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EUROPEAN ACADEMY
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L'ACADÉMIE EUROPÉENNE
DES SCIENCES ET DES ARTS

2nd SPINOZA LECTURE



PUBLIC VALUE

**Corporate Leadership
Committed to Society**



Report of the Second Lecture of 23 October 2014

Guest Speaker Prof. em. Dr. Peter Gomez, Former Rector of the University of St. Gallen and Former Chairman of the SIX Swiss StockExchange.

On the occasion of its second Spinoza Lecture, the European Academy of Arts and Sciences invited Professor em. Dr. Peter Gomez, former Rector of the University of St. Gallen and former Chairman of the SIX Swiss StockExchange, to give a lecture on the concept of public value, titled “Public Value – Corporation leadership committed to society”.

The Representative of the Academy in Brussels, Professor Nada Korac-Kakabadse, opened the symposium and presented the topic of discussion before introducing Professor Peter Gomez to the audience. Professor Kakabadse underlined the importance of companies to take into account the notion of public value to shape sound development strategies.

“Human beings develop their sense of community and society not in a mechanistic way, but – in modern language – self organised and subjectively without an external “right” or “wrong”.”

Professor Gomez opened the lecture by elaborating on the lack of cohesion of society’s conception of the Common Good. This is due to the mechanistic functioning of society, which prevents the establishment of an overarching definition of good and right. Joining this analysis with the idea that social organisations and structures are vulnerable to unprecedented changes and backlashes, as experienced in today’s Europe, he indicated that it was more necessary than ever for public and business stakeholders to act.

Following on from the conclusions of the High Level Group on Innovation Policy Management’s blueprint, which is the outcome of a unique two-year public-private partnership between senior officials of European and national administrations, business and academia, he stated that the common good should be one of the top motives of public and business action, adding to the more ordinary pursuit of efficiency and shareholder value.

“There are no one-dimensional measures which take into account a broader publics’ interests and expectations.”



Common Good might be a necessary element of strategy development, but identifying it, and measuring the performance in enhancing it are difficult tasks.

Professor Gomez offered a multi-dimensional approach to Common Good via the notion of Public Value, initially developed by Harvard Professor Mark Moore, and then further developed by Professor Gomez and his team. Public value is defined as “an organisation’s contribution to society and its functioning. It is not limited to economic results and financial gains. It takes into account moral and political, as well as utilitarian and hedonistic aspects of value creation”.

Public Value is the only suitable source of legitimacy for corporate action. As the economist Peter Drucker underlined, “Free enterprise cannot be justified as being good for business. It can be justified only as being good for society”.

Professor Gomez’s idea of public value is part of a five-dimensional approach to assess products or services designed by corporations and public institutions. It can be summarized by the following questions:

1. Are the products and/or services useful?
2. Do they create value?
3. Are they morally sound?
4. Are they politically acceptable?
5. Are they a source of positive experience?

Answering these questions would provide a yardstick to measuring the efficiency of the product or service offered. If assessing the public value of the goods and services one produces does not give direct answers regarding strategic planning, it provides at least a sound way to diagnose the sustainability of the product or service.

Professor Gomez then presented a practical approach of public value through three initiatives launched in Switzerland:

- The “Swiss dialogue”, a platform bringing together leading managers, scientists and politicians which has as its objective to improve the dialogue between business and society;
- The “Public Value Scoreboard” based on the five-dimensional approach outlines above, which is used as a diagnosis tool in different corporations and public institutions; and
- The “Public Value Atlas”, which ranks public and private institutions according to their public value creation.



Debate with participants

The subsequent Q&As and debate among participants underlined the need to align the public and private timescales of strategic development and to implement long-term strategies regarding public value. Thereby, the notion of public value must not be misunderstood as improving the image and public perception of a company or a public institution by means of populist short-term actions such as advertising campaigns. Rather, companies and public institutions need to first of all acknowledge that “public value is what the public values”, and need to be fully aware of the public’s viewpoint and give it a prominent place in the development of long-term strategies. Such strategies will provide useful in the long-term because the notions of common good and public value are appreciated by both the public and the private and can act as powerful common denominator in aligning diverging interests.

Summary by Tristan du Puy – EPPA SA

We will keep you informed on the date of the next Spinoza lecture.