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Innovative Public Service Delivery:
How to assess the new relationship between public agencies and society?

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Abstract

One of the major challenges faced by the Public Administration is how to create more value for both citizens and firms, mainly because of the increasing budgetary constraints and challenging demands from society. In fact, over the past two decades there has been a general movement of public reform in most developed countries, and for this reason it is essential to understand how users assess public services' quality.

This paper aims at understanding the determinants of public services' quality. Due to the nature of the research problem, we have adopted a case-study methodology. The research involved an extensive qualitative and quantitative data collection with managers, citizens and front and back-office public servants, by means of interviews, questionnaires and focus groups. The paper presents the case of Citizen Shops in Portugal, a recent and innovative channel of public services' delivery, within a strong relationship perspective. Firstly, it explores the kind of relationships that are developed during the public service encounter between the citizen, the public organization and society. Secondly, both citizen's satisfaction and dissatisfaction with public services are investigated. The basic premise is that these two concepts are not opposite but have different determinants instead. Furthermore, the paper also explores the existence of a zone of tolerance and emphasizes the importance of managing emotions in the public service

encounter. Finally, it is discussed that public services' quality assessment should also take into consideration the implications on the value to society.

Keywords: public services; citizen shops; quality determinants; satisfaction; dissatisfaction

1. Introduction

In most western economies, the public sector takes control over an important share of the economic resources. Modern public dimension and organization have been in the centre of the political and academic debate, aiming at finding new adequate management alternatives (cf. Osborne and Gaebler, 1992; Pollitt, 1993, 1995; Moe, 1994). More specifically, modern societies demand more efficiency and effectiveness from public agencies, with a clear respect for citizenship, especially in what concerns equity and management of conflicting interests (cf. Frederickson, 1994; Moe, 1994; Arnold, 1995; Schachter, 1995; Mintzberg, 1996; Denhardt and Vinzant, 2000; Fountain, 2001). The first two challenges are clearly aligned with the principles of the New Public Management. Although some differences can be found from country to country, Pollitt (1995) points out eight essential elements of NPM: cost cutting, disaggregating traditional bureaucratic organizations into separate agencies, decentralization of management authority within each public agency, separating providing from purchasing public service functions, introducing market and quasi market-type mechanisms, requiring staff to work to performance targets, indicators and output objectives, establishing greater flexibility in public employment and, finally, increasing emphasis on service quality and customer responsiveness. In short, NPM aims at meeting the needs of the citizen and not of the bureaucracy.

But more recently, the critics of the most liberal trends of public management brought up new concerns, namely those related to ethics (cf. Moe, 1992; Goodsell, 1993; Cohn, 1997; Johnston and Callender, 1997; Dixon, Kouzman and Korac-Kakabades, 1998; Konig, 1999; Pollitt and Bouckaert, 2000; Haque, 2001), giving priority to other topics, such as citizenship, trust, transparency and democratic dialogue (Frederickson, 1994; Moe, 1994; Arnold, 1995; Schachter, 1995; Mintzberg, 1996; Denhardt and Vinzant, 2000; Fountain, 2001; Bovaird and Loffller, 2002). Although there is some heterogeneity among the reforms all over the industrialized world (cf. Hesse and Benz, 1990; Wright, 1994; Benz, 1995; Hood, 1996; Peters, 1996), the research is clearly dominated by the concerns and issues that come from the English speaking countries: decentralization, focus on performance and quality, priority to the citizen, delivery and responsiveness improvement, stronger accountability, deregulation and privatization.

In this context, it became urgent to rethink public services' delivery in order to increase their quality (Roy and Seguin 2000; Ling 2002), satisfying the public's needs and, as far as possible, trying to delight people and companies, favouring good governance and national economic competitiveness. In practice, several initiatives have been implemented in order to putting into practice a new philosophy of public management, based on the principles of the New Public Management. More specifically, modern states have assumed significant responsibilities, in which more and more actors take part – private and semi-private entities – resulting in a growing fragmentation of a huge public sector which, most of the times, does not correspond to the user's perspective. However, it has been understood that citizens have a clear preference for solving several items with the least contacts with the Administration as possible. Furthermore, they also look for new services that meet some needs still not satisfied and reduce inconsistencies and conflicts between services (cf. Martinson 1999; Hagen and Kubicek 2000; Keast and Brown 2002; Ling 2002; Moran 2005). In this context, coordination between public organizations became a central issue (cf. Hagen and Kubicek, 2000; Bovaird, 2001; Pollitt, 2003), and there has been a trend of public services concentration on the basis of *one-stop-shopping*, made possible by the significant advances on the information and communications technology (Toonen and Raadschelders, 1997).

As a result, it becomes essential to evaluate the impact of these modern alternatives. Nevertheless, this is not a simple mission. Indeed, evaluation of this strategy is not only urgent but also very complex (Entwistle and Martin, 2005). The practical impact of coordination, in its several dimensions, has to be assessed with citizens (cf. Wirtz and Tomlin, 2000; Vigoda, 2000; Osborne and Gaebler 1992), civil servants (cf. Montes, Fuentes and Fernandez, 2003; Schneider and Bowen, 1985) and other stakeholders – politicians, consultants, managers, professionals

(Pollitt, 2003) – because there may be conflicting interests that must be taken into consideration (cf. Freeman, 1984; Freeman and Evan, 1990).

Furthermore, there are also a few conceptual and methodological relevant considerations. Firstly, as we are dealing with services, public services quality can be regarded from the services marketing perspective. In fact, services quality became a central topic of research in the 80's (cf. Parasuraman, Zeithaml and Berry, 1985), namely because of the increasing competition among organizations in a growing competitive world. On the other hand, although the importance of quality management in the public arena is widely recognized (cf. Pollitt and Bouckaert, 2000; Doherty and Horne, 2002; Talbot, 2005), there is a debate on the meaning of public services quality (cf. Mintzberg, 1986; Walsh, 1991; Swiss, 1992; Radin and Coffee, 1993; Hazzlett and Hill, 2000). As a matter of fact, the concept and measurement of services' quality have been some of the most controversial issues in the services marketing debate (Brady and Cronin, 2001). In effect, assessing services quality is much more complex than when we are dealing with products, because services are "deeds, acts or performances" Berry (1980), and have specific characteristics – intangibility, inseparability between production and consumption, perishability and heterogeneity (cf. Berkowitz *et al.*, 1986) that make them a unique (cf. Grönroos, 1990; Kotler and Andreasen, 1995).

In the literature, there has been a strong debate about the transfer of quality concepts from the private to the public sector. While those that believe and proclaim Total Quality Management argue that large private companies and public organizations tend to face the same bureaucratic issues, the most critic ones oppose that they operate under very distinct frameworks (cf. Halachmi, 1995). In fact, as in most of the western economies the dichotomy between those two sectors tends to fade with a growing cooperation between public, private and volunteer sectors, the use of those concepts and guidelines has not been a simple issue (Swiss, 1992). In practice, most of the models for quality assessment are not suited to services, especially if they do not operate under market conditions. Public agencies that are strongly oriented to political objectives experience great difficulty in thinking and acting in a TQM perspective (Loffler, 2001).

Nevertheless, although the adoption of models and instruments designed for private initiative is not free from criticism or caution (cf. Swiss, 1992; Rago, 1994; Halachmi, 1995), others claim that as the frontiers between the two sectors are shading, it is feasible to use those constructs in public service research (Cohen and Eimike, 1994; Rago, 1994; Gaster, 1995).

Additionally, although it is believed that quality is what we can measure and control, unfortunately not every service quality item can be measured. There are many subjective aspects that are difficult, or even impossible, to measure within a quantitative framework – a smile, a courtesy, a word of support or sympathy. So, only a multidimensional construct, measured with both quantitative and qualitative indicators, can capture their global effects.

In this context, this paper has a twofold objective. Firstly, to contribute to an understanding of satisfaction and dissatisfaction with public services. Secondly, to present a model that aims at evaluating the quality of the public service, considering three main components: the interaction process involved in the public service, the citizen perceptions of quality, and the value created to society. More specifically, this research explores the case of the Portuguese Citizen Shops.

The paper is divided in eight sections. After this introduction (Section 1), the paper reviews the literature on the main elements of public services' quality assessment (Section 2). Then we address the research questions (Section 3) as well as the framework for analysis (Section 4), and the methodological approach adopted in the investigation (Section 5). The section which follows presents the case-study (Section 6), and then the main findings and implications are discussed (Section 7). Finally, the paper ends with a conclusion (Section 8).

2. Literature Review

2.1. The Interaction Process in the Public Service

In this research, public service is viewed as a pseudo-relationship – i.e., a "repeated contact between a customer and a provider-organization" (Gutek, 2000, p. 372). A pseudo-relationship means that the customer identifies the service but not a particular person as its supplier, not anticipating any future interaction with a particular provider but, instead, with the organization. Therefore, in the marketing literature the term "pseudo-relationship" does not have any pejorative meaning, being merely descriptive.

A pseudo-relationship can be seen as a series of episodes - encounters/moments of truth - or either, successive individual interactions between the customer and the supplier of the service. Each episode can be defined as an interaction event that has a clear beginning and an end. According to Gutek (2000), these successive contacts involve different service employees, expecting that each one is functionally equivalent to the others. Thus, although most of the models and instruments of quality are essentially static, it is important to look at this type of relationship in a dynamic perspective. Traditionally, only the quality of a specific episode was considered, not taking into account that the customer perception about service quality evolves as he/she continues to use the service. But services are processes, customers' perceptions evolve, and so the approach must be dynamic. The implications of this perspective are enormous, because an unsatisfactory episode may not finish the relationship if previous episodes have been satisfactory. Therefore, satisfaction and dissatisfaction of the customer/user of public services must be analyzed as cumulative variables.

In this work, public service is viewed as an experience, which can vary between a mere series of episodes - encounters/moments of truth – and, in the other extreme, a relationship. In fact, the aim is not evolving from the first to the latter, because the citizen may not really be looking for a true relationship with that service he is using. Instead, the focus has to be on increasing his degree of satisfaction with the experience. Furthermore, the public service also involves true internal relationships, between the public agency and its own civil servants. We may then consider that the public service results from the relationship between three parts: the citizen, the public agency and society (including here all other stakeholders).

Consequently, it becomes absolutely essential to clarify who the users of public services are – citizens, customers, beneficiaries or others? Some authors contend that the adoption of a private-sector-style customer focus inappropriate to the public sector, arguing that it devalues citizenship. Alford (2002) presents a very interesting typology based on the idea that most interactions between the public sector and the client differ from the private sector transaction. As he points out, "citizenry constitutes an authoritative judgement that legitimizes the values realized or delivered by government organizations. However, it is very different from the customer function in a number of important respects" (op. cit., p. 339). Citizenship confers rights and responsibilities to every citizen. For the author, in the public sector, both the citizenry and the clients consume value produced by government, but each receives a different type of value. "The citizenry receives *public* value, whereas clients receive *privat*e value" (Alford, 2002, p. 339). Citizen relates to the public services collectively, whereas those who have a more direct interaction look more like customers – the paying customer (when buying a subway ticket), the beneficiary (who receives the service or benefit without paying directly in return) or the obligatee (who receives the service against his/her will, as a prisoner, for example). But in every transaction with public service organisations, each member of the public is simultaneously a citizen and a customer (fitting at least in one of the three roles). In this paper, we use the term citizen in order to avoid excess of terminology.

2.2. Expectations and Perceptions

There are two main paradigms in services quality research: the expectation-disconfirmation paradigm and the performance paradigm. For the first one, perceived service quality results from the comparison between performance and expectations (Oliver, 1980). Although it is agreed that there are multiple quality dimensions, there is no consensus on their number and nature: two (cf. Grönroos, 1982; Lethinen and Lethinen, 1982; Mels, Boshoff and Nel, 1997), three (Rust and Oliver, 1994), five (Parasuraman, Zeithaml and Berry, 1988) and ten (Parasuraman, Zeithaml and Berry, 1985, in the original version of SERVQUAL). On the other side, the performance paradigm argues that expectations are irrelevant and only performance should be considered. These two perspectives gave rise to two alternative frameworks: SERVQUAL (Parasuraman, Zeithaml and Berry, 1985; Zeithaml, Berry and Parasuraman, 1988) and SERVPERF (Cronin and Taylor, 1992). Even though they are widely used in services quality assessment, some authors claim that they are not generic and, consequently, a few adaptations should be made for each specific context (cf. Carman, 1990; Finn and Lamb, 1991; Dabholkar *et al.*, 2002; Zhao *et al.*, 2002). There are other developments in the literature, such as modified versions of SERVQUAL and the importance-performance paradigm proposed by Martilla and James (1977). In our viewpoint, it is possible to adapt the frameworks designed for private services to assess public services quality. Thus, our model considers both citizens' expectations and perceptions.

2.3. Quality versus Satisfaction

Although it is consensual that customer satisfaction is essential for organization success (cf. Vavra, 1997; Dabholkar, Shepherd and Thorpe, 2000; Rust, Moorman and Dickson, 2002; Keiningham, Munn and Evans, 2003; Fornell *et al*., 2006; Stradling, Anable and Carreno, 2007), there is no agreement on the relation between quality and satisfaction. Luo and Homburg (2007) present a clear and complete systematization of customer satisfaction outcomes and the respective academic articles. Similarly, there isn't any universal definition for satisfaction (cf. Yi, 1990; Peterson and Wilson, 1992). As a matter of fact, for some authors satisfaction is an evaluation process (cf. Hunt, 1977; Oliver, 1980; Fornell, 1992), but for others it is the answer to that evaluation process (cf. Howard and Sheth, 1969; Oliver, 1980, 1997; Westbrook and Reilly, 1983; Tse and Wilton, 1988). It can also be viewed as a cognitive answer (cf. Howard and Sheth, 1969; Tse and Wilton, 1988; Bolton and Drew, 1991) or an affective response (Westbrook and Reilly, 1983; Cadotte, Woodruff and Jenkins, 1987). Besides, some authors argue that satisfaction precedes quality (Parasuraman, Zeithaml and Berry, 1988; Bitner, 1990; Bolton and Drew, 1991), while others support the opposite (Oliver, 1993; Parasuraman, Zeithaml and Berry, 1994; Cronin and Taylor, 1994; Liljander and Strandvik, 1995; Fornell, 1996; Grönroos, 2000; Brady *et al*., 2002).

Most of expectations and satisfaction research focused services from the private sector and the relation between expectations' disconfirmation and satisfaction with public services is still barely explored (Roch and Poister, 2006), although there has been some research in this arena, concluding that disconfirmation is positively related to satisfaction with public services (cf.

Beck, Rainey and Traut, 1990; DeHoog, Lowery and Lyons, 1990; Van Ryzin, 2004). However, it is not possible to generalize, and more investigation needs to be done.

2.4. Satisfaction and Dissatisfaction

There is still no consensus on the relation between satisfaction and dissatisfaction. Although some literature has stressed the importance of satisfaction maximisation and dissatisfaction minimization, this approach has been neglected in most empirical works in services (Dawes and Rowley, 1999; Liljander, 1999). Service quality literature looks for identifying the dimensions or attributes that generate positive evaluations of quality by customers. In effect, here is a preference for understanding and defining positive concepts such as quality and satisfaction, instead of the negative ones that result in dissatisfaction.

However, satisfaction and dissatisfaction with services cannot be considered opposites (Bleuel, 1990; Johnston, 1995), because controlling dissatisfaction may not necessarily lead to satisfaction. As Findlay (1967) explains, the aversion system has greater influence in the behaviour than pleasure system, being dissatisfaction stronger and more lasting than satisfaction. In fact, it seems there is not a univocal correspondence between these two concepts. Some empirical works conclude that the elements of satisfaction are not the same of dissatisfaction and, subsequently, one is not the mere opposite of the other.

Similarly, researchers from other fields of knowledge also have pointed out the importance of dissatisfaction analysis, without considering it merely the opposite of satisfaction. This is the case of Scitovsky (1976) in neurophysiology and Herzberg (1968) in psychology (stressing the difference between motivational and hygiene factors). Kano and his colleagues (1984) also addressed this perspective in their quality investigation distinguishing between the basic needs (in this case, customers become dissatisfied when performance is low, but satisfaction does not rise above neutral with high performance), the one-dimensional needs (when satisfaction is a linear function of performance) and the attractive or excitement needs (when satisfaction increases super-linearly with performance, but will not decrease bellow neutral if there is a decrease in performance - usually unexpected features, that fulfil latent or unknown needs).

In fact, when we consider the concerns of customers with information accuracy, waiting time, attendance duration, bad attendance, and so forth (negative incidents) satisfaction becomes to some extent a secondary concern (Johnston, 1995; Dawes and Rowley, 1999). But as far as minimum quality criteria are respected dissatisfaction tends to decrease. Concluding, without a strategy that includes both dissatisfaction removal and increase of satisfaction, employees and customers might become sceptical about the attempts of service quality improvement in the organization. Therefore it is important to identify the authentic sources of dissatisfaction. These results can be used to establish a priority for corrective measures, namely in terms of back-office rearrangements.

Accordingly, satisfaction and dissatisfaction are core aspects of our model. They are not considered to be opposites. The basic idea is to understand how the public services may leave the stage of mere appeasement to users' satisfaction, aiming to delight the citizen. In practice, the information gathered can be used to establish priorities for the corrective measures, as a means of increasing loyalty towards public services, which is especially important for some areas under competition. In fact, when we deal with monopolized services if the source of monopoly disappears in account of, for instance, a deregulation, dissatisfied customers will most certainly defect. "Even in markets with relatively little competition, providing customers with outstanding value may be the only reliable way to achieve sustained customer satisfaction and loyalty" (Jones and Sasser, 1995, p. 89). Merely satisfying customers will not keep them loyal. Furthermore, now citizens expect more accountability from governments, as Milakovich (2003, p. 75) makes clear: "…they want accountable, efficient, fair and effective value for their scarce resources".

To sum up, it is also crucial to identify the causes and sub-causes of dissatisfaction. Therefore, our model considers both the determinants that tend to be essentially source of satisfaction and cause of dissatisfaction.

2.5. Zone of Tolerance

The concept of "zone of tolerance" – accepted service performance level somewhere between the adequate and desired level of expectations – was introduced by Berry and Parasuraman (1991) but barely applied to public services quality research. In fact, customers usually recognize that it is not always possible to attain their expectations, and admit an inferior service level without feeling dissatisfied. Indeed, satisfied customers can have a series of negative experiences that reduce their level of satisfaction but that do not make them unsatisfied. Situational factors, previous experiences and word-of-mouth may help to redefine their expectations.

Similarly, the Liljander and Strandvik model (1995) recognizes the importance of the zones of tolerance - admitted variations of the levels of performance of service inside certain limits, being that any increase of performance in this area will have only small effects in the perceptions. It is still considered that tolerance zones can be extended to the level of relationship, capturing the accumulated variance of performance.

The existence of a zone of tolerance is inherent to the condition of "service" – customers tend to accept its heterogeneity that leads to variation in performance (Zeithaml *et al.*, 1996). Above this level they feel delighted and below they feel dissatisfied. In this sense, our model considers that citizens may admit that their expectations may not always be met, and therefore accept a service performance level somewhere between the adequate and desired level of expectations and still not feel dissatisfied.

2.6. Emotions

Emotions exert a great influence in tolerance and, consequently, in satisfaction, because individuals may already have a predisposition to see incidents as positive or negative. Thus, Johnston (1995) contends that the evaluation of a particular episode may not result from incidents, once satisfaction can be essentially related to the customer mood when he or she receives the service. So, the role of emotions should be carefully analyzed. In fact, the positive and negative emotions that customers associate with the service have a growing importance in literature in the creation of satisfaction. Customers experiment positive and negative emotions related to the service and these emotions influence their degree of satisfaction. However, there still exists a lack of research on the linkage between emotions and post-consumption variables, such as satisfaction (Liljander and Bergenwall, 1999), and on the role of service recovery, which may change negative emotions into positive ones, in customer's emotions management. In fact, with a few exceptions (cf. Folkes *et al*., 1987; Bitner, 1992; Tsiros and Mittal, 2000; Proença and Castro, 2002; Bonifield and Cole, 2007) most service models have not considered emotions.

Several definitions of emotions have appeared in the psychology literature but there is no consensus and it may be harmful to use a too much narrow notion. Oliver (1997, p. 294) considers that "emotion includes arousal, various forms of affect, and cognitive interpretations of affect that may be given a single description". Therefore, in distinct segments, customers may react with different emotions to the same service. This means that, due to the services' variability, the same customer may have different levels of perceived quality of the service or distinct emotions from an episode to the other. For the manager it is a challenge to understand these emotions, as well as to analyze their intensity and frequency (Friman, *et al.*, 2001) and manage them to promote positive emotions and reduce the negative ones.

In fact, it is shown that customers try positive and negative emotions related to the service and that these emotions influence their satisfaction. The negative emotions have the biggest impact on the customer's reaction and the positive emotions have been associated with satisfaction increase. On the other hand, satisfaction is seen as also having an affective dimension, without which the customers' behaviour cannot be fully explained. One thinks that the affective processes are partially out of conscientious control of customers.

Besides, the type and force of emotions that result from one or more negative incidents in a relationship can better explain the termination than the source of the incident itself, even in the cases where service quality is low. This has not been fully studied, and neither has the role of service recovery in customer's emotions management.

These considerations also find echo in the context of public services. Vigoda-Gadot (2000) recognizes the lack of research in this field, but explains that it is extremely important to understand citizens' feelings and reactions when they contact public services. Accordingly, the model proposed in this paper considers the influence of emotions in the quality of the service provided by public agencies.

2.7. Value for Society

Besides the relationship between the citizen and the public agency, public services also involve society in general. In fact, modern management perspectives have changed focus from the shareholders to a broader viewpoint that includes an increasing set of stakeholders that in some way relate to the organization. In the literature, the relevance of these stakeholders has been stressed out by academics (cf. Freeman, 1984; Evan and Freeman, 1988; Preston and Sapienza, 1990; Hoyle, 1994; Foley and Barton, 1997; Foster and Jonker, 2003). In this sense, quality management should not only focus on internal operations, but should also consider all those groups that in some way relate to the organization. Thus, business quality is seen as the capability of serving society as a whole (Holey, 1994).

In this context, the stakeholders' theory has been developed, based in the idea that the objectives of any organization should take into consideration the stakes of the several groups that in some way relate to that organization, namely managers, employees, shareholders and suppliers (Freeman and Reed, 1983). Furthermore, it argues that its success depends on the relationships between the organization and those stakeholders. In the same direction, social responsibility has been also receiving a growing attention (Foley, 1999; Foster and Jonker, 2003).

This perspective has some similarities with Taguchi's concept of quality: quality is viewed as the loss that a product causes to society "after being shipped, other than any losses caused by its intrinsic functions"(Stocker, 1990, p. 35). This means that all the product characteristics that move away from the intended value cause losses to the society. Then, it is a different approach compared to the traditional one, according to which the final objective is the maximization of individual profit. Taguchi perspective aims at the minimization of the loss to society. For Ribière (1999, p. 2) this perspective "though initially used in manufacturing can easily be applied to service industry ". For some services, such as health services, the monetary loss is not the most important, being, then, essential to capture and to analyze the causes of customers' dissatisfaction.

In particular, public agencies also relate to a wide set of social groups that sometimes have conflicting interests: citizens, clients, beneficiaries, central and local government, associations, private companies, among others. Thus, several investigations on public services' quality take these stakes into consideration (cf. Doyle, 1994; Atkinson *et al*., 1997; Provan and Milward, 2001; Neely *et al*., 2002; Bourne *et al*., 2003; Ferlie *et al*., 2004) and understand the impact of public services' delivery in terms of losses to society, considered here as all other stakeholders besides the public agency itself.

3. Research Questions

This investigation is aimed at contributing to an improvement of public services' quality. In this sense, the central problem of the research is:

- Which are the determinants of public service quality?

A recent channel of public service delivery – the Portuguese Citizens Shops – frames the research context, where service quality and delivery are central and interwoven issues. Its relevance can be understood at different levels. Firstly, because it is a delivery channel with a growing importance in the daily lives of urban populations, but yet only feebly studied in spite of the diversity and interest of the available material. Secondly, because it fits the trend of public services' concentration in one-stop-shopping models. Thirdly, because it is an innovative approach between traditional and electronic Public Administration. Finally, for the diversity of the services delivered and the organizational complexity.

Hence, given the central problem of the research, this study focuses on three key research questions in the context of the Citizen Shops:

1. How is the interaction process developed in the public service encounter?
2. How are citizen/user's perceptions of public service quality developed?
3. What is the impact of public services' quality in the value to society?

Since the research is centred in the case of the Citizen Shops, these questions also imply exploring the following issues:

- Knowing the organizational processes focusing the citizen in the Citizen Shops.
- Assessing the positive and negative aspects of delivering public services through the Citizen Shops.
- Understanding how can citizens' needs and demands can be more effectively met (namely thought back-office reorganization).
- Understanding the value of physically delivered public services, both to the citizens and society, without real service integration.

4. A Model for the Evaluation of Public Services' Quality

Our model is divided in three main parts, which allows a clear association between each of the three research questions and the levels of analysis (Figure 1).

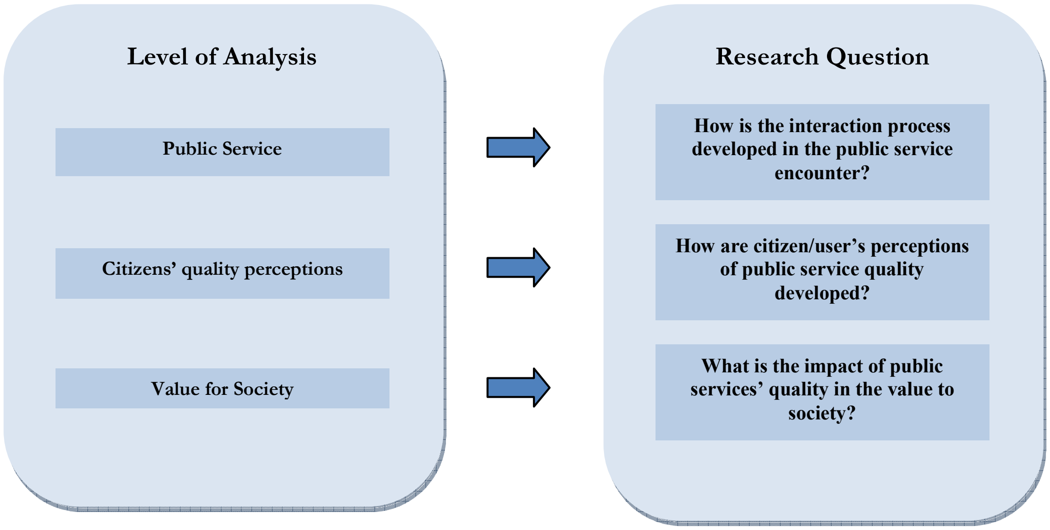

Figure 1 – Association between level of analysis and research question

In the first part, the relationships that are developed during the public service encounter between the citizen, the public agency and society (all stakeholders involved), are explored, considering that the public service encounter as a succession of episodes – a pseudo-relationship – involving all those stakeholders. In fact, in most cases public services involve repeated contact and the citizen does not anticipate any future interaction with a particular person, but instead with the organization in general. In the second part of the model, citizens' perceived quality is determined by comparing perceptions and expectations, which can result from previous experiences, word-of-mouth, suggested positioning and personal needs. Additionally, customers' and employees' emotions are considered to exert a significant influence on citizens' perceptions, because this encounter seems to be strongly relational and emotions are considered to have an important influence on the evaluation of each episode. In this context, the model admits certain variations in the level of performance, influenced by emotions and other factors external to the organization. It is proposed a segmented analysis of customers/users, given the importance of the diversity of their characteristics in the evaluation of the service quality. Moreover, the model considers a zone of tolerance, in the sense that citizens may admit that their expectations may not always be met, and therefore accept a service performance level somewhere between the adequate and desired level of expectations and still not feel dissatisfied. In the third part, the model considers that public services' quality results form both citizens' assessments and value to society, viewed as the relation between benefits and losses to all other stakeholders. Finally, the model considers that the quality of public services results from both citizens' assessments and value to society. In fact, if on the one hand public services' conception and delivery aim at serving the citizens, and in this sense assessing their perceptions is crucial, Public Administrations involve a broad set of agents, and therefore it is also important to understand the impact in society in general. The model is represented in Figure 2.

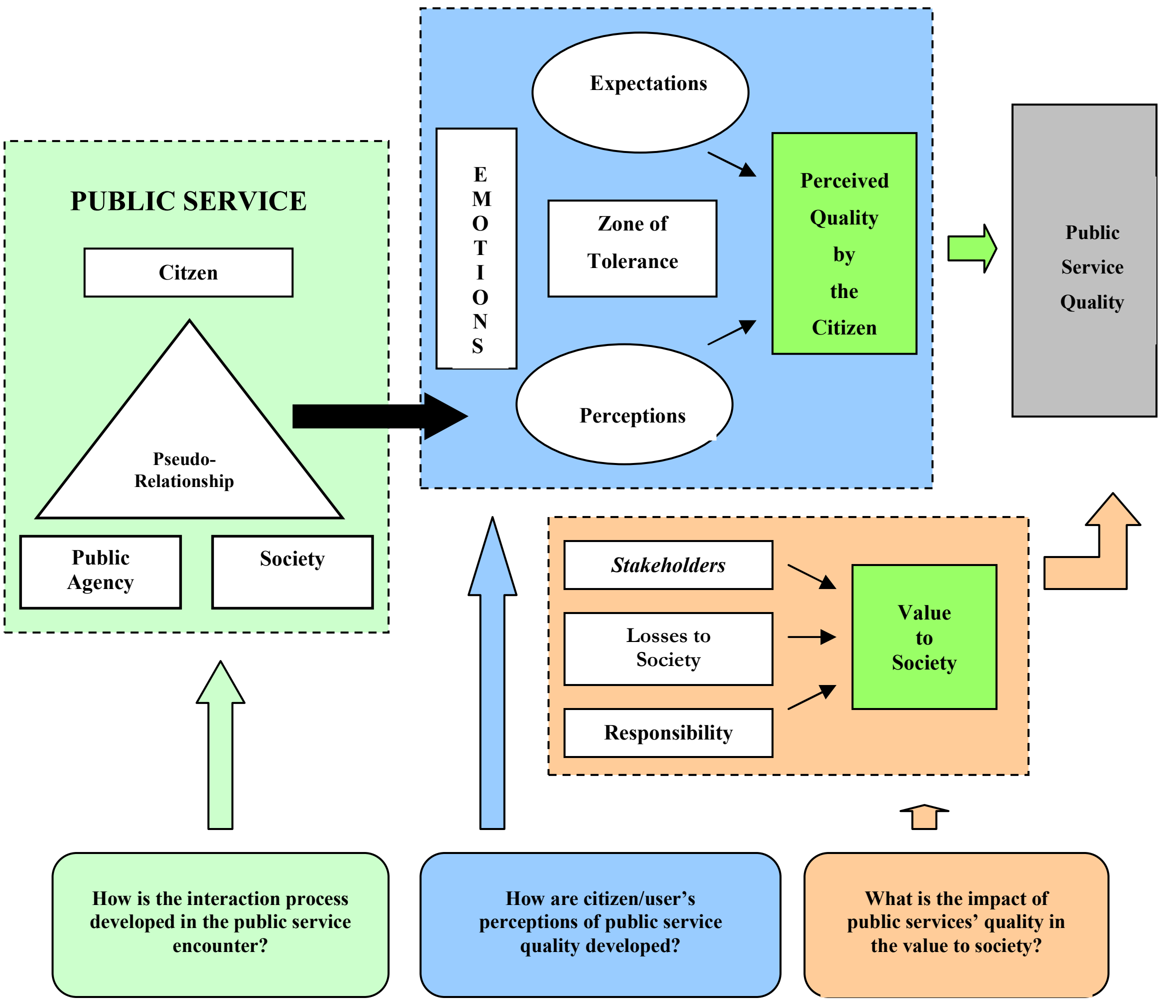

Figure 2 – Framework for analysis

Next session presents the main methodological considerations.

5. Methodology

This section is aimed at presenting and justifying the methodological options that were on the basis of the empirical research.

From the literature of services marketing there are basically two forms of evaluating the quality of a given service (Schröder *et al.*, 1998): attribute and incident based measurements. The first provide a general evaluation of the service quality - the customers evaluate more than only the result of the service, they also evaluate the process of service delivery and its dimensions/attributes. The incident based measurements give emphasis to the analysis of critical incident, defined as "specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying" (Bitner, Booms and Tetreault, 1990, p. 73) - for the definition of the determinants of satisfaction/dissatisfaction. In the academic field, researchers have presented some valuable investigation on the effects of these advances on the level of citizens' satisfaction, supported mainly on the attribute based-models used for assessing services quality in the private arena. Nevertheless, public services have specific features that justify a specially designed framework for their evaluation.

Since citizens' perceptions about public services are still scarcely known, qualitative studies seem to have a valuable contribution. Indeed, according to Yin (1994), the exploratory research is the most adequate when the research questions are of the type "how?" and when the main purpose is to understand a subject that is still almost unknown. Therefore, it was followed predominantly an explanatory qualitative methodology and, among the alternatives, it was chosen the case-study approach, using multiple sources of empirical evidence. As a matter of fact, case-studies are considered an adequate methodology for exploratory and explanatory research (Yin, 1994). More precisely, it was chosen the Citizen Shop case-study. The choice of this particular case-study was based on four main reasons. First, because despite of its growing importance for the daily lives of urban populations, there is still scarce research about this public service delivery channel. Secondly, because it follows the one-stop-shopping trend adopted by most western countries. On the other hand, because it is an innovative approach, between traditional Public Administration and e-Government. Finally, for its organizational diversity and complexity.

Moreover, it was given a special emphasis to verbal reports (Ericsson and Simon, 1980) and it was used an adaptation of the Critical Incident Technique - CIT (Flanagan, 1954). This technique was introduced in the marketing literature by Swan e Rao (1975) and in the services marketing arena by Bitner, Booms and Tetreault (1990). Since then, many studies have been based in CIT adaptations (cf. Edvardsson, 1988, 1992; Bitner, 1990; Stauss and Hentschell, 1992; Stauss, 1993; Standvik and Liljander, 1994; Keaveney, 1995; Stauss and Weinlich, 1995; Bostschen *et al.*, 1996; Olsen, 1996; Roos and Strandvik, 1996; Roos, 1996, 1999; Decker and Meissner, 1997). The incidents were collected with the citizens using a questionnaire and categorized according to the five dimensions proposed in SERVQUAL (Zeithaml, Berry and Parasuraman, 1988). Besides, all other qualitative data was obtained by means of personal semi-structured interviews (with managers and front and back-office public servants) and focus groups (with citizens and public servants). In fact, focus groups have been extensively used in services marketing research, and more recently their use has been explored in the public services analysis (Krueger, 1994).

Complementarily to the main methodological option, it was also made an importance/performance analysis based on data obtained with the questionnaire (Martilla and James, 1977). This procedure does not conflict with the case-study methodology, which allows the use of qualitative and quantitative methods (Amaratunga and Baldry, 2001; Jensen and Rodgers, 2001). Data diversity may be considered one of the main contributions of this research, since triangulation strengthens constructs and hypothesis (Eisenhardt, 1989). The analysis followed the principles of the grounded-theory approach aiming at the emergence of new theoretical constructs on the basis of the data analyzed (Strauss and Corbin, 1990).

In practice, the data was collected from November 2004 until May 2007. The evidence was collected in six Citizen Shops, located in the most important Portuguese cities. This option aimed at assuring robustness of analysis (Eisenhardt, 1991) and saturation (Smith, 1990). There were made 59 interviews, in a total amount of 28.5 hours of tape recording. There were also made four focus groups in a total of 5 hours of tape recording. The interviews had a strong ethic concern, since all participants were previously informed about the purpose of the investigation and were asked permission for tape recording, as well as guaranteed absolute anonymity. Besides, there were made 340 questionnaires with the citizens/users in the Shops. These were used to collect the incidents as well as the data used in the importance/performance analysis (the participants were asked to rate in a five point Lickert scale 29 items that resulted from the qualitative data analysis). The qualitative data gathered from the interviews and focus groups were coded in categories intimately related with the conceptual framework and research questions. It was used QSR NVivo 2.0.

6. The Case of the Citizen Shop

The first Portuguese Citizen Shop was founded in Lisbon in 1999. The idea came from the Citizen Attendance Service in Bahia, a huge Brazilian state, where citizens have to travel long distances to have access to some public services. Since then, thirteen more have been created, spread among the main Portuguese cities. Citizen Shops were designed to implement the administrative modernization started in the 1980s inspired in the main principles of New Public Management. This aimed at breaking with the traditional slow and bureaucratic delivery, following a logic of concentration, accessibility, simplification and speed of response. Citizens Shops intend to be citizen-focused, in order to deliver better service quality and improving the relationship between Administration and the citizen. In practice, they are like a shopping centre where the citizen can find a broad variety of public and private services (about 60% / 40%) that do have a great importance for their daily lives and, consequently, have a very significant demand: Water, Electricity, Gas and Telephones; Banks; Certificates and Registrations; Post-office; Personal Documents; Taxes; Labour Relations and Professional Training; Social Security; Health Services; Services for Public Servants; Communications and Transports, among others. Conditions, processes and staff are agreed between the respective central public agency and the Citizen Shop management unit.

There is also a great concern about the physical infrastructures. The building for each Citizen Shop has good accessibility, including for disabled people, good working conditions and a modern layout. Some supporting services are also available such as coffee shops, cash machines, copies and photo services, waiting areas and places for attendance of disabled people. The opening hours are extended, compared to traditional offices, and there is a special emphasis on recruitment based on skills and competence, which is supposed to be constantly improved by training courses and motivation techniques. There is also an extensive use of information technology facilities and databases.

7. Discussion

The main findings are related to each of the three research questions. The first question is "How is the interaction process developed in the public service encounter?". There could be found a few interesting results. To begin with, the relationship between the citizens and the Shop tends to develop as a sequence of independent episodes. However, there could be noticed some true relationships. In addition, there is a great diversity of profiles and behaviours among the users, who have shown to be increasingly demanding and, sometimes, causing conflicts in the interaction. Though, this highly depends on the type of Shop. It could also be found that the main motivation for going to a Citizen Shop is not related to the attendance quality of attending, but instead with physical service concentration and extended working hours. It was identified a kind of "culture of shop", encouraged by the management units, primarily oriented by serving the citizen. Besides, the management units also promote a partnership among all entities present at the Shop, focusing on using an effective leadership to support a high quality service to the citizen. Finally, relationships in the Shop seem to be intimately related to economic and sociological aspects of the population served, mainly due to the nature of the services provided.

The second research question, "How are citizen/user's perceptions of public service quality developed?" also led to some motivating results. At first, the original positioning suggested by the Citizen Shops and word-of-mouth are two main sources of expectation disconfirmation and, consequently, causes of dissatisfaction. Citizens' expectations seem to be extremely dynamic, tending to be gradually more demanding. Moreover, there was not found a homogeneous pattern of perceptions in the six Shops where the empirical research was made. Both physical and human tangible items, confidence, assurance and empathy are globally considered positive by the citizens, and the last one is source of delight. On the other hand, responsiveness is the most negatively assessed dimension, manly due to waiting time, dependence from central services and number of services available. Yet, this dimension has two elements viewed as fundamental by citizens: physical services concentration and extended working hours. Globally, the interviewees tend to show a positive judgement, but this appreciation is still very limited by the poor image they have about Public Administration as a whole. Citizens tend to demonstrate a reasonable degree of tolerance in relation to the limitations they find, mainly motivated by the dimensions they view as positive and as they get used to the Shop. Situational items, word-of-mouth, previous experiences and the compulsive character of the service shape the adequate level of expectation. Lastly, emotions appear to have a predominantly negative influence on the interaction process between the citizen and the civil servant. The front-office employee has a crucial role on moderating emotions.

The third research question, “What is the impact of public services’ quality in the value to society?”, also gave rise to a few interesting results. First of all, it was clear from the data that physical distribution has an extremely important role in public services delivery. Moreover, the physical concentrated model seems to support administrative modernization itself. This is mainly due to the promotion of transparency, efficiency, citizen focusing, technological and working methods innovation as well as the adoption of new models of leadership. Additionally, there were found some direct and indirect benefits both to companies’ efficiency and to the image of the Country. Concerning the limitations, the most important have to do with the lack of responsiveness due to high dependence in relation to central services plus the restrictions to coordination between all present entities. Nevertheless, information technologies may accelerate coordination and higher autonomy. Shortage of material and human resources also limit their effectiveness. In short, Citizen Shops present a very valuable contribution to society in general, but need urgently to evolve to a real integrated model. Finally, although they exhibit a set of standard characteristics, it would be useful to adapt them to the populations and places they serve, namely in what concerns physical structures, type of attendance and communication policy.

8. Conclusion

In a time of increasing budgetary constraints and demands from society – citizens and organizations – in relation to Public Administration, one of its major challenges is the creation of more value. This implies satisfying citizens' needs with greater effectiveness, minimizing costs on the basis of an increased efficiency, and creating more value to society.

From a managerial point of view, it became crucial to understand the determinants of public service quality. More specifically, this involved understanding the service encounter, citizens' perceptions and the impacts on society. This analysis may help managers to prevent the occurrence of negative incidents and develop abilities to deal with them in a professional way, even with those that, despite of all efforts, always happen. On the other hand, positive incidents must be regarded as learning experiences for the organization. Constructs and frameworks designed to assess private services' quality seem to be useful to the public context, but yet they need to be adapted to the specificities of the public services' arena.

Thus, the central purpose of this research was to understand the determinants of public services' quality. The focus on citizens' perspective within a highly relational framework, complemented by the analysis of the value to society, was found to give new insights on public services assessment.

In our opinion, the paper has three main contributions: theoretical, methodological and practical. The first group results from each part of the model that resulted from the research questions and framed the empirical work. Firstly, the research confirms that public services are a peculiar type of relationships – they present characteristics of pseudo-relationships involving three agents: the citizen, the public agency and the society itself. Secondly, public service quality was considered from the citizen viewpoint, in view of their expectations and perceptions. Additionally, the attributes were classified as primarily source of satisfaction or dissatisfaction, or neutral. The investigation confirmed the existence of a certain degree of tolerance in citizens' public services assessments. Another contribution came from the importance given to emotions during the interaction period. However, it was not evident their impact on citizens' satisfaction, which suggests that relationships that occur in the Citizen Shops are less emotional than those that develop in the traditional public agencies, the same way that new forms of delivery of goods and services tend to become less emotional. Another contribution is the selected case-study of physically concentrated delivery of public services. It is a trend in the most developed countries but in spite of its growing importance there is still a lack of investigation. Lastly, considering the special features of the public service, the conceptual framework complements citizen quality assessment with evaluation from society. This allows understanding the benefits and losses to society, as well as opportunities for improvement.

Secondly, the combination of attribute based measures and incident analysis is the most significant methodological contribution, and was very useful to understand how citizens' perceptions are created. Besides, it was used a dyadic approach, considering both users' and civil servants' viewpoints. It was collected a great variety of data which was used in multiple ways, qualitatively and quantitatively, in order to get as much information as possible. This allowed answering the research questions in spite of barely knowing the subject in the very beginning.

Lastly, there are also a number of contributions to management: the importance of managing citizens' expectations, knowing the sources of dissatisfaction, developing an organizational culture, coordinating the services delivered and managing the front-office.

There are some limitations. The first one derives from not being possible to generalize the conclusions of a single case-study. Secondly, confidentiality prevented the use of certain controversial subjects that could enrich the investigation. There were also found some difficulties in collecting, classifying and interpreting incidents. Besides, due to time restrictions, it was not possible to apply a question on expectations confirmation/disconfirmation in the questionnaire. Finally, it was not feasible to obtain any internal quantitative performance indicators that would enhance the conclusions.

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