglund et al., 2023). This can be achieved through different methods such as permanent stakeholders' tables, surveys, focus groups, and the analysis of social media (Meynhardt, 2015; Meynhardt and Jasinenko, 2020). As noted by Meynhardt and Bartholomés (2011), establishing “PV on the ground” involves conceptualizing how PV is reflected in the perceptions of various, equally relevant stakeholders. It follows that society is the main arena where the definition and identification of PV emerge, through an ongoing collaboration and engagement with citizens and stakeholders (Cuganesan et al., 2014; Brown, 2021). From this perspective, both public managers and politicians play a pivotal role. On the one hand, Moore (1995) describes public managers as “explorers commissioned by society to search for public value”. On the other hand, politics lies at the heart of the PV logic: Moore and Kennedy (2007; O'Flynn, 2007) and others emphasize that politicians act as mediators of collective interests and exemplify the authorizing environment.

Another level of involvement is represented by collaboration with stakeholders in identifying and developing measurement and assessment tools, such as outcome indicators, satisfaction surveys, goal-setting processes, or

integrated reporting (Connolly, 2016; Spano, 2014; Iacuzzi et al., 2020). Regarding the means through which PV can be planned and measured, scholars assert that PV can be translated into goals and subsequently measured through indicators (Spano, 2009). From this perspective, various attempts have been made to develop PV frameworks, such as pyramids, scorecards, or multiple metrics (Moore, 2013; Bracci et al., 2014; Meynhardt, 2015; Faulkner and Kaufman, 2018). At the same time, it should be equally emphasized that the planning and measurement of outcomes is challenging, particularly for activities or services characterized by high ambiguity and low routine (Norman, 2007). In this regard, Salemans & Budding's analysis (Salemans and Budding, 2022) demonstrates how textual narratives can be effectively used to complement quantitative metrics in accounting for the creation of PV.

Finally, it is often argued that, in order to effectively create PV through planning and measurement mechanisms, it is crucial to carefully assess both the risks and opportunities presented by the external environment (e.g., the boundaries set by regulations, the intensity of competition, etc.) and the internal capabilities and resources that the organization intends to leverage to achieve PV goals (Moore, 2013; Alford and Yates, 2014).

III. Regarding the “TO WHOM” question, scholars identify society – understood as the collective and interdependent set of stakeholders involved in public service delivery – as the primary entity to whom PV planning and assessment should be reported (Bracci et al., 2014). This perspective reflects a “multifaceted” approach to accountability (Bryson et al., 2014), which stands in clear contrast to the business-oriented logic that underpins NPM reforms (Shaw, 2013). The ecosystemic perspective guiding the PV logic suggests that both vertical and horizontal dimensions of accountability are essential for maintaining and enhancing collaborative governance and public service provision (Page et al., 2015), which are naturally fostered by mutual trust and transparency (Douglas and Meijer, 2016).

On the one hand, vertical accountability helps to ensure the legality and legitimacy of a collaborative endeavour, as it is endorsed by elected officials who confer authoritative status upon it (Moore, 1995), thereby constituting indispensable components of any conceptualization of PV. On the other hand, horizontal (or reciprocal) accountability, i.e., responsiveness to external actors as collaborative partners, may facilitate deliberation, foster learning, and promote consensus among stakeholders on key issues (Stoker, 2006).

IV. Lastly, considering the “WHY” question, the literature consistently argues that PV planning, measurement, and assessment should primarily aim at improving public services to better meet society's needs and uphold dem-

ocratic values (Moore and Kennedy, 2007). This goal cannot be achieved simply by attaining pre-established strategic objectives; rather, it requires the ongoing nurturing of relationships and engagement with multiple stakeholders (Brown, 2021). In practice, this entails being aware of environmental opportunities and threats, as well as organizational weaknesses and strengths, and the ability to translate often abstract strategic goals into concrete actions focused on stakeholder collaboration and networking.

In this regard, scholars caution that a primary risk lies in the potential for the achievement of PV through agreed-upon performance targets to become an end in itself. This pitfall has been widely documented in relation to PMSs introduced under NPM reforms, where meeting targets often became “more important than satisfying users’ needs” (Spano, 2014). In the context of a PV approach, assessment practices should function as tools to enhance and achieve various goals, such as addressing citizens’ needs and preferences, renewing mandate and trust through the delivery of high-quality services, and leading collaborative networks (O’Flynn, 2007). For this reason, PMSs should be integrated and aligned with other key planning and management processes, such as budgetary or human resource planning, to enhance organizational capabilities (Bracci et al., 2014). Moreover, the information generated should be utilized and transparently reported to multiple external stakeholders (Douglas and Meijer, 2016). As empirically demonstrated by Cepiku et al. (Cepiku et al., 2023), a key condition for orienting the PMS towards PV creation is the strong integration of all planning cycles, coupled with strong leadership support.

Table 1 – Distinctive features of a PV-informed Performance Management Systems (PMSs) compared with NPM-driven PMSs.

Conceptual domain	NPM-informed PMS	PV-informed PMS
WHAT (What should be planned and measured?)	- Efficiency - Effectiveness	Multiple and equally relevant domains: efficiency and effectiveness, but also long-term effects of public services/activities (outcomes), stakeholders’ wellbeing and democratic values
HOW (How are goals and indicators defined and measured?)	- Metrics are defined by public officials - Few quantitative metrics (input and output)	- Engagement and collaboration with multiple stakeholders in defining strategic goals/priorities - Multidimensionality of measurement (not only input/output indicators)
TO WHOM (To whom public sector organizations are accountable?)	Vertical accountability	Multifaced accountability: - Vertical (towards politicians representing the authorising environment) - Horizontal (towards multiple external stakeholders)
WHY (Why is planning and measurement conducted?)	- External accountability - To show value-for-money	Improving public services delivery in order to meet society’s needs

Source: adapted from Kelly et al. (2002: 10), O’Flynn (2007: 361), Stoker (2006: 44), Van Dooren et al. (2015: 26-29)

8.3. Empirical context: the introduction of a PV-informed PMS in the Italian PA

The introduction of PMSs within the Italian PA dates to the 1990s. However, it was only with the 2009 reform (Legislative Decree No. 150/2009) that a structured PMS was established in each public administration. This reform emphasized several connections with the principles and tools of NPM, particularly highlighting the importance of performance measurement and the implementation of performance-related pay mechanisms (Cepiku, 2018). The PMS framework, referred to as the “performance cycle”, consisted of three main interrelated stages: (1) defining strategic objectives and determining associated indicators and targets; (2) assessing performance at both organizational and individual levels; and (3) reporting performance to the political/governing authority regarding the achievement of the pre-determined goals. The law stressed that goals should be empirically measurable (i.e., quantifiable through indicators), concrete, and linked to the resources required to achieve them.

Hence, the 2009’s PMS was designed to evaluate the output of administrative activities moving beyond the traditional focus on bureaucratic process control mechanisms and the compliance to the law (Barbato and Turri, 2017).

However, empirical studies on the implementation of this PMS have often revealed ceremonial adoptions and implementation gaps, raising several questions regarding its actual operation and effectiveness (Barbato and Turri, 2017; Dal Molin et al., 2017; Cepiku, 2018).

The 2009 PMS was recently reformed in 2021 (Law Decree No. 80/2021), following two main directions: a stronger integration between the PMS and other planning systems (e.g., budget, human resources), and the introduction of the concept of PV into the PMS. The new PMS, known as “Integrated Plan of Activities and Organization” – PIAO, includes a specific section on PV, that aims to embed macro-strategic goals through which the organization contributes to the economic, social, and environmental well-being of the surrounding society. Specifically, the Department of Public Administration defined the main structure and content of the PIAO (ministerial decree no. 122/2022) within three sections: (I) “Public value, performance, and anti-corruption”; (II) “Organization and human capital”; (III) “Monitoring”.

The first section is organized in three subsections: “Public value”, “Performance”, and “Anti-corruption risks and transparency”.

Within the first subsection – “Public Value”, PAs should identify and define the following elements:

- PV goals, understood as an increase in economic, social, educational, welfare, and environmental well-being for citizens and the economic environment (by also explicitly referring to the United Nations Sustainable Development Goals);
- Expected results (targets) in terms of general and specific objectives, coherently planned with financial programming documents.
- Indicators through which the aforementioned goals and targets are measured.
- A list of simplification and digitalization goals.

The subsection devoted to PV, represents one of the main novelties of this new PMS besides pushing for a stronger integration between all the planning cycle. The PV section requires, for the first time, Italian PAs to look beyond inputs and outputs, focusing instead on the long-term effects of their activities and their contribution to enhancing stakeholders' well-being (Deidda Gagliardo and Saporito, 2021).

The second subsection – “Performance” – includes performance goals and the specification of targets and indicators devoted to assessing their attainment (whose results are then reported in the “Performance Report”).

Finally, the third subsection – “Anti-corruption risks and transparency” – aims to explicitly identify goals and operative actions that enhance transparency of PAs and concurrently address potential corruption risks.

8.4. Research design

To examine how universities implemented the new PV-informed PMSs – the PIAO – a qualitative document analysis was conducted (Bowen, 2009), focusing on the 2023-2025 PIAOs. This choice allowed us to avoid issues related to first implementations after the reform (the PIAO 2022-2024), such as compliance or ceremonial adoption. Financial planning documents (in particular, the Integrative Notes to the Budget) and existing strategic plans were also analyzed to gather additional information regarding the resource allocation associated with PV planning processes and to investigate connections between PV goals and strategic goals.

The chapter focuses on the eleven Italian mega universities, which share a similar level of organizational complexity, thereby minimizing biases related to differences in size or structure.

The analysis of the PIAO was guided by the operationalization of the distinctive features of a PV-informed PMS outlined in Section 2. This operationalization involved an iterative process between the literature and the em-

pirical data (primarily the PV section of the PIAO), enabling the identification of one or more empirical elements (shown in the third column of Table 2), thus transitioning from theoretical concepts to operational components of the PMS. Table 2 presents the results of this operationalization process.

For example, to operationalize the multidimensionality of PV measurement (Andersen et al., 2012; Faulkner and Kaufman, 2018), the indicators associated with the PV strategic goals were classified into input, process, output, and outcome indicators (Van Dooren et al., 2015; Barbato et al., 2018). This classification enabled us to assess whether universities aimed to measure long-term impacts (i.e., outcomes) rather than merely quantifying the resources consumed (inputs) or the outputs generated.

Similarly, to operationalize whether universities adopted a multifaceted approach to accountability, two key aspects were considered. First, universities should explicitly recognize a plurality of equally relevant internal and external stakeholders. This process can be operationalized using visual aids (e.g., a stakeholders’ map) or by dedicating a specific subsection within the PIAO to this topic.

Table 2 – Operationalization of the distinctive features of a PV-informed PMS within the empirical context

Conceptual domain	Sub-domains	Operationalization
WHAT	Multiple relevant domains	Presence of strategic goals denominated “PV strategic goals” in the PV section of the PIAO
		PV strategic goals cover multiple dimensions (efficiency, effectiveness, but also different long-term outcomes, and stakeholders’ satisfaction)
HOW	Engagement with multiple stakeholders in defining goals and metrics	Mention of stakeholders’ involvement in the identification of PV strategic goals and metrics within the PIAO (in particular introduction and PV section)
	Multidimensionality of measurement	Presence of outcomes indicators (related to PV goals) besides input, process, and output indicators
TO WHOM	Multifaceted accountability	Explicit recognition of multiple stakeholder (internal and external) within the PIAO (in particular introduction and PV section)
		Association of PV strategic goals to one or more groups of stakeholders
WHY	Improvement orientation	Presence of both baseline and final targets (associated to PV strategic goals)
		Integration between the strategic planning and the budget cycles, by explicitly granting financial resources to PV strategic goals

Second, as the horizontal approach to accountability implies a relationship between “peers”, we also examined whether universities linked specific strategic goals to groups of stakeholders to establish direct and clearer channels of accountability.

Finally, to operationalize the improvement orientation of PV-informed PMS, we drew on literature emphasizing the importance of aligning strategic

planning with financial planning (Bracci et al., 2014). In this context, we reviewed the PIAO and related financial planning documents (particularly the Integrative Notes to the Budget) to verify whether universities allocated specific financial resources to each PV goal to support its implementation (Poister et al., 2010). A strategic goal that lacks adequate financial backing tends to remain an abstract intention, rather than a concrete action.

Drawing on the operationalization outlined above, the two authors independently analyzed the eleven PIAOs of the mega universities, categorizing each piece of information into a data extraction form. They then compared their results and discussed any discrepancies to enhance the overall reliability of the analysis.

8.5. Empirical results: an analysis of the PIAOs of Italian mega universities

Table 3 illustrates the level of adherence of each of the eleven mega universities to the structure prescribed by the Department of Public Administration, specifically the sections of the PIAO. All the mega universities fully comply with the ministerial guidelines, incorporating all the required sections. The weight of each section was also analyzed based on the number of pages it occupies.

The PV section, however, shows variation across the universities. Only three universities allocated more than 20% of their PIAO to PV, while the others allocated around 10%. The sections on “Transparency and Corruption Risks” and “Organization and Human Capital” occupy a more prominent space in the PIAO compared to the section on “PV, Performance, and Anti-corruption”.

The operationalization of the features of PV-informed PMSs (Table 2) enabled the assessment of their implementation through a document analysis of the mega universities’ PIAOs.

Beginning with the “WHAT” domain, all universities outlined several strategic goals, referred to as directions or pillars, aimed at creating PV within the PV section (Table 4). However, while three universities (#1, #4, #5) developed ad hoc PV goals, most universities simply reiterated the PV goals presented in their strategic plans, which had been established four or five years earlier. In some cases, universities even copied and pasted the strategic plan goals directly into the PIAO.

Table 3 – Length of the PIAO and weight of its sections (percentage on total)

University	Total pages	Intro	PV	Performance	Transparency and anti-corruption	Organization and Human Capital	Monitoring
University#1	139	1%	6%	17%	32%	39%	2%
University#2	116	1%	9%	10%	32%	37%	2%
University#3	55	5%	31%	9%	9%	18%	22%
University#4	47	2%	28%	13%	23%	21%	2%
University#5	93	3%	9%	11%	62%	11%	1%
University#6	22	2%	9%	18%	18%	32%	5%
University#7	77	4%	12%	12%	16%	47%	4%
University#8	104	16%	20%	28%	5%	17%	5%
University#9	96	6%	6%	18%	35%	26%	1%
University#10	126	2%	4%	25%	29%	29%	2%
University#11	143	1%	6%	19%	22%	48%	1%
Means	92,5	4,1%	12,7%	16,3%	25,8%	29,5%	4,3%
Median	96	2,3%	8,7%	17,2%	23,4%	29,3%	2,1%

Table 4 – Presence, number and source of PV strategic goals in the PV section of the PIAO

University	Strategic goals in PV section	Denomination “PV goals”	Source of the PV strategic goals
University#1	3	Yes	3 PV “pillars” and within them 2/3 strategic goals from the strategic plan
University#2	3	Yes	3 PV goals and 50 strategic goals borrowed from the strategic plan (in attachment)
University#3	9	Yes	The PV goals are the same of those of the strategic plan
University#4	5	Yes	The PV goals recall one/more goals of the strategic plan
University#5	7	Yes	The PV goals somehow refer to one/more areas of the strategic plan
University#6	4	No	4 macro strategic direction from the strategic plan
University#7	34	Yes	The PV goals are the same of those of the strategic plan
University#8	27	No	The strategic goals are basically those of the strategic plan
University#9	33	No	The strategic goals are those of the strategic plan
University#10	4	No	4 strategic directions borrowed from the strategic plan
University#11	9	Yes	The PV goals are the same of those of the strategic plan

Despite some overlap, universities identified a range of PV strategic goals that address different, yet equally important, dimensions and purposes, as shown in Table 5. On average, at least 25-30% of these PV strategic goals focus on generating long-term impacts and strengthening trust and legitimacy. Examples of goals aimed at creating long-term impacts include:

- “[...] Ensure equal access for all women and men to affordable, high-quality technical, vocational, and tertiary education, including university”.
- “By undertaking a program of renovation, restoration, and energy requalification of the historic sites/buildings [...], in line with the most

modern functional, energy, and environmental, economic, and social sustainability standards, the University aims to optimize the management and maintenance processes of the available real estate assets to ultimately reduce their environmental impact [...]”.

- “Enhance the socioeconomic impact of the University’s actions at the regional, national, and international levels through entrepreneurship projects, university-business initiatives, and professional and lifelong training programs”.
- “To strengthen the sense of community among all the main stakeholders of the university”.

Almost all universities tried to align their strategic goals with the United Nations Sustainable Development Goals. Although the Department of Public Administration’s PIAO guidelines explicitly reference the SDGs, this alignment was largely self-initiated. Around 20% of the PV strategic goals focus on improving process efficiency, while approximately 35-40% are dedicated to enhancing the quality and effectiveness of the universities’ activities. Finally, only a few universities developed specific strategic goals aimed at enhancing stakeholder satisfaction, with most of these goals focusing on students.

Table 5 – Number (and percentage) of strategic goals by content

University	Efficiency	Quality improvement	Impacts	Stakeholders' satisfaction	Association between strategic goals and SDGs
University#1	0	0	3	0	Yes, for each goal
University#2	0	1	2	0	Yes, for each goal
University#3	2	4	3	0	Yes, for almost all goals
University#4	1	2	2	0	Yes, for each goal
University#5	0	3	2	2	Yes, for each goal
University#6	1	1	2	0	Yes, for each goal
University#7	5	15	8	1	No
University#8	6	9	10	0	Yes, for each goal
University#9	8	11	12	1	Yes, for almost all goals
University#10	1	1	2	0	Yes, for each goal
University#11	0	2	7	0	Yes, for each goal

Regarding the “HOW” domain, the analysis assessed the extent of external stakeholder involvement in the identification of strategic priorities and the definition of goals. In the PIAOs of four universities, there was no mention of stakeholder engagement. Seven universities included occasional references to stakeholder involvement, but these were primarily related to the development of the strategic plan rather than the PIAO, except for one uni-

versity (University#3). Some examples of sentences concerning stakeholders' involvement are provided as follows for illustrative purposes.

- University#3: "In preparing the PIAO, coordinated by the Directorate General with support from a specific organizational unit several key groups were actively involved. These included the University's governance team [...], the Board of Administrative directors [...], and the Human Resources and Organization Management area [...]" (Source: PIAO).
- University#4: "A participatory approach was adopted, involving the Rector, the Delegates, the Director General, the Academic Senate, and the top-managers. Moreover, the Strategic Plan incorporated insights, needs, and proposals gathered during the electoral campaign, which, through multiple meetings with faculty, technical-administrative staff from all departments, and students, represented an important moment of shared input [...]" (Source: Strategic plan).
- University#5: "The development of the Strategic Plan ensured the participation of all sectors of the academic community in defining the objectives. The consultative process involved the governing bodies, departments, student representatives, and technical-administrative staff, and was supported by the results of ongoing dialogue with stakeholders" (Source: Strategic plan).
- University#10: "In 2018, the University initiated a process to more actively involve its departments and faculties in strategic planning, with the aim of strengthening a shared identity and fostering concrete integration across the various organizational levels of the University, while taking into account the specific characteristics of each structure" (Source: Strategic plan).

Moreover, when universities refer to "participatory strategic planning," they predominantly highlight the involvement of governance members (e.g., Pro-Rectors, Rector's delegates), public managers, and, in some cases, the heads of internal intermediary structures (e.g., department heads). Only two universities mentioned the engagement of student representatives in the strategic planning process. There was a notable absence of consultations or efforts to gather external stakeholders' perceptions.

University#11 stands out as the only institution that provides a detailed subsection on the creation and development of the strategic plan, explaining how both external and internal stakeholders were involved:

- "[...] The new Strategic Plan was developed based on listening to the needs of stakeholders [...]. The proposals and suggestions from the various components that animate University#11 have proven invalua-

ble in identifying concrete, shared strategies aimed at the harmonious growth of the University as a whole, while recognizing existing specificities. [...] Immediately after identifying the structure and key areas of reference for the new Plan, regular meetings between the Rector and the main institutional stakeholders began, aimed at gathering suggestions and sharing ideas and reflections to fine-tune priorities, objectives, actions, resources, and indicators. This significant consultation activity took place from July to December 2020 and involved the main institutional stakeholders. A crucial role in this productive collective reflection was played by the Vice-Rectors and the Rector's delegates [...]. Equally productive was the constant involvement of the governing bodies, the Academic Senate, and the Board of Directors, [...]. Also of great importance were the contributions provided by the Evaluation Unit, the Quality Assurance Committee, and the Equal Opportunities Committee, [...]. Political sensitivity was complemented by the technical expertise offered by the General Director and the directors of administrative divisions, who, during dedicated meetings, provided a managerial perspective on the strategy under development. The Rector also deemed it essential to involve, before the approval of the Plan, the Student Council, [...], as well as the University's union delegation concerning the staff." (Source: Strategic plan)

The nature of the indicators associated with PV strategic goals was examined to determine whether outcome indicators were developed in addition to input, process, and output indicators.

Table 6 – Percentage of indicators by typology (input, output, process, outcome) associated to PV strategic goals

University	% Input Indicators	% Output Indicators	% Process Indicators	% Outcome Indicators
University#1	8%	54%	8%	31%
University#2	20%	40%	0%	40%
University#3	13%	47%	13%	27%
University#4	29%	29%	14%	29%
University#5	0%	25%	0%	75%
University#6	0%	0%	0%	0%
University#7	13%	53%	8%	25%
University#8	19%	57%	10%	13%
University#9	0%	0%	0%	0%
University#10	0%	0%	0%	0%
University#11	0%	55%	9%	36%

Table 6 shows that three universities did not provide any indicators, with output indicators being the most predominant. Interestingly, input and output

indicators are often misused to measure long-term impacts. Some examples of this misapplication are provided in Table 7.

Table 7 – Some examples on the misuse of input/process/output indicators to measure long-term effects

PV strategic goal	Indicator associated to the goal
To transform university spaces into places of accessible and open culture	Initiate the quality certification process for the planning and management of real estate assets (process indicator)
Enhance knowledge and promote the dissemination of scientific information and the freedom of its circulation	Percentage of Open Science initiatives completed (output indicator)
To strengthen the sense of community among all the main stakeholders [...]	Number of users of the university's social networks (output indicator)
To improve the alignment between the content of degree programs and the needs of the labour market	Number of meetings held with company representatives (process indicator)
To promote innovative and excellent training programs, in response to new economic, social, and professional needs related to digital transition, green economy, environmental sustainability etc...	Share of tenured academic staff who belong to fundamental and characteristic scientific-disciplinary sectors (SSD) in degree programs (input indicator)
Enhance the socioeconomic impact of the University at the regional, national, and international levels through entrepreneurship projects, university-business initiatives, [...] and lifelong training programs	Number of active agreements with regional, national, and international companies and/or business associations (process indicator)

Regarding the “TO WHOM” domain, two analyses were conducted: (i) whether and how stakeholders are identified in the PIAOs, and (ii) who these stakeholders are. Table 8 shows that all universities made an effort to identify multiple internal and external stakeholders affected by the university’s strategic direction within the PIAO. Some universities developed specific sub-sections dedicated to their main stakeholders, while others used visual aids, such as stakeholder maps or lists. Additionally, some universities sought to link stakeholders to specific strategic goals, thereby fostering external accountability and strengthening their relationship with these stakeholders.

Table 9 illustrates the internal and external stakeholders identified, highlighting differences and similarities among the universities. Stakeholders are presented in broad categories (e.g., academic staff includes researchers, professors, and associates). While all institutions clearly recognized internal stakeholders, such as students, academic, and administrative staff, the extent to which external stakeholders were considered varied significantly across the universities. External stakeholders who are indirectly impacted by the universities, such as families or schools, were less frequently acknowledged in the PIAOs compared to more direct stakeholders, like companies and other research institutions.

Table 8 – The identification of internal and external stakeholders within universities' PIAO

University	Association between external stakeholders and strategic goals	Operational identification of the stakeholders	Section on stakeholders	No. of stakeholders identified
University#1	Yes, but very generally	Yes, through a stakeholders' map	No	13
University#2	No	Yes, through a stakeholders' map	No	14
University#3	No	Yes, through a stakeholders' map	Yes	9
University#4	Yes, for each goal	Yes, through a stakeholders' map	No	10
University#5	Yes, for each goal	Yes, through a list (bullet point)	No	9
University#6	No	No, generally in the text	No	6
University#7	No	No, generally in the text	No	8
University#8	No	Yes, through a stakeholders' map	Yes	22
University#9	No	No, generally in the text	No	8
University#10	No	Yes, through a list (bullet point)	Yes	14
University#11	Yes, for each goal	Yes, through a list (bullet point)	No	6

Table 9 – Stakeholders identified by universities in the PIAO: internal vs external stakeholders

University	INTERNAL stakeholders				EXTERNAL stakeholders					
	Students	Academic staff	Admin. staff	Families	Companies	PAs	Other univ.	Schools	Media	Society
University #1	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes
University #2	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
University #3	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
University #4	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
University #5	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
University #6	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes
University #7	Yes	Yes	Yes	No	Yes	No	No	No	No	No
University #8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
University #9	Yes	Yes	Yes	No	Yes	No	Yes	No	No	Yes
University#10	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
University #11	Yes	Yes	Yes	No	Yes	No	Yes	No	No	Yes

Lastly, Table 10 provides a summary of the purpose (“WHY”) of the PMS. Almost all universities set baseline and final targets for each strategic goal to clearly demonstrate the intended improvements.

Regarding the connection between strategic and financial planning, the document analysis revealed significant differences among the eleven universities. Table 10 shows that only four universities explicitly allocated resources to each PV strategic objective to support its implementation. These

universities also included a specific subsection within their PIAO dedicated to integrating strategic and financial planning. However, these sections were typically brief, largely repeating language from national legislation that mandates a strict alignment between the two planning cycles.

In contrast, when strategic goals align with those outlined in the strategic plan, resources are typically allocated to broader strategic intervention areas or activity categories (e.g., teaching, research, third mission). Additionally, while nearly all budget documents indicate alignment with programmatic documents (such as the strategic plan), they primarily reference the strategic plan itself rather than the PIAO.

Table 10 – Presence of a baseline and final target (yes/no) and connection between strategic goals and budget cycle

University	Baseline Target	Final Target	Association between financial resources and each PV strategic goal
University#1	Yes	Yes	No
University#2	Yes	Yes	Yes (Not in the PIAO) in Budget documents
University#3	Yes	Yes	Yes (Not in the PIAO) in Budget documents
University#4	Yes	Yes	No
University#5	Yes	Yes	Only for those goals reported in the strategic plan, not for the PV goals in the PIAO
University#6	No	No	
University#7	No	Yes	Yes (Not in the PIAO) in Budget documents
University#8	Yes	Yes	Not for each goal but at the level of macro strategic areas
University#9	No	No	Yes, in an attachment of the PIAO
University#10	No	No	Not for each goal but at the level of macro strategic areas
University#11	Yes	Yes	Not for each goal but at the level of macro strategic areas

8.6. Discussion

This chapter investigated how knowledge-intensive public organizations, specifically mega universities, implemented PV-informed PMSs by employing a qualitative document analysis. The chapter focused on the case of the Italian Public Administration, which has recently introduced a new PV-informed PMS, namely PIAO.

The findings highlight a twofold, contrasting outcome. On the one hand, Italian universities successfully internalized some features of PV-informed PMSs outlined in the literature within their PIAOs. Specifically, as far as for the “WHAT” question (see Table 1), the analysis revealed that mega universities developed PV strategic goals encompassing multiple dimensions, as advocated by scholars such as Kelly et al. (2002), Talbot and Wiggan (2010), Moore (2013), Van Dooren et al. (2015), and Faulkner and Kaufner (2018). These in-

cluded not only efficiency and effectiveness, but also on generating long-term impacts and enhancing stakeholder satisfaction (see Table 5). The frequent references to the SDGs in the PIAOs signal an increasing awareness of sustainability, which is often regarded as a key dimension of PV (Benington, 2011). Moreover, regarding the “TO WHOM” question, the results revealed an attempt to adopt a horizontal approach to accountability, by recognizing multiple stakeholders (Table 9) and linking them to PV strategic goals (Table 8).

On the other hand, the empirical analysis highlighted that other feature of PV-informed PMS, particularly the “HOW” and “WHY” dimensions, were only partially internalized and often in a rhetorical manner, creating a gap between expectations and actual implementation.

First of all, while many stakeholders were recognized in the PIAO, indicating growing awareness of their role in PMSs, their involvement in defining PV strategic goals and priorities appeared rather absent. This finding aligns with the results of previous studies (Modugno et al., 2014). Strategic goals must align with citizens’ expectations and needs which can only be achieved through “listening to their voice”. Furthermore, engaging with external stakeholders helps cultivate intangible yet equally important assets such as trust, fairness, and legitimacy. As highlighted by Moore (Moore, 2014), because PV should be evaluated through a deontological lens, the process of achieving a result is as important as the result itself. In this context, the involvement of stakeholders in achieving the established strategic goals is crucial to ultimately generating PV.

Secondly, the measurement of long-term effects through indicators, which should be central to a PV-informed PMS, often yielded controversial results (see Table 7). In several cases, output or process indicators are (mis)used to measure the achievement of strategic goals aimed at generating long-term effects or impacts. This evidence aligns with the findings of previous studies on this topic (Salemans and Budding, 2022). Scholars have highlighted the risk of reducing PV to a broader concept of performance, typical of NPM, where only aspects that can be easily observed and quantified through specific metrics are used for measurement. As a result, while PV goals are pursued, the metrics used to assess their achievement still reflect the NPM approach to planning and measurement (Brown, 2021).

In other words, a misalignment arises between the goals and the means employed to assess them. Lastly, the anticipated integration between financial and strategic planning appears to be in its early stages and has not been significantly accelerated by the introduction of the PIAO, at least based on the findings from this document analysis. While a few universities made efforts to integrate the two planning cycles, in other cases, the strategies aimed at creating PV do not

seem to have a substantial influence on the allocation of resources as reflected in the annual budget (see Table 10).

8.7. Concluding remarks

The chapter addressed the call of previous studies for more empirical research on PV integration in PMSs (Bracci et al., 2019; Manes-Rossi et al., 2022; Jensen et al., 2023), by exploring how mega universities implemented a new PV-informed PMS. The findings offer some contributions to research, whilst highlighting avenues for future investigations.

First, the analysis underscores the importance of adopting a comprehensive analytical approach for evaluating the implementation of PV-informed PMSs. This approach must address not only the “WHAT” dimension (i.e., identifying and measuring relevant dimensions of PV) but also procedural elements, including the “HOW” and “WHY” dimensions. As highlighted by various scholars, the planning and measurement of PV necessitate the development of a structured process for defining goals and indicators, a step that is as critical as the selection of the goals and indicators themselves (Hills and Sullivan, 2014).

In this context, the involvement of multiple stakeholders is considered crucial, as it enhances trust and legitimacy – intangible dimensions of PV that are less quantitatively measurable – and fosters horizontal accountability (Moore, 2014; Page et al., 2015). Emphasizing the process is essential to mitigate the risk of reducing PV to a broader conceptualization of performance (Brown, 2021).

Second, this chapter contributes to the literature by demonstrating that some aspects of PV-informed PMSs are more prone to ceremonial implementation and decoupling than others. Stakeholder involvement and the integration of planning cycles were often difficult to identify (and frequently absent) in the documents or, when present, were addressed in a superficial and rhetorical manner. Notably, both aspects require substantial investments of effort and resources – time, human, and financial – to be effectively implemented and represent the core innovations compared to previous PMSs. This consideration raises pivotal questions about the institutional and organizational factors that might support the effective and comprehensive implementation of PV-informed PMSs. Previous studies on this topic have, for instance, underscored that strong leadership commitment (Cepiku et al., 2023) and the possession of adequate skills are essential for developing PMSs that genuinely contribute to PV creation (Höglund et al., 2021; Höglund et al., 2023). Future studies employing more in-depth methodologies could contribute to identifying the institutional and organiza-

tional factors that facilitate or impede the effective and comprehensive adoption of PV-informed PMSs.

This chapter also has important implications for both policymakers and public managers. First, public managers should recognize that implementing PV-informed PMSs requires a comprehensive approach that integrates multiple, equally significant aspects (see Table 1). In this context, policymakers can support public managers by offering adequate training on the concept of PV and its operationalization, as well as by providing the necessary tools and resources to effectively engage stakeholders in the process of defining and measuring PV.

Second, the analysis reveals a notable lack of involvement of external stakeholders (e.g., companies, citizens, non-profit organizations, schools) alongside internal stakeholders. This issue can be addressed by leveraging existing opportunities for collaboration. For example, in the university context, quality assurance systems can serve as a platform for engaging in dialogue with students and external stakeholders like companies and PAs (Agasisti et al., 2019; Pilonato and Monfardini, 2022). Such initiatives enable universities to enhance their stakeholder engagement capabilities, fostering genuine collaboration and aligning university activities more closely with external needs.

Finally, this chapter acknowledges some limitations associated with the methodology employed. As the findings are based on document analysis, they may not fully capture the implementation process of PV-informed PMSs, as some information could be absent from the PIAOs. Additionally, the perceptions of internal and external actors regarding the new PMS – its utility and its effects – remain unexplored. Furthermore, since the operationalization of PV features (see Table 2) was conducted within a university context, extending this research to other types of public sector organizations would improve the generalizability of the findings and contributions.

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A BIBLIOMETRIC ANALYSIS OF THE REVERSE INNOVATION CONCEPT

*Marco Mastrodascio**

9.1. Introduction

Since Vernon introduced the *International Product Life Cycle Theory* in 1966, which describes ‘the movement and evolution of new product technology across national boundaries’ (Cao and Folan, 2012: 651), at least four macroeconomic conditions have evolved. These changes have disrupted the linear flow of innovation from advanced nations to less developed ones, making the study of innovation *for* and *from* emerging economies a valuable area for further exploration.

First, in recent decades, the growth of GDP has been substantially driven by emerging economies. According to the 2023 World Economic Outlook (International Monetary Fund – IMF, 2023) in the past two decades (2002-2022), developed countries registered an average GDP growth of 1.5% while emerging economies 3%, with a peak of 7.4% in 2010 and 6.9% in 2021. In 2023, the GDP growth registered by emerging markets was 4%, while advanced economies were only 1.5%, confirming the restless growth of the former. According to IMF projections, emerging economies will drive global economic growth with an average GDP growth rate of 4% between 2024 and 2027, compared to an average of 1.7% of the advanced economies in the same time span (IMF, 2023). Second, the technological growth developed in emerging economies has enabled them to cultivate solid technological skills and knowledge, therefore competing on the global stage against advanced economies (UNCTAD, 2023). More specifically, according to patent cooperation treaty (PCT), the share of global total applications filed by applicants

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located in emerging economies grew from less than 3% in 1985 to more than half (57%) in 2022 when a total of 3.457.400 patent applications were filed, mainly by emerging economies such as China (1.619.268; 46%) and India (77.068; 2%). Third, the decreasing purchasing power of middle-class consumers, causing the ‘flattening of the world’ (Govindarajan and Ramamurti, 2011: 191), has emphasized the need for a consumer-saving approach. Specifically, multinational corporations (MNCs) operating in developed markets are currently facing mounting challenges due to market stagnation, saturation, economic instability, and recessions. Therefore, multinational corporations decided to enter emerging economies by introducing stripped versions of the upper-class product (originally designed for developed markets) to contain manufacturing costs and, therefore, make them affordable to low-income consumers living in emerging countries like the so-called BRICS¹ economies which have shown tremendous growth potential in the past decades.

Fourth, MNCs are currently being threatened by local emerging-economy firms (Malodia et al., 2020) due to their developed ability to generate and implement novel ideas, products, processes, or business models that lead to economic growth and development. As emerging economies continue to evolve and develop, their capacity for innovation is expected to play an increasingly significant role in shaping their future trajectory. In fact, businesses originating and based in emerging economies are expanding globally and disrupting markets traditionally dominated by companies located in wealthy nations.

The phenomenon in which products initially designed and tailored exclusively to meet the demands and needs of emerging markets gain traction and eventually penetrate developed markets is referred to as ‘reverse innovation’ (RI) (Govindarajan and Trimble, 2010, 2012; Govindarajan et al., 2011). It is defined as ‘the case where an innovation is adopted first in a poor country before being adopted in rich countries’ (Govindarajan and Ramamurti, 2016: 141). RI represents an outcome of ‘constraint-based innovation’, which is heavily based on collaboration with local users to co-create feasible solutions (Zeschky et al., 2011). Such collaborative efforts facilitate the co-production of innovative solutions (Radjou, Prabhu, and Ahuja, 2012) by involving multiple stakeholders in the design, development, and delivery of products or services (Voorberg et al., 2015). Consequently, “the interaction between the

¹ BRICS economies refer to the group of five major emerging economies: Brazil, Russia, India, China, and South Africa. This grouping was initially coined as ‘BRIC’ (without South Africa) in 2001 by Goldman Sachs economist Jim O’Neill, to describe the fast-growing economies that were expected to collectively dominate global growth by the mid-20th century. South Africa was added to the group in 2010, expanding the acronym to BRICS.

firm and the consumer is becoming the locus of value creation” (Prahalad and Ramaswamy, 2004: 5) since value creation is increasingly conceptualized as a co-creative process, whereby value emerges through the active collaboration between firms and customers, rather than being unilaterally produced by the firm alone (Prahalad and Ramaswamy, 2004; Payne et al., 2008). Innovation and value generation are co-created not solely the result of firm-led activities but through the active engagement and mutual contribution of multiple actors (Voorberg et al., 2015).

Building on the role of reverse innovation as a catalyst for value creation (Ahmed et al., 2017; Kortmann et al., 2025), this chapter aims to investigate the intellectual structure, evolution, pivotal studies and scholars, notable topics, and recent trends in the literature of reverse innovation that would assist in clarifying how RI can contribute to value co-creation by performing a bibliometric analysis. Overall, despite some progress being made in the conceptual development of RI, the related literature remains scant (Hadengue et al., 2017; Von Zedtwitz et al., 2015) and fragmented within specific disciplines such as health (Govindarajan and Ramamurti, 2018) and education (Hunter, 2016), with scholars still trying to identify the drivers of reverse innovation and establish an operationalizable definition (Malodia et al., 2019). On the basis of the above-mentioned issues, there is a clear need to delve into the theoretical foundations, structure, relationships, and concepts of reverse innovation as reflected in scholarly discourse and publications. The next section of this chapter will depict the theoretical background surrounding the concept of reverse innovation and similar conceptual frameworks, providing a comprehensive understanding of the topic. Following this, the methodology section will outline the research design, data collection, and analytical techniques used in the study. The results section will present the findings derived from the research and offer insights into the practical implications of reverse innovation. Finally, the chapter will conclude with a discussion and conclusion section, where the results will be interpreted, limitations will be acknowledged, and future research directions will be suggested.

9.2. Theoretical background

Innovation has often symbolized progress and better quality of life (Hadengue et al., 2017); however, it also has a ‘dark side’ (Coad et al., 2022) including environmental degradation, social inequality or disruption of traditional industries. As Schumpeter (1934) noted, innovation and creative de-

struction are typical strategies for surmounting the challenges posed by the cyclical nature of economic development.

The concept of ‘Innovation’ has evolved over the years, leading to its application in various disciplines and research contexts. In fact, *innovation* is no longer viewed solely as a scientific concept or thought, but also as a metaphor, a political promise, and a buzzword used by policymakers, marketers, scientists, and managers. Innovation is challenging to define due to its broad scope and various forms of ‘newness’. To narrow down the extensive range of meanings, this chapter focuses primarily on ‘technological innovation’, which was defined for the first time by Freeman as ‘an iterative process initiated by the perception of a new market or new service opportunity for a technology-based invention that leads to development, product, and marketing tasks striving for the commercial success of the invention’ (Freeman, 1989: 307). Thus, by this definition, the innovation process involves *creating an invention* and subsequently *introducing it to the market* for potential customers (Garcia and Calantone, 2002; Agarwal et al., 2016). The introduction to the market is what distinguishes invention from innovation, with the latter occurring only once the former is introduced to the market (Freeman and Perez, 1988; Klarin, 2019) at different extents in terms of *newness* or *novelty*. In this regard, Ghauri and Cateora (2010) identify four different categorizations of innovation based on the degree of ‘innovateness’ or ‘degree of change’ (Garcia and Calantone, 2002) compared to existing products. The first category of innovation, according to the degree of ‘newness’, is *congruent innovation* that involves selling the same product, but introducing it as new to the selected market. The second type of innovation is called *continuous innovation*, as it involves the same product, previously introduced to the market, but updated through new functions. This type of innovation has also been defined *incrementally* (Wehn and Montalvo, 2018). The third type of innovation is defined as *dynamically continuous innovation* since it involves a technological modification of the production rather than adding functions. The fourth type is called *discontinuous or radical innovation*, as it includes a completely new product which creates, in fact, discontinuity from previous similar products (Garcia and Calantone, 2002). Several authors defined it as *disruptive innovation*, intended as new technology able to meet our needs by advancing existing technology on product features (Bower and Christensen, 1995). While product innovation involves creating new things, process innovation focuses on performing tasks in new ways (Porter, 1996), service innovations are not necessarily about the novelty of a tangible item but often focus on the tangible aspects of customer interaction. Nowadays, this is especially relevant as digitalization has significantly transformed how organiza-

tions engage with clients and users, and more importantly, has led to the creation of numerous intangible products (Wehn and Montalvo, 2018).

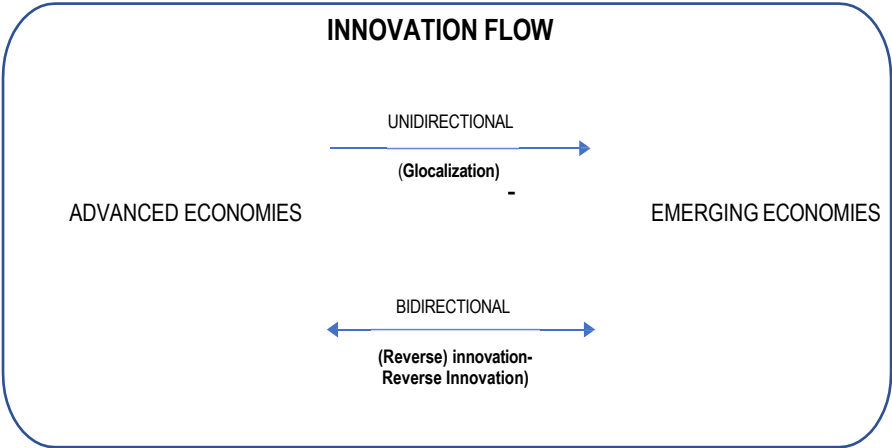
The importance of distinguishing among product, process, and service innovation in the new era of digitalization and the aging population has been highlighted within academia and at the institutional level (OECD, 2019, 2024).

The International Product Life Cycle Theory, introduced by economist Raymond Vernon in 1966, explains the stages (introduction; growth; maturity; decline) that a product goes through within the context of international trade. The theory outlines how a product evolves through three distinct stages: in the *introduction stage*, a new product is developed and launched in a developed country, where the firm is headquartered and has access to advanced technological infrastructure, skilled labor, and resources. Due to the novelty of the product, production costs are high, leading to higher prices, which consumers are generally willing to pay for the innovative offering (Vernon, 1979); in the *growth stage*, the product gains acceptance, and demand increases; the company begins exporting to other advanced economies and scales up production to meet the growing international demand. Companies may also start setting up production facilities in foreign markets to reduce costs further and overcome trade barriers, marking the beginning of production outsourcing to other developed countries; in the *maturity and decline stage*, the product reaches its peak market penetration in developed countries, leading companies to focus on emerging markets in developing countries to sustain growth and profitability by concentrating on reducing costs (labor and production costs) in order to maintain profitability despite reduced prices. In other words, the International Product Life Cycle Theory explains the evolution from *globalization* to *glocalization*.

The concept of *glocalization* refers to the interplay between global and local dynamics. Although often mistakenly attributed to Zygmunt Bauman, the term was more rigorously explored by sociologist Roland Robertson in the early 1990s, who defined it as the process by which global corporations adapt products and marketing strategies to meet local cultural, economic, and social preferences. In essence, glocalization highlights the mutual interdependence of global and local forces, balancing worldwide integration with the preservation of local identities and preferences. Nowadays, it is clear the leading role played by emerging countries not only as customers, but also as sources of innovation (Hart and Christensen, 2002; Immelt et al., 2009; Mhlanga, 2021; Anand et al., 2021). More specifically, organizations in emerging economies have demonstrated remarkable innovation capacity, often driven by necessity and the need to overcome local challenges. These

companies take advantage of their deep understanding of local markets to develop cost-effective, efficient solutions that address specific needs. Consequently, the innovation flow is no longer *unidirectional* as it used to be during the globalization era, but is, in fact, *bidirectional* with innovations primarily generated in emerging countries and then utilized in advanced countries (Figure 1). The change in innovation flow has led to what has been conceptualized as reverse innovation (RI), referring to “the case where an innovation is adopted first in poor (emerging) countries before ‘trickling up’ to rich countries’ (Govindarajan and Ramamurti, 2011, p. 191). This approach challenges the traditional model of innovation, where new products and technologies are typically created in advanced economies and then distributed throughout the world, often with modifications to suit local needs in less developed regions.

Figure 1 – Innovation process



Source: Authors’ elaboration

Reverse Innovation (RI) emphasizes collaboration with local stakeholders, including customers, suppliers, and communities, to co-produce tailored solutions (Prahalad and Ramaswamy, 2004). In this regard, the concept of *co-production* refers to the active involvement of customers in the creation of core offerings, often through collaborative activities such as co-design, shared creativity, and joint production efforts (Payne et al., 2008) or, according to Valgo and colleagues, the process where customers and providers collectively contribute to the development and delivery of a product or service, fostering innovation and enhancing value (Valgo et al., 2008). Reverse

innovation, as a means of pursuit of coproduction, ‘plays a critical role in the creation of shared value (Porter and Kramer, 2011) between the consumer and the producer, and describe how the process has been facilitated by the proximity of local entrepreneurs with the end user’ (Annala et al., 2018: 111). More specifically, by engaging local actors, RI ensures that solutions are context-sensitive, empowering communities while driving inclusive development. This process not only addresses local challenges but also creates scalable innovations that can benefit global markets. The relevance of applying the coproduction framework to conceptualize reverse innovation becomes clear when innovation value is perceived as the “process of delivering benefits” to stakeholders (Vargo and Lusch, 2004: 6). Co-production emphasizes active collaboration between consumers, producers, and other stakeholders, which aligns with the goal of Reverse Innovation of addressing local needs by fostering shared contributions. By viewing innovation through this lens, the benefits of reverse innovation extend beyond simple product creation, focusing instead on mutual value generation and problem solving in a specific cultural or economic context.

Since its first introduction by Immelt, Govindarajan, and Trimble in 2009, RI has garnered significant attention from scholars and practitioners in diverse disciplines, offering solutions to various global business and social challenges. However, after initial scholarly attention, RI has fluctuated over the years with a relatively low number of publications. Most scholars have focused on understanding and delineating the concept, highlighting its significance for both firms and the potential it has in emerging markets, as well as its implications for developed markets (Janda et al., 2018; Borini et al., 2016; N. Xu and Y. Xu, 2016; Reinhardt et al., 2018). However, despite some progress being made in the conceptual development of RI, the related literature remains scant (Hadengue et al., 2017; Von Zedtwitz et al., 2015) and fragmented within specific disciplines such as health (Immelt et al., 2009; Govindarajan and Ramamurti 2018) and education (Hunter, 2016), and scholars still trying to establish an operationalizable definition (Malodia et al., 2019).

Furthermore, the limited evidence available renders the literature on *reverse innovation* largely anecdotal and inadequate in elucidating its underlying dimensions. Consequently, it becomes challenging to formulate a robust and reliable theory for practical application (Malodia et al., 2019; Furue and Washida, 2014). The existing literature does not include research on the intellectual structure on reverse innovation specifically aimed at developing co-production and value co-creation literature that could be empirically tested. While with respect to ‘frugal innovation’, several bibliometric analyzes have been performed (Dima et al., 2022; Tiwari and Kalogerakis, 2016;

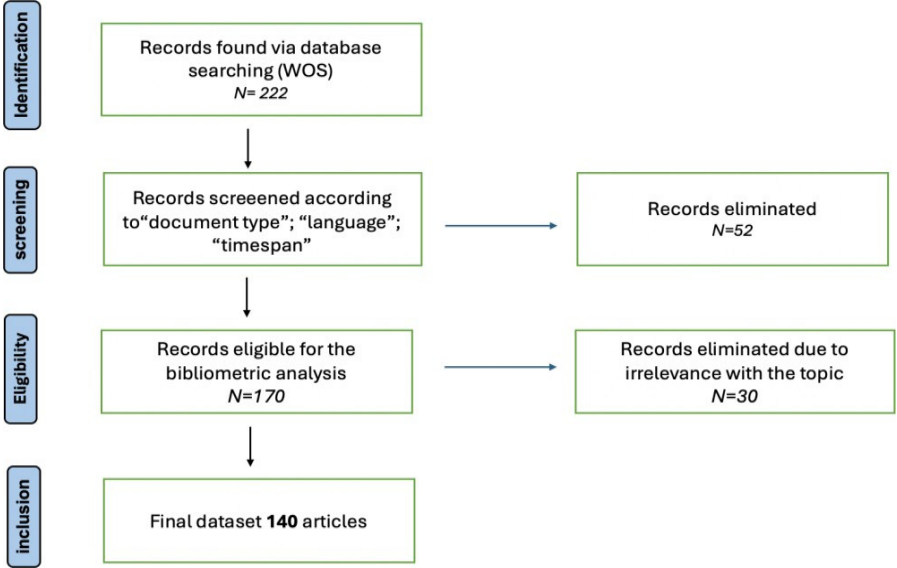
Dok-Yen et al., 2023), for RI only one bibliometric analysis has been conducted. More specifically, Tijhof and colleagues (2023) provide a network analysis only focusing on publications issued until 2019, leaving out some additional features of bibliometric investigation like, for instance, the thematic mapping analysis.

9.3. Research methodology

The cumulative nature of scientific knowledge is built on previous research publications, with each new work citing earlier studies. This creates intellectual links between past and present research. Various methods have been developed for this purpose, and bibliometric analysis is particularly effective in mapping knowledge and understanding scientific field structures (Daniels and Thistlethwaite, 2016). Bibliometric analysis is a research methodology used to evaluate and analyze scholarly publications within a specific field or discipline. It involves quantitative analysis of bibliographic data, such as citation counts, publication trends, authorship patterns, and journal impact factors, to gain insight into the structure, dynamics, and impact of scientific literature, therefore, enabling researchers to quickly understand the evolution and key insights within the literature (He et al., 2020). It also helps identify research trends, emerging topics, and influential work, guiding decision-making processes, strategic planning, and scholarly communication. This research follows the rigorous selection process based on PRISMA guidelines (Moher et al., 2009) using the following criteria: selection of publications issued between 2009 and 2024; restriction to final phase publications and limitation to document types (articles, reviews; book chapters); and limiting results to the only contributions written in English. A final sample of $N = 140$ academic contributions was obtained for bibliometric analysis (Figure 2).

The initial two steps of PRISMA, identification and screening, are outlined in Table 1. The first step involved identifying the keywords that were most appropriate to collect all relevant sources. The Web of Science database was selected, as it is known as the world's premier scientific citation search and analytical information platform (Li et al., 2018). Since this chapter aims to unravel the conceptual maze created around the concept of 'Reverse Innovation', only this term (reverse innov*) was used to search for academic contributions. The asterisk "*" was chosen to include all terms with the same root such as "innovation; innovative; innovating" and to avoid related concepts (i.e., trickle-up; good-enough; value cost; grassroots; and jugaad innovations et cetera).

Figure 2 – PRISMA flow chart



Source: Author’s elaboration

Table 1 – Database Selection Criteria

Step		Results
Database	Web of Science – full collection	
Keywords	(Reverse innov*)	222
Timeframe	2009 - 2024	222
Document type	Article or Review Article or Book Chapters	170
Language	English	170

Source: Author’s elaboration

By including additional filters for the time frame (2009-2024), document type (selecting peer- reviewed articles, review articles, and book chapters), and language (restricting the analysis to contributions written in English), the final sample comprises 170 eligible contributions. Bibliometric analysis, facilitated by the free bibliometric software package bibliometrix R (version 4.1.3) (Aria and Cuccurullo, 2017), was performed using the entire sample of 170 items. The third step of the review protocol (eligibility) involved reading the full abstract of each of the 170 papers included in the dataset. However, 30 contributions were excluded because they were irrelevant to the topic, but they were only originally included in the search, as they were partially related to the innovation process occurring in emerging economies,

leading to a final dataset of 140 academic contributions. The final step of the article selection (inclusion) incorporates a more qualitative approach, starting from the bibliometric input of thematic mapping analysis, which is based on the analysis of keywords attributed to the documents by the authors, leading to 12 clusters.

9.4. Results

9.4.1. Descriptive analysis

Before dealing with the novelty offered by this chapter (thematic analysis), a descriptive analysis of the final data set composed of 140 academic contributions is provided, considering four main units: journals; documents; authors; countries. Table 2 shows the main information related to the 140 contributions included in the data set.

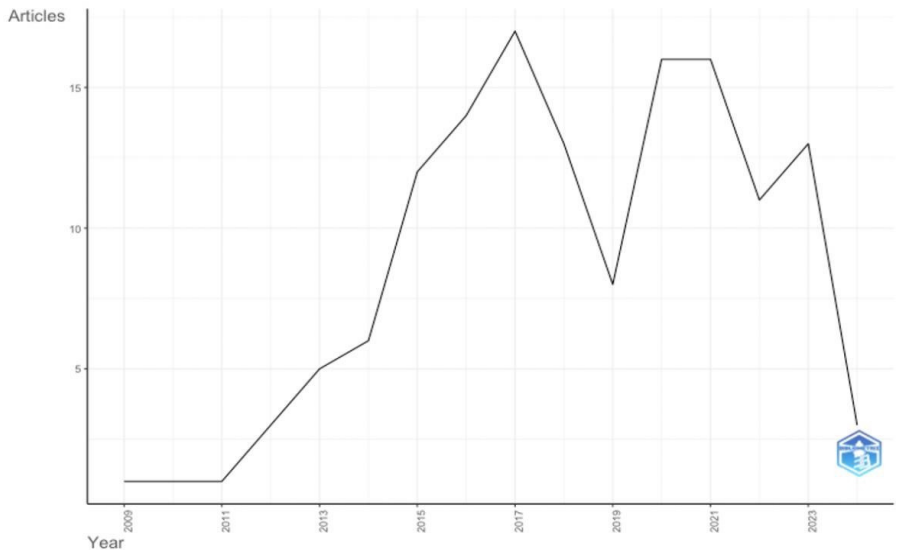
Table 2 – Dataset Overview of the data set

MAIN INFORMATION	UNIT	RESULTS
Timespan	Years	2009-2024
Sources (Journals, Books, etc.)	Number	74
Documents	Number	140
Annual Growth Rate	Percentage	7.6
Document Average Age	Years	5.69
Average citations per doc	Number	31.89
Total references	Number	6520
DOCUMENT CONTENTS		
Keywords Plus (attributed by Web of Science)	Number	379
Author's Keywords (attributed by the Authors)	Number	399
AUTHORS		
Authors	Number	366
Authors of single-authored docs	Number	21
Single-authored docs	Number	25
Co-Authors per Doc (Authors appearances/Documents)	Number	3.28
International co-authorships	Percentage	42.86
DOCUMENT TYPES		
article	Number	118
article; book chapter	Number	2
article; early access	Number	5
review	Number	15

Source: Author’s elaboration

The data set includes 140 academic contributions, spanning from 2009 to 2024, coming from 74 different sources with an annual growth rate of 7.6%. The documents show an average age of 5.69 years and an average of 31.89 citations each, totaling 6,520 references. The content features 379 Web of Science keywords and 399 author-attributed keywords. Authorship involves 366 authors, with 21 contributing single-authored works and an average of 3.28 co-authors per document. In particular, 42.86% of the publications involve international co-authorship. Document types comprise 118 articles, 2 combinations of article-book chapters, 5 early-access articles, and 15 reviews. Figure 3, shows the annual scientific production.

Figure 3 – Annual Scientific Production



Source: Author’s elaboration

The graph depicting the annual scientific production on reverse innovation from 2009 to 2024 shows an overall increasing trend with significant fluctuations. After the first introduction of the concept of reverse innovation in 2009 (Immelt et al., 2009), there was a minimal number of publications (one contribution each year) until 2012, then, there was a steady rise until 2017, peaking at over 15 articles in 2017 when the main debate took place. However, after 2017, the number of articles shows considerable variation, with notable declines and subsequent recoveries in production due to the academic confusion created around the concept of reverse innovation and its re-

lated terms, often used erroneously as synonyms. The years 2018, 2020, and 2022 showed sharp decreases in the number of publications, followed by brief increases. The year 2023 marked a significant drop in publications, indicating the lowest point since the early years of the dataset. Despite the search for articles in 2024 being interrupted in July (more than halfway through the year), only three articles were produced in 7 months, confirming the decrease in academic interest.

In terms of most prolific sources, seven of the top ten journals accounted for nearly 50% of the entire dataset. Three out of the main seven journals are management journals with the highest number of 7 articles (5%) published by *RandD Management*. However, Global and Health published the highest number of publications with 15 articles (> 10%). The health sector stands out as the field that has been investigated in the most comprehensive way in the RI literature. This focus is driven by the urgent need to address global health disparities and the potential for innovative healthcare solutions emerging from resource-constrained environments to be adapted and adopted in more developed countries. The second and third most productive journals on RI are, respectively, *RandD Management* with 7 articles, the *International Journal of Innovation Management*, and the *International Journal of Innovation Management*, both with 6 academic contributions (Table 3).

Table 3 – Most Productive Journals

Sources	Articles
GLOBALIZATION AND HEALTH	15 (10,7%)
R and D MANAGEMENT	7 (5%)
JOURNAL OF CLEANER PRODUCTION	6 (4,3%)
INTERNATIONAL JOURNAL OF INNOVATION MANAGEMENT	6 (4,3%)
INTERNATIONAL JOURNAL OF TECHNOLOGY MANAGEMENT	5 (3,6%)
SUSTAINABILITY	5 (3,6%)
TECHNOLOGY IN SOCIETY	5 (3,6%)
IEEE TRANSACTIONS ON ENGINEERING MANAGEMENT	3 (2,1%)
INTERNATIONAL JOURNAL OF EMERGING MARKETS	3 (2,1%)
JOURNAL OF THE ACADEMY OF MARKETING SCIENCE	3 (2,1%)
TECHNOLOGICAL FORECASTING AND SOCIAL CHANGE	3 (2,1%)

Source: Author’s elaboration

When examining the most productive authors in the field of RI, two key factors were analyzed: the number of articles published and the number of local citations, specifically citations within all contributions included in the dataset (Table 4). Only authors with at least three publications were considered.

Table 4 – Main Authors

Authors	N. of articles	Local citations
HOSSAIN	8 (5,7%)	70
BORINI	6 (4,3%)	17
HARRIS	6 (4,3%)	34
GASSMANN	5 (3,6%)	109
CHEN J.	4 (2,9%)	28
CORSI	4 (2,9%)	70
MACINKO	4 (2,9%)	27
WINTERHALTER	4 (2,9%)	76
AGARWAL	3 (2,1%)	23
BHATTI	3 (2,1%)	6
BREM	3 (2,1%)	24
DADWAL	3 (2,1%)	19
DI MININ	3 (2,1%)	32
GOVINDARAJAN	3 (2,1%)	147
KHAN	3 (2,1%)	20
OLIVEIRA	3 (2,1%)	17
SYED	3 (2,1%)	11
VON ZEDTWITZ	3 (2,1%)	47
ZESCHKY	3 (2,1%)	33

Source: Author’s elaboration

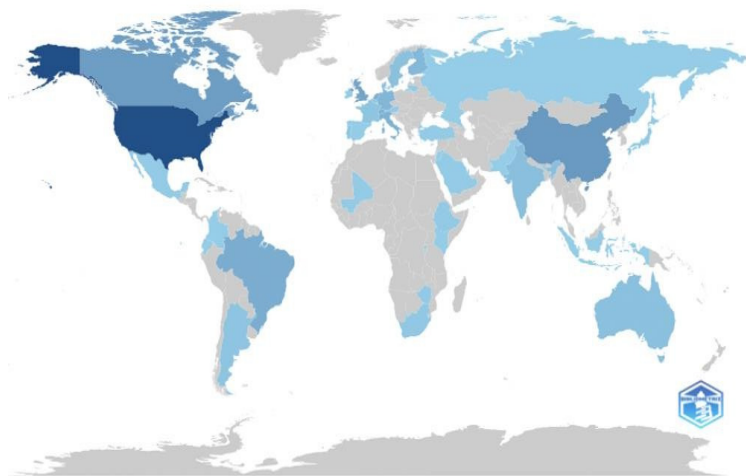
Interestingly, the most productive authors are not the ones with the highest local citations. For instance, Immelt, despite being a coauthor of the pioneering article on reverse innovation (Immelt et al., 2009), is not among the most productive authors. Govindarajan, although he registered the highest number of local citations (147), is also not the most prolific. The most productive author is Hossain, with eight publications and 70 local citations. Following him are Borini and Harris, each with 6 publications and a combined total of 51 local citations.

In addition to the scientific productivity of the author and the journal, the scientific production of the country is presented in Figure 4.

The map visualizes the global distribution of scientific production in the field of reverse innovation (RI), with countries shaded according to their contribution levels. The United States stands out as the most prolific contributor, followed by China (which is part of the BRICS economies group), as indicated by the darker shades of blue. Other significant contributors include countries in Europe, such as the United Kingdom and Germany, as well as India and Australia, while large areas, including Africa and parts of South America, show limited or no scientific output in this field. This pattern suggests a disparity in the global research landscape, with potential implications

for how RI practices are understood and implemented throughout the world. Therefore, more research is needed, especially in developing countries where research innovation is currently lacking.

Figure 4 – Scientific production of the country



Source: Author's elaboration

9.4.2. Thematic map analysis

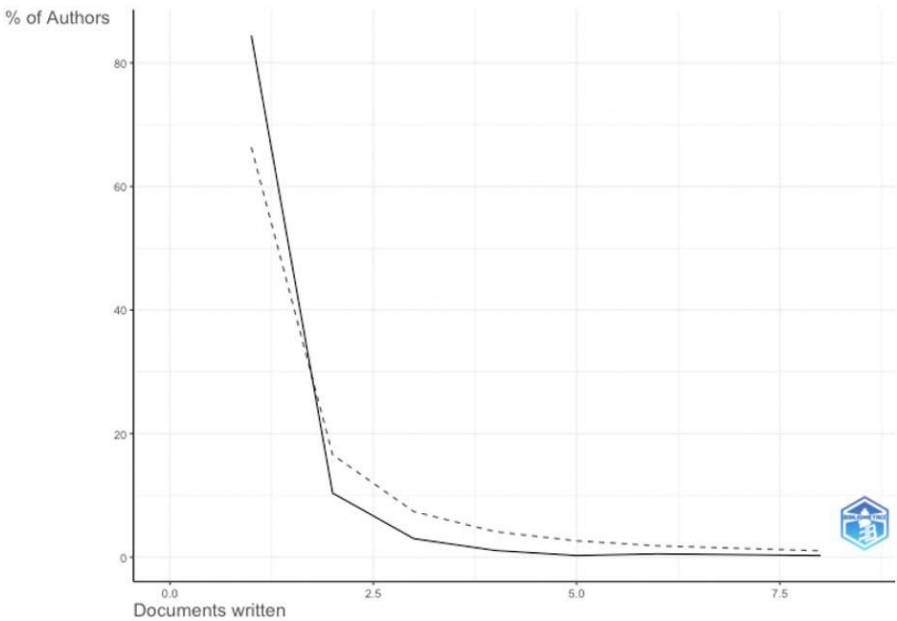
In addition to analyzing journal, author, and country scientific production, it is compelling to determine whether RI is a mature field or not. Therefore, the Lotka bibliometric law was used, as it provides information on the distribution of scientific contributions and the development stage of the field (Figure 5). Lotka's law illustrates the frequency of publication of authors within a specific area and timeframe, helping to identify the proportion of authors who have written about the topic sporadically versus those who have published extensively in the field (Pao, 1985). Therefore, mature fields, often fitting Lotka's distribution, indicate stable research activity and established expertise, while emerging fields may show a broader, less

concentrated distribution of contributions, highlighting the need for more exploration and support.

Regarding the data set analyzed, Figure 5 shows that a large majority of authors (more than 80% - 309 authors) have written only one or two documents, while very few authors have contributed more extensively, with the

curve dropping sharply after two documents. Based on the Lotka law graph, the academic field of RI appears to be relatively mature. This inference is drawn from the sharp decline in the percentage of authors after producing one or two documents, indicating a high level of participation and contribution by numerous authors, which is typical in more established fields. In solid research fields, a pattern often emerges where many authors contribute fewer publications, while a smaller group of highly prolific authors accounts for a significant share of the literature (e.g., 3 authors produced 10% of the articles in the analyzed dataset). RI fully shows this pattern, although it was only introduced in 2009.

Figure 5 – Author Productivity through Lotka’s Law

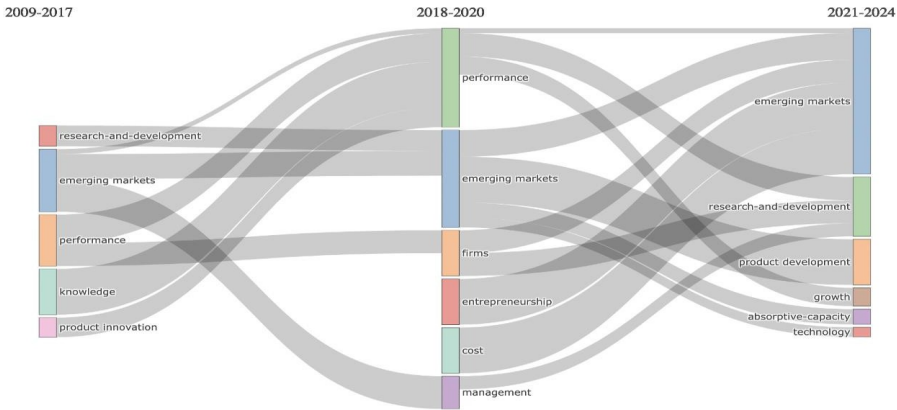


Source: Author’s elaboration

Additional information on how different and emerging trends and shifts in the reverse innovation literature have been evolved throughout the years (2009-2024) was provided, and a thematic evolution analysis was performed. More specifically, this type of analysis highlights relationships between different themes, revealing interconnections that foster a deeper understanding of the subject matter. It also guides future research by pinpointing gaps and opportunities and encouraging exploration in underexplored areas. In this chapter, the thematic analysis was based on keywords identified by the

authors in three time periods: 2009-2017; 2018-2020; 2021-2024 (Figure 6). The definition of the periods follows the “evolutionary turning point”, wherein temporal boundaries are established at points where significant conceptual shifts occur within a scientific domain (Cobo et al., 2012).

Figure 6 – Thematic Evolution



Source: Author’s elaboration

In the first time (2009-2017), the concept of reverse innovation was first developed and introduced to the academic world. Immelt and colleagues (2009) emphasized the increasing dominance of emerging economies (Harris et al., 2017) such as India and China, leading to the ‘flattening of the world’ (Govindarajan and Ramamurti, 2011: 191). The role of emerging markets in the reverse innovation literature has been increasing throughout the years as the cornerstone of this type of innovation.

In this first time frame, several similar concepts that offer different interpretations and connotations to the umbrella term of reverse innovation have been developed, such as frugal innovation, trickle-up innovation, and blow-back innovation. However, “these concepts have a common denominator: developing low-cost but good enough product, service, and business model for low-income customers in developing countries” (Hossain, 2017: 199). Among these terms, frugal innovation seems to be the most discussed and associated term with reverse innovation (Hossain, 2017; Khan, 2016; Hossain et al., 2016). It is, in fact, defined ‘as a product, service, or solution that emerges despite financial, human, technological, and other resource constraints, and where the final result is less pricey than competitive offerings

(if available) and that meets the needs of those customers who otherwise remain unserved' (Hossain et al., 2016: 133).

Although this term is often associated with reverse innovation, it may be considered as a driver of reverse innovation since it needs to take place in a developed market for the innovation flow to be completely reversal. In fact, several authors were tempted to distinguish the two concepts and, therefore, tried to unravel the conceptual maze created (Zeschky et al., 2014; Simula et al., 2015). In the first section, the authors emphasize how reverse innovation can foster organizational performance through research and development that leads to product innovations in the emerging market and then in developed countries.

In the second time slice (2018-2020), the theme of organizational performance through innovation is still recurrent, especially since multinational organizations have shown to be able to produce reverse innovation by investing resources in emerging markets with minimal resources to produce products able to resource-constrained customers (frugal innovation) and then modify the product to be commercialized in developed countries. An interesting example is offered by Agarwal et al. (2019) with the case study of a Danish multinational company operating through subsidiaries in China and India. The authors highlight the importance of setting product lines and local research and development teams directly within emerging countries willing to operate in. Strong collaboration between the headquarters company and the subsidiaries is required to achieve the full potential of the subsidiary that 'helped the team capture the voice of customers and discover/understand their needs' (Agarwal et al., 2019: 9). The authors also emphasized the importance of the role that company management plays in motivating, training, and supporting the sharing of knowledge and experience (Agarwal et al., 2019) between the company's headquarters and subsidiaries. Several other examples of reverse innovation, in this case not offered by a multinational company operating in emerging economies, but by a startup established in emerging economies (Gupat and Thomke, 2018) or a partnership between a company established in emerging countries and one in a developed country (Pandit et al., 2018).

In the third time slice (2019-2024), despite the fewer publications produced in this time compared to the other two, the same research themes still prevail, such as the leading role of emerging markets in the reversal flow of innovation. However, still much emphasis is placed on frugal innovation (Sarkar, 2022) and how it can ensure long-term sustainability outcomes (Hossain, 2021; Hossain et al., 2022; Levanen et al., 2022; De Marchi et al., 2022). An interesting aspect is underscored by Su and colleagues (2022),

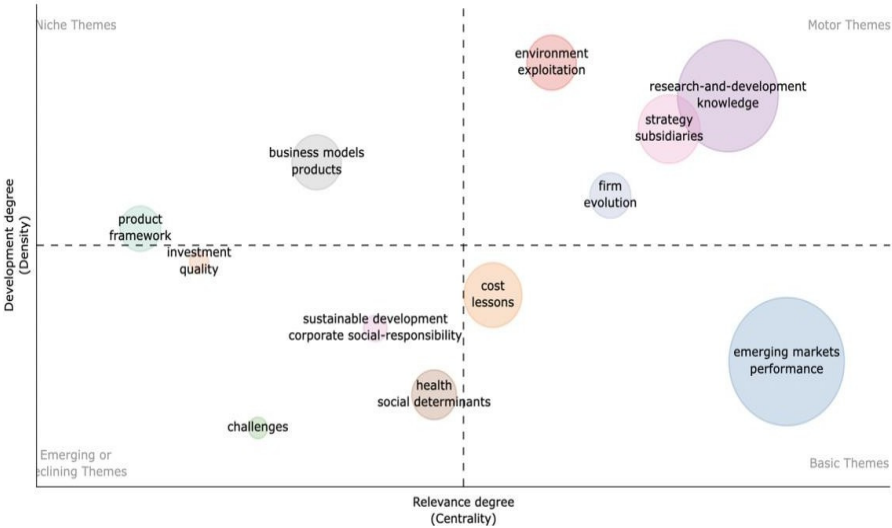
who investigate the power of company headquarters on subsidiaries and on their ability to innovate. In fact, if headquarters are highly motivated to acquire and learn innovation knowledge from their subsidiaries, they actively engage in the subsidiary innovation acquisition process (Ciabuschi et al., 2011; Gupta and Govindarajan, 2000).

For the last part of the thematic mapping, Callon's bibliometric indicator was used². It revealed several meaningful insights which serve as a foundation for the qualitative review discussed subsequently (Callon et al., 1991). As Figure 7 shows, of the 140 academic contributions included in the data set, 12 clusters were identified and grouped into 4 main quadrants. The size of the bubbles of each cluster is proportional to the occurrences of the words in the groups, and the bubble labels are words with higher occurrence values. Clusters with high density and high centrality are termed *motor themes*, indicating well-developed and pivotal topics that are strongly interconnected with other themes. Those with high density but low centrality have not yet developed isolated or *niche themes*. Clusters with low density and low centrality are classified as *emerging or declining themes*. Finally, themes with low density but high centrality are considered *basic themes* that address broad issues that intersect various research areas within a domain (Yu and Yan, 2021).

Each macro-theme represents an autonomous research approach to the topic and were defined as follows: research and development knowledge; strategy subsidiaries; environment exploitation; firm evolution; emerging markets performance; cost lessons; business model products; product framework; investment quality; sustainable development; corporate social responsibility; health social determinants; challenges. Table 5 summarizes for each macrotheme its *status* in the field based on Callon's indicators. Clusters were unified to create a macro-theme, and the main connected references. The next section provides an in-depth examination of each macro-theme.

² Callon's indicator assesses how specialized or general a research field/topic is based on citation patterns and co-occurrence of keywords or concepts in a dataset of publications. It includes two main dimensions: density and centrality. The former measures the intensity of interactions within a particular group (e.g., keywords). A high density suggests that the group is cohesive and internally focused. The latter measures the extent to which a group is connected to other groups or the broader network. A high centrality indicates a group's importance or relevance to other fields or areas of study. The calculation involves constructing matrices of relationships (e.g., co-occurrences of keywords) and analyzing their properties.

Figure 7 – Thematic Clusters



Source: Author’s elaboration

Table 5 – Main themes

Typology (based on Callon's indicators)	Clusters unified	CLUSTERS	Main References
MOTOR	Research and development knowledge; strategy subsidiaries; environment exploitation; firm evolution	Research-and-development knowledge	Harris et al., 2016; Hashmi et al., 2023; Hossain, 2017, 2018; 2021; 2021; Knorringa et al., 2016; Klarin, 2019; Mortazavi, 2021; Sharmelly, 2018; Gupta and Thomke, 2018; Nogami et al., 2018; Franz, 2021; Crupi, 2021; Borini et al., 2012; Govindarajan, 2011; Hou e Li, 2023; Alshammari and Mir, 2021; Von et al., 2015; 2018; Huang and Li, 2019; Hadengue et al., 2017; Li et al., 2013; Agarwal et al., 2017; 2020; Corsi and Minin, 2014; Cai et al., 2019; Chittoor and Aulakh, 2015; Malodia et al., 2020; Brem and Nylund, 2021; D'Angelo and Magnusson 2021; Luo, 2016; Willoughby and Mullina, 2021; Thakur-Wernez and Bosse, 2023; Plum et al., 2020; Kunamaneni, 2019; Soberg and Waehrens, 2019; Huo, 2018; Cortonesi et al., 2019; Morris et al., 2023; Roth et al., 2024; Wei et al., 2023; Bolliver and Luiz, 2021; Le Bas, 2016; Su et al., 2021; Zeschky et al., 2014; Altmann and Engberg, 2016; Asakawa et al., 2019; Piscitello and Thakur-Wernz, 2023; Ashta and Mor, 2022; Montoya and Cervantes, 2022; Ma and Xu ,2023.
		Strategy subsidiaries	Sharmelly and Ray, 2018; Tarraco et al., 2019; Zhu et al., 2017; Von et al., 2015; D'Angelo and Magnusson, 2021; Willoughby and Mullina, 2021; Kunamaneni, 2019; Le Bas, 2016; Borini et al., 2016; Su et al., 2021; Ivarsson and Alvstam, 2017; Su et al., 2022; Zeschky et al., 2014; Hussler et al., 2020; Montoya and Cervantes, 2022.
		Firm evolution	Shankar and Narang, 2020; Borini et al., 2012; Brem and Nylund, 2021; Cortonesi et al., 2019; Morris et al., 2023; De Bollivier and Luiz, 2021; Zeschky et al., 2014; Hussler et al., 2020; Ashta and Mor, 2022.

		<i>Environment exploitation</i>	Ferdausy and Rahman, 2009; Sharmelly and Ray, 2021; Zhu et al., 2017; Crupi, 2021; Liu, 2019; Asakawa et al., 2019; Piscitello and Thakur-Warnez, 2023; Kabadurmus, 2021; Montoya and Cervantes, 2022.
BASIC	Emerging markets performance; cost lessons	<i>Emerging markets</i>	Sarkar and Mateus, 2022; Dudakli et al., 2022; Tijhof et al., 2023; Khan and Melkas, 2020; Stevenson, 2014; Zeschky et al., 2016; Khan, 2016; Hossain et al., 2016; Harris et al., 2020; Von et al., 2022; Levänen et al., 2022; Sarkar and Mateus, 2023; Hyypiä and Khan, 2017; Hashmi et al., 2018; Rosca et al., 2017; Hossain, 2018; Winterhalter et al., 2016; Yapa and Bärnighausen, 2017; Knorrington et al., 2016; Harris et al., 2018; Winterhalter et al., 2020; Pandit et al., 2019; Shankar and Narang, 2021; Klarin, 2018; Mortazavi et al., 2020; Sharmelly and Ray, 2015; 2020; Santos et al., 2021; Simula et al., 2014; Corsi et al., 2016; Gian-netti and Rubera, 2021.
		<i>Cost lessons</i>	Shan and Khan, 2019; Chen et al., 2018; Tarraço et al., 2016; Gupta and Thomke, 2018; Xu and Xu, 2020; Nogami et al., 2016; Chen et al., 2020; De Waal, 2022; Neumann et al., 2015; De Marchi et al., 2022; Van De Vijver et al., 2017; Hossain et al., 2013; Mazieri et al., 2021; Shankar and Hanson, 2023; Franz, 2017; Al-refaie et al., 2021; Zhu et al., 2019; Crupi, 2022; Liu, 2017; Borini et al., 2023; Farrer et al., 2018; Ogbolu et al., 2022; Harris et al., 2017; Hou and Li, 2023; Pisoni et al., 2018; Prabhu, 2017; Luiz et al., 2021; Nogami and Veloso, 2021; Alshammari and Mir, 2021; Von et al., 2015; Malodia et al., 2020; Brem and Nylund, 2021; Roth et al., 2024; Hossain, 2017; 2021; Montoya and Cervantes, 2022; Agarwal et al., 2017.
			Shankar et al., 2021; Borini et al., 2012; Brem and Nylund, 2021; Cortonesi et al., 2019; Morris et al., 2023; De Bollivier and Luiz, 2021; Zeschky et al., 2014; Hussler et al., 2020; Ashta and Mor, 2022.
NICHE	Business model products; product framework	<i>Business models products</i>	Sarkar and Mateus, 2022; Dudakli et al., 2022; Tijhof et al., 2023; Prabhu, 2017; D'Angelo and Magnusson, 2021; Hu, 2018; Hossain, 2020; 2021; Zeschky et al., 2014; Rossetto et al., 2023.
		<i>Product framework</i>	Knorrington et al., 2016; Pisoni et al., 2018; Prabhu, 2017; Luiz et al., 2021; Nogami and Veloso, 2021; Alshammari and Mir, 2021; Altmann and Engberg, 2016; Kabadurmus, 2021.
DECLINING OR EMERGING	Product framework; investment quality; sustainable development; corporate social responsibility; health social determinants; challenges	<i>Investment quality</i>	Govindarajan and Ramamurti, 2011; Harris et al., 2017; Hou and Li, 2023; Von et al., 2015. Lavanen et al., 2022; Luiz et al., 2021; Chen et al., 2024; Agarwal et al., 2017; Kabadurmus, 2021.
		<i>Sustainability development (CSR)</i>	Immelt et al., 2009; Harris et al., 2015; 2016; 2017; Farrer et al., 2015; Binagwaho et al., 2013; Kulasabanathan et al., 2017; Ogbolu et al., 2022; Jack et al., 2024; Plum et al., 2020; Crump et al., 2021.
		<i>Health Challenges</i>	Khan and Melkas, 2020; Stevenson, 2015; Khan, 2016; Hossain, 2017; Crump, 2021.

9.4.3. Motor themes

The motor themes are located in the upper right quadrant and include “re-search and development” and “knowledge”. These main clusters are well developed and highly relevant, indicating strong connections with other clusters

such as ‘strategy subsidiaries’, ‘environment exploitation’, and ‘firm evolution’. Starting by defining reverse innovation ‘as clean slate, technologically advanced supervalued products created to meet the unique needs of relevant segments, initially adopted in emerging markets followed by developed countries’ (Malodia et al., 2020: 1010), it is undeniable that it serves as both a strategic approach to internationalizing innovation for enterprises in developed economies and a crucial method for businesses in developing countries to achieve rapid advancements in their innovation capabilities (Wei et al., 2023).

Reverse innovation significantly affects research and development (RandD) capabilities. By focusing on creating solutions for developing markets, companies are often compelled to adopt more resource-efficient and user-centric approaches, also defined as frugal innovation phenomenon (Hossain, 2017). This concept is often confused with similar terms (ie cost, good enough, base of the pyramid, inclusive, grassroots, disruptive, jugaad) that have one factor in common, “developing a low-cost but good enough product, service, and business model for low-income customers in developing countries. However, the reverse innovation concept goes a step further” (Hossain, 2017: 199). Only a few innovations become reverse innovations since they must be subsequently introduced into developed markets (Malodia et al., 2020; Huang and Li, 2019). An additional aspect regards what type of company can foster reverse innovation and, therefore, increase their performance. Multinational companies that operate in emerging markets through their local research and development units can adapt products ‘to meet the needs or requirements of local customers’ (Morris et al., 2023: 421) or directly companies established in emerging economies, manufacturing products for both resource-constrained customers and for customers living in developed countries (Roth et al., 2024). The growing number of companies established by people born in emerging economies stems from the ‘growing availability of top-tier students from emerging economies who have returned to their home countries after graduating from the best universities in the developed world’ (Luo, 2015: 33). These entrepreneurs show knowledge, cultural competencies, language proficiency, and professional skills acquired in the West to excel as global talent.

Lastly, the environmental exploitation cluster is included in the motor themes. Multinational corporations initially entered emerging economies primarily to exploit available resources (Ferdausy and Rahaman, 2009). These regions often offered abundant natural resources, lower labor costs and favorable regulatory environments, allowing these companies to reduce production costs and maximize profits by operating on a global scale and, therefore, benefitting from economies of scales (Liu, 2019). However, negative en-

vironmental consequences have also been identified such as pollution control (Levänen et al., 2016); greener technologies (Gandenberger et al., 2020); waste reduction, greater recycling and value creation from waste (Albert, 2019; Bas, 2020); excessive use of local resources (Hossain et al., 2021).

9.4.4. Basic themes

The basic themes found in the lower right quadrant are ‘emerging market performance’ and ‘cost lesson’. These themes are fundamental and serve as foundational concepts of the reverse innovation literature. Emerging economies are continually growing in importance within the global economy, where innovation takes on an international dimension (Corsi and Di Minin, 2014), and it is no longer considered a prerogative of developed countries (Shankar and Hanson, 2015; Chen et al., 2020). In other words, ‘The Silk Road’, which historically links the East with the West, has facilitated trade and knowledge exchange that has spurred innovations for centuries. However, as the economic center shifted over the centuries, the Silk Road declined, leading to reduced and more one-sided knowledge flows (Chen et al., 2021). The reversal of the innovation flow is due to the ability of emerging economies to develop products, services, processes or business models (Hossain, 2018) that address extreme resource constraints and offer solutions with a cost advantage (Hossain et al., 2021). Shankar and Hanson highlight how the rapid growth of the middle class in countries such as China, India, and Brazil is driving the demand for affordable and locally relevant innovations. In particular, the authors emphasize the role of frugal innovation, developing low-cost products and services that meet the needs of resource-constrained consumers, in reshaping the innovation architecture of these firms, thus allowing them to stay competitive and relevant in a dynamically shifting global market landscape (Shankar and Hanson, 2013). The ability to innovate with a lower extent of resources has been learned by multinational companies aiming at penetrating emerging markets. However, this ability has been implemented through local growth units whose resources (especial humans) are locally recruited rather than sent from developed countries. The result of the cost-cutting learning process is the so-called ‘cost innovation’, which is not reverse innovation, since ‘cost innovations are solutions that offer functionalities similar to Western products at lower costs for resource-constrained customers’ (Zeschky et al., 2014: 23).

Therefore, to be defined as reverse innovations, these innovative products, produced in emerging economies, must also be marketed in developed

countries (Hashmi et al., 2023). More specifically, emerging-economy enterprises (EMNEs) leverage their deep understanding of local market demands and cultural nuances, enabling them to capitalize on reverse knowledge and innovation flows. This local embeddedness allows EMNEs to innovate in ways that are uniquely suited to their markets, often creating solutions that are more affordable and efficient. These innovations, born from the necessity to overcome resource constraints, position EMNEs as first movers capable of exporting these innovations to developed markets, thus reversing the traditional flow of innovation from developed to developing economies (Hashmi et al., 2023). In doing so, EMNEs not only improve their performance, but also contribute to a more balanced global innovation landscape where innovation ability is no longer a privilege of multinationals from developed countries.

In conclusion, ‘emerging market performance’ and ‘cost lessons’ are considered the basic themes in the reverse innovation literature, as they highlight how innovations are no longer the sole domain of developed countries, as emerging economies are now capable of creating cost-effective solutions under resource constraints to increase their performance. Therefore, EMNEs leverage local market insights to reverse the traditional innovation flow, exporting innovations back to developed markets, and promoting a more balanced global innovation landscape. On the contrary, the production of low-cost products is no longer exclusive to organizations in emerging economies, as companies in developed economies (DENEs) have also learnt to innovate under resource constraints.

9.4.5. *Niche themes*

The niche themes are found in the upper left quadrant and are, respectively, ‘business model innovation’ and ‘product framework’. These themes are well-developed, but isolated. Regarding the first cluster, Hu highlighted that organizations willing to operate in emerging markets need to develop ‘new business models that would also have the potential to make firms more competitive in the long run, as the knowledge accumulated in these countries may be transferable to the development of new business models in developed markets’ (Hu, 2018: 698). As Hossain pointed out, ‘affordable products and services are essential to meet the needs of underserved customers, but developing sustainable business models is also important to effectively serve these customers’ (Hossain, 2021: 1). Therefore, using the same *modus operandi* employed in developed economies would prove unsuccessful because

emerging countries are characterized by different economic, productive, and cultural landscapes. On the other hand, these markets should be considered an opportunity to innovate their practices (Hu 2018). Regarding the ‘product framework’ cluster, reverse innovation is highly attractive for multinational corporations (MNCs) as it offers a new path for sustained competitive advantage. It allows MNCs to tap into the innovative technical and design processes emerging in developing countries, access expanding and sizeable customer bases in developing markets, and potentially repatriate these innovations to developed markets or distribute them on a global scale.

This approach not only opens new market opportunities but also fosters a dynamic flow of knowledge and innovation, benefiting both emerging and developed economies (Tijhof et al., 2023). However, despite these potential benefits, MNCs face several challenges in implementing RIs, such as the need to take risks and modify organizational structures and cultures, which could even result in the cannibalization of existing products. Overall, the framework of a reverse innovation is that of a cost-effective solution, developed under resource constraints, to create affordable and acceptable goods for customers who cannot afford conventional equivalents (Hossain, 2021). In other words, reverse innovation is ‘fundamentally built on frugal product innovation, which in turn is a market rather than a technological innovation’ (Zeschky et al., 2014: 266). In general, when companies, whether operating in emerging or developed markets, decide to pursue reverse innovation, they must first prioritize addressing the needs of consumers in developing countries. This involves creating products that are affordable, accessible, and suitable for the resource-constrained environments of these markets. Only after successfully meeting the demands of these consumers should companies focus on adapting these innovations to suit the preferences and expectations of consumers in developed, industrialized nations. This two- step approach ensures that innovations are relevant and valuable in diverse market contexts, leveraging the unique challenges of developing markets to create globally competitive products.

9.4.6. Declining or emerging topics

Emerging or declining themes, located in the lower left quadrant, such as ‘health’, ‘challenges’, ‘social responsibility’, which are emerging or losing traction, indicate areas of potential growth or decline in relevance. The first cluster is related to the healthcare sector where reverse innovation was first implemented and introduced in the literature. In fact, in 2009 Immelt, Go-

vindarajan and Trimble described General Electric's (GE) strategic move toward embracing reverse innovation to maintain its competitive edge (Immelt et al., 2009). GE, traditionally known for its technological advances in developed markets, is now focusing on innovations that originate in emerging markets. This shift was particularly significant in the healthcare sector, where GE has been developing affordable, high-quality medical devices that are designed for resource-constrained environments. More generally, reverse innovation is critically important to the health sector, as it allows the development of medical technologies and solutions that are affordable and effective and address the unique challenges faced by emerging markets. An additional example of reverse innovation grounded in value co-creation is represented by the Aravind Eye Care System (AECS) developed in India by Dr. G. Venkataswamy (Dr. V) to fulfill the mission of combating avoidable blindness. By actively engaging medical staff, patients, and local communities, Dr. V co-developed a highly efficient and affordable cataract surgery process, modeled on assembly-line principles (Manikutty, 2010). More specifically, recognizing that cataracts account for the majority of blindness cases, AECS strategically focused its efforts on cataract surgery. This procedure was highly suitable for standardization and subsequently an innovative two-bed surgical system was developed, which allowed a single surgeon to alternate between two operating tables. This approach allowed AECS to achieve a significantly higher productivity rate – approximately 25 surgeries per doctor per day, in contrast to the typical 5-6 surgeries observed in other hospitals. The efficiency of this model not only improved surgical performance, but also allowed AECS to offer procedures at a highly competitive cost, facilitating the provision of free or heavily subsidized surgeries for nearly 60% of its patients. This collaborative approach allowed the delivery of high-quality eye care at a fraction of the cost typically found in Western systems (Kumar 2013). The success of the model led to its adoption by several hospitals in high-income countries seeking cost-effective surgical solutions. Beyond operational efficiency, Dr. V significantly reduced preventable blindness and expanded access to care for underserved populations, thus contributing to more inclusive and equitable health outcomes (Manikutty and Vohra, 2004).

Overall, the importance of nurturing the ability to learn lessons from emerging countries is highlighted by Kulasabanathan and colleagues who propose the 'international health partnership' (IHP) to learn about emerging countries and, above all, to promote reverse innovations (Kulasabanathan et al., 2015). However, their findings revealed that only one IHP led to the development of Reverse Innovation. Ogbolu and colleagues claim that challenges and resistance to reverse innovation arise from biases, skepticism, and

cultural concern that often leads to a prejudiced view that innovations from developing countries lack sophistication or applicability in advanced markets (Ogbolu et al., 2022). Similarly, Harris et al. claim that even though innovation diffusion in healthcare is not linear, differences between low- and high-income countries can hinder straight ‘transferring or trying to transfer evidence from low-income countries’ (Harris et al., 2015: 6). Despite the increasing number of examples of reverse innovation in human health (Kulasabanathan et al., 2017; Johnson et al., 2013; Biganwa et al., 2013) and animal health (Crump et al. 2021), ‘the flow of innovations in the opposite direction is still nascent in healthcare’ (Plum et al., 2020: 225). However, the adoption of reverse innovation in healthcare care faces challenges, including resistance due to biases and skepticism about innovations from developing countries, all leading to the decrease in academic contributions and making it a declining theme. Scholars and professionals should make more efforts to allow the reverse innovation approach to not only enhance the global reach of healthcare solutions. An additional cluster identified as an emerging theme is the sustainability of reverse innovation, more specifically how organizations can create sustainable reverse innovation. The economic growth experienced by emerging economies is driving higher consumption levels, which in turn exacerbates global sustainability issues like biodiversity loss and climate change (Levanen et al., 2022). Frugal innovation, as a prerequisite for reverse innovation, has emerged as a strategic approach for businesses to also address societal sustainability challenges while maintaining profitability (Levanen et al., 2022; Radjou and Prabhu, 2014). By focusing on efficiency and accessibility, companies can meet the needs of underserved markets while contributing to the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations. However, ‘this development is forcing scholars and practitioners to rethink the role of companies as social change makers’ (Levanen et al., 2022: 1).

The literature offers other example of RI, outside the health sector. For instance, Tata Nano is a notable example of reverse innovation. It was developed by Tata Motors as the world’s most affordable car for the Indian market. More specifically, as designed through frugal engineering principles such as simplified design, lightweight materials, and minimal features, Tata Nano targeted low-income consumers in India. However, the innovation process influenced western automotive firms to adopt similar cost-efficient strategies, demonstrating how solutions developed in emerging markets can inform product development in advanced economies (Govindarajan and Trimble, 2012; Zeschky et al., 2011).

9.5. Discussion and conclusions

In the last few decades, global economy has witnessed a radical change in the traditional top-down flow of innovation, which had typically involved industrialized countries manufacturing innovative products to be then adapted to needs and customers living in the *bottom of the pyramid* (Prahalad and Lieberthal, 1998). This innovation approach, known as *glocalization* (Robertson, 1995), has been implemented by multinational corporations for decades as markets in developed countries are restlessly becoming mature and saturated. In fact, emerging markets hold the largest untapped purchasing power in the world (Govindarajan and Trimble, 2012). However, in addition to the cost-cutting strategy, multinational corporations began to see emerging countries as prolific manufacturers due to the excellent activities performed by local world-class engineers. Consequently, the global production hub has shifted or converged toward emerging countries, in particular the BRICS economies that have registered growth rates higher than those of the most advanced economies (O'Neill, 2021). This new bidirectional innovation process (developed-developing countries), known as *reverse innovation (RI)*, is often confused with similar concepts such as trickle-up, frugal, good enough, value, cost, grassroots, and jugaad innovations (Prahalad 2004; Bhatti et al., 2018; Jayaprakash et al., 2022).

Central to the reverse innovation process is the active participation of consumers, producers, and other stakeholders in the co-production of products and/or services (Prahalad and Ramaswamy, 2004) or in the co-design, shared creativity, and joint production efforts (Payne et al., 2008). This approach fosters innovation, creates shared value, and empowers communities by producing context-specific solutions since the nexus of value creation has shifted from a unilateral, firm-centric paradigm to the dynamic interface between firms and consumers (Prahalad and Ramaswamy, 2004). In this reconceptualization, value is not merely produced by the firm but emerges through reciprocal, co-creative interactions in which customers and firms jointly engage (Payne et al., 2008; Voorberg et al., 2015).

Furthermore, RI facilitates inclusive development and generates scalable innovations that can benefit global markets by leveraging the close interaction between local entrepreneurs and end users to better understand local needs (Annala et al., 2018).

The existing literature shows that the concept of reverse innovation is often misunderstood, resulting in conceptual ambiguity about its meaning and the factors that drive it. Overall, since its first academic exploration in 2009 by Immelt et al., RI stimulated a weak academic interest mainly due to the

coining of similar concepts that blurred the conceptualization of reverse innovation, therefore, hindering its academic development. However, after 2012 the academic production started to steadily increase until 2017 when the academic debate about RI started progressively weakening again, leading to the erroneous usage of similar terms and a low *per capita* academic production within a stable academic field.

Thematic map analysis revealed that the potential drivers of reverse innovation are rooted in four main themes. Motor *themes* including ‘research and development’ and ‘knowledge’ highlight the importance of leveraging local insights to create cost-effective solutions for resource-constrained environments first, which will be later adapted for developed markets. This first cluster can be summarized as ‘knowledge exchange’ between MNCs and EMNEs as a driver of RI and, therefore, a co-creation of value. Emerging economies have broadly demonstrated to be able to operate and provide innovative solutions in the face of scarcity of resources (Shankar and Narang, 2021; Hussler et al., 2020) or what Radjou and colleagues (2012) define as *doing more with less*. The capacity to achieve cost efficiency by making smart use of limited resources is in clear contrast to the flawed ‘bigger is better’ approach. Therefore, developed countries can learn cost lessons from resource-constrained countries to be able to use resources in the most effective manner to produce goods or services, reducing waste, and maximizing value. This second group (including the *basic themes*) can be identified as ‘cost efficiency’. This change not only enhances EMNE performance but also promotes a more balanced global innovation landscape (Hashmi et al., 2023). Consequently, innovation under resource constraints is no longer exclusive to emerging economies, as developed economies have also adopted these practices, learning cost lessons from emerging countries.

The third group, including *niche themes* such as the innovation of business models and the product framework, suggests that MNCs need to think and create new business models to penetrate emerging markets by harnessing innovative processes from developing countries, expanding customer base, and potentially returning these innovations to developed markets (Tijhof et al., 2023; Prabhu, 2017; Rossetto et al., 2023). The adoption of this new business model demands that “reverse innovators” think and act with flexibility, including maintaining an open-minded approach, transforming existing products and services, and, crucially, employing unrestricted innovation processes. This enables them to rapidly adapt to unforeseen changes in the fast-paced global economy. This group can be reviewed as the ‘flexibility’ required to implement reverse innovation (Radjou et al., 2012).

The fourth group, including the so-called *declining or emerging themes* such as ‘health’, ‘challenges’ and ‘social responsibility’, indicating areas of potential growth or decline in relevance and, therefore, where to concentrate academic research. The healthcare sector was the starting point for reverse innovation (Immelt et al., 2009; Harris et al., 2015, 2016, 2017).

The adoption of reverse innovation in healthcare encounters significant challenges, primarily stemming from resistance driven by biases and skepticism regarding innovations originating from developing countries. These perceptions often undermine the credibility and acceptance of such innovations, resulting in reduced academic engagement and contributions, ultimately positioning it as a declining area of interest. Therefore, more research should be done to increase the broad knowledge about RI in different sectors and to prove that it can be considered a sustainable strategy to address challenges (Crump 2021; Khan, 2016) such as the resource-constraint situation of customers living in both developing and developed countries. Reverse innovators should view challenging conditions as a catalyst for innovation, using them as an opportunity to turn diversity into value for both themselves and their communities (Radjou et al., 2012). This group can be defined as ‘opportunity seeking’, highlighting the ability to reinterpret adversity as a driver of innovation and growth, it is essential for any organization to produce on a larger scale and create value for all stakeholders involved in the reverse innovation process. RI drivers (knowledge exchange; cost-efficiency; flexibility; opportunity seeking) can be implemented by focusing on localized RandD, developing cost-effective and innovative solutions for underserved markets, and leveraging insights from emerging economies. Multinational corporations can create affordable, high-value products, adapt them to developed markets, and implement resource-efficient practices to improve global competitiveness and sustainability. Innovative business models such as, for example, microfinancing could effectively support market entry while promoting inclusive growth and a balanced global innovation landscape.

Reverse innovation can be used as a powerful approach for co-producing innovative products and services, benefiting both multinational organizations and local organizations situated in emerging economies. By engaging in collaborative processes, organizations leverage the strengths and expertise of multiple stakeholders to address specific market needs and challenges by co-producing innovative solutions. This reversal flow of innovation fosters co-creation of value for all stakeholders, including customers, suppliers, and communities, by promoting shared ownership, enhancing accessibility, and addressing unique regional challenges. Ultimately, reverse innovation builds in-

clusive partnerships, drives sustainable development, and generates solutions that resonate globally while delivering tangible benefits at the local level.

This perspective redefines value not as a unilateral output of firm-led activities but as a dynamic outcome of collaborative engagement between multiple stakeholders, particularly customers (Payne et al., 2008). Within this evolving paradigm, reverse innovation, where innovations originate in emerging markets and are subsequently adapted for developed economies, plays a critical role in enabling value co-creation. By incorporating user knowledge, contextual insights, and local problem solving from underserved markets, reverse innovation facilitates a bottom-up approach to innovation that directly involves customers and communities in the value creation process (Govindarajan and Ramamurti, 2011; Immelt et al., 2009). This inclusive model enhances mutual learning and responsiveness, reinforcing the co-creative dynamic and broadening the scope of innovation beyond traditional market boundaries (Voorberg et al., 2015). Consequently, reverse innovation serves not only as a mechanism for addressing global market disparities but also as a strategic enabler of co-created innovation outcomes.

This study has several limitations. First, it exclusively utilizes the Web of Science database, which may lead to the exclusion of pertinent articles available in other databases. Future research could benefit from incorporating additional sources such as Scopus or JSTOR and different types of contribution such as books and conference proceedings (e.g., research papers, case studies, presentations) to provide a more comprehensive overview. Second, the selection of parameters for visualizing the bibliometric data was subjective, potentially impacting the precision of the resulting maps. Furthermore, the analysis may be limited by the lack of empirically tested RI contributions, which could provide deeper insights into the context and impact of the research on reverse innovation. Future studies should aim to address these limitations by integrating multiple databases and incorporating empirical analyses to enhance the robustness and depth of bibliometric evaluations. More specifically, to advance the understanding of reverse innovation as a form of value co-creation, future research should consider employing configurational approaches like, for instance, Qualitative Comparative Analysis (Ragin, 1987) which enables the identification of multiple, equifinal combinations of conditions that contribute to successful co-creative innovation outcomes across diverse contexts. By examining how various contextual, organizational, and relational factors interact, QCA might uncover nuanced causal pathways that traditional linear models may overlook. Furthermore, future studies should address the current methodological limitations by integrating data from multiple bibliometric databases. Such efforts would enhance the

rigor, depth, and generalizability of findings, providing a more comprehensive evaluation of the dynamics underpinning reverse innovation and its co-creative potential.

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10

ENHANCING VALUE CREATION IN INNER AREAS THROUGH DYNAMIC PERFORMANCE GOVERNANCE

Noemi Grippi, Francesco Gennusa**

10.1. Introduction

Inner areas are contexts with rich and diverse cultural heritage and environmental assets (e.g., high-quality agricultural products, natural landscapes, archeological & historical settlements, museums, etc.) but distinct from urban settings because of their low population density and distance from key welfare services like healthcare, education, and transportation (Ottomano et al., 2022) (Ros. Such contexts face numerous challenges (e.g., depopulation, urban decay, aging population, limited job opportunities, outmigration, etc.) that worsen the existing constraints and limitations in their respective environments. These problems have a negative impact on the economic dynamism of these areas, leading to a decrease in public service provisions, external investments, and the overall quality of life and attractiveness of the area (Almeida, 2018). Such problems, referred to as “wicked problems” by Rittel and Webber (1973), have a feedback loop that worsens the already declining conditions of the socioeconomic, cultural, and ecological systems. These exhibit a growing blurriness, stemming from the complex structure of the relationships across different governance levels, making the policy agenda difficult to plan. Addressing such problems requires, on the one side, a long-term perspective that identifies the underlying causes and considers the broader systemic context to produce lasting change, and, on the other, adopting innovative modes of planning (Ansell and Torfing, 2014) to foster public value creation (Osborne, 2021). In this perspective, by adopting ef-

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fective policies, public sector organizations (PSOs) have the potential to profoundly shape society's path.

Based on this, we posit the following. To address the above-mentioned challenges, it is crucial to involve different stakeholders (PSOs, businesses, and civil society) in co-planning, co-designing, co-producing, and co-evaluating holistic policy solutions (Bovaird, 2007) and to manage public programs or assets (Ansell and Gash, 2008) (p. 2).

By collaborating – through formal and informal dialogue – stakeholders jointly create rules and structures guiding their interactions and deliberations, involving shared norms and mutually beneficial interrelationships (Madden, 2015; Thomson et al., 2009; Wood and Gray, 1991) so as to leverage and foster tangible and intangible shared strategic resources (e.g., time, skills, knowledge, values, contacts, etc.) (Bianchi, 2021, 2022).

Such collaboration also implies the need for performance management and governance systems able from the one side to capture the intrinsic dynamic complexity characterizing inner areas and the related wicked problems affecting such contexts, and from the other, to support stakeholders in collaborative initiatives to foster consistency across an organizational, interorganizational and context perspective of sustainable value creation. This requires a suitable method able to cut across different and interconnected viewpoints, i.e., time horizon, accountability, and field (Bianchi and Grippi, 2024).

In this contribution, it will be highlighted that such collaborative initiatives necessitate strong performance management and governance approaches for framing critical strategic resources, drivers, outputs, and outcomes. In line with this, the chapter aims to illustrate how the Dynamic Performance Governance approach (DPG) (Bianchi, 2016, 2021, 2022; Bianchi and Vignieri, 2020; Vignieri, 2022) may effectively enhance collaboration through stakeholder learning, thereby facilitating the creation of public value in inner areas. It will be emphasized how, building on three bodies of knowledge i.e., system dynamics, performance management, and collaborative governance, DPG is able to support the design of performance management and governance systems that help frame trade-offs in time and space (Bianchi and Williams, 2015; Bianchi et al., 2019), so to deal with the intrinsic dynamic complexity of wicked problems affecting inner areas.

In our view, stakeholders could benefit from systems modeling and cause-and-effect models as tools for capturing public value drivers, outputs, and both intermediate and final outcomes, therefore contributing to a discussion on public value creation in collaborative settings.

In line with this, this chapter addresses the following research questions: (1) How can DPG play a role in creating public value in inner areas? (2) Why

can DPG be a methodological guidance to foster stakeholder collaboration?
(3) What role could DPG play in fostering inner areas resilience?

To make these questions the thrust of this chapter, we will first frame, in Section 2, inner areas as dynamic and complex systems experiencing a set of interrelated wicked problems and then will delve into how collaboration among different stakeholders could be a powerful tool to deal with the inner areas dynamic complexity and create sustainable value creation. Section 3 will present the Dynamic Performance Governance approach as a suitable method that may help stakeholders create a shared understanding of the feedback structure behind inner areas dynamic complexity. In line with this, the Sicani mountain example will be presented in sub-section 3.1. to better capture the functioning of the proposed method. Section 4, will, then, highlight the benefits of adopting such an approach in the investigated domain. Concluding remarks, implications, and future research are provided at the end of the chapter.

The overall goal of the chapter is to propose an approach that integrates performance management with collaboration through systems thinking to tackle the dynamic complexity of inner areas. In doing so, it aims to fill the gap by introducing the DPG approach as a novel contribution to the discourse on inner areas. It recognizes inner areas as complex ecosystems with interdependent actors whose interactions in co-experiencing and co-producing public services contribute to creating public value (Strokosch and Osborne, 2020). The originality of this chapter lies in proposing the DPG framework to operationalize these principles in the context of inner areas. By combining system dynamics, collaborative governance, and performance management, the DPG approach provides a framework for coordinating stakeholder efforts to solve the dynamic complexity of wicked problems. It emphasizes how a place-based perspective can improve governance system design by facilitating stakeholder learning, framing trade-offs over time and space, and promoting long-term public value creation.

10.2. Dealing with inner areas dynamic complexity through collaboration

Inner areas can be identified as social systems where different actors interact with each other and pursue their own goals (Vignieri, 2022). The interplay among diverse stakeholders, encompassing PSOs, community-based organizations, businesses, and non-profit organizations, influences their respective values, actions, goals, and delays in perceived and reported infor-

mation, as well as variation between the actual and the desired stakeholders' conditions. Such changes drive stakeholders to change their behavior according to the actions undertaken by other stakeholders (Vignieri, 2022). However, stakeholders' actions or other changes in specific governance spheres may have ripple effects across the entire system, resulting in non-linear and frequently unforeseeable results due to the existing delays between the underlying cause-and-effect relationships shaping such systems (Vignieri, 2019, 2022). This can help elucidate the underlying reasons influencing the complexity of managing inner area performance governance as well as address the wicked problems (e.g., demographic decline, lack of economic dynamism, limited public services, social and digital isolation, and unemployment) challenging such contexts. Indeed, inner areas are susceptible to many changes and transformations that may impact their dynamics when viewed through socio-economic lenses. Economic globalization, for instance, has increased the interdependence of the local and global economies, making local communities more vulnerable to changes and competitiveness. The wickedness of such problems requires the horizontal involvement of different organizations (e.g., PSOs, private sector organizations, civil society, and other stakeholders) in designing and implementing collaborative initiatives cutting across different policy fields (Vignieri, 2019, 2022). The quality of institutions and the ability of local governments to formulate and implement effective policies can have a significant impact on the aptitude of local communities to overcome challenges, develop new opportunities, and enhance public value creation thereby fostering place resilience (Vignieri and Grippi, 2024).

Inner areas resilience, as remarked by Ottomano Palmisano and colleagues (2022) is “intended as the capacity of social, economic, and environmental systems to cope with changes, both foreseeable trends and unexpected events or disturbances, by responding and reorganizing themselves in ways that maintain their essential function and identity” (Ottomano Palmisano et al., 2022; Knickel et al., 2018) (p. 2).

Inner areas can be conceived as complex, dynamic, and self-organizing ecosystems where organic, natural, and human components both self-organize, adapt, and shape the physical components of such contexts as infrastructure. The non-linear interaction among living and non-living components, whether top-down or bottom-up, gives rise to complex and dynamic patterns that may manifest as networks (Chen et al., 2023; Vignieri, 2022).

The interactions between a complex system's constituent parts determine its behavior, which can result in intricate and unexpected patterns of behavior. The extensive feedback loops, delays, and nonlinear connections make such systems difficult to understand and describe using traditional methods

when faced with such dynamic complexity (Morecroft and Sterman, 2000; Morecroft, 2015). Indeed, such methods may run the risk of a myopic view stemming from the sectoral, static, and input-focused approach to performance measurement. It has been proposed that such methods should be supported by comprehensive conceptual frameworks underlying an integrated and holistic perspective (Ferreira and Otley, 2009).

To address such challenges and needs, new modes of planning and policy innovation (Ansell and Torfing, 2014) are required. Policymakers should consider the pluralistic nature of modern society when public values and private interests collide (Spicer, 2010). Hence, PSOs should balance diversified interests, seek democratic legitimacy, and reconcile value controversy (Cui and Osborne, 2018) by being catalysts, implementers, and orchestrators (Crosby et al., 2017; Rajala et al., 2018, 2020; Peters, 2010) of innovation. In this sense, PSOs can play a catalytic role due to their authority (Crosby and Bryson, 2010) and should act as “local entrepreneurs” (Rhodes, 2017) (p. 84) to foster stakeholder consensus in the policy agenda. To carry out such a role there is the need to foster boundary spanning leadership (Igalla et al., 2021; Satheesh et al., 2022) i.e., “the mechanisms and processes by which policy actors in the public, private, and non-profit sectors transcend organizational and institutional silos in pursuit of public value co-creation” (Conteh and Harding, 2023: 107). This shifts the focus from an organizational perspective to an entrepreneurial spirit devoted to fostering public value creation (Bianchi and Grippi, 2024). Such an interorganizational perspective requires integrative public leadership, which brings different groups and organizations together across sector boundaries to tackle wicked problems and achieve the common good (Crosby and Bryson, 2010).

It is essential for innovative performance governance to foster holistic and pervasive efforts in policymaking aimed at enhancing policy design and consistent implementation to affect an inner area’s attractiveness and quality of life (Bouckaert and Halligan, 2007). Through the implementation of policy network governance mechanisms, a PSO can involve multiple community stakeholders in the coordination of a strategic learning initiative. Developing “robust” policies based on an outcome-oriented perspective is made possible through the learning process (Bianchi et al., 2019). This could entail cooperative efforts between various stakeholders that include co-design, co-production, and co-assessment of policies to build community resilience and promote sustainable socioeconomic growth (Bovaird, 2007; Torfing and Ansell, 2017). Involving all the stakeholders in this process enables a holistic understanding of wicked problems (Crosby et al., 2017). This collaboration may also lead to the creation of public value since “value is created by identifying

and exploiting new ways of approaching or representing problems, of combining skills and resources in crafting new solutions, assessing and sharing risks, coordinating actions, or building joint ownership” (Ansell and Torfing, 2014: 229-230).

In this perspective, the value creation concept should be considered as a collaborative and co-evolutionary process, rather than a linear function, that involves networking with partners, allies, suppliers, and customers to share knowledge, resources, and activities. In line with this, the value creation process “is supported or constrained within complex and dynamic ecosystems where multiple actors (e.g. policymakers, organizations from across sectors, activists, communities, and service users) plan, design, deliver and consume public service, and accrue value, through various, nested layers of interactions” (Strokosch and Osborne, 2020: 431). The collaboration among such actors forms “value constellations” that work together to co-produce value (Romero and Molina, 2011). This implies that all these actors, bound by common interests and geographical or social ties (Wenger et al., 2011), act as active value co-creators through the co-experience and the co-construction of public services (Strokosch and Osborne, 2020).

Hence, collaboration among stakeholders is essential for the achievement of shared goals and values, including social inclusion, quality of life, and inner area attractiveness. Such collaborative settings need to be properly framed in terms of public value creation and performance factors to be effective over a longer time horizon.

However, even when collaborative initiatives are carefully planned and implemented, such initiatives may result in failure (Bianchi, 2021, 2022; Bianchi et al., 2019) due to several reasons, such as divergent goals, lack of resources, lack of leadership or coordination, resistance to change, lack of monitoring and evaluation, and environmental or external constraints. These are often associated with the variety of parties engaged and the lack of appropriate models or techniques to handle disagreements, encourage a strategic learning process among the parties concerned, establish confidence and consensus, and foster a common shared view (Bianchi, 2022), to create community outcomes. The community level is a crucial aspect of the value creation process as value creation should look at the overall community and the place itself. In this sense, as highlighted by Sancino (2016) the community level should be regarded as a macro-level of analysis since it includes personal outcomes (micro level) and single organization and network outcomes (meso level). This facilitates the identification of divergent interests and resistance at various levels, which undermines the potential to achieve community outcomes and, consequently, to create public value.

In this sense, to frame the inherent dynamic complexity and enable the identification of such outcome levels there is the need for performance management methods that can “practice for understanding organizational reality [...] and systems designed to account for that reality” (Roberts and Scapens, 1985: 444). This is the domain of Dynamic Performance Governance (Bianchi, 2021, 2022, 2023; Bianchi and Vignieri, 2020; Bianchi and Grippi, 2024), as illustrated in the next section.

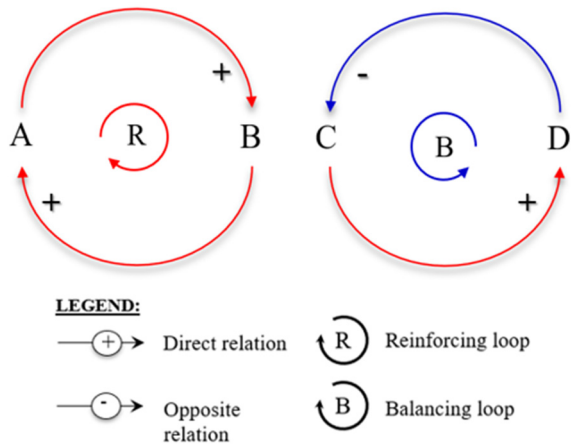
10.3. Dynamic performance governance

DPG fosters a “shift of mind” from a static to a dynamic view by adopting stock-and-flow and feedback modeling (Sterman, 2000), used in System Dynamics (SD), – portrayed in Figure 1 and Figure 2 respectively – and applying them to performance management and governance, thereby contributing to increasing the quality of performance reporting, accountability, governance, and policy development (Bianchi et al., 2019; Xavier and Bianchi, 2020). Such qualitative and ‘lean’ modeling approach (Bianchi et al., 2018; Bianchi, 2016, 2021, 2022; Vignieri, 2022) contributes to fostering a descriptive and causal perspective in policy analysis. Such causal analysis is based on reinforcing and balancing loops and is portrayed through causal loop diagrams that depict the investigated system structure and related behavior over time. Feedback loop diagrams have a polarity which is portrayed through a symbol located in its center and is detected by multiplying all the signs of the arrows linking the variables in a loop. More in detail, while a positive polarity indicates a reinforcing loop (“R”) and defines a self-reinforcing process, a negative one indicates a balancing loop (“B”) and represents a goal-seeking behavior (Sterman, 2000; Peters and Bianchi, 2023).

Stock-and-flow modeling (shown in Figure 2) is a powerful technique used in SD to analyze the accumulation and deployment of tangible and intangible strategic resources within a system over time. Quantities or levels that accumulate over time (e.g., the population in a city) are referred to as “stocks”. “Flows” refer to the rates at which these quantities change, such as the birth and death rates of a given population. This technique is particularly useful for analyzing complex systems, as it helps to uncover how different components of a system interact, leading to a deeper understanding of cause-and-effect relationships. Additionally, it is helpful in forecasting and scenario planning, enabling the simulation of temporal changes and forecasting future behavior in different circumstances. In policy design and evaluation, stock-and-flow modeling is frequently

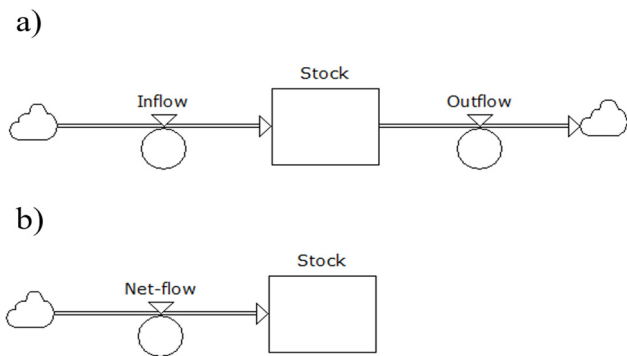
used to analyze the long-term effects of various interventions and to develop effective strategies (Sterman, 2000: 191-193).

Figure 1 – Causal loop diagram showing the cause-and-effect relationships among different variables



Source: adapted from Sterman, 2000. Created by using Powersim Studio

Figure 2 – Illustrations of stock-and-flow structure

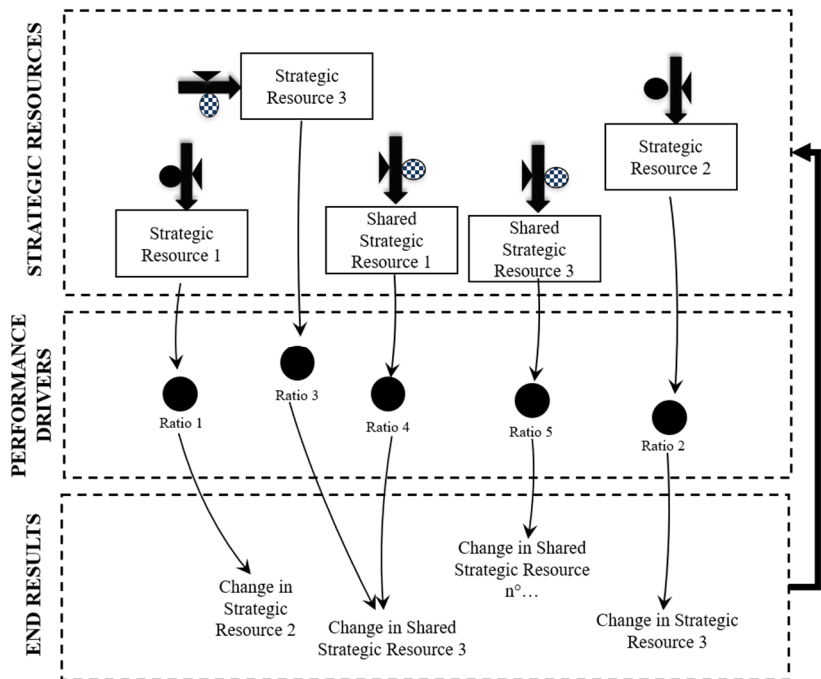


Source: adapted from Sterman, 2000. Generated using Powersim Studio

The DPG approach, by combining the above-mentioned techniques, focuses on promoting stakeholder learning by proving the sustainability of policies through three interconnected layers (Bianchi, 2021, 2022, 2023; Bianchi et al., 2019), i.e., strategic resources, performance drivers, and end results.

The first layer shows the main shared strategic resources (i.e., resilient state measures), a range of tangible and intangible assets that are available to various stakeholders within a specific context and are represented as stocks. These assets can include natural resources, cultural heritage, reputation, expertise, leadership, trust, population, and quality of life (Bianchi, 2023). The level of these assets fluctuates over time due to several reasons, such as the implementation of network governance policies. Stakeholders play a crucial role in influencing community outcomes by effectively utilizing both organizational and shared strategic resources. Within the end-results layer, DPG detects different levels of intermediate outcomes that significantly impact the final outcomes (Bianchi, 2023). For example, the attractiveness of an inner area can be influenced by various factors that measure specific resources that contribute to its attractiveness. These resources may include a skilled workforce, infrastructure, parks, and services for residents and businesses. End results are gauged through flows accumulating into stocks of strategic resources. By deploying such resources, stakeholder policies may affect performance drivers over time. Performance drivers, or transition process measures, the other layer of the DPG chart, are critical success factors and “leading” indicators of future performance (Otley, 2012: 252) that contribute to achieving community outcomes. To effectively address the impact of discontinuity on performance, policymakers must consistently monitor and identify early signs of change and continuously adjust performance measures. Hence, recognizing and tracking performance drivers may indicate the necessity of implementing adjustments by expanding the examined system boundaries – which involves engaging additional stakeholders in policy analysis – to the originally implemented policies so as to mitigate the arising possible adverse effects. This forms the foundation of a feed-forward mechanism that would enhance strategic planning and control in interorganizational settings (Chen et al., 2023). Performance drivers are evaluated by comparing a strategic resource endowment to a benchmark using ratios (Bianchi, 2023). Figure 3 below shows the structure of a general DPG chart, which includes the three layers mentioned above (i.e., strategic resources, performance drivers, and end results) (Bianchi and Grippi, 2024).

Figure 3 – Dynamic Performance Governance Chart Structure



Source: Bianchi (2022: 338). Adapted from Bianchi (2016: 73)

The DPG framework takes a unique approach to performance governance by shifting from the traditional “inside-out” perspective to an “outside-in” point of view (Bianchi, 2016, 2021, 2022, 2023; Bianchi and Vignieri, 2020). Instead of designing policies based on the individual organization’s perspective, this methodology emphasizes the importance of considering the local area as a whole (Bianchi, 2022). This allows stakeholders to develop collaborative policies that generate collective strategic resources at the societal level, thereby improving organizational performance and fostering public value creation.

10.4. Applying the DPG approach to inner areas’ performance governance

DPG triggers an open discussion of the complex dynamics characterizing inner areas and stakeholder collaboration. This improves a continuous dialogue and promotes a shared understanding of the system, providing a strong

foundation for developing effective policies and gaining insights from how they are implemented.

Such an approach also supports the design of performance management systems by enhancing trade-off analysis in time and space through the detection of performance delays. The first involves weighing the impacts of policies in the near term versus the distant future. The second implies assessing the effects of policies on one subsystem compared to another subsystem (Bianchi and Williams, 2015; Bianchi, 2022).

DPG, furthermore, helps to improve boundary spanning (Craven et al., 2018) in inner areas through early identification of a lack of performance sustainability and policy resistance as these contexts have fluid and open boundaries that are not limited to institutional or administrative clusters. This occurs when policy actions result in feedback from the environment that undermines the policy and sometimes even worsens the initial problem (Ghafarzadegan et al., 2011: 24).

For example, regional governments may choose to decrease funding allocated for educational and healthcare services in response to the declining population in inner areas. Although this may temporarily stabilize the regional budget, it would ultimately have a negative impact on the quality of life in these areas. This will exacerbate the decline of essential local infrastructure and services, potentially leading to a further migration of residents from inner areas.

This approach also promotes consistency in policy analysis by considering both the inside-out and outside-in views with the goal of achieving holistic and sustainable public value.

Adopting such a holistic and in-depth approach to inner area policy design, implementation, and evaluation may contribute to framing and dealing with the dynamic complexity underlying inner areas' wicked problems by improving the efficiency and effectiveness of public service delivery to individuals, groups, and organizations through stakeholders' engagement and collaboration. In this perspective, policy design and implementation are first about the inner area as a whole, rather than a single organization. This enables stakeholders to design collaborative policies that both create shared strategic resources (common goods) at the community level and strengthen performance at the agency level, to foster quality of life and place attractiveness (Bianchi, 2022). Such an outside-in view carried out by the DPG approach fosters accountability in cross-sector collaboration (Bryson et al., 2006) and enhances trust and consensus among networked and external stakeholders. In this perspective, DPG by encouraging collaboration among stakeholders and fostering trust among them through facilitated learning, promotes the

development of a cohesive community that extends beyond mere compliance with laws and regulations. A community thrives when its citizens are actively involved and contribute to its growth and value creation. The concept refers to a widespread sense of belonging to a group, as felt by individuals in a specific community (Bianchi, 2021, 2022). This sense of belonging is marked by more than just being physically close, following rules, or fulfilling legal obligations. It is also defined by shared objectives, values, and cultural practices. The mentioned condition establishes a moral basis for the practice of civic commitment and loyalty (Cooper et al., 2006; Cooper and Gulick, 1984). The challenge of community lies in the need for ongoing commitment and active involvement. Successfully managing the process of learning together, supporting one another, building upon ideas, creating shared resources, and fostering a supportive learning environment necessitates a significant investment of time and commitment, which require an increasing demand for sustainable and inclusive development (Wenger et al., 2011). Indeed, as communities grapple with complex social, economic, and environmental challenges, the ability to draw upon shared values and resources becomes increasingly critical. Community value serves as a catalyst for collective action, enabling communities to mobilize resources, address common problems, and pursue long-term goals that reflect the aspirations and needs of their members.

By prioritizing the goal of enhancing active citizenship, it positively impacts on societal quality of life. Without active citizenship, collaborative efforts among PSOs, private organizations, individuals, and groups (including volunteers) may not be able to be sustained in the long run. Ansell and Gash (2008) have highlighted the importance of involving the private sector and civil society in policy development and implementation to achieve sustainable community outcomes. Active participation is, therefore, crucial to gather and utilize a wide array of ideas, skills, experiences, capabilities, contacts, and energies that can effectively tackle complex social issues, enhance the appeal of local areas, and improve the overall quality of life (Bianchi, 2021). The DPG approach, through its “outside-in” perspective, can also be useful for evaluating sustainable performance outcomes in relation to the three layers mentioned above. Considerations such as time horizon (short vs. long term), field (social, competitive, and financial), and object (organizations vs. local area) have been explored in various studies (Bianchi, 2016, 2021, 2022; Xavier and Bianchi, 2020). From this perspective, policies that strive to achieve sustainable outcomes must consider both social and competitive aspects while also achieving financial balance.

Such an approach, by cascading community goals at the departmental level and through the continuous monitoring of outputs and outcomes through performance drivers is able to implement a control process that is based on both a feedback mechanisms while maintaining a feedforward logic (Otley, 1999) which implies that problems or opportunities arising from the implementation of policies at the organizational level can contribute to the identification of possible adjustments at the community level. Such feedback and feedforward logic embedded in the DPG approach fosters a strategic performance dialogue between stakeholders at both organizational, interorganizational, and context levels (Bianchi, 2022). For instance, counteracting inner area depopulation requires that municipalities coordinate their policy efforts through collaboration with different stakeholders. A small town in the inner part of Sicily, to counteract such depopulation phenomenon, has enacted a series of interventions aimed at leveraging inert strategic resources, i.e., abandoned housing in the historic center, to counteract the loss of place attractiveness and low quality of life (Ferreri, 2021). Such interventions were aimed at attracting external funding to refurbish such housing so as to attract new residents and possibly attract tourists and reverse the current trend of the inner area. Such interventions cannot be sustained in the long term without consensus and collaboration among the stakeholders in the area.

The illustrated example shows how an outside-in view embedded in an outcome-based performance management & governance approach may enhance the ability to deal with wicked problems embeddedness. This implies that through stakeholders' collaboration, it is possible to balance inner area financial equilibrium, competitiveness, and social inclusion (Bianchi, 2022), thereby contributing to the creation of holistic and sustainable public and community values. The ability of local area stakeholders to achieve such balance may lead to smart growth and sustainable community and organizational outcomes (Bianchi, 2021, 2022; Bianchi et al., 2019).

Thus, the DPG approach has the potential to effectively address the intricate nature of local area performance and improve collaborative governance regimes that focus on developing shared resources and public benefits.

10.4.1. Pursuing value creation by identifying inner area dynamic complexity through DPG: The Sicani Mountains example

The “Sicani Mountains Inner Area” is an example of a region in Sicily that is currently experiencing several wicked issues undermining the resilience of the place leading to public value destruction processes.

Box 1. The Sicani Mountain inner area example.

The Monti Sicani area is located between Palermo and Agrigento in Sicily (Italy) and is distinguished by its biodiversity, cultural richness, and natural beauty. The 18 municipalities of the Monti Sicani are characterized as non-coastal, hilly, or mountainous centers, each with an average population of fewer than 7,000 inhabitants, with a total population of 54,969 as of 2019 (Lino et al., 2022).

Despite its beauty, the Monti Sicani area faces significant challenges. The region is witnessing a significant decline in population attributable to factors such as outmigration, a low birth rate, and an aging population. This trend poses challenges in maintaining essential services for the resident population, including healthcare and educational systems, thereby further diminishing the quality of life in the area. Moreover, the infrastructure system exhibits significant deficiencies that adversely affect both internal connectivity and the links with adjacent areas. Furthermore, there exist concerns regarding hydrogeological instability and the degradation of natural and environmental heritage, which arise from inadequate management, protection, and enhancement of protected areas, landscapes, forests, and trails. Ultimately, these issues result in considerable abandonment and neglect of historic centers, which further diminishes the area's attractiveness (Badami, 2019; Pidalà, 2023; *Strategia Area Interna Sicani*, 2020).

The existing interconnections among these problems pose a risk of generating vicious cycles that adversely impact various dimensions of social and economic life. Beginning with depopulation, which encompasses the most dynamic segments, there will be a deterioration of the socioeconomic fabric and a gradual reduction in the utilized agricultural area, leading to subsequent degradation of landscapes and historic centers. The provision of personal services, encompassing offerings from both private and local public organizations, is anticipated to experience a gradual decline due to diminishing economic viability. This trend is likely to yield adverse consequences for individuals who remain in the area (*Strategia Area Interna Sicani*, 2020).

Ongoing efforts to counteract depopulation are represented by local projects to promote ecotourism and organic farming. Others seek to establish "smart villages", which connect rural communities and increase their appeal to remote workers through the use of technology. However, to make rural living more viable and alluring, significant transformation necessitates a holistic approach that incorporates infrastructure upgrades, financial incentives, and educational opportunities.

Based on the Monti Sicani example, Figure 4 shows valuable insights into how DPG can help stakeholders to frame the cause-and-effect relationships behind wicked problems and provide methodological guidance to foster collaboration and public value creation.

Figure 4 shows how the stock of "Resident Population" impacts the outcome of "Change in Infrastructure and Services" through the performance driver "Population Ratio", which gauges the information on the population present in the area compared to a specific target and the in the past years, and, together with the stock "Public Sector Organizations", the ratio "Allo-

cated Budget for Infrastructure & Services Ratio” which shows the percentage of allocated budget to infrastructure and services for the area compared to others. These causal relationships show the effect that population trends may have on the infrastructure and services pressure and the willingness of public sector organizations at local, regional, and national levels to allocate specific budgets for implementing infrastructure and services in the area. The stock of infrastructure and services can be divided into four stocks, each displaying the different crucial services serving the area, i.e., mobility, healthcare, education, and essential private services. These stocks affect two main outcomes, i.e., “Change in Urban Decay” and “Change in Quality of Life”. This causal relationship shows the effect that low infrastructure and services in the area have on urban decay and residents’ quality of life. There is a strong connection between urban decay and quality of life and inner area attractiveness as this may lead to the relocation of businesses from decaying areas, leading to higher unemployment rates. This connection is portrayed by the stock “Urban Decay” which impacts the outcomes of “Change in quality of life” and “Change in inner area attractiveness” through the performance driver “Urban decay ratio” which compares the level of decay in the area to other areas.

Moving forward in the DPG in Fig. 4 the stock of “Inner area Attractiveness”, through the driver “Attractiveness Ratio” impact on two outcomes, namely “Change in Business Population” and “Change in Resident Population”. The presence of fewer businesses in the area results in diminished job opportunities, which subsequently contributes to a decline in the resident population, as individuals may opt to relocate to another city or region in search of employment. The stock of “Business Population” also impacts the outcome of “Change in Soil Abandonment”, this relationship specifically illustrates the tendency of agricultural business owners to abandon their land as a reaction to diminishing revenue streams and profitability. When agricultural enterprises encounter persistent financial difficulties, it is more probable that business owners will exit the sector, resulting in a decline in active cultivation and exacerbating the issue of soil abandonment. The soil abandonment leads to an increase in the hydrogeological instability of the area gauged through the performance driver “Soil Degradation Ratio” which indicates the degree and speed at which soil quality deteriorates as a result of various factors, including erosion, nutrient depletion, salinization, and compaction. The higher the ratio, the faster the deterioration of soil health, resulting in decreased crop yields, diminished profitability, and a reduction in land value. This measure is essential as it illustrates the influence on the hydrogeological stability of the area, which further decreases the quality of life in the area.

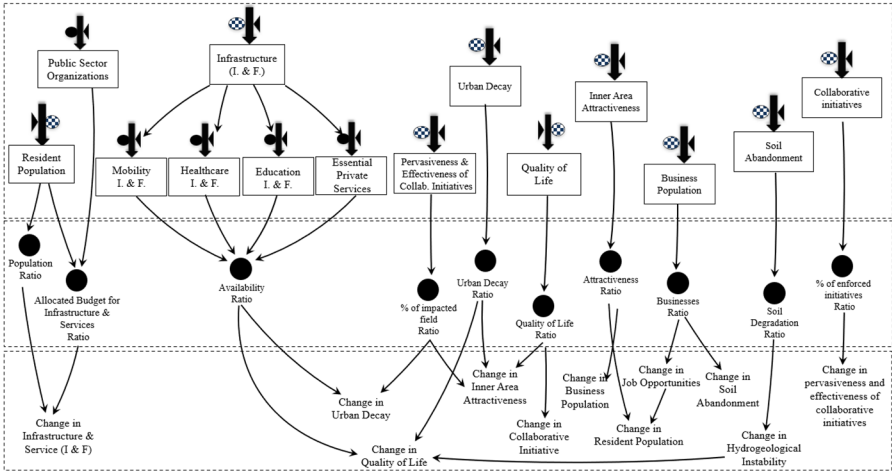
Such a reduction may lead PSOs, non-profit and for-profit organizations, as well as residents to work together to foster a change in the area. Collaborative initiatives facilitate the sharing of skills, labor, financial resources, and knowledge among communities, which would be challenging to amass independently. Furthermore, diminished quality of life engenders a collective motivation to enhance their conditions, fostering solidarity as individuals acknowledge the interrelated nature of the challenges affecting the area, which can be more effectively tackled through collaborative efforts. This causal relationship is portrayed in the DPG chart through the stock “Collaborative Initiatives” that impact the “Change in pervasiveness and effectiveness of collaborative initiatives” through the performance driver “% of enforced initiatives ratio”, which measures the percentage of implemented activities and initiatives compared to the target level identified by collaborating stakeholders. Within this specific domain, the focus is not on the sheer number of collaborative initiatives but on the depth and scope of activities undertaken within a specific field, as reflected by the ratio of ‘% of impacted fields ratio.’ This approach is essential, functioning as a method to facilitate transformative changes. Moreover, these two critical indicators are also related to the extent of coordination among the collaborating stakeholders, requiring a continuous and well-organized approach. Indeed, a rise in the intensity and exchange of information and resources will lead to greater benefits for the area.

As a result, the extent to which the implemented activities are delivered and implemented in a widespread manner will have a corresponding impact on the change in urban decay and inner area attractiveness leading to a change in the resident population.

The analysis of the DPG chart illustrates the importance of fostering collaboration among PSOs, non-profit and for-profit organizations, as well as civil society to enhance inner area resilience to wicked problems.

The analysis has been intentionally centered on a particular array of strategic resources, performance drivers, and both intermediate and final outcomes that predominantly influence wicked problems within the Monti Sicanì inner area. This chart has been employed to refine the analysis and underscore the benefits associated with the adoption of this approach.

Figure 4 – A Dynamic Performance Governance chart mapping the relationships among outcomes, public value drivers, and associated strategic resources for inner area resilience to wicked problems



10.5. Concluding remarks

This chapter has illustrated the potential of adopting a Dynamic Performance Governance approach to tackle inner-area wicked problems by enabling stakeholder collaboration to foster public value creation, and, therefore, enhance place resilience. In line with this, it was stressed that there is a need to overcome the possible limitations stemming from traditional policymaking and static approaches. Indeed, addressing inner area wicked problems requires engaging with stakeholders to understand their needs and perspectives, as well as involving them in co-planning, co-designing, co-producing, and co-evaluating holistic policy solutions (Torfing and Ansell, 2007; Crosby et al., 2017) and managing public programs or assets (Ansell and Gash, 2008). These collaborative arrangements may contribute to the achievement of shared goals and values such as economic dynamism, quality of life, and inner area attractiveness. To be effective in the long term, such collaborative settings should be supported by proper methods to frame public value creation and performance determinants.

From this perspective, the DPG approach can assist policymakers and stakeholders in designing and implementing alternative solutions aimed at creating public value in an inner area while improving policy outcomes and fostering accountability and legitimacy (Bianchi, 2021, 2022).

In line with this, the provided example has shown how such an approach may support stakeholders in collaborative settings in developing robust cause-and-effect analysis underlying inner area dynamic complexity. This may help collaborating stakeholders to identify the critical strategic resources, performance drivers, and outcomes underlying inner area wicked problems. In the investigated domain, public value refers to the creation of place-based collaborative initiatives that may impact the community. In fact, the Monti Sicani example has shown how identifying the driving forces impacting the area, entails stakeholders' collaboration to effectively affect the provision of infrastructure and services to enhance inner area attractiveness and quality of life.

Through DPG, it is possible to bridge three research fields that often utilize different methods, vocabulary, and tools that have been kept separate, i.e., performance management, governance, and system dynamics, to foster a holistic approach. DPG, by leveraging feedback analysis has the potential to enhance the quality and comprehension of performance reports, accountability, communication processes, policy design, and implementation. This approach is also able to foster a progressive cultural transformation towards performance management and governance that focuses on achieving desired outcomes. In this perspective, DPG may act as methodological guidance able to frame the main cause-and-effect relationships underlying inner areas. It also highlights the main tangible and intangible organizational and shared strategic resources that should be leveraged by collaborating stakeholders to reach the desired sustainable short- and long-term outcomes. In doing so, it emphasizes the crucial role played by performance drivers as key success factors to gauge and dynamically adapt performance information to impact such outcomes. Indeed, by focusing on such drivers stakeholders can understand the effect of their policies and create public value.

We argue that DPG can be a powerful tool for stakeholders who are willing to engage in collaborative initiatives. This requires engaging with stakeholders to understand their needs and perspectives, as well as involving them in the co-creation of solutions (Torfinn and Ansell, 2017). In this perspective, DPG supports collective knowledge of local problems, enhances the interaction between service policy and delivery within a specific setting, and combines a public service perspective with an institutional point of view (Bianchi, 2021, 2022).

In this sense, DPG can be regarded as a learning-oriented tool that may help policymakers and stakeholders in collaborative settings to develop a common shared view of wicked problems affecting inner areas to design and implement policies that may foster public value creation. Such a “maieutic

machine” (Busco and Quattrone, 2018; Vignieri and Grippi, 2024) role of DPG enables a continuous questioning of currently adopted logic and assumptions, and established meanings associated with performance information to foster an outside-in view of performance, and, therefore, collaboration among stakeholders.

This contribution aims to be a preliminary phase towards a potential next analysis stage to further improve decision-making and collaborative settings through simulation modeling in specific field studies. More theoretical and empirical efforts will be needed to strengthen the theoretical foundation of such an approach and investigate how it may foster public value creation through stakeholder collaboration while improving policy outcomes, fostering accountability and legitimacy, as well as boosting innovation.

As further research avenues, continuing to investigate stakeholder collaboration as a source of public value creation in inner areas could provide benefits for the resilience of such contexts and the lifelong endurance of the inner area stakeholders.

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The book *Public Value in Action. Co-Creation Strategies for Sustainable and Inclusive Governance* presents ten peer-reviewed chapters developed by early-career scholars who have been confronted with an important issue: how public institutions, non-profit organizations, private actors, and international organizations create—or at times destroy—public value through collaboration. By combining theoretical reflections with systematic literature reviews, case studies, and network analyses, it examines co-creation dynamics across various sectors, including social services, local utilities, healthcare, higher education, and inner-area development.

The chapters address a variety of themes such as NGOs' stakeholder networks; public value in local utilities; ESG integration into public-sector risk management; sustainability in healthcare; the relationship between NPM-inspired performance auditing and public value; public value in international institutions; value co-creation in public-nonprofit partnerships; public-value-oriented performance management in universities; reverse innovation; and dynamic performance governance for marginalised territories.

Overall, the volume highlights the central role of collaborative governance, stakeholder involvement, and service co-design in addressing complex societal problems; however, it also identifies risks of fragmentation, value destruction, and limited stakeholder integration. Drawing on the fresh perspectives and rigorous analyses of young scholars, the book aims to provide analytical tools and conceptual insights for scholars and practitioners interested in sustainable and inclusive ways to create public value.

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