

## Chapter 2

# Adopting the Concept of Business Models in Public Management

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### ABSTRACT

*The aim of the chapter is to propose the principles of adopting the concept of business models in public management. The scope of the work includes the specific principles of business management and public management, examined in terms of integrating the attributes of public organizations that ensure they achieve appropriate functionality. The result of scientific reflections is an attempt to design the canvas of the public organization business model based on an analogy taken from business management for the conceptualization and operationalization of the specific key attributes of the public organization business model. The justifiability of adopting the concept of a business model in the theory and practice of public organization functioning will be illustrated by the solutions used in local units of public employment services in Poland.*

### INTRODUCTION

The dynamics of changes in management theory and practice determine new research and implicational perspectives. The emergence of new management concepts and the creation of new space in the conceptualization and operationalization of ontological beings is a challenge for current management sciences. The interpenetration of different solutions in various areas of business, public and social affairs almost becomes normalized. The interpenetration creates a new dimension of the value embedded in the needs of its customers expecting adequate contributions and incentives from the relationship with business, public or social organizations. The expected value can be delivered, *inter alia*, through the ontological being which is the business model, understood as a specific model of an organization demonstrating how

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the organization performs its genotypic function. The ontological being is reserved not only for business, but can also be used for the design, development and growth of social and public organizations. This may sound like an oxymoron, but if one becomes more familiar with the concept of business models, opportunities and new mechanisms emerge for creating value for the benefit of social and public services through modified solutions of the concepts of business models, adapted to social and public services. It is important to move from business models typical of companies to social and public business models and the business models of other types of organizations. The concept of new public management (NPM) is particularly conducive. It is based on the efficient use of business solutions in public organizations. Other models of public management, however, do not prevent the development of relevant business models. It should be noted that NPM also involves a shift from economic to social and public value. The result is the transition from economic to social and public dividend.

Addressing such complex problems, we chose a component approach popularized by A. Osterwalder. Then we focused our analyses on the significance of distinguished groups of public organizations' stakeholders, on citizen-centric orientation in building the business models of public organizations, and also we looked for linkages between sustainability and public value. As a result, we proposed the internal canvas of a public business model, the external canvas of a public business model, and the extension canvas of a public business model.

## **BACKGROUND**

For many years, the concept of business models has played a key role in the implementation of strategic management mechanisms. This ontological being has become an inherent part of management science in both theory and practice. Nowadays competing by means of business models has become a reality. The peculiar configuration of tangible and intangible resources that captures value from the market through one's own value created and supported with the understandable logic of generating income for the organization determines the development of modern entities. What is amazing is that the concept, due to its universality, can be applied not only in business but also to the rules of the functioning of social and public entities, due to the fact that collaborative advantage is of similar importance to competitive advantage in companies in the latter. In view of the above, it can be stated that the dynamics of using the concept of business models in the theory and practice of modern organizations is highly surprising. In particular, since 1995 there has been an increased emergence, among others, of a number of scientific publications in both global and local scientific journals. An even greater increase took place after 2005.

At the same time, people have always known how to organize numerous individual and collective actions at work, during a fight, in religious practices, and even during games. A well-known example of great achievements in the field of work organization is building a fleet of 120 large rowing warships for the summer campaign with Carthage in the Roman shipyards within a few months in 260 BC. This was possible due to the use of the assembly line. A similar solution was used in the 12<sup>th</sup> and 13<sup>th</sup> centuries in English manufactories for the production of arrow points. This invention of the ancient times had the largest application in the 20<sup>th</sup> century due to its introduction into the automotive industry by H. Ford.

The issue of organized human activities has been reflected on for a long time as well. The first scientific reflection of this kind emerged thousands of years before the discipline called today management sciences was developed.

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