The practice of measurements for shared value initiatives by public sector organizations in Malaysia

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THE PRACTICE OF MEASUREMENTS FOR SHARED VALUE INITIATIVES BY PUBLIC SECTOR ORGANIZATIONS IN MALAYSIA

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ABSTRACT

This paper highlights the paradox that many public sector organizations face in simultaneously pursuing specific organization goals and creating shared values for societies. While there are performance indicators to measure efficiency in the attainment of organization goals in public sector, there is little research on measures of performance in creating actual shared value for the target communities from the communities' perspective. An investigative study of a shared value initiative for a business community at a strategic development zone by a publicly-owned corporation in Malaysia is discussed. The findings support the relevance and necessity of a performance-prediction process in public-sector organizations to encourage managerial accountability and achieve valued outcomes for target communities. The findings make a contribution to the academic literature on measures of effectiveness for shared value initiatives by public-sector organizations that may lead to improvements in practice within these organizations.

1. INTRODUCTION

Creating Shared Value (CSV) has gained credibility and momentum as a new way of doing business since Michael Porter and Mark Kramer introduced the concept of shared value in their seminal article in 2011. There has been a considerable amount of confusion and debate about the difference between CSR and CSV (Moore, 2014). Porter and Kramer (2011) propose the fundamental distinction is that CSR is about doing something separate from the business and CSV is about integrating social and environmental impact into the business and then using that integration to drive economic values.

The general critique of where CSV falls short of expectations is that it is a bold change in perspectives that remains timid in practice (Luetge and von Liel, 2015; Junge, 2011, Beschorner and Hajduk, 2015; Crane, et al., 2015). CSV is process-based. Practicing CSV requires both an understanding of the conceptual model that underpins it and the detailed identification of the actions required to encourage and support its implementation. CSV critics have argued that CSV leaves organizations at the policy-implementation level without creating the personal engagement that is necessary for grassroots motivation. While CSV improves the quality of the work one does, it fails to convert that work into conviction or the sense of purpose that makes people passionate and drives them forward. It is like, 'we can see its potential, but we cannot feel it'. The success of its implementation is argued that it still hinges on a set of internal and external factors (Pinkhasov 2014; Junge, 2011).

This study operationalizes the concept of CSV in public sector organizations. Steven Covey's Habit 5 in his book *7 Habits of Highly Effective People* read 'Seek first to understand, then to be understood' (Convey, 1989). In the light of tightening government budgets and the need for a customer-centric culture with public sector reform to meet the heighten expectations of customers, the rationale for seeking to understand from this key stakeholder group their perception of public sector initiatives and to capture their invaluable inputs to the design, is obvious. As Covey (1989) advocates, the use of empathic listening to understand stakeholders can encourage reciprocity of having an open mind to any proposed initiatives. It creates an atmosphere of caring, and positive problem solving with the involvement.

2. OBJECTIVE OF STUDY

The authors have embarked on a series of participative action researches on shared value creation from socio-economic development projects by public sector organizations. The series of studies are guided by a shared value construct and implementation frameworks, incorporating various theoretical concepts. This paper reports on a part of the studies and focusses on exploring the relevance and necessity for key stakeholders' involvement in performance prediction in the managerial decision-making process for shared value initiatives to achieve the intended benefits for the target community.

As part of the study, this paper introduces and presents an application of the adapted MORS model to investigate the feasibility and appropriateness of a shared value initiative to achieve the socio-economic goals of a publicly-owned organization by obtaining feedback from the targeted community on the relevance and significance of the initiatives in creating values for them.   The study aims to contribute to the theory of CSV and inform decision-making practice on shared value initiatives in the public sector organizations.

3. PUBLIC SECTOR OPERATIONAL CONTEXT

Public sector organizations are established to fulfill responsibilities of government and are expected to cooperate in the policy development and also the delivery of value services to the public. The public sector is a major component of economies around the world and the world's largest service provider. Any incremental improvement in public services positively impacts millions of people. The public sector is similar in many ways to the private sector. In fact, most public sector jobs have equivalent jobs in the private sector. However, the motivation for public sector work is different from private sector work. Instead of working toward the goal of collecting a profit, public sector entities seek to create knowledge and services and then give them away for the public good.

In many nations, public sector organizations are funded from a central source of government funds. Each organization negotiates for resources to implement directives with the relevant budget holders of fund allocated from this central source. The perception of a fixed pie has often created intense competition amongst public sector organizations for funding especially in situation where there is a resource constraint.

The performance of public sector organizations in many nations to a great extent was to satisfy ministerial requirements and manage programs for community improvement. The decisions on the direction and scope of operation for a public sector organization are made externally by relevant ministerial cabinets and other governing bodies. Community improvement activities on the other hand, are shaped by local needs, priorities and circumstances. The public sector organizations responsible for managing the improvement programs for a community play important roles including:

- focusing public attention on local priorities and community initiatives
- targeting areas in transition or in need of repair, rehabilitation and redevelopment
- facilitating and encouraging community change in a coordinated manner

- stimulating private sector investment through incentive-based programs

4. PERFORMANCE MEASUREMENT CHALLENGES IN PUBLIC SECTOR

Performance measurements have been introduced in many public-sector organizations in order to ensure the transparency of public decisions and the use of public funds in order to boost the performance of a nation (Schaeffer, 2005; Curristine et al, 2007; IFAC and CIPFA, 2013). In practice, however, this concept strikes obstacles in the following three areas: defining performance in the public sector, identifying suitable performance measures and implementing a performance management system. Defining performance in the public sector is a difficult task due to the complex role of public sector. One way to define performance in the public sector requires the existence of a relationship between objectives, means and results, so performance is the result of the simultaneous exertion of efficiency, effectiveness and of a proper budgeting (Profiroiu, 2001).

Most of the organizational writing on goal-setting builds on agency theory. A general proposition of agency theory is that those in control of resources will serve their own interest, rather than those who own resources (Stewart, 1999). Public sector organizations are created to develop and deliver service for the benefit of the populace. Their purpose is not for commercial transactions to benefit a few, but to develop a sustainable capability for the nation in terms of efficiency and effectiveness. A well-functioning public expenditure management system is considered to be a critical pillar of government efficiency by most practitioners. However, in the words of Tanzi (2000, p. 445), "Between their creation and their final implementation, fiscal decisions go through many stages at which mistakes, indifference, passive resistance, implicit opposition, and various forms of principal agent problems may distort the final outcome." The researcher cites as examples problems occurring in formulating policies (because the behavior prescribed by the ideal role of the state may not be in the interest of the individuals who constitute the government), and problems arising between the government (as principal) and top bureaucrats (as agents), as well as between top bureaucrats (as principals) and employees (as agents).

5. PERFORMANCE INDICATORS: EFFICIENCY VERSUS EFFECTIVENESS

Mouzas (2006) emphasized two indicators to assess the performance: efficiency and effectiveness. For managers, suppliers and investors these two terms might be synonymous, yet, each of these terms have their own distinct meaning (Bartuševičienė and Šakalytė, 2013).

Efficiency measures relationship between inputs and outputs or how successfully the inputs have been transformed into outputs (Low, 2000). In general, efficiency can be achieved under the conditions of maximizing the results of an action in relation to the resources used. The relationship is apparently simple. However, identifying and measuring inputs and outputs in the public sector can be a difficult operation. In the public sector, inputs are generally measured by the expenses incurred for the project/service in question. These resources are much harder to quantify than in the private sector, because most of the times the public services overlap and resources from several sources of budget allocations are used. As for outputs, they are again more difficult to quantify in the public sector as they can have both an economic and a social dimension. In the private sector the outputs have a market value; they are easily evaluated. In the public sector, this process is cumbersome, and involves much more forecasting. To evaluate the outputs from the non-market

sector, performance indicators that will be evaluated, and through which a level of efficiency will be determined, must first be defined. However, the mechanism of defining these indicators is often complicated and vague.

Where efficiency measures are identified and defined, they are mainly in the areas of cost efficiency and quality achievement of the service provision. Cost efficiency is in relation to expenditures against budget allocations. Quality is often defined subjectively by officers in the public sector organizations and may not have captured the views of intended customers of the service provision.

In addition to the limitations on efficiency measurements discussed above, the current systems for measuring performance in the public sector generally do not report on the effectiveness of fulfilling the social objectives of shared value initiatives. According to Robbins (2005), an organization's effectiveness is measured by its success in meeting the needs of its customers. In the case of public services, the customers would be the target communities, including citizens and businesses. The measure of effectiveness is then the indicator given by the ratio of the result obtained to the one programmed to achieve. As cited by Tatiana-Camelia Dogaru (2015), Peter Drucker believes that there is no efficiency without effectiveness, because it is more important to do well what have been proposed (the effectiveness) than do well in something else, that was not necessarily concerned. The relationship between efficiency and effectiveness is that of a part to the whole; the effectiveness is a necessary condition to achieving efficiency.

Mandi, et al. (2008) argue that the efficiency and effectiveness analysis is based on the relationship between the inputs (entries), the outputs (results) and the outcomes (effects), as depicted in Figure 1.

(Insert Figure 1 near here)

Mandi, et al. (2008) also distinguish technical efficiency from allocative efficiency. Technical efficiency implies a relation between inputs and outputs on the frontier production curve, but not in economic terms. This deficiency is captured through allocative efficiency that requires a cost/benefit ratio. As for effectiveness analysis, it implies a relationship between outputs and outcomes. The researchers emphasize the importance of making a distinction between the output and the outcome. For example, in education, output is represented by the degree of literacy, and the outcome can be the level of education of the active population of that nation. The effects resulted from the implementation of a program (outcomes) are influenced by the results (outputs). The framework also shows the environmental factors exercising a major influence on effectiveness. Environmental factors include socio-economic influences from all stakeholders.

Citizens and businesses are the key stakeholders of public services. They are the ultimate customers of public service provision. Reforms in the public sector aimed at improving service delivery have received considerable focus during the last decade. It is becoming clear that public sector organizations should become true partners with their customers in order to maximize the creation of shared value amongst key stakeholders. A report by PricewaterhouseCoopers (2007) highlights public sector leaders around the world facing a common set of challenges to meet the heightened expectations of their customers. Increasingly, being accustomed to enhanced service delivery from the private sector, citizens and businesses expect the public sector to improve the

efficiency and effectiveness of its service delivery – services for which they pay taxes. Driven by the changing expectations, the public sector is increasingly required to redefine its role, strengthen its customer focus and build integrated service delivery models.

However, do public sector organizations have the relevant customer-centric performance measures in place in view of the sector reform? How is effectiveness evaluated for public service initiatives in creating shared value? Are customers' needs at the core of every project decision from idea conception and design through execution, as it is the case for organizations in the private sector with distinctive customer service?

6. THE RESEARCH CONCEPTUAL FRAMEWORK

The conceptual framework of this study has two main components.

6.1 Shared Value Creation Stages

The shared value construct for this empirical research has three major implementation stages and this paper focuses on Stage 1, as shown in Figure 2. The construct is derived from various shared value empirical studies on socio-economic development projects carried out by the authors.

(Insert Figure 2 near here)

The process recognizes that any implementation of shared value initiatives must be an open system interacting with the environment beyond its boundaries. Stage 1 investigates the perception and expectations of target key stakeholders for shared value initiatives conceptualized by public sector organizations for community improvements. The findings from Stage 1 are crucial inputs for managerial decisions on the shared value initiatives to be implemented in Stage 2. Stage 3 evaluates the effectiveness of the shared value initiatives in creating value for the key stakeholders and the sustainability of community improvement brought about by the initiatives (Ho, 2017).

6.2 Performance Prediction and Selection of Performance Measure Attributes

According to Green (2001), one of the most important tasks in system development process is performance analysis, which consists of two phases: *performance prediction and performance measurement.* Proper selection of performance measurement attributes or measures of effectiveness (MOEs) is essential to the whole performance analysis process. Morse and Kimball (1970) first addressed the issue of performance prediction and measurement in the summary of their World War II analytic work published as ìMethods of Operations Research. Oliver et al. (1997) argue that the design of a 'system' is an ill-posed problem that has no solution without a set of criteria to guide choices. Oliver's approach to bringing definition to the ill-defined problem is very similar to the approach developed by the Military Operation Research Society (MORS) on 'Measures of Effectiveness for Command and Control', which also focuses on an early bounding of the system followed by selection of performance measures (Sweet et al., 1985). Figure 3 depicts the MORS's system definition process.

(Insert Figure 3 near here)

The 'system-in-focus' for this empirical research is shared value initiatives by public sector organizations. Applying Green (2001)'s concept to this study, the measures of effectiveness (MOEs) provide benchmarks against which the outcomes (effects) of the shared value initiative concept and implementation can be compared. Early in the conception phase of a shared value initiative's life cycle, prediction is required for feasibility and development of performance specifications (Figure 2: Stage 1). Towards the end of initiative's implementation, performance measurement techniques play a major role in verification of performance (Figure 2: Stage 3). Choosing incorrect MOEs at the conception phase will result in the implementation of an initiative that ultimately does not meet customer expectations and bring about ineffective outcomes.

The logic behind bounding the system early as proposed by Oliver et al. (1997) and Sweet et al. (1985) also makes sense for this research study. Boundaries define what is in a system, and what is outside of the system. The system boundaries define the set of parameters that drive the system performance. A change in the boundaries changes the system behavior (environmental influences and stakeholders' expectations) and the resulting parameter set (shared value initiative's MOEs) and performance (outcomes/effectiveness). This is often overlooked in many system development processes. Sweet et al. (1985) conclude that many system designers have an expectation of a magic list of canned effectiveness measures that they can use like a lookup table in the early stages of development. The researchers argue that failure to understand this point can have a ripple effect throughout the system (shared value initiative) lifecycle.

Figure 4 presents the authors' adaption of MORS's approach for performance prediction at Stage 1 of Shared Value Creation (Figure 2). Both primary and key stakeholders are involved in the decision-making on the shared value initiative. The intention is to propose a systematic process by which MOEs that are relevant, appropriate and feasible can be developed. It is expected that MOEs derived from the process can more effectively measure the shared value initiative's performance, when value perceptions of primary and key stakeholders are considered in the MOEs' development.

(Insert Figure 4 near here)

7. THE RESEARCH PROJECT'S STAKEHOLDERS

The primary stakeholder is a publicly-owned corporation, tasked with a nation building function of a master developer for a strategic economic development region in Malaysia. Although the organization is established to operate in commercial activities, it is guided by public policy objectives. This project researches perceived value creation from a proposed shared value initiative for the business residents in a designated business and media zone of the development region. The proposed initiative is a significant part of the primary stakeholder's 2017/2018 regional development plan. The strategic intention of the primary stakeholder for the proposed initiative is to revitalize the business community in the development region. The business residents are the key stakeholders.

A dedicated project team was formed by the authors and management personnel from the primary stakeholder organization to engage in Stage 1 research study as shown in Figure 2. The primary

stakeholder and development region are respectively identified as 'A-Corp' and 'Site-X' in this paper for anonymity. The project team for the research study is 'Team-CSV'.

8. THE PROJECT CONTEXT

Established in 2007, Site-X is an economic development region located in the southern states of Malaysia. The master plan is purposefully segregated into different zones, each with its individual core identity and development components: Zone A (urban wellness), Zone B (Business and Media), Zone C (Integrated Service and Logistic), Zone D (Creative) and Zone E (Heritage).

8.1 The Primary Stakeholder: A-Corp.

A-Corp was incorporated in 2008 to support catalytic developments of Site-X, with the latest, integrated, connected and smart city initiatives. As an integrated and comprehensive master planner for Site-X, A-Corp collaborates with renowned developers to build iconic developments that have put Site-X on the map as the new investment destination in Asia. A-Corp has also worked very closely with investment and government bodies in Malaysia and neighboring countries with the aim to make Site-X the icon of city living for the future.

8.2 Project Site: Zone B

Zone B is the planned business and media district for commercial centers, small and medium enterprise (SME) business-parks, hotels and hospitality industry. A-Corp has previously embarked on various place-making initiatives with the aim to vitalize Zone B to attract investors and office tenants. A-Corp management has also visited many economic development regions around the world to benchmark best practices on place-making. Initiatives implemented since 2008 include leisure parks, children's playgrounds and cycling tracks. Unfortunately, preliminary project-site visits by Team-CSV in the company of A-Corp senior management found the various installed facilities were not widely used by the intended business community or surrounding neighborhood.

8.3 Approval for the Application of Research Conceptual Framework

In the current economic environment, resources are limited and decision-making on projects is understandably stringent with many organizations. Although A-Corp is publicly-owned and not a business enterprise, its situation is not an exception as budget allocations for development projects have been reviewed downwards in recent years.

The traditional practice of A-Corp for development initiatives is project implementation following favorable management decisions. Other stakeholders' views were not captured for input into the decision-making process. With the budget constraints and the need for accountability on the effectiveness of development projects moving forward, A-Corp senior management has given approval for Team-CSV to apply the authors' adapted MORS's approach for performance prediction at the implementation Stage 1 of Shared Value Creation for Zone B (as illustrated in Figure 4). Both primary and key stakeholders are to be involved in the decision-making process before installation of proposed shared

value initiatives. The relevance and significance of the initiatives are investigated from the perspectives of these stakeholders. Appropriate MOEs are also developed for a proposed initiative if the investigation finds the initiative relevant and significant. The findings are expected to provide valuable inputs to managerial final decision-making for proposed initiatives and justifications for the development budgets.

8.4   Conceptualization of Shared Value Initiative

Many potential shared value initiatives were explored and evaluated for Zone B by Team-CSV for the study. A condition by the senior management is that the initiative should not require reinventing the wheel but pose an opportunity to leverage resources and capabilities of A-Corp.

After researching scholarly literature and reflecting on the various environmental factors for A-Corp, Team-CSV narrowed the exploration to the possibility of a tactical urbanist movement as an innovative shared value solution for Zone B's development. Lydon and Garcia (2015) define tactical urbanism as an approach to neighborhood building using short-term, low-cost, creative and scalable interventions and policies, intended to improve local neighborhoods design and promote positive change in neighborhoods and communities. Tactical urbanism projects are the result of supportive, inclusive coalitions, bottom-up community improvement initiatives. Some common interventions include mini-parks, outdoor arts, urban farming, open streets and play streets.

The proposed shared value initiative to study further for Zone B is the tactical urbanism form of mini-parks, often called 'parklets', which are inexpensive semi-permanent infrastructure innovation (Figure 5). A parklet will provide the business community and visitors with a relaxed gathering place which nurtures social interactions and recreation. Preliminary discussions with A-Corp senior management reveal parklets will also complement a future food and beverage project by A-Corp to bring in food carts to Zone B to service the business community. The partklet initiative is expected to bring about both economic and social benefits to the community. The expectation is that the promotion of social well-being of the community will have a significant knock-on effect for improved economic activities with an influx of investors and tenants to set up offices in Zone B.

(Insert Figure 5 near here)

9.   METHODOLOGY

The application of the adapted MORS's model to the proposed share value initiative of parklets at Zone B for A-Corp, is the focus of this paper. Once the boundaries for thinking about the strategic challenge with A-Corp are established with socio-economic goals defined and a shared value initiative selected, Team-CSV began working on identifying key stakeholders in the targeted community (refer Figure 4: Step 3). A-Corp is the primary stakeholder as the organization is the development project owner. The multi-stakeholder approach is shown in Figure 6, with the primary stakeholder's long-term value maximization as the prime objective. In so doing, it solves the problems arising from the multiple objectives that accompany traditional stakeholder theory by

giving managers at A-Corp a clear way to think about and make the trade-offs among other key stakeholders. As Michael Jensen (2010) advocates, without the clarity of mission provided by a single-valued objective function, organizations embracing stakeholder theory will experience managerial confusion, conflict, inefficiency and perhaps even competitive failure.

(Insert Figure 6 near here)

9.1 Stakeholders Identification for Survey

Key Stakeholders
B1 and B2 are the first two office buildings located in the heart of Zone B. There were 150 business residents in B1 and another 149 in B2 at the time of study. The other 2 office buildings B3 and B4 in the nearby vicinity of B1 and B2 were still under construction. To obtain more representative findings, Team-CSV decided on a 100% survey of the business residents at B1 and B2, making up of both business owners and employees. The total population is 299 respondents. They represent the key stakeholders.

Primary Stakeholder
The place-making division at A-Corp is tasked to decide on the appropriateness and feasibility of proposed shared value place-making initiatives for the business community in Zone B. The management team at this division making up of 4 decision-makers is identified for survey and they represent A-Corp as the primary stakeholder. A 100% survey is also planned for this sampling group.

9.2 Research Strategy

Mixed methods research is chosen for this study where triangulation is applied to data collected. The quantitative results of the investigation are cross-checked against the qualitative findings. As Zamanou and Glaser (1994) argued, by so doing, the specificity and accuracy of quantitative data could be combined with the ability to interpret idiosyncrasies and complex perceptions, provided by qualitative analysis.

9.3 Survey Instruments
A separate set of survey instruments is designed for the key stakeholders and primary stakeholder. The two instruments have similar contents but have different purposive intents.

- Survey 1 is for key stakeholders to capture data on their perceptions of relevance, significance and performance expectations of the proposed shared-value initiative, i.e. parklets, as individuals.

- Survey 2 is for completion by management team at A-Corp's place-making division. The questions in this management survey are similar to the first survey questionnaire but were adapted to capture the team members' opinion in their professional managerial roles when deciding for the Zone B business community. Some of the questions in this

survey are also purposefully structured to capture managerial perceptions on what would be the performance expectations of the proposed parklets by the key stakeholders in the community. It is about 'thinking in other people's shoes without actually knowing what the other people think'. The four decision makers from the management team are also target respondents for the first survey. However, for the first survey, they answer the survey questions from their own individual, personal perspective.

9.4 Survey Variables and Design

Both surveys explore perceptions of economic and social impacts of the proposed parklets for Zone B and values creation for the business residents. A-Corp management expects the initiative to bring about positive and significant economic and social impact to business residents at Zone B. The authors derived a preliminary set of economic and social performance measures with relevant variables from literature review on industrial socio-economic development studies and previous findings on benefits of the parklet initiative. These measures and variables were then presented to Team-CSV and A-Corp management for refinement to ensure their alignment with the organization's strategic priorities and intentions. The measures of both economic and social impacts for the survey study were summarized in Figure 7 and form the design structure of the 2 survey instruments. Survey questions were built referencing the relevant variables for each measure. The questions were mainly closed-ended ranking and multiple-choice types. Some open-ended questions were purposefully inserted for each measure section to encourage respondents to qualify and clarify responses to the closed-ended questions. The focus was to address the 'how' and 'why'. The open-ended questions also intended to capture rich data on other measures of effectiveness from the respondents' perspective and discover unanticipated findings.

(Insert Figure 7 near here)

9.5 Data Collection Approaches

The authors uploaded the two survey questionnaires online and provided both links to members of Team-CSV at A-Corp. The data collection arrangement complied with research ethics requirements to protect raw data for the authors and database of key stakeholders at B1 and B2 for A-Corp. A-Corp sent out survey invitations with the relevant link to all key stakeholders (Survey 1) and the four decision-makers in the place-making division (Survey 2). The surveys were run sequentially, beginning with Survey 1 for all key stakeholders to avoid confusion as members of the place-making decision-makers are respondents for both surveys.

10. FINDINGS AND DISCUSSIONS

Out of the total population 299, 90 key stakeholders responded to Survey 1, which made up a response rate of 30%. All the four decision-makers from the place-making division participated in Survey 2 (100% response rate).

Of the respondents to Survey 1, 85% were full-time workers, 7% part-time workers and 8% business owners. 51% of the respondents were from top and middle management with 44% from junior management and executive level. They were made up of secretarial, clerical and support staff. Only 29% of the respondents were residents of the Site X. 41% are categorized as Gen Y (under 35 years of age).

Data captured from closed-ended questions were analysed using simple statistical techniques of summarizing and measures of averages and spread. The analysis of data captured with open-ended questions involves a repeated process of critical reading, discussions, reflection, interpreting and reaching shared understandings of the data by Team-CSV.

A comparison of the findings from closed-ended questions in Survey 1 (key stakeholders) and Survey 2 (decision-makers) is presented for each economic measure in Appendix A1 to Appendix A6, and each social measure in Appendix B1 to Appendix B5. Findings from the open-ended questions are discussed in the following subsections to provide meaning to the comparative findings on the various economic and social impact measures.

10.1   Open-ended Discussions on Economic Impact

Open-ended feedback from business owners and employees in Survey 1 is unexpectedly lengthy but informative and rich. They have provided depth to understanding the findings from the closed-ended questions.

As with findings from the closed-ended questions, the general perception is that the proposed parklet is an interesting idea and would contribute positively to the regional development. However, the open-ended feedback reveal that the initiative will not be significant enough to have major economic impact. On the other hand, the key stakeholders expect A-Corp to install facilities for the business residents. "Business needs and performance goes hand in hand with facilities it inherits and in order for a business to grow, its facilities have to also cater to this growth." "This place is bare and empty. I have seen various initiatives done and great deal of money spent to attract people yet the community does not feel strongly about the place and socio-economic drive is not there." "Any efforts in making the area look livelier would be great. Potential investors might be able to see the potential of the area and invest". "In order to bring in new developments to the area, further new attractions need to be incorporated within the master plan in order to sustain the growth it aspires to achieve." The feedback suggests the installation of parklets is perceived as a satisfier rather than a motivator for the business residents.

The proposed parklets are perceived by some as more suitable for urban environments instead of B1 and B2 vicinity as "the area is suburban with very few passer-by. As long as there is no human traffic, the parklet will die of natural death." "Unless human traffic and public transport are in place, I cannot see how this will work." A concern shared with the feedback in Survey 1 is "…it increases the maintenance cost and the population here may not be sufficient to optimize the utilization of the parklet."

Many others question the suitability of 'parklets' in the hot weather. "Parklets need to be conducive for people to use it and should not be just a landscape feature". "Parklets provide more co-sharing

space for an interesting workplace environment. However, the design must take proper consideration of the heat and rain. Otherwise, it will be a white elephant, like the many around, albeit a small one". "I do not know how creating a parklet in hot humid weather can increase my productivity. Are you doing this survey in Scotland? Have you ever stand there for one hour at 12 noon? Aside pessimism, it is an interesting project."

There are suggestions that the proposed parklets should be part of an integrated development plan and not a stand-alone initiative. "It needs more than parklets. It requires other infrastructure to enable business residents to enjoy the facilities. For instance, residents do not walk in the park at night when it is pitch black. Similarly, there needs to be shelters built with parklets for rain and the scorching heat. It is thus not advisable at this point in time until this area has been further developed such that it can provide a suitable environment for parklets to thrive." "You cannot build a parklet for the sack of adding feature without considering the entire workplace friendliness and the entire eco-system." One respondent has also questioned the choice of the proposed site for the location of the parklets at Zone B. "Whilst I wholeheartedly welcome the development of wider pavements, it is the space surrounding those pavements which, I believe, will be strong deterrent to its utilization. This idea for a pilot project appears ill conceived and I get the impression that you have missed the forest for the trees".

Majority of the key stakeholders see the initiative as a possible catalyst project to attract the masses to the business community and a "…public space's project to improve user experiences and creating identity for the area." The initiative is also perceived by most as a positive branding exercise for the development region and A-Corp. "This project helps me realized that the owner cares about the community." Many have also commented, "Economic benefit should not come in the first place".

Open-ended feedback captured from Survey 2 from the 4 decision-makers on the proposed parklets reveal management main concerns are with the sustainability and overall maintenance of initiatives with budget constraints. "The project has to be financially sustainable." "There is a need for more grants and subsidies." "The maintenance and development of the surrounding amenities including parks and landscapes will portray a preview impression of what kind of city we intend to build". The impact on corporate branding appears to be another key consideration for the shared value initiative from the perspectives of the management team.

10.2   Open-ended Discussions on Social Impact

Majority of the key stakeholders and all of the management team agree that having a conducive work environment can contribute to attracting labour to work at Zone B and improving labour wellbeing. This will in turn have an indirect positive impact on labour retention and enthusiasm to be a citizen of the business community. "The parklet initiative is a creative use of space that enhances the physical appearance of a place." "It may attract potential labour and businesses to Zone B as such an urban feature would be a 'calming' sight and amenity for today's stressful employees." "This will make the place more attractive for people to congregate and mingle with each other. Everyone will feel less stressed since we can get some fresh air and chill awhile." "The parklets can facilitate more social activities outside the offices within the business community. It can encourage community integration".

The parklet is also perceived by some as an alternative workspace. "It creates more spaces for us to think. Thinking does not happen only in the office or meeting rooms. Some people find that they are more inspired by networking and chilling in a comfortable area. This parklet idea will actually add values to the community especially the think tank of an organization."

Although there is a general consensus amongst stakeholders that the parklet initiative will have a positive social impact on Zone B business residents, there is a clear deviation in the perception of the degree of importance of various possible community facilities and amenities that could be installed for Zone B amongst the key stakeholders and management team to achieve the purpose of a conducive work environment. Having comfortable benches and seating or having functional and attractive sidewalks by the parklet initiative appear not as important to the key stakeholders as expected, although less than half of these responding stakeholders have rated the current conditions of these facilities and amenities moderately and extremely good. The message behind suggests that 'these facilities and amenities are currently not good but they are also not that important to the business community'. A key stakeholder even commented, "If a parklet is sufficient reason to entice people to move to Zone B, you should patent this idea and execute it throughout the state."

From the survey findings presented in Appendix B4 and Section Appendix B5, having social gathering places has the biggest gap of importance and current perceived condition. 76% of the responding key stakeholders think it is extremely or very important to have these gathering places. Only 22% of these stakeholders think current facilities and amenities for social gathering places are moderately and extremely good. However, upon further probing with the open-ended questions, it appears the need for social gathering places could be better met with other initiatives than having 'parklets'. A comment by a key stakeholder could explain, "The locals socialize over a meal. It is just so Malaysian".

One community initiative repeatedly suggested by the key stakeholders is the need for more affordable eateries with simple food stalls. "What is lacking most in the area is food options. There are insufficient cafes and food facilities to meet the demands of the business community in Zone B. The pricing of food items is also unreasonable as people would be having daily meals there. Having a parklet at this moment is not going to help the situation. What are needed would be simple eating joints around the area which can be accessed by taking a short walk."

Other feedback suggested positive impact of eateries for the parklet project. "This is a deserted place. As many new business activities as possible is required here and especially F&B type, as this will make the location more lively and attract more people to come to the area to work and spend. This is the key for the development of the area and also success recipe for the parklet project".

Feedback from key stakeholders also reveals the lack of effective maintenance of facilities and improvement. "The region needs something other than condominiums and more office spaces – there are just far too many of them now. It needs well maintained facilities. Unfortunately, this is not the case for the moment. Look at the existing facilities. You get my pictures."

"Money should be spent improving existing landscaping. Do not keep reinventing the wheels. Consider what you already have and make it better." Other suggestions presented include, "It would be good if the management could concentrate on building strong relationship with professional community and business owners first and ensure retention of these stakeholders." "Lack of marketing and advertising to the public and target investors will implicate the overall development project".

11. CONCLUSIONS AND OPTIONS

There is an obvious need perceived by both management team and majority of key stakeholders to vitalize the business zone. However, in management's eagerness to bring in new initiatives to Zone B, options should still be carefully considered especially with budget constraints, to study the perceived relevance and effectiveness of any proposed shared value initiative from the benefactors' perspectives.

The intention of public service initiatives by public sector organizations is to create valued services for stakeholders in the community. However, the common practice is that many such decisions are made for the community by management in these organizations without consultation with the community. Moreover, management decision-making is often constrained by organization dynamics and the expectations to align activities with set goals. The results often deviate from the good intention.

The analysis of the survey feedback and comparison of findings between the key stakeholders and management team clearly reveal a significant gap in perceptions. While the closed-ended feedback suggest overall general agreements on the proposed parklet initiative having the potential to bring about positive economic and social impact to the business community, findings from the open-ended feedback reveal the key stakeholders do not perceive that the initiative would create shared values for them as significantly as expected and intended by A-Corp. The initiative's performance prediction differs significantly between the key stakeholders and A-Corp management.

The key stakeholders are the intended benefactors of shared value initiatives at Zone B. Stage 1 of shared value creation (Figure 2) investigates their perception and expectations for shared value initiatives for the business community's improvement. The findings from Stage 1 are crucial inputs for managerial decision-making on the appropriateness and feasibility of proposed initiatives. Their perceptions of what are relevant and valuable to the business community would ultimately affect the outcomes at Stage 3 when the performance of initiatives is evaluated after their implementation. The findings from this empirical study in Zone B suggest the proposed parklet initiative is feasible, but its appropriateness to achieve the organization's socio-economic goals of revitalizing the business community to attract investors and office tenants, require further considerations before final decisions on its implementation.

The decision-loop in Figure 4 model provides options for managerial informed decision-making which include the following.

- The findings thus far suggest the expected performance output (Figure 1) would lean more towards creating immediate social values for the key stakeholders. The findings suggest the parklet initiative would not be effective in bringing about the expected outcomes for

the current corporate socio-economic goals. An option is for management to redefine the goals that could be met by the proposed parklet initiative (Figure 4-Step 1).

- Another option is to research and select another shared value initiative that could be more effective in achieving the socio-economic goals (Figure 4-Step 2-3).

12. EMERGENT FINDINGS AND MANAGERIAL IMPLICATIONS

There are various emergent findings from the study that could have managerial implications for public sector organizations. For a start, there is a sense of misalignment of corporate and division objectives. It is clear that management of the place-making division has focused on the divisional objectives of making Zone B 'an attractive place'. However, the purpose of doing so for A-Corp and the development region as a whole appears to be lost in the process. Selection and implementation of shared value initiatives, as it was done so far, was a divisional responsibility. The outcomes of implemented initiatives thus far have not been effective in achieving the corporate goals of vitalizing the development region to attract investors and office tenants to Zone B. The planning for such initiatives has also not been integrated with other strategic activities in the organization. From this performance prediction study, the implementation of the proposed parklet initiative could possibly contribute to the statistics of ineffective initiatives.

Community communication strategy is critical for public sector organizations. However, as shown in this study shows there was no purposeful communication plan with the intended audience for community development initiatives. The purposes of initiatives and the intended shared value creations for all stakeholders were also not strategically communicated to potential investors and business owners. With the abundant supply of office spaces in Johor, the survey findings reveal that potential investors have not been sold the positive fiscal impact of operating from Zone B, which could have been the differentiating factor to bring in population.

Corporate branding and marketing activities especially for development regions have to take into consideration the issue of sustainability and its impact. To demonstrate commitment to the regional development, a sustainability plan for maintenance will boost confidence for investors and business residents. The survey findings reveal concerns by key stakeholders with the maintenance of existing facilities and amenities. Having a good maintenance culture would present a strong message to the public that A-Corp is responsible, far-sighted and here to stay.

A-Corp has marketed the region as a destination for lifestyle working and living. However, the message needs to be supported by firm resource commitment and transparency. As in any strategic project management, accurate progress report of the integrated development activities against planned schedules is expected. Clear budget allocations for completion of all elements in the plan, instead of piecemeal development initiatives, are also recommended practices. A detailed integrated plan is more impactful in attracting investors and driving population to the development region. It also has the knock-on effect of creating meaningful jobs for professionals and skilled labor within the network of the growing business community.

Listening to customers has been the practice of many progressive organizations. The rationale is clearly illustrated in this study. For instance, although parklets and eateries both offer social gathering places for the community. However, it is clear that the business residents perceive more

value creations from having eateries. There are also many other proposed initiatives, that are more valued by the key stakeholders at the time of study, consisting of basic infrastructures and amenities that were surprising still unavailable for a development area, including banks, petrol kiosk, intra-regional transport services and supermarkets, in order to create an integrated community for work, live and play. It again raises the need for taking a comprehensive view of the whole development plan for the area.

Although in recent years, the Malaysian government has been championing the blue ocean strategy of first reducing and eliminating low-value added activities to release resources for increasing and creating values, there is still a norm amongst public sector organizations to expect subsidies and grants for new initiatives as per feedback from management team in the study. Having the conceptual knowledge of the principles that govern a domain is not always translated into procedural knowledge of how something happens in a particular way. Cultural change in public sector appears more challenging than expected.

13. RESEARCH LIMITATIONS AND SUGGESTION FOR FURTHER STUDIES

With stringing resources availability in recent times, the performance practice within state, territory and federal government departments in many developed countries has increasingly emphasized on the importance of shared value initiatives' justifications and sustainability performance measures. This raises questions as to the extent to which public-sector service sustainability is managed and whether public sector organizations have an established process to measure their effectiveness in achieving community development goals with the allocated resources. This study has attempted to address part of this concern with operationalizing the concept of CSV and application of a performance prediction framework in a public sector organization.

The limitation of this paper is the report on just a single shared value initiative with one publicly-owned corporation. Nevertheless, the findings have clearly supported the relevance and necessity for performance prediction activities before implementation of shared value initiatives for outcome effectiveness. The findings have also added to the knowledge base of the authors' current series of participative action research on the range of factors that impact shared value perceptions by stakeholders in communities. The authors suggest further in-depth exploratory studies on a wider scope of initiatives with more public sector organizations to provide a conclusive practice evidence of shared value creation by the public sector. The authors believe that such studies will provide important inputs to policy-making and improvements of public-service provision with the aim of achieving effective outcomes for the targeted communities while achieving the organization's socio-economic goals – the true sense of creating shared values.

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Figure 1
The Relationship Between Efficiency and Effectiveness
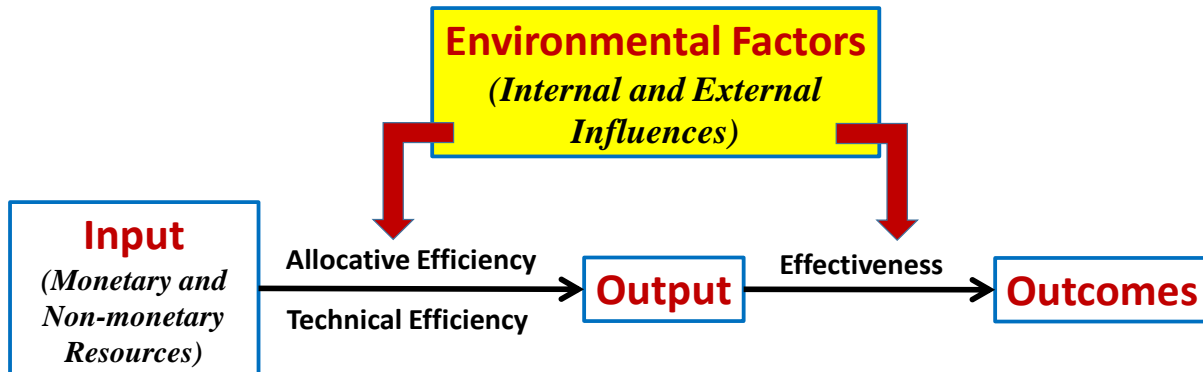
Source: Adapted from Mandl U., Dierx A., Ilzkovitz F., (2008: p.3)

Figure 2

SHARED VALUE CREATION IMPLEMENTATION STAGES

Source: Adapted from Ho (2017: p.87)

Figure 3
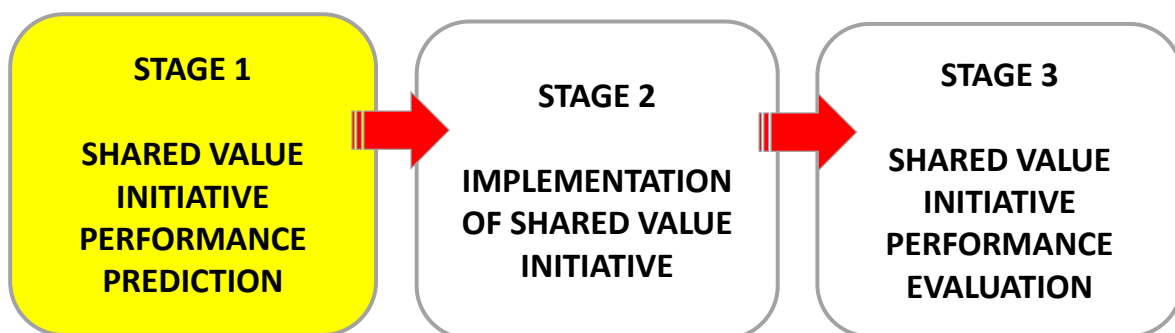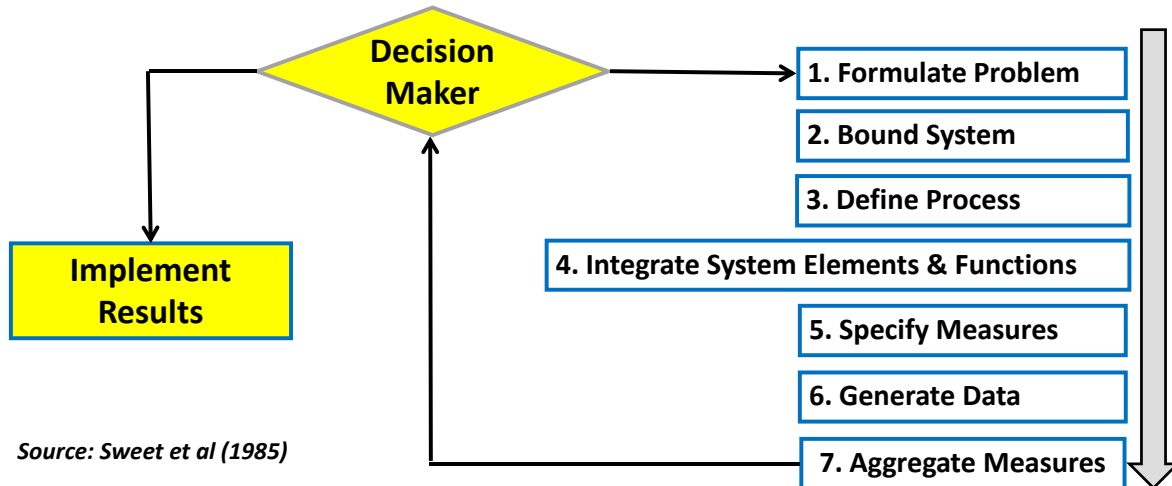# The MORS's Command and Control System Definition Process

Decision Maker

Implement Results

1. Formulate Problem
2. Bound System
3. Define Process
4. Integrate System Elements & Functions
5. Specify Measures
6. Generate Data
7. Aggregate Measures

Source: Sweet et al (1985)

Figure 2

SHARED VALUE CREATION IMPLEMENTATION STAGES

STAGE 1 — SHARED VALUE INITIATIVE PERFORMANCE PREDICTION
STAGE 2 — IMPLEMENTATION OF SHARED VALUE INITIATIVE
STAGE 3 — SHARED VALUE INITIATIVE PERFORMANCE MEASUREMENT

Figure 4
Selection of Shared Value Measures of Effectiveness (MOEs) Shared Value Creation Implementation Stage 1

NO

YES

8. Decision making
Shared Value Initiative feasible and appropriate to achieve socio-economic goals of primary stakeholder?

9. Implement Results
Proceed to Stage 2 Implementation of Shared Value Initiative

1. Formulate Problem
Define Socio-economic Goals with Primary Stakeholder (public sector organization)

2. Bound System
Research initiatives to create shared value in selected community in alignment with identified socio-economic goals

3. Define Process
Select shared value initiative, identify key stakeholders in community and research socio-economic benefits from literatures

4. Integrate System Elements & Functions
Survey perceptions of benefits and value creation from the selected shared value initiative for the community with key stakeholders and decision-making team of primary stakeholder

5. Specify Measures
Analyze feedback, assess and compare shared value expectations from key stakeholders with those of decision-making team

6. Generate Data
Generate report on research findings to management in public sector organization for informed decision-making

7. Aggregate Measures
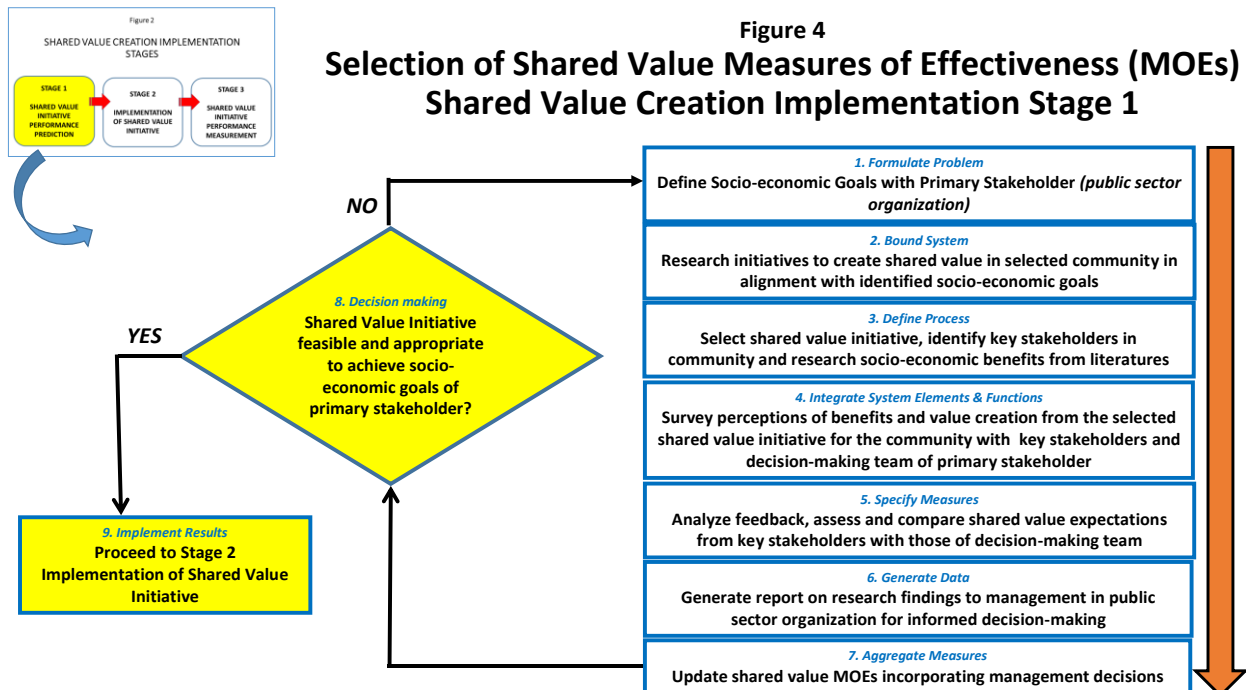**Update shared value MOEs incorporating management decisions**

Figure 5
An Example of Parklets

Photo by Jeremy Shaw
Source:
http://richmondsfblog.com/2012/
08/31/possible-parklet-coming-
to-clement-near-3rd-avenue/

Figure 6
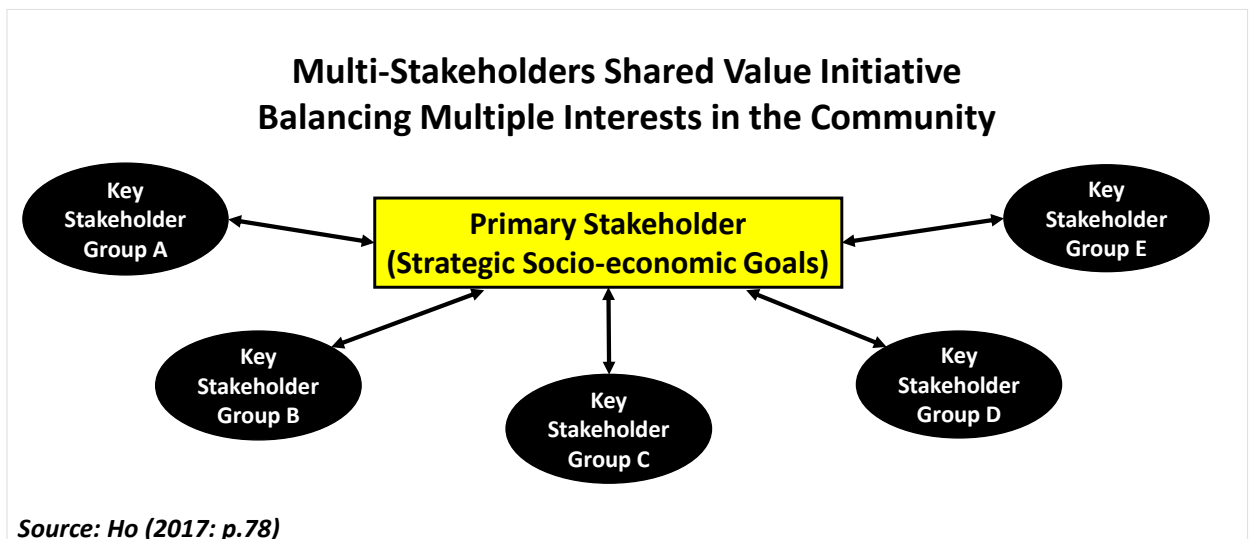# Primary-Stakeholder-Centric Shared Value Network

**Multi-Stakeholders Shared Value Initiative
Balancing Multiple Interests in the Community**

Source: Ho (2017: p.78)

Figure 7
Measures of Economic and Social Impacts

Impact	Measures
Economic	a) Employment b) Business Output c) Personal Income d) Property Values e) Benefit/Cost f) Fiscal Impact
Social	a) Attractiveness of Surroundings b) Community Satisfaction c) Sense of Community d) Health and Wellbeing e) Improvement of Environment

Appendix A1: Economic Impact: Employment

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• Over 70% of responding key stakeholders perceived parklets would create both permanent and temporary jobs in Zone B for maintenance of the facilities and the initiative's indirect impact on tenancy occupancy at Zone B. Due to the higher cost of living in the development region, the new jobs are expected to be filled by workers now residing outside the development region. On the whole, the initiative would positively affect the quality of employment opportunities within the development region. • 75% of the management team shared the same opinion on how parklets would indirectly create the above employment impact for the community.	• Whilst majority of the key stakeholders (61%) agreed that the initiative would indirectly contribute to reduction in the public costs of attracting job seekers, only 25% management respondents perceived that the initiative will have such impact for the business community.

Appendix A2: Economic Impact: Business Output

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• Over 70% of respondents from both surveys perceived that the initiative would contribute to growth in business revenue and net profit. They also believed that it would encourage labour productivity and improve employee enthusiasm to be part of the business community. • The initiative would also attract both professionals and skilled labour to the development region, with a higher agreement on professionals.	• 81% of the respondents from the key stakeholders believed that the initiative would contribute to labour retention in the community. Only 50% of management team agreed.

Appendix A3: Economic Impact: Personal Income

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations

• Majority of respondents from key stakeholders (64%) and management team (75%) agreed that income generated from potential business revenue growth would result in their organization hiring additional workers. This is in line with the shared perception findings under the employment variable.	• 75% of the management team agreed that the business revenue growth would bring about increased individual remuneration for key stakeholders. In comparison, only 47% of key stakeholder respondents agreed with 22% disagreed strongly.
	
	• Whilst majority of both responding key stakeholders (78%) and management team (75%) agreed that income generated would be reinvested for process improvement, the 2 groups differ in the other usages perception.
	  ○ The key stakeholders were less optimistic that the income would be reinvested for employees training with only 62% in agreement as compared to management respondents at 75%.
	  ○ As for usage as dividends payment, 75% management respondents believed that revenue would be paid out to owners whilst only 53% of respondents from key stakeholders perceived as such.

Appendix A4: Economic Impact: Property Values

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• There was a 100% agreement amongst management respondents that the initiative would bring about increase in property demand, values and rental yield in the community. • Over 80% of responding key stakeholders concurred.	• None

Appendix A5: Economic Impact: Benefit/Cost

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• Over 80% of responding key stakeholders perceived that the initiative would result in business relocations to the development region. The respondents also perceived that the initiative would indirectly contribute to regional enterprise development and bring about positive business impact to the surrounding vicinity within the development region. • Over 85% of the responding key stakeholders agreed that the initiative would contribute positively to branding of the development region, A-Corp and collaborating organizations. • The above were agreed by 100% of management respondents.	• 100% of management respondents believed that the initiative would also contribute to population growth in the development region with 50% of which agreed strongly. • The same enthusiasm was not shared by the responding key stakeholders. Of the 78% who agreed, 41% agreed slightly. Only 13% agreed strongly with about 18% disagreed moderately or strongly.

Appendix A6: Fiscal Impacts

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• 100% of management respondents and over 75% of responding key stakeholders agreed that the initiative would improve relationships between A-Corp and its collaborators and create a platform for discussions on development improvements with other government agencies and regulators. • 75% of management respondents and 62% of responding key stakeholders were convinced that the initiative would indirectly contribute to positive changes in government revenue and increase in government expenditures to the development region through hike in demand for public services.	• 100% management respondents believe that the initiative would not only improve A-Corp's relationship with regulators, it would also have positive impact on the relationship between regulators and business operators. This is not shared by 33% of the responding key stakeholders of which 12% strongly disagreed that the initiative would have any impact on business operators' relationship with regulators.

Appendix B1: Social Impact: Attractiveness of Surroundings

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• 79% of responding key stakeholders and 100% management respondents noted abundant trees planted in Zone B and these have provided shade for sidewalks. • Only about 40% of responding key stakeholders and 50% of management respondents found the surroundings interesting with attractive landscaping and buildings.	• 100% of the management respondents felt that key stakeholders would perceive a need for improvement in the condition of the appearance and attractiveness at Zone B. However, only about 50% of the responding key stakeholders perceived that there could be more attractions in the zone.

Appendix B2: Social Impact: Community Satisfaction

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• Over 80% of responding key stakeholders perceived Zone B as a good place to work in. 100% management respondents expects key stakeholders to find Zone B a good workplace. • Over 60% of responding key stakeholders was satisfied with the safety, ease and pleasantness of walking in the vicinity. 75% of management expected favourable responses from key stakeholders on ease and pleasantness. 100% of management felt key stakeholders would be satisfied with crime control in the zone.	• 83% of the responding key stakeholders were satisfied with who-they-know in the community. This was not the perception of management with 50% of the respondents disagreeing that the key stakeholders would be satisfied. • For the key stakeholders, the main dis-satisfiers were found with meals. 60% were not satisfied with the access to restaurants from Zone B and only 20% showed satisfaction with the number and quality of restaurants in the zone. On the other hand, 50% of management respondents perceived strongly that key stakeholders would be satisfied with access and also number and quality of restaurants. • 74% of responding key stakeholders was satisfied with the traffic situation within the development region. Management felt that only about 50% of the key stakeholders would respond positively.

Appendix B3: Social Impact: Sense of Community

Shared Perceptions from Survey 1 and Survey 2	Significant Perception Deviations
• Management expected 100% of key stakeholders would respond that people got along with each other in the community. Actual findings with key stakeholders found that over 74% of them believed so.	• Management respondents expected 100% of key stakeholders would respond that people in the community did not have time for one another. Only 53% of the responding key stakeholders thought so. • 61% of the key stakeholders perceived they had no influence over matters in the vicinity but management respondents expected that only 25% of these key stakeholders would feel as such. • Over 69% of key stakeholders responded that they were expecting to work in the vicinity for a long time. Management had a lower response expectation at 50%.

Appendix B4: Social Impact: Importance of Various Community Facilities and Amenities

Respondents were asked to rank importance of the various community facilities and amenities according to a Likert scale of 6 from 'extremely important' to 'not at all important'. The following presents percentages for responses on 'extremely important' and 'very important'.

Community Facilities/Amenities	Key Stakeholders' Perception (%)	Management Perception of Key Stakeholders' view of importance of the facilities/amenities (%)
Functional and attractive sidewalks	65	100
Crime control and safety	78	100
Traffic control and safety	76	75
Comfortable benches or seating	57	100
Adequate street lights	84	100
Street cleanliness	80	100
Clear and accurate road signage	82	100
Crosswalks clearly marked	72	75
Plants and attractive landscape	82	100
Attractive building façade	66	75
Art and cultural activities	57	75
Social gathering places	76	100
Visible, shaded bus stops with seats	61	100
Visible and shaded taxi stands	60	100
Availability of car parks	71	100
Visible and clean public toilets	86	100

The highlighted community facilities and amenities are also benefits of the proposed parklet initiative. There is significant perception deviations noted with these related facilities and amenities. Findings reveal 100% management respondents expected that key stakeholders would find those facilities and amenities extremely or very important for them. Findings from survey with key stakeholders suggest that many rated the facilities and amenities much lesser importance.

Appendix B5: Social Impact: Current Conditions of Various Community Facilities and Amenities

Respondents were asked to rank the current conditions of the various community facilities and amenities according to a Likert scale of 6 from 'extremely good' to 'extremely bad'. The following presents percentages for responses on 'extremely good' and 'moderately good'.

Community Facilities and Amenities	Key Stakeholders' Perception (%)	Management Perception of Key Stakeholders' rating of Current conditions (%)
Functional and attractive sidewalks	44	25
Crime control and safety	58	50
Traffic control and safety	60	50
Comfortable benches or seating	38	50
Adequate street lights	42	50
Street cleanliness	56	75
Clear and accurate road signage	38	50
Crosswalks clearly marked	42	50
Plants and attractive landscape	33	25
Attractive building façade	48	0
Art and cultural activities	29	25
Social gathering places	22	25
Visible, shaded bus stops with seats	26	25
Visible and shaded taxi stands	16	50
Availability of car parks	40	50
Visible and clean public toilets	24	25

Findings from key stakeholders and management respondents for the 3 related facilities and amenities reflect similar perception of improvement needed for all.