Public value and performance of libraries

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Abstract: This paper addresses the changing role of libraries as central knowledge hubs of an information society. It questions the relevance of the existing performance measures and asks what kind of public value we are expecting from the libraries. The paper illustrates its main arguments with the empirical context of the Finland and shortly introduces the case of 'Iso Omena' in Espoo, Finland where a novel approach for providing public value has been implemented. The paper develops two arguments to guide the future research in the area. First, new indicators and measurement practices are needed if we want to evaluate more comprehensively the public value of libraries. Second, performance management and evaluation taking place in libraries calls for active performance dialogue between the relevant interest groups in order to determine the public value of libraries and performance measures tracking how this value is produced.

1. Introduction

Libraries role as corner stone of information society is important, but the world is changing and therefore also libraries need to rethink their role and value proposition. How can libraries today and tomorrow create most value to customers and taxpayers? One way to seek answers to this question is a public value approach as a set of normative values that create a foundation for public activities such as libraries is this case. According to Bozeman (2007), public values are:

> "[P]roviding normative consensus about (1) the rights benefits and prerogatives to which citizens should (and should not) be entitled to; (2) the obligations of citizens to society, the state and one another; (3) and the principles on

which governments and policies should be based (Bozeman 2007, 13)."

In Finland, the Public Libraries Act defines the following objectives (2 §) to public libraries:

1) equal opportunities for everyone to access education and culture;
2) availability and use of information;
3) reading culture and versatile literacy skills;
4) opportunities for lifelong learning and competence development;
5) active citizenship, democracy and freedom of expression.

These new objectives add to the old law the obligations of citizens to society, the state and one another. Equal opportunities for everyone to access education and culture represents the rights, benefits and prerogatives to which citizens are entitled. The rest of the objectives demonstrate principles on which governments and policies should be based on. The objectives of presented in law are meant to be achieved by carrying out the following tasks (6 §)

1) providing access to materials, information and cultural contents;
2) maintaining versatile and up-to-date collections;
3) promoting reading and literature;
4) providing information services, guidance and support in the acquisition and use of information and in versatile literacy skills;
5) providing premises for learning, recreational activities, working, and civic activities;
6) promoting social and cultural dialogue.

In addition, it is a duty of municipalities to assess their libraries and publish findings (16 §). State regional authorities and Ministry of Education have responsibility to monitor and evaluate libraries on regional and national level (16 § and 4 §). At the national and regional levels, the evaluation is carried out with national library statistic database (http://tilastot.kirjastot.fi). At the local level, municipalities assess their libraries in various ways. However, a key question for evaluation and performance management in libraries, regardless of the level of analysis, relates to the question of public value; what is the value libraries are supposed to deliver for the public?

From this question arises the main research interest of this particular paper. We see a mismatch between the existing performance measurement approaches and the purpose of libraries (public value). Whereas the current performance management practice relies strongly on statistics and the law focuses on a more profound societal role of libraries. The existing statistics enable the follow up of the above listed tasks but there seems to be an increasing demand for moving from mere output measurement toward the impact measurement. The next

section discusses about performance of libraries. In section 3, we use the case of Finland to illustrate the needed change in performance measurement practices. Discussion and conclusions finalize the paper.

2. Performance of libraries

Performance management is a central task in all organizations. Organizations strive to their goals and performance management is somewhat inherent to the definition and existence of an organization. In practice, it might not be called as performance management but can be managed by other management functions, like strategic management, quality management, customer-relationship management, human resources management, operations management that all have their own particular aspect to performance (Thorpe and Holloway, 2008).

Management needs up-to-date and accurate information to guide organization toward its targets and proactively respond to various challenges posed by the environment (Nudurupati et al., 2011). This information enables monitoring performance, identifying weak areas, enhancing employee motivation, improving communications and strengthening accountability (Waggoner et al., 1999). Furthermore, an ideal performance management system provides information about strategic uncertainties (Simons, 1994) and external phenomena, such as changes in market situation and customer behaviour. Performance management combines the views of internal efficiency and external effectiveness (Keegan et al., 1989; Kaydos, 1999; Neely et al., 1995).

From the performance management perspective, the libraries all over the world have met the reality of diminishing resources at the same time the rapid development of technology has changed their operational environment. Some of the most remarkable challenges for the libraries are the entrenchment of networking and electronic services as everyday courses of operations. This means the change of paradigm from the traditional, institutional conception of library toward the type of library that is integrated into the operation processes of the patrons. This questions the validity of library statistics as means to evaluate the performance of libraries. Indeed, the value of the libraries cannot any more be measured comprehensively with the size but with the societal impact and the value added to the patrons.

One of the challenges of the libraries is that the libraries are often seen as service organizations that do not create budgetary resources but just consumes those (Kaarst-Brown et al., 2004). From this point of view, it is evident that the libraries must develop measures and practices to justify their expenditures and demonstrate their value. Currently used statistics can provide only a partial picture about what libraries do and what kind of value those provide for citizens and the society in large. More particularly, there is a need to measure more comprehensively the public value of libraries. For example, the current measures do not measure effectiveness and cost-effectiveness. Public value can

refer to resource allocation (input), processes, outputs, productivity/efficiency, outcomes and impacts. The current statistics do not measure all of these.

The performance dialogue with the stakeholders is important when the public value is being decided and pursued. For instance, the policies set by the stakeholders affect the strategic planning of the cultural heritage organizations (e.g. libraries) and the resources (inputs) they get. Policies, strategies and inputs determine the set of services (outputs) provided as well as the quality of these services. These outputs generate outcomes that represents the desired or undesired value to the clientele. To get information about the value added to the clientele, methods of impact assessment and benchmarking are applied. The process described provides the basis for negotiating with the stakeholders to shape the future policies and strategic planning and the resources of the organization.. This "Circle of Impact" is described in Fig. 1.

Fig. 1. The "Circle of Impact". The policies set by the stakeholders of the organization affect the strategic planning and resources (input), having effect on the services, outputs and outcomes of the organization. The value added to the clientele can be assessed by methods of impact assessment and benchmarking, giving the basis for the next round of negotiations with the stakeholders about the policy.

In 2014, as a result of international cooperation, the International Organization for Standardization (ISO) published the standard ISO 16439 "Methods and procedures for assessing the impact of libraries". It is the first documentation concerning the evaluation of the impact of libraries. In the standard, the concept

of impact and other focal terms are defined and the standard is intended as a tool for the evaluation of impact and value of all types of libraries. The new standard considers the impact of libraries on individuals, on institutions and on society and defines the impact as a tangible or intangible change in an individual or group well-being resulting from the library services. The impact may be immediate or long-term, far-reaching or limited as well as intended or unintended. For measuring the impacts, methods other than traditional statistics are needed. The tools for evaluating the impact of library consist of qualitative evaluation methods like user surveys, interviews, focus groups, or anecdotal data (ISO 16439(E);4.6.2.5).

More generally, public management literature has paid an increasing interest toward learning and knowledge-generating aspects in strategic public management (e.g., Bryson et al. 2010; Moynihan 2008; Rashman, Withers, and Hartley, 2009). As a response, performance management scholars have stressed the role of performance measurement as a social system (Bititci et al. 2012) and called for more focus on interpretative processes of performance information (Moynihan and Landuyt 2009; Laihonen and Mäntylä, 2017) and organizational learning (Rashman et al. 2009; Laihonen 2014). In practice, this calls for performance dialogue (Laihonen and Mäntylä, 2017) around target setting, evaluation and re-designing of performance measurement practices.

3. Performance measurement and evaluation in Finland

At the nation level, the performance evaluation relies on statistics on key performance indicators: Service points, Collections, Acquisitions, Loans, Periodicals, E-material, Disposals, Customers, Events and user training, Personnel, Economy (http://tilastot.kirjastoit.fi). Figure 2 illustrates the decreasing trend in total loans. Similar trend is visible in other output figures as well. This trend brings up the important discussion concerning public value; what is it and how libraries are able to deliver value for money.
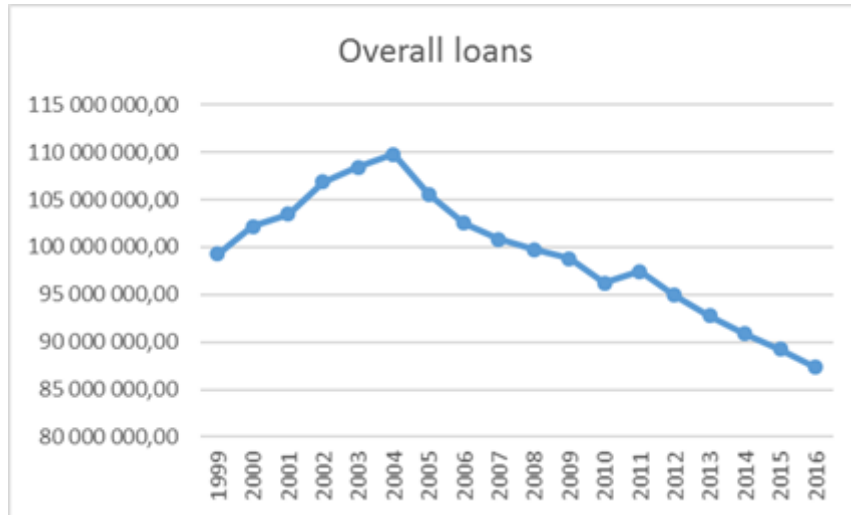
Fig. 2. Total loans in Finland between 1999-2016 (http://tilastot.kirjastot.fi).

When analysing national statistics, it is evident that the main development area relates to outcome measurement. In addition, there are several new forms of outputs that the statistics are ignoring at the moment. Thus, related to public value and outcomes measurement, the important question for libraries is, what the most appropriate forms of services are that create value for money. This consideration should precede the development of indicators and performance measurement practices. Why are we measuring and developing indicators, who will use them and for what purposes? These are the questions that the performance dialogue should address now and also in future, because measurement develops with the rest of the world.

The focus of the development work should focus increasingly on public value. If we want to maximize book loans, it makes sense to measure the amount of loans per day, month or year. However, if we are more interested in literacy and democracy for example, there may exist a need to find more appropriate ways to measure success in these tasks. The national level policies and guidance affect measurement practices also at the local level. Therefore, the libraries are quite good at gathering statistics about their resources, outputs and customer behaviour. What is lacking, at this level also, is a thorough understanding of how different metrics describe everyday operations and how customer behaviour affects the daily activities in libraries.

Libraries in many municipalities are seeking new ways to respond to the decreasing trend of loans and library visits. One example of these new approaches can be found from Espoo, Finland where 'Iso Omena' Service

Centre is a new service concept for public services aimed at making it easier for the municipal residents to use everyday services. The service centre includes a library, youth services, a maternity and child health clinic, a health centre, mental health and substance abuse services, KELA Social Insurance Institution, a Citizen's Services office, HUS laboratory and medical imaging as well as Kohtaamo, a meeting place for art and culture.

It is important to notice that in addition to national level reporting requirements and its own measurement practices, the library also becomes dependent on the facilities and collaboration with other actors operating in 'Iso Omena'. In this kind of hybrid organizations, all actors have their own agendas and objectives, which needs to be taken into account and appreciated. Every actor has its own networks and owners (public, private or third sector). In 'Iso Omena', actors have identified a common goal: 'customer is first'. All actions aim toward greater customer experience. Sub-objectives are derived from this shared mission. The most used metrics at the center level are all customer related: number of customers at different times of day and week, moving of customers around the center, length of cues in different services and number of different security issues. Actors also discuss their experiences with customers: what they ask in different service points, and what are the most asked questions. However, "Iso Omena" does not have any impact or outcome measures tracking how the libraries contribute to the results of the hybrid organizations.

This kind of hybrid organizations have become common in Finland. This creates new opportunities also for libraries to engage into everyday life of citizens. In 'Iso Omena', the library has biggest customer numbers compared to other services. Within the first nine operating months, more than million customers have visited the library. Approximately 4500 – 5000 customers use the library services daily. It is one of most used libraries in Espoo and even in the whole Finland and more customers are expected when a new metro line opens in 2018.

New concept has increased customers in library and made use of other services more convenient. Customers can use library services while waiting for their turn for example to doctor's appointment. Library itself has its own goals derived from public library act and Espoo library strategy. Most of the used performance metrics are about customer behaviour and quite traditional. They are needed to develop customer service and allocate resources wisely. Library also aims to build its organizational culture to be as flexible as possible. It means that they value experiments. It is easier to experiment many small changes and develop than plan few great changes for long time and then try to implement them. This experimental culture necessitates open and continuous performance dialogue. Therefore, 'Iso Omena' -library is developing its organizational culture to use gathered data. Management pays attention to workers' opinions about different metrics and value propositions, which are well grounded with statistics. As library manager said "If it has not been measured, it does not exist".

So far, having the library as part of service center and shopping mall is a success story. Customers have found it and use its services actively; all actors seem to benefit from having library at the center. This is good example of a novel idea. Part of success is proper preparation for service center. For years, actors discussed and rehearsed cooperation before opening of the new service center. Coordination group for all actors is mandatory and its role has been vital in developing good customer experience. All is based on shared objectives. To make best possible customer experience regardless which services he or she is using at service center. Part of success is also library's organization culture. It is not sufficient to only gather information and data. Value is created when this information is discussed and interpreted together. Indeed, more important than creating new metrics is to develop ways how to use the existing information.

4. Analysis

This paper developed two arguments from the consideration of public value and performance measurement practices in libraries. First, new indicators and measurement practices are needed if to evaluate the public value of libraries. Second, the future libraries are most probably hybrid organizations and their performance management and evaluation calls for performance dialogue between the relevant interest groups.

Based on our preliminary observations and analysis it seems that performance dialogues in typical public sector setting as well as in networks are needed if relevant definitions for public value is desired. The chosen performance measure will define public value and will represent what is valuable. Is seems that neither the size of collections or the total amount of loans is no more the key performance indicator for a library. Instead, more evidence of effectiveness and impact of library services is needed when evaluating the performance of the libraries and justifying their expenditure. The new tools of analysing efficiency, impact and outcomes, need to combine different types of data and analyses. Only then, it is possible to provide information for advocating, marketing and managing as well as demonstrating the impact of libraries. We suggest that these methods can be derived from the guidelines of the standard ISO 61439 combining data from different sources. The idea of combined data for the basis of impact analysis is shown in **Error! Reference source not found.**.
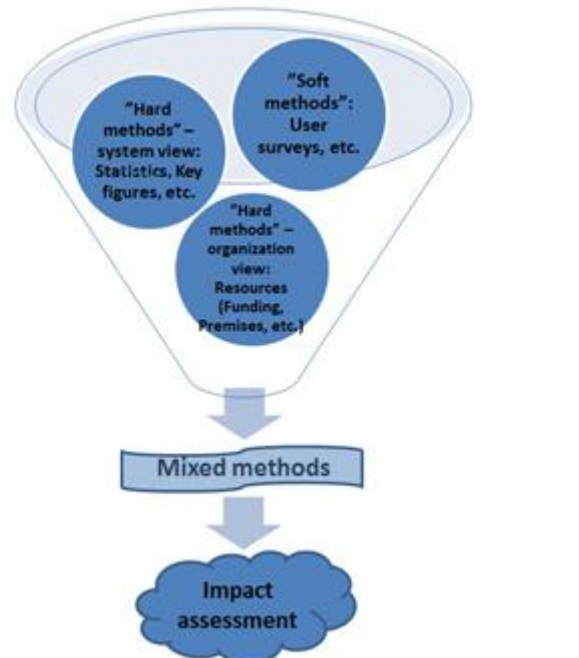
Fig. 2. Combining data from different sources provides powerful analytical capabilities for identifying the impact of library.

In an increasingly complex environment, we also believe to the strength of performance dialogue. This dialogue will give meaning to public value and various performance data. Dialogue between different interpretations is crucial because without it there is real danger of misinterpretation. We do acknowledge, that it is not a straightforward process to move from an intra-organizational focus to inter-organizational and cross-functional collaboration in service provision but in hybrid organizations, this will be a key to a success. Here, it is important to maintain a strategic focus and concentrate on the creation of public value.

5. Conclusions

This paper makes two contributions. First, it addresses the importance of performance dialogues in determining the public value of libraries and measures reporting the value achieved., Second, it provides a practical illustration of the measurement challenges at the levels of national evaluations and local performance management. Building of the performance information and involving the relevant actors, like management, customer service personnel and clientele about data and findings is called for. This dialogue creates meaning and can be translated into narratives, which improves participants' awareness of

organizational performance and provides them an interpretation framework the performance data.

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