

Pang, M., Lee, G., & DeLone, W. H. (2014). IT resources, organizational capabilities and value creation in public sector organizations: a public-value management perspective. *Journal Of Information Technology (Palgrave Macmillan)*, 29(3), 187-205. doi:10.1057/jit.2014.2

Discussant: Emily Smith Goering

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The present article argues that value creation in the public sector is more complex than in the private sector and because of this complexity public-sector specific IS theories should be developed and applied. The article highlights the dearth of research that exists regarding IT and value creation in public sector. The authors found only 11 papers specifically studying IT in government sectors related to “economic and non-economic outcomes” (p. 189). For comparison they cited a similar systematic review focused on the business sector and IT value creation, which found 198 articles relevant to that topic (Melville et al, 2014). They cite two main reasons for a lack of literature regarding IT in the public sector: 1) difficult to define and measure ‘value creation’ in the public sector, 2) no theoretical foundation for studying IT in the public sector.

Proposed Theoretical Model

They adopt a process view and authors “intend to theorize how IT resources (input) affect public value (output) through certain organizational capabilities (process)” (p. 192). The theory they adopt in this study is the public-value management theory, which at the most basic level asserts that public managers seek to maximize public value. Currently there are two streams of public-value management research: 1) institutional perspective (what is public value and how to measure it) 2) generative perspective (how public managers achieve greater public value).

Their theoretical model is based on the idea that there are five public service capabilities that moderate the relationship between IT and public value creation. IT is theorized to be able to assist with these 5 capabilities, they include:

- Service delivery- defined as the quality and quantity of public services and a primary way to achieve greater public value.
- Public engagement- citizens and stakeholders must be engaged in decisions about public services.
- Co-production capability- public organizations must have the ability to coordinate across organizations and sectors to deliver public services.
- Resource acquisition capability- public organizations must have the ability to secure resources to pursue initiatives.
- Public-sector Innovation- like the private sector, public sector needs to ability to innovate; adapt to changing environment.

The below figure displays the theoretical framework of using IT resources to create public value through addressing organizational capabilities. They authors also define the 'public-value frontier' which takes into consideration the multiple value demands in the public sector. This frontier is the "maximum public values that is achievable given available resources and the constraints among certain values" (p. 197). The authors argue that IT facilitated organizational capabilities can expand/improve the public value frontier.

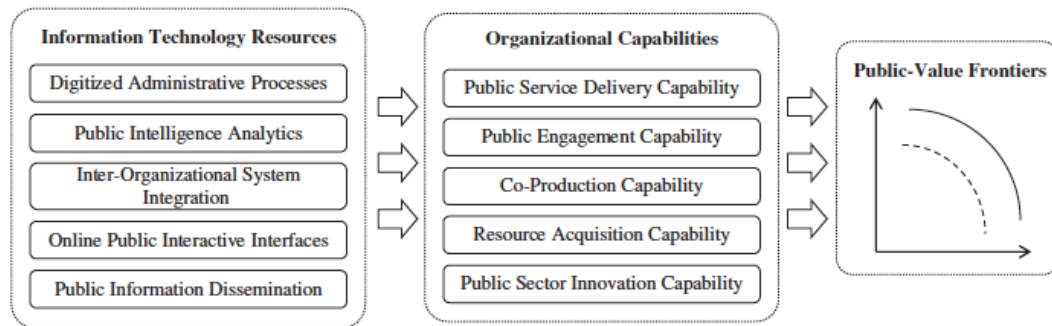


Figure 1. Theoretical framework for IT Value in public sector (p. 195)

Based on the theoretical framework the authors have five propositions for public-sector organizations specifically, which all advance public-value frontiers:

- 1) Digitized administrative processes and public intelligence analytics increase the public service delivery capability
- 2) Online public interactive interfaces increase public engagement capabilities
- 3) Inter-organizational system integration increases co-production capability
- 4) Public intelligence analytics and information dissemination increases the resource acquisition capability
- 5) Public intelligence analytics and information dissemination increase the public-sector innovation capability

Questions:

- 1) How would you define "value creation" in the public sector?
- 2) On page 190 the authors refer to the fact that in the public sector obtaining competitive advantage over competing firms is "irrelevant or at least as salient as in the private sector", do you agree with this analysis?
- 3) What unintended consequences or problems might develop when using IT to address any of these five capabilities? For example, the digital divide may lead to silencing certain perspectives in public engagement capability.
- 4) 'Public services' in public organizations are diverse, ranging from trash collection provision of food stamps benefits, can this theoretical model apply to value creation in all types of public service?