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Shared Services Delivery: The Role of Unioni dei Comuni

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Chapter 1: Introduction

1.1 Background

The level of complexity of cost saving reforms in local government has grown after the 2008 crisis (Bel et al, 2014). This crisis has also enhanced the need for local governments to overhaul service delivery aiming to a greater efficiency of local delivered services. An answer to this need was shared services delivery: a widespread phenomenon, particularly intense in small municipalities (Warner and Hefetz 2003; Bel and Costas 2006; Carr *et al.* 2009; Warner 2011). In the literature there are strong indications that shared services delivery is not always successful, but the factors that determine its success or failure are still unknown (Hulst et Al). To study this trend there are many closely linked aspects to consider, in particular political and economic aspects.

Political aspects mainly concern decisions taken by national governments which have had positive and negative effects on shared services. The different models of shared services are results of the intersection of two dimension: intensity of collaborative activity by different local governments, and the extent to which this activity is considered to be strategic. Other dimensions to be considered in different models are the autonomy (Feiock and Scholz,2010), and the number of actors (Feiock,2009). In Europe, each member state has created its shared services delivery strategies with its own peculiarities: in Italy through the Unioni dei Comuni, in France through Communauté des Communes, in Germany through Zweckerverband, in Spain trough Mancomunidades. Every state has different forms of cooperation.

Economic aspects concern primarily the performance of these strategies. Some municipalities cooperate to save costs. Three variables influence the presence of savings: the cost structure of public services, the size and the structure of local government and the governance framework at national scale (Bel et al, 2014). But it is not just a matter of savings. Several aspects of the performance of the local government can potentially be improved through cooperation: the quality of service, the efficiency of internal processes (Haveri et al.), and the value of human capital (Kelly).

1.2 Research Question

The aim of this research is to understand what variables may determine the success or the failure of shared services delivery, and analyze them in the Italian context. To this purpose, the research has been structured in three parts, following a substantial logical path.

Firstly, the European state of the art of the shared services delivery has been analyzed. On the basis of the Hulst et al (2007) model, four different dimensions were analysed (demographic context, management and institutional bodies, law enforcement, quality and quantity of delivered services) in six different countries (Italy, Germany, France, Spain, Austria, Switzerland) in order to make a comparative research, which has allowed to understand how cooperation between small municipalities works in Europe.

Secondly, a performance measurement system adequate to shared services delivery in local government was developed. On a content-analysis on the Unioni published performance documents was undertaken to understand if cost saving was the only reason to deliver services in shared form. In this regard, this new measurement

system seeks to establish which aspects of shared services should be considered to facilitate the accurately measurement and monitoring of performance in shared services delivery.

Thirdly, the role of Unioni dei Comuni in the Italian local government framework was analyzed. On the basis of interviews with Italian director generals of Unioni and of the results of the previous two papers, three different perspectives were investigated: the performance measurement of Unioni, the factors and motivations behind the cooperation, and the efficiency and perspective of Unioni.

Chapter 2: Shared Services Delivery in Italy and Europe: A comparative research about the state of the art of inter-municipal cooperation around Italy and Europe

Since 90's the need of public sector organization to reduce costs, increase efficiency and improve the quality of services has required to find new managerial tools, that can better satisfy citizens needs with a better use of resources. One of the most used strategies is cooperation among different public organizations in order to deliver services in shared way. This strategy has been implemented by different countries, especially with regards to small local governments.

The long path towards the I.m.c. starts in 1990, when the *Unioni Dei Comuni* (Union of Municipalities) were introduced in the Italian Legislation. There are different forms of intermunicipal cooperation in several European states: in France the most similar to Italian institution, is that of 2.358 *Communauté de Communes*, in Spain the government, has encouraged the intermunicipal cooperation mainly by *Mancomunidades*, in Germany the main associationism institution is *Zweckerband*, in Austria the most known form is *Gemeinderberband*, and in Switzerland, every canton has to define its main characteristics of intermunicipal cooperation This research aims to investigate the reasons for the limited success of *Unioni dei Comuni* and to understand how these local government may be more effective in delivering shared services.

Keywords: local governments, intermunicipal cooperation, public services delivery, comparative research, state of the art.

2.1 Introduction

The long path towards of the intermunicipal cooperation. starts in 1990, when the *Unioni Dei Comuni* (Union of Municipalities) were introduced in the Italian Legislation. The *Unione dei Comuni* were conceived as the first step to compulsory amalgamation. This obligation to amalgamations was then removed and today municipalities with less than 5.000 inhabitants have to deliver in a shared form 10 fundamental functions (each function contain several services) as of 31/12/2015.

Hulst et Van Monfortt (2011) proposed a model so as to define various form of intermunicipal cooperation consisting of three variables: presence and form of intermunicipal cooperation, features of the administrative institutional context and external factors. The cooperation forms are: quasi-regional governments, planning forums, service delivery organizations and service delivery.

2.2 Theoretical Framework

Public administration is characterized by a series of horizontal and vertical collaboration between network, which was already been analysed in the literature. It would be more accurate to speak about cooperation, perceived as the action of working jointly with others, usually to solve a problem or to find a corner of activity (Agranoff 2006). Some studies argue that arrangement for cooperation are replacing hierarchies (Castells 1996, Koppenhan e Klijn 2004), as shown by the constant increase of horizontal relation.

Agranoff (2006) believes that we can find four different types of collaboration into Public Administration: Informational, Developmental, Outreach, Action. To limit the research field, is also important to uphold that for cooperation we mean not a episodic

collaboration, but a long-term and stable model, based on formal dependence on the local government, which regulate the main rules about constitution, operation and decision making (Hulst and Van Monfort 2009).

In order to analyse the state of the art of intermunicipal cooperation around the world, would be very useful the model of Halst, Van Monfort. Hulst et al (2011) construct a model consisting of three variables

1. presence and form of inter-municipal cooperation

- kind of tasks involved in co-operation
- degree of organizational integration
- formal competencies

2. features of the administrative institutional context

- formal structure of the state, includes the number of administrative tiers, the distribution of responsibilities between the different tiers, the scope and autonomy of local government and the number and size of the municipalities
- the administrative culture, comprises sets of values, norms, informal rules and traditions relating to the state, its political organization and public administration
- relevant consists of legislation, incentive structures and policies of central or intermediate government that specifically relate to inter-municipal co-operation

3. external factors

In order to realize a comparative state of the art, they have been taken into account six countries and four variables. In this work selected countries are Italy and five other European countries, which have similar procedures and institution in terms of inter-municipal cooperation: Spain, German, French, Austria and Switzerland. Every country has different ways to delivery service in shared form, but for each countries it has been selected the form more similar to the Italian one.

To analyse every country, will be analysed four different dimensions on the basis of aforementioned model, three in order to analyse the administrative institutional context (demographic, management and law enforcement), and one to analyse the form of intermunicipal cooperation (management):

- *Demographic*: concerns number and dimension of countries municipalities, degree of municipal pulverization, and presence and dimension of intermunicipal cooperation institution, to understand the relation between municipalities dimension and intermunicipal cooperation.
- *Law enforcement*: allows to study the role of policy makers, analysing if they want to spread intermunicipal cooperation by compulsory way or through incentives, to understand if the Italian mandatory way is an effective procedure.
- *Shared services*: to realize a complete state of the art is important to analyse in a qualitative and quantitative way services delivered in shared form.
- *Management*: regards the government of the selected intermunicipal cooperation institution

2.3 Intermunicipal cooperation in Italy

Law

Italy government starts his long path toward intermunicipal cooperation in 90's. This path has been characterized by many uneven and inconsistent regulatory intervention, because of the difficult financial situation of local authorities. The law 8 June 1990, n.142, Art. 26 "Ordinamento delle autonomie locali" has introduced the first model of association of municipalities, called "Unione dei comuni". In his first appearance, this institution is realized as an antechamber of the merger of the municipalities, which would have happens within 10 years, under penalty of dismissal. The prospect of union as antechamber of the merger were rapidly changed with the following intervention (through the art.6 of law 3 August 1999, n. 265). In 2010, through the Decree Law 21 May 2010, 78, the association between municipalities became an obligation for the first time in the Italian legal framework. Every municipalities with less than 5.000 inhabitant (or 3.000 in case of mountain municipalities), have to manage two of six fundamental function in shared form by the end of 2011, and then manage all six function by the end of 2012. These terms will however extended for three times, and the number of function will be increased.

State of the art

Demographic: Actually in Italy there are officially almost 500 Unioni dei Comuni: many of these merely deliveries only one or two service in shared form, and few of these are actually and fully operating. This aspect prevents to have a homogenous analysis of the real Italian state of the art. More than 50% are composed exclusively by municipalities with less than 5.000 inhabitants.

Management: Unioni dei Comuni are managed by a president, that is a major of associated municipalities, by a board and by a council, that have to represent of all associated municipalities and respect the minority.

Shared services: Every Unione Dei Comuni has to manage ten different functions, that includes regulatory functions (development planning, traffic management), community services and their infrastructure (social services, communal police), public utilities (water supply, waste management) and indirect functions (human resources, technical services).

2.4 Intermunicipal Cooperation in Europe

Spain

Demographic: In municipal network terms, Spanish situation is similar to the Italian One: 84% of 8.112 Spanish municipalities has less than 5.000 inhabitants. A of the strong resistance to amalgamation perspective, government has preferred to promote and to incentivise the associations Since 1985, subsequent to the reform for the renewal of the local system in order to reduce the diseconomies of scale caused by fragmentation of local authorities, small municipalities has the right to delivery shared services between three provided forms.

In the Spanish reality, the most similar to the Italian form, is the “Mancomunidades”: 76% of Spanish municipalities joined in 1.025 Mancomunidades (402 of this delivery only one shared services, although the law establish many mandatory shared services) that manage associated services, and realise large-scale constructions and big projects.

The main big difference with the form of Unione dei Comuni is that municipalities can join more “Mancomunidades” to delivery different services. This is a big strong point because it permit to find the right choice in order to avoid diseconomies of scale and historical cultural resistance between municipalities.

Law enforcement: Spanish government don't impose any association obligation, and gives greater operational to the local authority in terms of demarcation and definition of the Mancomunidades structure.

Management: Once formed the Mancomunidad, local authorities has to create and approve the statute according to the law, to elect the organs of government (president, executive council and assembly) different from those of the members, to set the objectives, to budget their financial resources, and to prepare a joined financial statement.

Shared Services: In order to reach economies of scale, there are single-purpose Mancomunidades with only one task, or multi-purpose Mancomunidades with more tasks or public services to delivery. The most delivered services are Waste Disposal, Social Work, Water Provision, Tourism, Town Planning, Fire Brigade and Industrialization

France

Demographic: French authority local system, despite being influenced by setting Napoleonic centralism, is notoriously characterized by strong fragmentation of municipal network: 95% of 36.683 French municipalities has less than 5.000 inhabitants.

In that frame, the most used and the most similar form to the Italian "Unioni dei Comuni" is the "Communauté de Communes": 85,7% of French Municipalities joined in 2.358 Communauté in area. This institution is characterized by a local personality distinct from that of his member, by its own tax system, and by administrative autonomy (which implies that they can have their own human resources, and they have to prepare financial statement).

Law enforcement: In order to make that pulverization efficient and effective, the government initially tries, to force by law mergers between municipalities (law Marcellin – 1971). After that unsuccessful effort, it has instead promoted to facilitate the intermunicipal cooperation through the law Chevènement (1999). Actually inside of French law, we found two macro-categories of municipal association form: the one characterized by independence in terms of taxation (EPCI), and the one without legal personality (sindacati di gestione).

Management: Is governed by an assembly, composed by participants elected by municipal assemblies of local authority members, and managed by a representative who possess executive power. Although there is a strong associations culture, such forms are not exempt from criticism: there are problems related to the overlap of function, and to the boundaries of Communauté, which not always permit to achieve optimum levels of efficiency and to reach budgeted

Shared Services: Every Communauté has to delivery in shared form, services about territorial planning, community economic development and aquatic environments and preventions floods. They must choose three of seven optional services (maintenance of roads, sanitation, housing and urban policy, protection of environment, cultural and sport facilities)

Germany

Demographic:. 76% of 12.379 Deutsch municipalities has less than 5.000 inhabitants, and contain 16% of national population. German government, introduced first association form since 1949, providing “shared action tool” and giving financial and administrative autonomy. The main institution to deliver services in shared form is “Zweckerband”. This form has spread despite the amalgamation reform in 70’s that

had reduce from 25.000 to 8.500. The municipal associations was considered in this context an alternative to the amalgamation, which allowed to local authorities to achieve greater results in terms of rationality and efficiency of the administration, and especially to reduce costs to limit increasing deficits of municipal budgets.

Law enforcement: Another important and instrumental variable for the spread of this form was the limitation of coercion to cooperate: government has noted the effectiveness of a spontaneous initiative of municipalities, and has decided to limit the obligate cooperation within services.

Management: Zweckverband is managed by an assembly which is composed by members elected by municipalities associated.

Shared services: Zweckweband are institution with economic, educational and formative function. They delivery service:

- In compulsory way: school construction, fire supervision, water supply and energy, collection and disposal of waste
- In optional way: hospitals, transport, theatres and schools

Zweckverband management provides its own autonomy in terms of administration and taxation. Every Zweckverband can finance their activities through their taxes, transfers and private financing. They also can ask to single municipalities a fiscal contribute (called Umlage), for a predetermined amount and proportional to the utility obtained by each member.

Despite the great importance given to local government, this legislative instrument in recent years has suffered some criticism regarding its rigidity.

Austria

Demographic: The Austrian state is also characterized by a high level of municipalities fragmentation: 90% of Austrian municipalities (Gemeinden) has less than 5.000 inhabitants.

Law enforcement: Intermunicipal cooperation in Austria may be compulsory or voluntary, and it can result from a public or a private agreement. Law provides that it is necessary for the municipalities to belong to the same region. The best know form (as well as the most similar to Italian) of inter-municipal cooperation is Gemeinderverbände, subsidized and controlled by the *Länder* (regional government). Gemeinderverbände is a public separate institution from his municipalities member, and it can't absorb all of the skill of the associated members.

Management: Every Gemeinderverband is governed by an assembly, which has competences for budget, amount of association dues, and election of committee and president of the consortium.

Shared Services: Each municipality has to manage hospitals, schools, water infrastructure and every aspect about social, registry and health. This amount of commitments makes each Gemeinden need to manage some municipal services in a effective way in order to delivery quality service to its inhabitants: shared delivery services can be born under an agreement, which can have informal, private or public law nature.

Switzerland

Demographic: Cooperation between municipalities in Switzerland is acted through public institution, who have been incorporated powers and competences about one single function (*Zweckverbände*) or more functions (*Gemeindeverbände*). 85% of Swiss Municipalities belong to one of these institutions. This high percentage is

caused by the need to maintain a good level of effectiveness, which is problematic especially in a municipalities network as the Swiss, made up for 40% of municipalities with fewer than 500 inhabitants, and with an average population for every town of about 2,300 inhabitants

Management: Municipalities Consortium members elect an intermunicipal assembly, which elects a junta.

Shared services: The result in terms of effectiveness and cost reduction are achieved through the service delivery in shared form: some services are identified and funded by municipalities, such as school, welfare, transport and waste management.

Law enforcement: Creation of a general framework about intermunicipal cooperation in Switzerland is quite difficult because there isn't a single law: every cantons have to decide about the characteristics and the possible compulsory.

In some cantons, like Neuchâtel e Giura, we could attend a coexistences about amalgamation and cooperation: some municipalities has initially tries to cooperation, and after he developed a good degree of cooperation, were also in favour of the merger. In other cantons, such as the Canton Ticino, intermunicipal cooperation has proven to not be the best way of solving the problems of small town.

The changeability of Switzerzland situation show how the intermunicipal cooperation on the one hand would be a good way to contain public expenditure, to develop long-term projects and to introduce the municipalities to the amalgamation, on the other hand it highlights its weakness, like the reduction of some citizens democratic rights.

2.5 Conclusions

This article analyses the European state of the art of the shared services delivery between municipality. This phenomenon is quite complex.

Regarding to law enforcement, in some countries that requiring compulsory to delivery services in shared form (like Italy and Spain), there was more difficulty in process of spread of dedicated institutions. In other countries (like Germany, French and Switzerland), more incentives and more autonomy have encouraged intermunicipal cooperation.

Shared services delivery is more current where the dedicated institution has more autonomy in financial and human resource terms, and where there is a clear distinction between municipalities and dedicate institution.

None of the countries provides democracy legitimation for the institutions management, and this demonstrates how there is a low involvement of citizens, and therefore a key role of politicians in the decision making process of this phenomenon.

To expand this research it would be interesting to study cultural and historic aspects of every country in order to understand the reason of the different grade of municipal pulverization, and the variable that regulate the relation between municipalities and their propensity to collaborate reciprocally.

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Chapter 3: Cost Savings Only? Measuring and Monitoring Performance in Local Government Shared Services Delivery

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Effective public administration requires a multidimensional performance measuring system, which can integrate budget information with data related to other dimensions of performance, such as service quality. This need is especially acute for inter-municipal cooperation, with its emphasis on service efficiency and service quality. While much is known about performance measurement in local government, it is important to determine the main characteristics which must be assessed in a performance measurement system calibrated to shared service delivery. This paper develops a Performance Measurement Framework for Shared Service Delivery, based on a Balance Scorecard approach, but adapted to local government circumstances, especially cooperation amongst local authorities, in order to better understand the potential for cost savings and service quality improvement. Our paper thus offers a useful tool to municipal managers and policy makers alike.

Keywords: Local governments, resource sharing, performance measurement, shared services, inter-municipal cooperation

3.1 Introduction

In the past few decades, consistent with the doctrine of New Public Management, numerous national, state and local governments worldwide have promoted policies to reduce and control spending, reorganize the staff, and develop techniques and tools for the detection of costs that have already been applied to the private sector (Hood, 1991). A common strategy has focused on cooperation among different public organizations to deliver shared services. This approach has been implemented in many different countries, especially in small local authorities, often as an alternative to amalgamation. In particular, policymakers have embraced shared services to avoid the problems associated with structural reform through council consolidation. For example, in Italy resistance to municipal mergers has been marked (Pasquale Ruggiero, 2012), whereas in Australia council amalgamation has not yielded the economic gains proclaimed by its exponents (Dollery, Grant and Kortt, 2012).

One of the main problems involved in shared service delivery resides in the difficulties involved in demonstrating its effective ability to reduce costs and to improve the quality of the services. A good deal of empirical work has been directed at this question, with mixed results. For instance, Bel and Warner (2014) show that only a limited number of services yield cost savings, and those savings depend on several factors, such as the type of service, population size and the associated transaction costs. By contrast, Dollery, Grant and Kortt (2012) have illustrated

significant gains through shared services delivery contingent on scale and scope economies.

To overcome this problem, this paper aims to provide municipal managers with a useful tool to determine if shared service delivery serves to reduce the total cost of service provision and improve the quality of the service provided. Accurate information of this kind would enable municipal managers to determine whether to participate in shared service provision and thereby optimize resource employment. In this regard, we seek to establish which aspects of shared services should be considered to facilitate the accurately measurement and monitoring of performance in shared services delivery.

The paper is divided into four main parts. Section 2 sketches the institutional background to shared services delivery in Italian local government, whereas section 3 focuses on the measurement of performance in municipal shared service delivery. Section 4 develops practical tools which would enable local authorities to measure the performance of shared service provision. The paper ends with some brief conclusions in section 5.

3.2 Shared Services in Italian Local Government

Italian municipalities are mainly characterized by their comparatively small size by population: municipalities with fewer than 5,000 inhabitants account for about 70% of the overall number of local councils (5,585 out of 7,999) and represent over 54% of Italian territory (IFEL, 2012). Over 3,500 municipalities have a population of less than two thousand inhabitants and about 2,000 local authorities' have less than one thousand inhabitants. In addition, there are only twelve cities which exceed 250,000 inhabitants.

Table 1: Municipalities Distribution by Population Size

Population Classes	Number of Municipalities		Residents (Istat 2014)	
	v.a.	%	v.a.	%
0 – 1,999	3,494	43,68	3.311.340	5,46
2,000 – 4,999	2,091	26,14	6.745.358	11,12
5,000 – 9,999	1,187	14,84	8.386.749	13,82
10,000 – 19,999	707	8,84	9.790.106	16,14
20,000 – 59,999	416	5,2	13.706.963	22,59
60,000 – 249,999	92	1,15	9.456.273	15,59
> 250,000	12	0,15	9.268.762	15,28
Total	7,999	100	60,665	100
	123	%	551	%

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In common with many local government systems worldwide, Italian municipalities have faced a continuous reduction in funding. This has obliged them to find new strategies in order to ‘do more with less’ (Dollery, Grant, & Crase, 2011; Hulst & van Montfort, 2007). According to Hulst and van Montfort (2007) four main strategies exist to tackle worsening austerity: municipal amalgamation; limitations on both the extent and autonomy of local authorities; greater use of public/private partnerships; and inter-municipal cooperation. Inter-municipal cooperation offers several advantages since as it requires less re-organization and simultaneously allows the different entities involved to maintain their autonomy. It is thus not surprising that it has been the dominant strategy in Italian local government (Dollery & Robotti, 2008).

Italian legislation accommodates different forms of inter-municipal cooperation, including Zone Plans, Territorial Pacts, Municipal Alliances (or *Unione dei Comuni*), Mountain Communities, Consortia, Agreements, and more recently, Metropolitan Cities. In this paper we focus on the *Unione dei Comuni* (Unione) for two main reasons. Firstly, they allow all participating municipalities to maintain their autonomy from both a political and an administrative perspective. Secondly, the Unione is the only inter-municipal form of cooperation in Italy that may be defined as ‘complete’ in the sense that it is capable of combining the technical and managerial dimensions of cooperation with the political and strategic aspects of territorial governance under the principle of representative democracy (Frieri, 2012).

In essence, a Unione is a local government composed of two or more municipalities with the central function of delivering services in a shared way. Each municipality may be part of a single Unione only, but a given Unione may make agreements with other municipalities. The governance structure consists of a President, a Cabinet and a Council. The President is chosen from the mayors of the municipal members of the

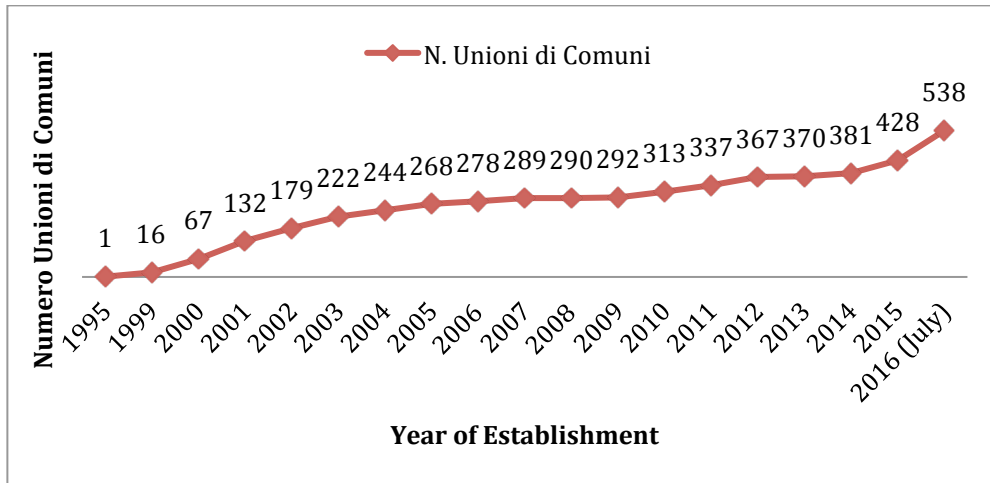
Unione. Cabinet members are selected from the members of the Cabinets of the member councils. The Council is composed of a selected number of councillors elected from each municipality under the principle of minority representation.

Each Unione has a *Statute* that defines its fundamental governance and management principles and mode of operation. Overall staff costs of the Unione cannot exceed the sum of the personnel staff costs previously incurred by all individual municipalities. Progressive cost savings must be guaranteed over the long term. The financial autonomy of the Unione is underwritten by revenue from taxes, fees and contributions derived from the services which it provides.

The number of the Unione in Italy has increased over the past fifteen years, especially since the obligation for Unione to amalgamate was removed in 1999. In addition, recent legislation requires municipalities with fewer than 5,000 persons to provide services in a shared manner either within the Unione or through other forms of cooperation. This may explain the sharp increase of over 40% in the number of Unione since 2014.

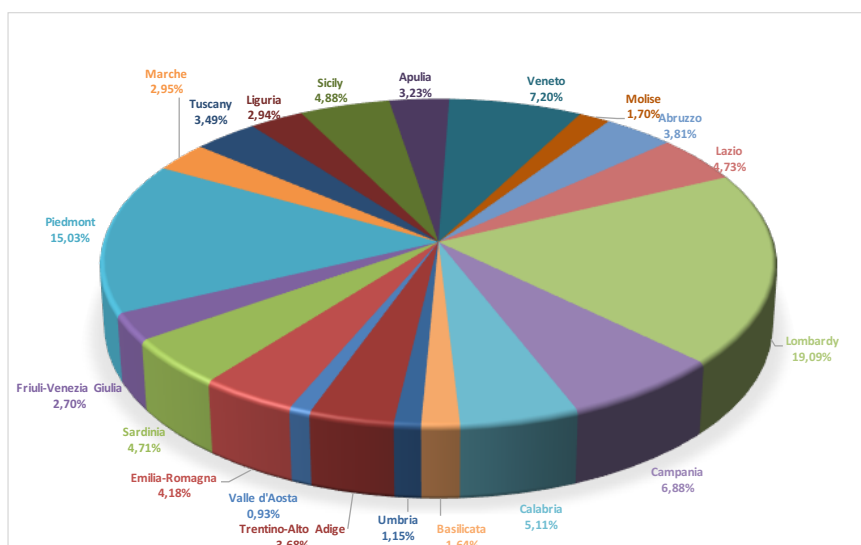
There are currently 538 Unione in Italy, comprising a total of 3,117 member municipalities (some 40% of the Italian aggregate of about 8,000 municipalities) and a total population of almost 12 million people (some 20% of the Italian population). Figure 1 shows the increase in the number of Unione from their genesis in 1995 to 2016.

Figure 1: Unione dei Comuni Growth (1995-2016)



The aggregate data in Figure 1 mask a degree of spatial differentiation, with some Regions containing a high number of Unione and one (Trentino) with zero. Figure 2 shows that four Regions (Piedmont, Lombardy, Sicily and Veneto) account for over 50% of the overall number of Unione.

Figure 2: Distribution of Unione dei Comuni among the Italian Regions



According to the Italian national legislation, each Unione is responsible for delivering the following functions, with each function encompassing several services:

- a) Organizational, financial, managerial and accounting control;
- b) Organization of public services of general interest to the municipal sector, including municipal public transport services;
- c) Land registries;
- d) Urban and territorial planning;
- e) Civil protection planning and the coordination of the first aid;
- f) Refuse collection and disposal and the receipt of related taxes;
- g) Design, management and delivery of social services;
- h) School construction and the organization and management of school services;
- i) Municipal police;
- j) Statistical services.

It should be stressed that although there is a national regulatory framework, each Italian Region is nonetheless free to adopt different policies to foster inter-municipal cooperation. This has led to the spatial differences in the number of the Unione evident in Figure 2.

Although inter-municipal cooperation is often regarded as having as its main goal providing shared services to reduce costs, in practice Unione offer more than simply cost savings. In a recent survey of Unioni, Spano (2016) determined that the main reasons for establishing a Unione include achieving higher levels of effectiveness and efficiency in delivering shared services and enabling individual municipalities to deliver services that would not otherwise be possible to deliver. Indeed, cost reduction was the least important of these roles. Spano (2016) also found that staff shortages were the most significant problems that have hampered the full development of

Unione: in some Regions there are strong legislative limitations in recruiting new staff and there is often resistance from elected officials to yield autonomy. Spano (2016) found funding problems only the fifth most important problem. With regards the benefits derived from Unione membership, the most important elements were higher service quality, a larger number of services delivered, and more specialized staff. This last aspect is significant, since it is consistent with the rationale for cooperation: individual municipalities do not allow employees to specialize on specific issues. Another interesting aspect that emerged from the Spano (2016) survey is the limited importance attached by Unione to measuring and evaluating their performance.

It is important to note that existing Unione do not deliver a significant number of shared services: at the end of 2015 only 30% of the municipalities with fewer than 5,000 residents were delivering fundamental functions in a shared form (Corte dei Conti. Sezione Autonomie Locali, 2015).

Despite the rapid increase in the number of the Unione over the past five years, limited empirical evidence on regarding their effectiveness in delivering shared services is available. However, Baldini and Bolgherini (2008) provide some interesting observations on the measurement of the performance of Unioni:

- Economies of scale are difficult to achieve with the Unione, they can only be secured for specific services, and relate mainly to personnel management services;
- There is a general cost impost, which is not related to any specific service, but that cannot be avoided when a new institution is established, such as the opening of new offices or employee overtime;

- Elected officials have acknowledged an increase in service quality and a simplification of administrative processes. They indicated that Unioni are an effective tool to improve services rather than to save costs.
- Administrative staff believe that their workload has increased.

Very few studies have tried to evaluate the performance of the Unioni in Italy. One of the few exceptions is a study by the Italian Association of Municipalities (Ancitel Lombardia, 2003) on Unioni in the Lombardy Region. However, the evaluation is mainly, if not exclusively, based on the number of services that have been transferred by the individual municipalities to a Unione, even though the study tried to give a different weight to the different services, based on the different contribution that different services are expected to make to Unione organizational performance. Several studies examine Unione in general, but do not provide an evaluation of performance outcomes (Baldini & Bolgherini, 2008; Casula, 2014; Ceriani, 2009). Other studies focus on the evaluation of policies rather than the evaluation of organizational performance (Gamberini, 2012). Against this background, it is thus important to develop a model to measure and evaluate Unione dei Comuni performance, not only to determine their contribution, but also to increase their effectiveness.

3.3 Shared Services Performance Measurement

Performance measurement (PM) is an important tool in order to improve the quality of public services (Bititci et al, 2012). Under resource constraints, PM is even more important because it assists in strategic decision-making and understanding citizens' needs. Indeed, it should be stressed that the needs of citizens must be at the heart of any measurement of the performance of a public administration system. Citizen

satisfaction and citizen participation form the foundation of the process of creating public value and the outcomes derived from public service delivery. PM enables managers to correct and improve the allocation of resources between different structures, thereby reducing waste and inefficiency.

Performance measurement is an empirical and formal process. It aims to determine the properties of both tangible and intangible services (Mari, 2007). The main requirement for PM is a system able to acquire, analyse and represent information in order to:

- formulate and communicate corporate goals and monitor the degree of achievement (Ahn, 2001)
- inform and guide the decision-making process (Atkinson, 1997)
- influence and evaluate the behaviour of groups and individuals (Butler, 1997)
- manage the resources and organizational processes in more effective ways (Gittell, 2000) (Gittell, 2000)
- strengthen accountability and responsibility at different hierarchical levels (Micheli, 2010)
- incentivise continuous improvement and organizational learning (Smith, 1995)

One of main aspects in measuring performance in an effective way is the link between systems and objectives. If they are linked, there will be positive effect on the following elements (Gimbert, 2010):

- type and variety of strategic decisions;
- completeness of the information available to management;
- managers' awareness of their role in the organization;

A PM system may relate to individual or organizational performance. In this paper we focus on organizational performance. A PM system typically consists of four main elements: objectives, indicators, targets and infrastructure support:

1. Objectives: In this respect, Flamholtz (1996) has noted that “planning is the process of deciding about the objectives of an organization and the ways to attain those objectives”.
2. Indicators are tools which make it possible to reflect information. They have to have two main characteristics: they must have a link with objectives and they should aim to create realistic results, and not “ideal values” or “true values” (Mari, 2007)
3. Targets are is the result or the desired value corresponding to an activity or process (Locke, 1981) The positive effects of fixing targets linked to operating results is well documented in the management literature (Locke, 2009) (Locke, 1981). Targets must be agreed by the individual or group.
4. Infrastructure support can reduce manual work involved in data collection. It consists of information systems to manage knowledge and procedures coded in order to analyse and represent data (Franco-Santos, 2007).

PM systems can also be used to communicate strategy internally and externally.

3.4. A New Model of Performance Appraisal

The aim of this paper is not to propose the implementation of a PM system, but rather develop a system designed with the specific requirements of shared services delivery performance in mind. In order to design a PM, we have decomposed the problem into three discrete stages: the selection of a suitable PM system, an analysis of the dimensions which a PM system should consider and the construction of a PM model.

The Italian Independent National Commission for Evaluation, Transparency and Integrity (CIVIT) has suggested three popular models: a balanced scorecard, prism performance and the Common Assessment Framework (CAF) (CIVIT, resolution 89/2010). These three systems are not alternatives to each other but are rather complementary since they evaluate different aspects of the performance with different mechanisms:

- **Balance Scorecard (BSC)** is the most popular PM system. It is widely used in both the public and the private sectors. It is characterized by a clear link between results, processes and resources, as well as between targets, indicators and actions (Kaplan, 1992). CIVIT recommended its use due to its close connection with strategy, its ability to monitor and report internally and externally, and because it is a flexible and comprehensive tool. It enables shared service organizations to examine their performance not just on financial and operational measures, but also to obtain results in terms of long-term strategic benefits (Accenture, 2005). Some local authorities have already used this tool in shared service delivery. For instance, Queensland local government created a BSC with four dimensions to plan and measure performance (Burns, 2008). The Conference Board of Canada (2003) presented empirical findings on how the use of the BSC has allowed councils to measure performance: it had increased the satisfaction of citizens and improved some internal processes, notably invoice processing. However, BSC is not immune from criticism: Jacobs *et al* (2006) praised its potential as a communication tool, but showed how this tool can be subject to manipulation and misinterpretation. Meyer (2002) criticized the lack of a methodology to combine different measures into a general framework of performance. Northcott *et al* (2012) argued that the BSC is a useful external reporting tool due mainly to the

absence of competition in the New Zealand public sector. Finally, CIVIT pointed out that BSC is resource-intensive.

- **Performance Prism (PP):** Neely, Adams and Kennerly (2001) developed this the PP system with a wide focus on stakeholders in profit and non-profit organizations. It is composed of five different dimensions: Stakeholders satisfaction, Strategies, Processes, Capabilities and Stakeholder Contributions. Compared to the BSC, it is able to better represent the role and performance contribution of stakeholders. CIVIT also recommends the use of this tool primarily for its ability to involve citizens. Striteska (2012) argued that its main limitations are a lack of connection with the practice and the absence of links between results and motivating factors. In addition, CIVIT argued that an excessive focus on citizens may limit attention on some important internal organizational aspects, especially in the start-up phase of cooperation among councils.
- **Common Assessment Framework (CAF):** The CAF is not a PM system *per se*; rather it is a total quality management tool developed for the public sector. CIVIT recommends its use because it is easy to apply, comparatively inexpensive, and it acts on organizational culture. The main limit of CAF is that it does not make use of KPIs, and thus measuring performance is more difficult because it is based on self-evaluation methods.

Although the CAA is a valid tool, it cannot be used to obtain a multi-dimensional evaluation of the performance of shared service delivery. It is best employed as a support tool for the other two (BSC and PP), in order to act in the long term on organizational culture. PP has the advantage of putting citizens and their satisfaction at the centre of the measurement system. Indeed, even though citizens can make a

significant contribution to shared services delivery, in most countries they are not directly involved in decision-making processes regarding shared service delivery. For example, in Italy local residents are not involved in the choice of the *Unione* governing bodies (Laddomada, 2015). The BSC is characterized by comparability and flexibility, and even though its establishment is a complex and expensive process, it is nonetheless the most comprehensive of the three approaches. For these reasons the BSC with its four categories seems to be the most suitable tool for monitoring and evaluating performance in shared service delivery.

To understand what are the important dimensions of the performance of shared services delivery, the performance measurement and evaluation systems of the *Unione* have been analysed. Italian public organizations are required to publish an annual performance report and the evaluation system that sets the guidelines according to which performance at both individual and organizational level has to be measured and evaluated. According to Italian legislation, these documents have to be published on the *Unione* website. For this reason we have analyzed all the 538 *Unione* websites and found that only 4.6% (29 of 538) published this document. To examine these 29 documents relating to these 29 *Unione*, a qualitative research method was used. In particular, we used Qualitative Content Analysis. Bryman (2004) has argued that this methodology is "probably the most used approach for the qualitative analysis of the documents". It is comprehensive and especially suitable for case study research. It can also add reliability, validity and an enhancing rigor to the analysis (Kohlbacher, 2006).

Our investigation involved three steps: Document analysis, the identification of the evaluated dimensions and an abstraction phase. Following document analysis, it emerged that while some *Unione* employ an *ad hoc* system for the measurement and

the evaluation of performance, others have merely reported the list of dimensions required by the legislation. This seems to simply comply with the legislation rather than create an effective and efficient system of measurement and evaluation.

The second step consisted in identifying the keywords for the different dimensions. This was done because - since each of the 29 systems is a complex entity - it was necessary to compare them.

The input of the third phase consisted in developing a database containing the different dimensions evaluated by the various Unione performance measurement systems. Each of these dimensions has been related to one of the following four categories: community and its relationship with citizens, financial management, human capital and internal processes. The results of this exercise are shown in Table 2. The allocation between the four categories was made in a systematic and logical manner, taking into account information in the document and the results presented in the final model (Elo, 2014).

In the abstraction phase (Kyngas, 2008) it was possible to create a BSC for shared services delivery. This is a conceptual and multi-dimensional model of performance evaluation and measurement, which can be applied to each individual service. In order to understand the benefits and costs of the cooperative delivery of a given service, public managers realise that they must explore four main questions and then adopt KPIs in order to have adequate responses.

1. “Does shared service delivery meet citizens needs more than traditional services delivery?”
2. “Does shared service delivery enable to improve the human capital of the employees?”

3. “Does shared service delivery meet municipal financial needs more than traditional service delivery?”
4. “Do shared services enable a given local government to have more efficient internal processes?”

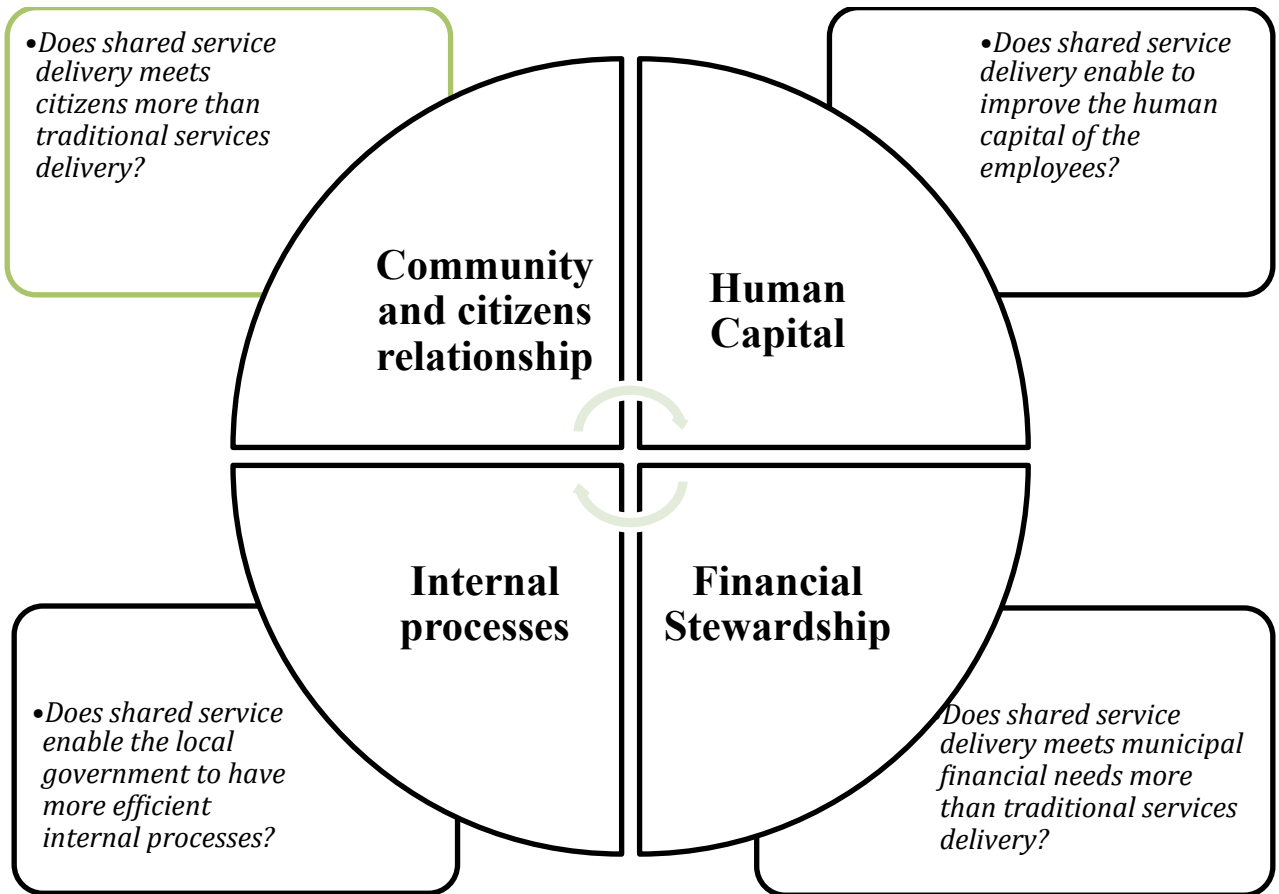
Table 2: Balance Scorecard for Shared Services

<p>Section 1 – Community and citizens relationship</p>	<p><i>Accessibility, Achieving the promotion of equal opportunities goal, Adequacy in relations of needs of citizens, Citizens enrolment in the definition of the strategy, Cost and Time Savings, Customer Satisfaction, Degree of Citizens Satisfaction, Development of relations with stakeholders including forms of participation and collaboration, Effect on the social, economic and geographical environment, Effectiveness, Equal opportunities, External and internal impact and improvement for stakeholders, External Effectiveness, Impact on final satisfaction of community needs, Impacts, Impacts on the institution environment, Impacts on the need of the community and the environment, Implementation of the policies for the ultimate satisfaction of the needs of the community, Increase Quality and Quantity of services delivered, Integrity, Level of the impact on citizens Need, Managing and improving relations with stakeholders, Portfolio of services, Professional Development, Promoting Equal Opportunities, Public Service Improvement, Qualitative and quantitative development of relations with citizens, Quality, Quality and quantity of services delivered, Quality of life of citizens Improvement, Quality of public</i></p>
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	<p><i>services improvement, Quality of services, Quality of the activity, Quantity, Quantity and quality of services, Quantity of services, Recognition of the degree of satisfaction of the recipients of the activities and services, including through interactive mode, Responsibility, Social Cohesion, the qualitative and quantitative development of relations with citizens, stakeholders, users and recipients of services, including through the development of forms of participation and collaboration, Transparency, Timeliness</i></p>
<p>Section 2 – Human Capital</p>	<p><i>Improvement of the organization and the people skills. Professional Development, Modernization and quality improvement organizational improvements, Modernization and quality improvement organization and improving the quality of the organization and the professional skills and the at plans and programs; Organizational learning, Organizational Wellness, Skills organization</i></p>
<p>Section 3 – Financial Stewardship</p>	<p><i>Controllability, Cost of services, Cost Saving, Economic Efficiency, Economy, Economic Effectiveness, Efficiency, Financial health with a balanced use of resource, Sustainability of the strategic goals, Indebtedness, Internal Efficiency, Management Efficiency, Cost Saving and time optimization</i></p>
<p>Section 4 – Internal Processes</p>	<p><i>Actual level of implementation of plans and programs, Benchmarking, Benchmarking and comparisons with other administrations, Complexity (degree of feasibility), Compliance with the Law, Goals achievement Degree, Delivery Timing, Implementation Degree of Strategies, implementation of plans and programs, or of measuring the degree of implementation of the same, respecting the phases and schedule, quality</i></p>

	<p><i>and standards defined quantities, the expected level of resource consumption;, Improving Management, Integrity and Transparency P.A., Interaction, participation and collaboration with citizens, Optimization of timing of administrative procedures, Optimization of work productivity, Plans and Programs implementation, Political Importance, Productivity</i></p>
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Figure 3: Balanced Scorecard for Shared Services Delivery



- Section 1 “Community and citizens needs” helps answer the question “Does shared service delivery meet citizens needs more than traditional service delivery?” It is necessary to create KPIs which are able to measure citizen satisfaction and the impact of shared service delivery on the community. Citizen satisfaction mainly depends on the quality of service and it is closely related to the relationship with the stakeholders, but it is not the only factor. Other factors include the service portfolio, the composition of services and the quantity of services. Some Unione want to measure service delivery equity among citizens, while others seek to measure the involvement of citizens in the choice of the strategies. A further aspect that should be monitored is the transparency and the integrity of the local government. A good indicator could be a citizen satisfaction index or alternatively the increase in the range of services provided.
- Section 2 “Human Capital” helps answer the question “Does shared service delivery improve the human capital of the employees?” It is necessary to establish KPIs which measure employee and manager satisfaction. Shared service delivery is unquestionably a useful opportunity for a constructive engagement with employees and a chance to stimulate organizational learning. This can lead to an improvement of both organizational and individual skills. To achieve this goal it is necessary to modernize the local government and develop a consistent definition of the organizational and individual goals. KPIs that gauge the use of human capital could be the absenteeism rate and/or the employee satisfaction index.
- Section 3 “Financial Stewardship” helps answer the question “Does shared service delivery meet municipal financial needs more than traditional services

delivery?” The most important element is efficiency. The literature offers insights on the construction of performance indicators. However, we should closely monitor not only cost and resource use, but also the degree of indebtedness and financial health. For example, consider public lighting services: a single contract covering provision and maintenance for all member municipalities is probably more economical than individual contracts with each council. Savings could be monitored by KPIs such as the per capita cost of lighting per resident or per employee of Unione and to compare the costs involved with individual municipalities using traditional service delivery.

- Section 4 “Internal Processes” helps answer the question “Do shared services enable your local government to have more efficient internal processes?” To improve Unione internal delivery processes implies that we should analyse these processes to understand their complexities and then develop KPIs regarding administrative procedures and productivity. One way to monitor whether the process has become faster is to identify the start and the end points in a given bureaucratic practice to calculate the time involved. A reduction in time will increase both employee satisfaction than citizen satisfaction and correspond to improved performance.

3.5 Conclusions

As we have seen, shared service delivery is widespread in Italian local government. Given the complexities involved in shared services, performance appraisal is not only technically challenging but also politically sensitive. To date, the empirical literature on shared service evaluation in local government has mainly focused on cost savings and it has demonstrated that only some services yield significant savings. However, as we have argued, in Italian local government cost saving is only one among several

objectives of shared service arrangements. The BSC model for measuring shared service performance delivery thus embraces the holistic nature of many shared services since it allows us to evaluate and monitor not only the financial and economic dimensions, but also citizen satisfaction, organizational growth and service efficiency. Put differently, even if costs do not fall, or even rise, provided shared services generate improvements in other areas, then this can still constitute improved performance.

Shared services implementation results in extensive organizational changes and requires a clear vision and an efficient planning and coordination at all levels of organization (Burns, 2008). Kerzner (2004) pointed out that in this kind of process the role of information flow is important, and strong project management skills with clearly delineated and well done goals are a key success factor. “In this paper, we have attempted to provide a tool to enable municipal managers and elected politicians to better evaluate and monitor the performance of their organization. Despite its limitations, this tool would assist in setting strategic goals in a more informed manner. In particular, the approach we have developed provides decision makers with a map of shared service delivery and how it should best be improved. In addition, the use of the BSC for Shared Services has an external relevance due to its informative role: Burns (2008) believes that another key success factor for shared services implementation is an effective communication. Longman and Mullins (2005) identified five categories of individuals in organizations who are potentially interested in an efficient and effective information system: project team members, contributors, stakeholders, customers and experts. In the case of shared services implementation these individuals correspond respectively to public managers, employees, local and national governments, citizens, policy makers and researchers.

It should be stressed that – as it stands - our model is limited in its applicability to Italian local government. Indeed, our sample represents only a small percentage of the Unioni. However, perhaps the chief strength of the BSC model resides in its flexibility, rendering it capable of adaptation to most Italian Unioni and local government systems in other countries. Future work on the model could examine standardized procedures to create indicators for each service. It could also focus on the relationship between single municipal performance and overall Unione dei Comuni performance.

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Chapter 4: The Role of Unioni dei Comuni in Italian Local Government: Management Perspectives on Performance, Motivation and Functional Range

(A. Laddomada, A. Spano, B. Dollery, B. Bellò)

Abstract

Shared services has been the preferred instrument of structural reform in contemporary Italian local government. To this end, the Italian national government created Unioni dei Comuni, an institutional vehicle for delivering shared services. However, these entities have been under constant change since their inception. This paper places Unioni dei Comuni in a theoretical framework and then attempts to evaluate the perspectives of Unioni managers on their performance. A qualitative method approach to interviews with managers elicited information on performance measurement, motivations underlying cooperation, and factors that impede or enhance use of Union over the longer term.

Keywords: shared services, inter-municipal cooperation, Italian local government

4.1. Introduction

In the past few decades the international literature on local government structural reform has focused on debate between those who favour of amalgamation and a concomitant decrease in the number of municipalities and those who support the continued existence of small local authorities to retain local identity (Andrews and Boyne, 2012; Dollery Crase and Johnson, 2006). Shared services offered a useful means of reaping the benefits of scale and scope in local service delivery whilst preserving small local councils (Dollery, Grant and Kortt, 2012). In some countries

policymakers encouraged the adoption of shared services through financial incentives, whereas in other countries local authorities were obligated by law to use shared services.

Italian Government has opted for a combination of both approaches: municipalities with fewer than 5.000 inhabitants are obliged to provide shared services and they have to create a new local government specifically designed for shared service delivery: *Unioni dei Comuni* (Unions). This strategy has met resistance from local authorities and given rise to avoidance strategies (Hulst and Van VanMontfort, 2007). However, there are regions in which cooperation has been welcomed and it is thus possible to find best practice examples in Italian local government (Labianca, 2014).

Against this background, this paper seeks to explore the following question: What are the weaknesses and the difficulties in the process of effective implementation of *Unione dei Comuni*? The paper draws on information derived from interviews with the general directors of nine Italian Unions on three broad themes:

- Performance measurement and monitoring within the Unions
- Inhibitory and stimulatory factors underlying inter-municipal cooperation
- Efficiency of Union operations.

The paper is divided into four main sections. Section 2 considers the question of performance improvement in terms of the four key dimensions of the shared services Balanced Scorecards - reducing costs, improving quality, enhancing the efficiency of internal processes and the growth of human capital (Laddomada *et al* 2016,) - and if there are some services more readily delivered than other services. Section 3 focuses on the intrinsic and extrinsic motivations (Crewson, 1997) underlying inter-municipal cooperation as well as the elements factor which hindered the spread of the shared

services in Italian local government: strong resistance by local employees, managers and politicians, the minimal participative role of local citizens in decision-making processes, and a lack of political legitimacy and effective regulation. Section 4 discusses the long-term goals of Union managers. The paper ends in section 5 by advancing various policy proposals aimed at improving the operations and coverage of Unions.

4.2. Italian Local Government

Italian local government is the focus of this paper since it encapsulates Southern European trends in the inter-municipal cooperation: territorial reforms have generally met strong resistance (Hulst *et al*, 2008), these reforms have not been effective (Norton 1994, Hulst Van Monfort, 2008), and municipalities typically have comparatively significant responsibilities in terms of services delivery (Hulst *et al*, 2007).

Italian local government has witnessed many years of effort to define new and more efficient local governance models for municipal functions, particularly in small councils. In essence, the national government seeks to promote greater efficiency and reduced costs, as well as to ensure continuity of local services to the inhabitants of small municipalities which are slowly depopulating in the post-World War Two era (Pinilla, 2008).

Law 142/1990 governs inter-municipal cooperation, especially through the model of *Unioni dei Comuni* or *Convention*. This model is designed for small municipalities with a population of up to 5,000 inhabitants, which represent about 70,0% of all Italian Municipalities (ANCI – *Atlante dei piccoli comuni*). The evolution of the this law has had three main phases (Bogherini, 2011):

1. 1990-2000: Law L. 142/TUEL – Testo Unico Enti Locali) provides for the introduction of the Unioni dei Comuni model. It underpinned this model for a decade. At the end of this period, municipalities would have had to proceed with amalgamation. The alternative for those who did not want to merge was dissolution. However, this strategy has not had the desired results: only 16 Unioni were formed and only 5 amalgamations completed.
2. 2000-2010: Law 78/2010 allowed for the institutional diffusion of the Unioni model. During this period model was relaunched through incentives and rather than punitive action. By the end of 2010, Italy had 316 Unioni dei Comuni.
3. 2010-present: L.122/2010-L.135/2012-L.56/2014) reintroduced the legislative obligation for Italian municipalities to delivery services in shared forms. Nine fundamental functions were identified, with each function containing several services, which could be delivered through Unioni model or through conventions.

In general, we can define a Unione as a local government entity composed of two or more municipalities which has as its main focus the delivery of shared services among the participating municipalities. These nine functions identified by Italian Government were as follows:

- a) Organizational, financial, managerial and accounting control;
- b) Organization of public services of general interest to the municipal sector, including municipal public transport services;
- c) Land registries;
- d) Urban and territorial planning;
- e) Civil protection planning and the coordination of the first aid;

- f) Refuse collection and disposal and the receipt of related taxes;
- g) Design, management and delivery of social services;
- h) School construction and maintenance and the organization and management of school services;
- i) Municipal police;
- j) Statistical services.

In addition to this national regulatory framework, each Italian Region also has a wide discretion in the adoption of different policies concerning inter-municipal cooperation.

Each municipality can participate in a single *Unione* only, but a given *Unione* may make agreements with other municipalities. There are three governing bodies: a President, a Cabinet and a Council. The President is one of the mayors of the municipal members of the *Unione*, elected by his fellow countrymen. The Council is composed of a selected number of councillors elected from each municipality under the principle of minority representation. Cabinet is comprised of members selected from the members of the Cabinets of the member councils.

Mode of operation, governance and management principles of each single *Unione* are include in a Statute. However, each Statute has limits imposed by national legislation. For example, personnel staff costs are limited to equal to the sum of staff costs by all individual municipalities before the *Unione*. Moreover, there is not significant discretion as to financial autonomy: Revenue of the *unioni* are derived from taxes, fees and contribution derived from provided services.

70% of Italian municipalities is composed of local authorities with less than 5,000 inhabitants., as shown in Table 1:

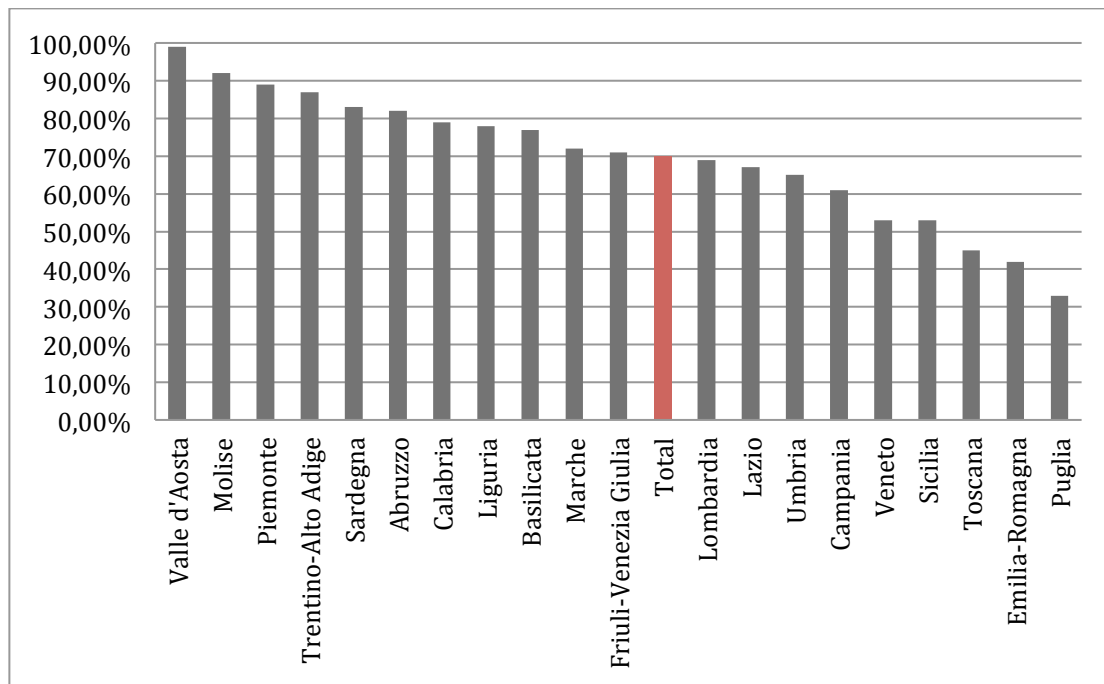
Table 1: Small Municipalities in Italian Regions

	N. of Municipalities	N. of Small Municipalities	% of Small Municipalities
Abruzzo	305	249	82
Basilicata	131	101	77
Calabria	409	324	79
Campania	550	335	61
Emilia-Romagna	334	141	42
Friuli-Venezia Giulia	216	154	71
Lazio	378	252	67
Liguria	235	184	78
Lombardia	1.527	1.061	69
Marche	236	171	72
Molise	136	125	92
Piemonte	1.202	1.067	89
Puglia	258	86	33
Sardegna	377	314	83

Sicilia	390	205	53
Toscana	279	126	45
Trentino-Alto			
Adige	293	254	87
Umbria	92	60	65
Valle d'Aosta	74	73	99
Veneto	576	303	53
Total	7.998	5.585	

It should be noted that there are regions comprised of only 40% of small municipalities, like Puglia, other regions composed almost exclusively by small councils, like Valle D'Aosta. However, this is close to the Italian median, which is equal to 70% small councils. Figure 1 illustrates this distribution:

Figure 1: Small Municipalities in Italian Regions



Although 70% of Italian municipalities are small municipalities, they contain only 16.59% of the total Italian population. The two most extreme cases are represented by the Valle D'Aosta (72,99%) and Puglia (5.44%), as show in Table 2 and Figure 2.

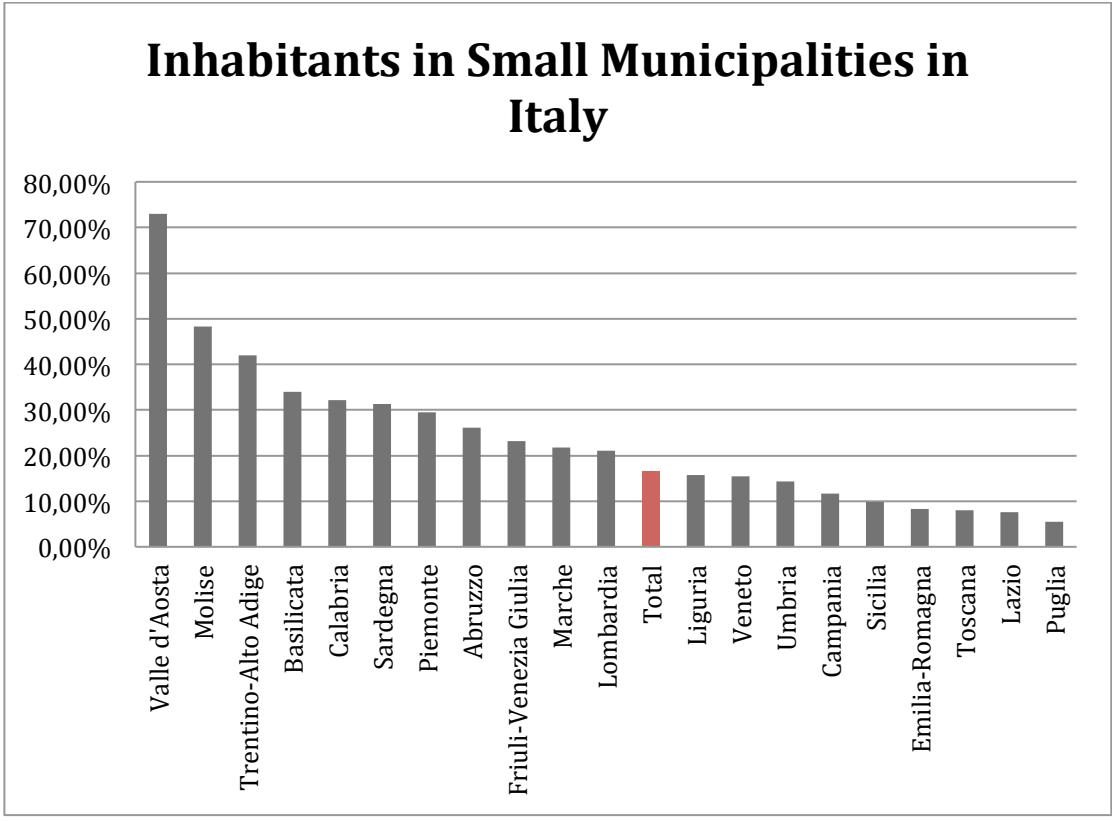
Table 2: Inhabitants of Small Municipalities in Italian Regions

	Inhabitants	Inhabitants of Small Municipalities	% of Inhabitants in Small Municipalities
Abruzzo	1.326.513	345.855	26,07
Basilicata	573.694	194.901	33,97
Calabria	1.970.521	632.955	32,12
Campania	5.850.850	681.413	11,65

Emilia-Romagna	4.448.146	370.311	8,33
Friuli-Venezia			
Giulia	1.221.218	283.065	23,18
Lazio	5.888.472	449.840	7,64
Liguria	1.571.053	247.419	15,75
Lombardia	10.008.349	2.109.224	21,07
Marche	1.543.752	336.156	21,78
Molise	312.027	150.775	48,32
Piemonte	4.404.246	1.296.369	29,43
Puglia	4.077.166	221.688	5,44
Sardegna	1.658.138	518.497	31,27
Sicilia	5.074.261	497.978	9,81
Toscana	3.744.398	299.966	8,01
Trentino-Alto			
Adige	1.059.114	444.118	41,93
Umbria	891.181	127.444	14,3
Valle d'Aosta	127.329	92.939	72,99
Veneto	4.915.123	760.785	15,48

Total	60.6655.51	10.061.698	16,59
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Figure 2: Inhabitants of Small Municipalities in Italian Regions



Of the 5,585 small Italian municipalities, 3,111 belong to a Unione (55.70%). One of the variables which influence membership is simply the region itself. This derives from the fact that regional governments have a significant discretion in encouraging and promoting Unions and/or other forms of association.

Table 3: Membership Rate of Small Municipalities to the Unioni

	Municipalities	Average	%
Unioni	Members	number	of membership

			Municipalities in Unione	
Abruzzo	12	72	6	23,61
Basilicata	2	16	8	12,21
Calabria	10	51	5,1	12,47
Campania	15	90	6	16,36
Emilia-Romagna	42	272	6,48	81,44
Friuli-Venezia Giulia	18	146	8,11	67,59
Lazio	20	101	5,05	26,72
Liguria	24	115	4,79	48,94
Lombardia	75	271	3,61	17,75
Marche	20	125	6,25	52,97
Molise	8	52	6,5	38,24
Piemonte	107	780	7,29	64,89
Puglia	23	113	4,91	43,8
Sardegna	35	277	7,91	73,47
Sicilia	47	172	3,66	44,1

Toscana	24	147	6,13	52,69
Trentino-Alto				
Adige	0	0	0	0
Umbria	1	8	8	8,7
Valle d'Aosta	8	73	9,13	98,65
Veneto	44	230	5,23	39,93
Total	535	3111	5,81	55,70

Figure 3: Membership Rate of Small Municipalities to Unioni

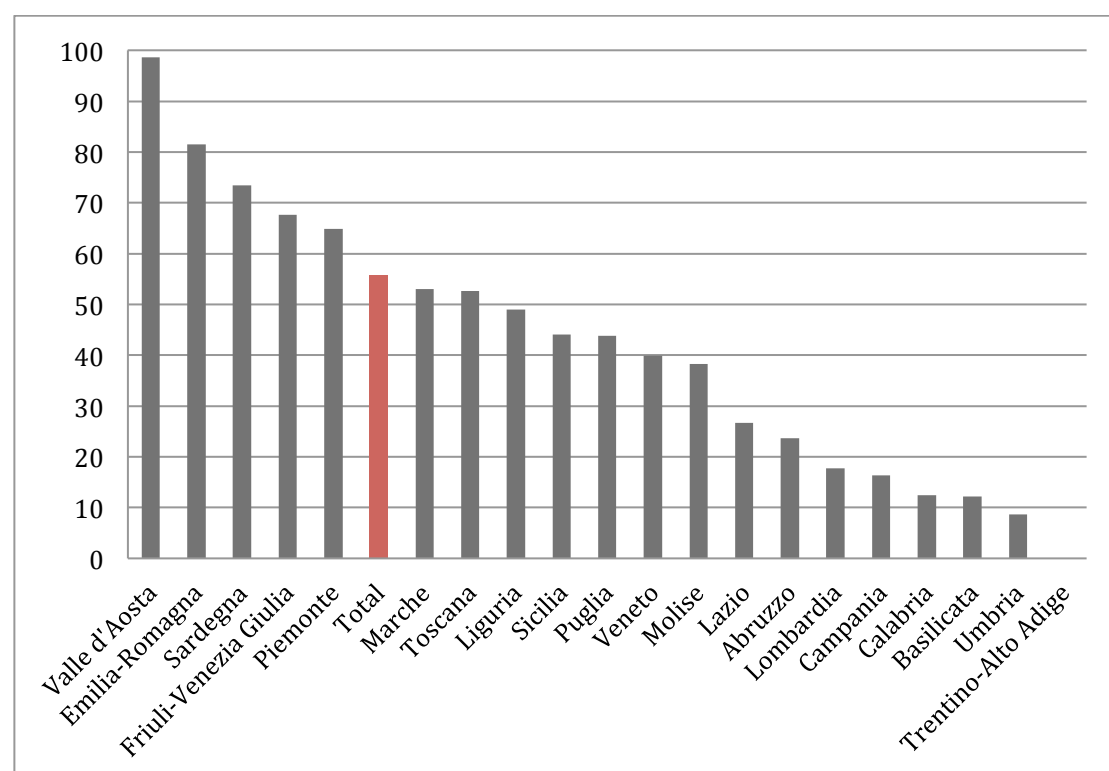
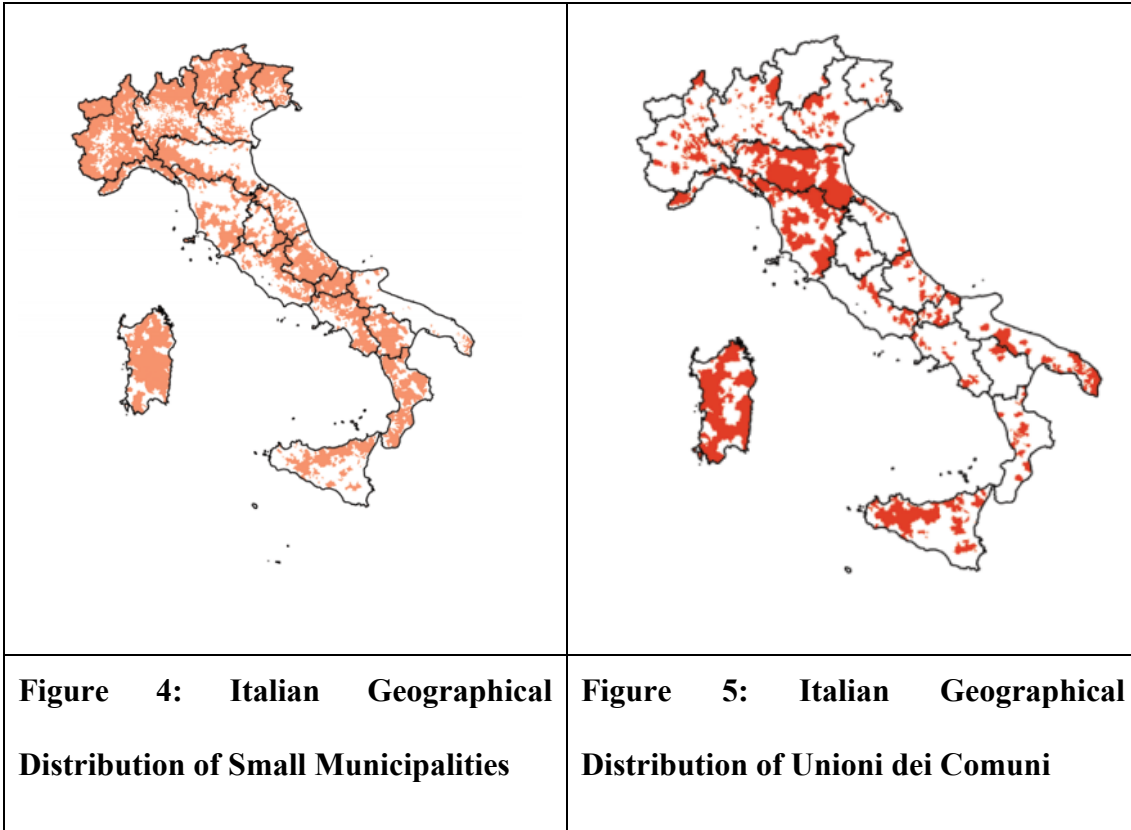


Figure 4 makes it possible to how some regions have fostered membership more effectively: Emilia Romagna has a lower percentage of small municipalities (42%) compared to the national level (42%), but it is nonetheless one of the regions which

has most promoted this model, achieving a share of 81.44% against the national average of 55,70%. Other regions, like Umbria, exhibit the opposite trend: its municipal network is composed 65% small municipalities, but only 8.7% are members of a union.



Subdividing regions in the groups represented by the geographic areas used by the Italian Statistical Institute is shown in the situation is that shown in Figure 6:

Figure 6: Percentage Distribution by Geographical Area of Unioni

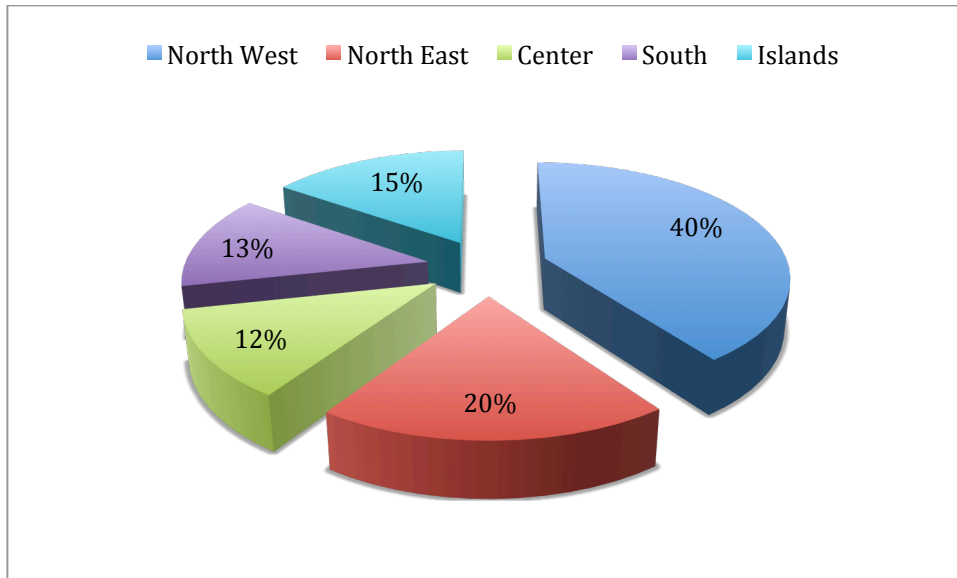


Figure 7: Percentage Distribution of Small municipalities, Inhabitants in Small Municipalities, and Membership to Unions

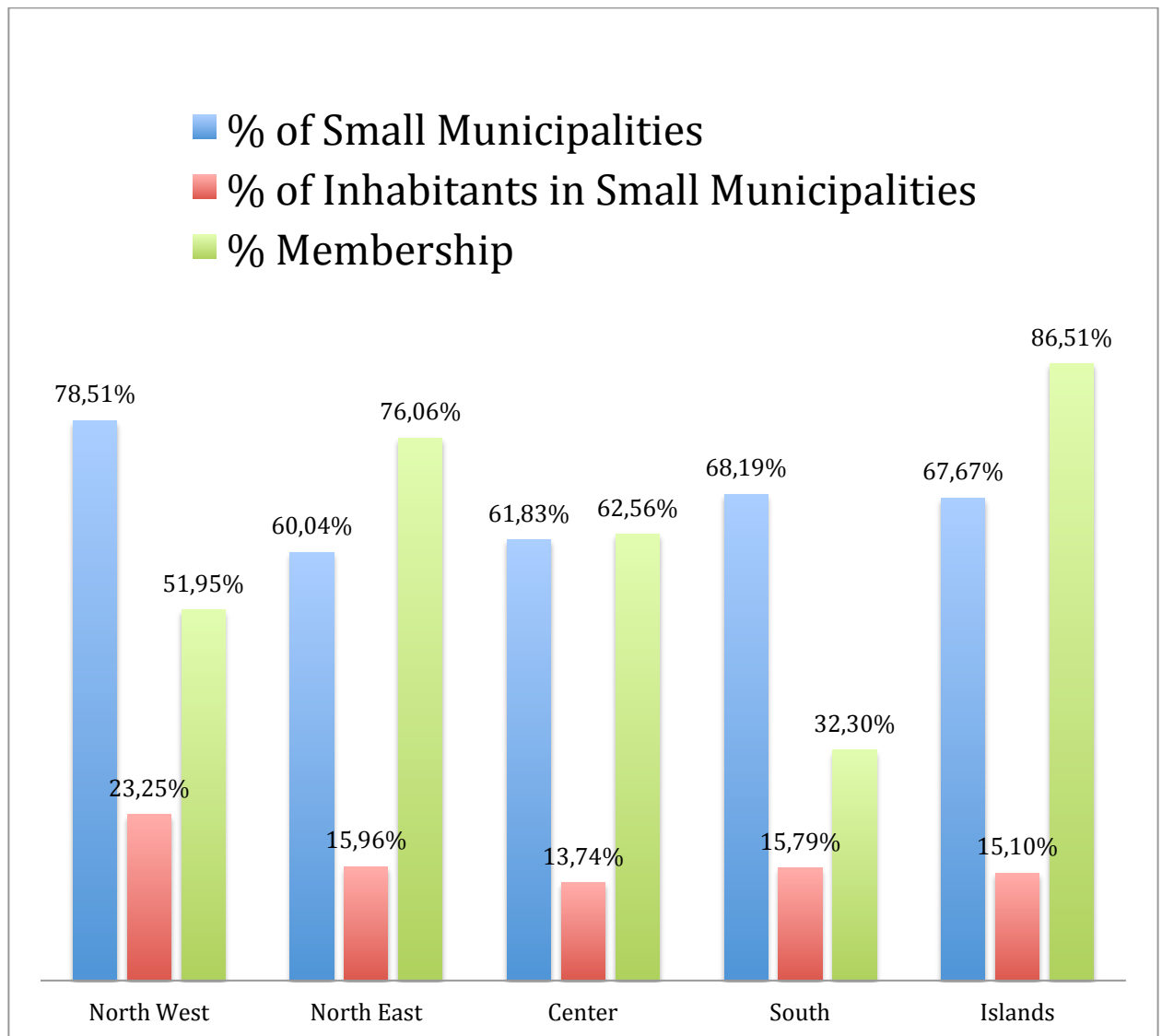


Figure 7 shows how membership in the south has been lower than the rest of Italy. In sum, it would appear that Italy has not found the right model for inter-municipal collaboration for small municipalities (Fedele Moini, 2007).

4.3 The Role of Unioni dei Comuni

4.3.1 Methodology

As we noted earlier, the empirical basis for this paper is based on nine interviews with managers of Italian Unioni dei Comuni. In essence, the methodology employed used qualitative interviews with people chosen on the basis of sampling plane based on a flexible and not a standardized approach (Corbetta, 2013). Our sample comprised

general managers of Unioni which had published accounts of their performance measurement and monitoring systems. Only 4,6% of Italian Unioni published information of this kind. After an analysis of the entire population, 29 unions were selected because they published information on their own performance measurement systems. The final sample is represented of 34.48% of this kind of Unioni. Given the sample comprises only nine Unions, it does not allow for generalization. However, it nonetheless sheds light on a complex phenomenon. The need was to analyse the variety of social situations, with the aim of starting from the extreme individuality of the situations in order to understand if some specific dynamics associated with the management of shared services delivery are shared by several Unions. Respondent have had total freedom in expressing their response to the questions of the structured interview. Questions were divided into six sections: introduction, state of the art, advantage and performance, critical, resistance and conclusions. The interviews were recorded and then analysed through a case-based approach.

The sampling process started with an initial screening to identify the Unioni that have tried to apply seriously the institutional model in order to have the respondents with first-hand experience of the situation. To measure the degree of regional participation, we used the averages that are present in Figure 7. We then selected the Unions that belong to regions with different degrees of participation: the sample thus contains both Unions which belong to regions which have supported this model, but also Unions that are located in regions that have preferred other forms of cooperation.

4.3.2 Interviews

Interviews were divided in three sections: Performance measurement, factors and motivation, and efficiency. “Performance measurement” contained six questions around the theme: “Are Unioni dei Comuni performing better than single local

authorities”. This was based on previous work on a balance scorecard for shared service delivery by Laddomada (2016). It proposed four dimensions important to monitor in the process of measuring and evaluating performance, when a local government is delivering a service in a shared form. The relevant questions:

1. Community and citizens relationship: “Does shared service delivery meet citizens needs more than traditional services delivery?”
2. Human capital: “Does shared service delivery enable to improve the human capital of the employees?”
3. Financial stewardship: “Does shared service delivery meet municipal financial needs more than traditional service delivery?”
4. Internal processes: “Do shared services enable a given local government to have more efficient internal processes?”

We sought to investigate whether there had been an improvement in these dimensions, and if this had been measured with an appropriate monitoring system.

‘Factors and motivation’ explored both the reasons that prompted the municipalities to cooperate and also the factors that affected their operation. Compared to the questions on performance, this question elicited much more interest. ‘Efficiency’ and aimed to understand the global ‘vision’ of managers. We asked two specific questions: the institutional configuration of Unione and its evolution.

4.3.3 Results

“Performance Measurement”

Question	Results (+)	Results (-)
Performance measurement		
Do you think that shared services delivery has led your local government to	There is a reduction in terms of cost especially in the long term. Many were able to reach economies of scale but each in	The only saving is one related to the auditors of budget.

a reduction of costs?	different situation	
Do you think that shared services delivery has led your local government to a improvement of the quality?	Some of them have the impression of this improvement.	Service quality it is not a measured dimension.
Do you think that shared services delivery has led your local government to a great enhancement of human capital?	There is a general increase in the degree of specialization.	It is only a initial benefit
Do you think that shared services delivery has led your local government to a more efficient internal processes?	Positive effects are overall emerged (computerization, optimization of documentary practices)	Only more red tape
What you are in your opinion the most easily deliverable services in shared form?	The services where there is the absence of political discretion, the clarity of legislation and prevalence of back office work	

Respondents thought that shared service delivery entailed a reduction in term of costs, especially in the long term. However, this reduction is not generalized across all services. Some Unioni think that savings is evident in some services, mainly related to education and to competitive public tenders. With regards to human resources costs, the respondents were divided into those who notice an increase and those that have notice a reduction. The only Unione that measure this aspect with the business intelligence support noticed a 20% reduction of the personnel costs, for the same services quality. Only a small proportion of manager believe that the only saving is the one related to the auditors of the budget, and impute this to unclear legislation.

Interviews on scale economies have instead led to different results. Many were able to reach them, but each in different situations. Some got them in educational and social

services, others in waste management, others in the supply of goods and services, other in implementation of information systems.

The aspect of quality is the less measured by respondents. However, those that have measured this dimension have detected an increase in the quality of services. An example of Key Performance Indicator employed which demonstrates is the time taken to secure a building permit. In addition, in some Unioni the complaints relating to the canteen service have decreased and in others Unioni ones related to poor police presences. Most managers have also noticed that information systems are managed better thanks to the shared services delivery. Some think that this is linked to the fact that a larger organizations needs a more efficient system. Others explain this improvement with the thrust of the Italian public administration toward digitization.

One respondent, who revealed he doesn't believe in the Italian project of shared services delivery through Unioni dei Comuni, believes that there is neither an improvement in quality service, nor a reduction of the cost, but that he never tried to measure these aspects.

Respondents have shown interest about this topic, and they wanted to highlight the progress reached in terms of human capital. The word "growth" was often used during the interviews about this subject. They answered in this way bringing different indicator and examples: shared services delivery has led to an increase of the number of training courses, of quantity of services, and a reduction of consulting costs. The interviews then showed a general increase in the degree of specialization. A practical example of how this can benefit the local government was given to us by a manger: before the cooperation, each municipality had its own police station with just a police officer who had to deal with all the tasks: traffic control, fine dispensing, administrative management of practices, laws regarding commerce, legal resident,

and other administrative duties. With a centralized police office, every cop can focus on one of these aspects relatively to a larger area, providing the best service, and learning to solve more complex issues, thus also reducing consulting costs. These effects have stabilized over time, even if a manager believes that there was only an initial benefit, before returning to normal. Constructive dialogue and the sharing of work place, has led to an increase in skills and organizational wellbeing.

With reference to efficiency of internal processes, positive effects are overall emerged from the interviews. An office that handles more documentary practices, must necessarily manage them more efficiently. The increase in complexity has prompted municipalities to a total computerization of the bureaucratic acts, and to a consequent optimization. A problem that before would have blocked the office for several days now is resolved quickly, because the office met increasingly difficult situations. This dimension was measured through several KPIs related to time of administrative processes, paper consumption, or percentage of acts cancelled related to total number of acts. Services related to local business are the area where several managers noticed improvements. Those managers who weren't satisfied with Unioni said there was no improvement; indeed, there were only more red tape.

Services in which they are incurred more benefits are: local productive business, educational and social services, police, information system, administrative and accounting system. The interviews have emerged three variables that most influence on the easy of delivery services in shared form: the absence of political discretion, the clarity of legislation and prevalence of back office work.

Section 2 "Factors and Motivations"

Factors and motivations		
Question	Result (+)	Result (-)

What critical issues have you encountered in the management of the Unions of Municipalities?	Disagreement between the political and the administrative management of the local government, conflict between municipalities of different size in the same unione, massive act of mediation where the Unione has a weak position.	
What is the main obstacle to the spread of shared services delivery?	Lack of political legitimacy (indirect election), Parochialism, Unclear legislation (duplicated procedures, coexistence between the budgets), Municipal councillors and majors do not recognize the Union as an institution above its municipalities, nor as an institution to help them providing better services	
Do you think that there is a resistance to cooperation from the employers of your local government?	With information and transparency, administrative staffs increased their motivation, agreed to deliver new services, and became the main protagonists of change	There is a initially resistance stemmed from fear of the unknown
Do you think that there is a resistance to cooperation from the politicians of your local government?	Majors believe in the shared services delivery as a technical instrument to improve the quality services and increase efficiency.	It's the most influential resistance: Politicians don't want to lose their power position, and don't have a long-term view. Administrative resistance is an effect of this
Were the citizens been involved in any decision about the cooperation? What might them involved?	There are experience of citizens involvement with good results.	Citizens must not be included in any Unione decision making-process
Why you cooperate with the other municipalities?	To provide most streamlined, effective and efficient services. To guarantee a future to the small municipalities	Additional funding and benefits.

When we asked what were the main problems in the management of Unione, very different issues have emerged. In one of the largest Union, both in terms of inhabitants, that of the participating municipalities, it revealed a double conflict: in their daily decision-making processes it showed a disagreement between the political

and the administrative management of the local government. Even if the common goal is to provide better service to citizens, their needs are different. This conflict has been found in the contact phase of the managers for the interviews: one has refused, because he said that this was the duty of the political part, without providing any contact. The other emerged conflict is the one among the smaller municipalities and larger ones within the same Unione. The decisions of the Unione have consequences on the financial statements of the individual municipalities.

For this reason, the union management often consists in a mere act of mediation, resulting in a big slowdown in decision making. This problem has been recurring in the answers to all the questions: mayors of different political factions have different views on cooperation, and therefore they cultivate their own personal interests, “ignoring the potential of the instrument who is in his hands”. To explain the heaviness of this aspect on Unione management, the respondent gave an example: it has happened that would take an hour and a half to decide. Every mayor wants to analyse deeply every decision of the Union, because it is afraid of losing power within his municipality and his electorate, in a sort of a parochialism. One of the managers also explained us that in the mediation between the individual municipalities and the Union, the weak part is that of the Union, providing an example: the Union had proposed to use the same software for keeping the accounts, in a such way to standardize the process and facilitate the flow of information. For individual municipalities there was no fee, because the union accepted all expenditure, to stimulate this process innovation. An employee of the accountancy sector has not accepted this change because another software had always been used. This was enough to block the decision, and not implement this improvement in six different municipalities. The Unione, as well as the monetary incentive, had no other means to carry out this

decision. From this example come out other considerations made by other managers. Apart from that of resistance, which will be adequately analysed subsequently, two other factors that have hinder the management of the individual Union, but also the spread nationwide, are the lack of political legitimacy and unclear legislation, and they are strictly connected.

Municipal councillors and majors do not recognize the Union as an institution above its municipalities, nor as an institution to help them providing better services, but as a “bureaucratic burden”, which will bring the municipalities to “lose their identity, its functionality, and its relations with its citizens”. This vision, according to a manager, is due to the legislation. In Italy it is not provided for direct election of the governing bodies of the Unione. The Unione is therefore governed by individual majors and individual councillors that refer to their municipal electorate: their choice are often not taken in the interest of the Union and of its territory, but to further their own countrymen who will choose the new mayor and new councillors at the next election. Beyond this cultural problem, managers have also exposed other problems of the legislation: some administrative procedures are duplicated, the difficult coexistence between the budget of the Unione and the one of the individual municipalities, the lack of a specific law about accounting or about human resource management in Unione, and the allocation procedure of financial resources: one of the managers said she knew how much money was spent in 2015, in December of 2015.

The structure of the interview provided for the interview a passage from the internal perspective (What critical issues have you encountered in the management of the Unions of Municipalities?) to the external perspective (What is the main obstacle to the spread of shared services delivery?). The lack of political legitimacy and the parochialism are factors that influence both at micro (management of individual

Unione) and macro level (spread of the Unione institution). Talking to different managers, often it turned out that there is not “a unified project”, “administrative support” and “weighted incentive system”. The missing of a unified project is caused by two main reasons. The first one is that the law was written without taking into account the reality of the facts on the way to work of small local authorities. The second one is that the legal obligation introduced the small local governments in a cooperation mechanism. And they knew nothing about how it works. The administrative support would serve to cover this lack: the managers of Unione that believe in this institution and had a performance measurement system, told about specialists who are able to make an administrative reorganization, and probably helped them in the initial stage. A collection of best cooperation practices from the regional government would not resort to external consulting, which has a high cost for a small municipality. One respondent proposed a weighted system of incentives, on a permanent basis, which rewards the most efficient entities.

Also questions on resistance have attracted the interest of respondent. With reference to resistance of administrative staff, the majority of respondents noted an initial resistance.

The primary reason of the resistance stemmed from fear of the unknown. This fear was realized in some incorrect beliefs: in a municipality, the Union was seen as a competitor and not as an opportunity for growth, in other was seen as an entity not yet established, in others as a new way of working that he would upset their work routine, and in others there was a simple resistance to innovation. Subsequently, however, this initial resistance in the administrative staff has been exceeded in some municipality was important to inform them and to be transparent, in other were explained the benefits of working in a larger workgroup. In this way, the staff has increased their

motivation, has agreed to deliver new services, were available to move the headquarters, and in some cases they became the main protagonists of change.

On the resistance to change of the politicians we listen to rather different views: some spoke of politicians who think of their own interests, that do not want to lose their power positions, without a mission and a long-term view and are completely absorbed by the task they need to perform for their municipalities. But others have told us about mayors, who regardless of political party, have promoted the Union as a technical instrument to improve the quality of services and increase efficiency. An interesting element that has resulted from multiple interviews is that between the two kind of resistance, the most influential is the politicians one. More managers have analysed the relationship that exists between these two types of resistance: when there is political resistance, this can promote resistance by the administration, while the reverse never happens.

A final question of this session concerned a stakeholder category that is often overlooked: the citizens and their degree of involvement. The vision of some managers is cynical: the citizens must not be included in any Unione decision-making process, because they are interested in the quality of services delivered rather than in the process of delivery and therefore would be involved only in case of a referendum to approve a merger plan. Others have reported some experience of citizens involvement: newsletter, assemblies, citizens satisfaction surveys and also a project of participation in the planning and setting goals activity. The general impression is that however the role will always remain marginal, and that as a manager told us, there is simply an institutional relationship and in some cases there are citizens who are aware of belonging to a union.

After analysing such as certain factors affect the service management in form associated and its diffusion on a national level, we tried to analyse the reasons that underlie it. Led to the formation of unions often there are intrinsic reasons: the mayors who have worked together for a long time before the creation of the institution to "provide the most streamlined services, effective, and efficient," and that often they realized that small municipalities can have a future only if inserted in a broader context. From other interviews however it revealed that some unions have only been set up to have access to additional funding, and because they are aware of the benefits that can be gained. We were also told that there are Unioni that are false, and that do not provide in any form associated service.

Section 3 "Efficiency and Perspective

Efficiency and perspective		
Question	Result (+)	Result (-)
Do you think that the Unions of Municipalities are an efficient organization, or they can be it in perspective?	Few managers believe that now Unione is an efficient institution. But with some changes it should be.	Amalgamation should be better in some case.
What would do you need to make your Unione dei Comuni an efficient organization?	Institutional improvement: institutional recognition of Unioni, clearer regulation that provides guidelines Organizational improvement: A clear hierarchy, technological infrastructure, and a long-term vision of politicians and citizens.	

Few managers believe that now is an efficient institution. There was not, however, a radical rejection. Just one respondent thinks that amalgamation should be a better solution. He thinks this because he doesn't see a big regulatory change and a clear vision by regional and national governments. One respondent advance solution about

this topic : his suggestion is “to proceed with amalgamation when there are only two small and neighbouring municipalities. When instead there is a large number of a municipalities and a more extended area, Union should be a solution”. Anyhow, all others respondents see in perspective the potential of the Union. This potential lies in what they could with a well-structured organization: optimize the use of resource, manage better services and create a reference point for “small municipalities area”.

Once they believe in this project we tried to further investigate this aspect, asking: “What would do you need to make your Unione dei Comuni an efficient organization?”. We received very different answers and we grouped them into two categories: institutional and organizational improvements.

Institutional improvement obviously require a leading role by the government, listening to the opinion of Unioni, so as to create a reform that takes into account the reality of the facts. Institutional improvements required substantially affect the institutional recognition of the Unioni and a clearer regulation. Institutional recognition it’s important in order to overcome the resistance of political, who see Unioni as an institution of lower level. They asked also clearer regulation that provides guidelines in terms of transfer of human resources, accounting and reporting, and that reduces contrasts between the law of local governments and those relating to Unioni.

Improvements at the organization level are closely linked. All respondent would like greater cooperation from member municipalities. Breaking down this element, there are three specific improvements that emerged from the interviews:

1. “Municipalities and their members must know they are also an essential part of another larger organization”. This important organizational requires clear rules and a clear stance by Italian government.
2. “Technological infrastructure is an important ally to share information and make more efficient offices”. This improvement would require one hand a cash incentive for investments, on the other hand an effort to overcome staff resistance to adapt to technology and new way to work.

“Politicians and citizens who see beyond their own town”. This change of vision requires a long effort: it’s necessary to show the advantage of shared services delivery through concrete examples. The communication of Unioni as a “tool for survival” for small municipalities, it may not have been the right communication strategy.

Discussion

The results which emerge from the empirical analysis in this paper can be linked to a broader empirical framework. Numerous benefits of shared services have been detected. For instance, a widespread reduction in administration and staff costs has been observed (De Souza, Dollery, 2011) and this is has been partially confirmed by some of our respondents. Dollery et al (2012) found limited empirical evidence for the existence of significant scale economies in the provision of local government services. However, services like domestic waste processing, storage and management frequently display economies of scale (Dollery, 2015). Our interviews confirm that there are economies of scale in this sector, and they are frequent in educational and social services too.

Shared services delivery can also improve service quality, through greater access and specialisation (Somerville and Gibbs (2012). Although several respondents had a

different concept of quality, many of them have noticed an improvement. They stated this on the basis of KPIs that measure the reduction of numbers of complaints or of practical delivery times.

One of the criteria to evaluate the provision of services is its capability to reduce red tape, avoiding excessively complex processes and the duplication of activities (Dollery and Akimov, 2009). Some managers see this as a way to create more complexity in the internal processes. However, it has led to an improvement of information system that it was necessary to manage a greater complexity. An example of improvement of the effectiveness of internal processes were the reduction of paper consumption.

With respect First section discussed about some of the shared services delivery performances faces. The measurement of performance is not practised with an adequate system, except in some rare cases, where the performance management system is able to deal with the complexity in the environment (Van Dooren, 2016) . The legislation confusion is also reflected on performance measurement system.

Second section showed the important role of administrative staff and politicians in Unioni, and them trim organization. Shared services is a blended model which addresses challenges associated with dominantly decentralized and centralized human resource management systems by capitalizing on new technologies and sharing expertise. (Selden 2011). A recurring statement during the interviews, is that one of the difficulties in the management of Unioni has been the lack of clear regulations in terms of staff transfer. Despite this, several managers have confirmed with many examples what has been said by Sommerville and Gibbs (2012): one of the potential benefit of shared services is the organisational development, “through bringing together staff from across a number of organisations to work together on joint

projects, resulting in up-skilling, shared experience and more rewarding work". The literature shows that there are many positive effects on human capital when services are delivered in shared form: employees can integrate knowledge and experiences to strengthen the innovative capability of firms (Subramaniam and Youndt, 2005), to improve organizational processes (Newell et al., 2004) or to create new knowledge (Nahapiet and Ghoshal, 1998). During interviews many examples of these aspects have emerged: greater specialization of employees, new opportunities to train them and Unioni in which administrative staff was the first agents of change.

At the same time this section has shown the conflict between political class and administration staff: as there is no clear legislation, there is a continuous act of mediation. In this delicate balance, the Unioni does not have many tools to haggle. The only way they have to convince the municipalities to embrace the Unioni mission, are the choices that affect the individual financial statements. The financial statement is a very important act for a mayor, because governments are being pressured by citizens and other stakeholders to improve their efficiency and effectiveness while, at the same time, they are seeing reductions in available resources. (Farneti et al, 2010).

Whitaker (1980) asserted that citizens can participate in the execution of public programs. Except some cases of small involvement, the interviews also revealed that citizens are not involved in the decision making process

4.4 Conclusion

This paper has analysed the role of Unioni dei Comuni as designed by the Italian Government to increase the efficiency of its local government system. To this end, managers were interviewed on three different aspects of inter-municipal

collaboration: the performance of Unioni, the underlying rationale, and their long-term prospects. Two main conclusions can be drawn.

Firstly, the interviews show what Unioni are potentially capable of effectively achieving several beneficial outcomes: certain types of costs have been reduced, economies of scale have been achieved, operational effectiveness has increased, informative systems were more efficient, and staff has been able to specialize to provide more quality services. These positive effects were present in Unioni where there were mayors who believed in Unioni, who had a clear vision, and who make the administrative staff the main protagonist of change.

Secondly, and less positively, other observations were made. There are often inappropriate institutional models, politicians and administrative staff are in constant conflict, mayors are frightened of the loss of power and credibility, citizens are not involved, the lack of regulatory clarity does not give a long-term clarity and confuses participants, Unioni have no bargaining power to mediate against municipalities member, and national and regional governments do not adequately assist Unioni.

A clear long-term vision by the Italian Government and its regional governments is required. If the road taken is that of Unioni, clear laws and incentives are necessary, then Unioni should not continue to be a secondary institution. This could initiate cultural change to move all stakeholders in a uniform and effective direction to enhance the efficiency and effectiveness of small local councils in Italy.

4.5 References

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4.6 Interview Outline

Introduction and State of the Art
1. How long you work in public service? In which municipalities and in which job positions?

2. How many services you delivery in shared form?

RQ 1: Are shared services in Italy Performing

1. Do you think that shared services delivery has led your local government to a reduction of costs? Have you measured this aspect? How?
2. Do you think that shared services delivery has led your local government to a improvement of the quality? Have you measured this aspect? How?
3. Do you think that shared services delivery has led your local government to a great enhancement of human capital? Have you measured this aspect? How?
4. Do you think that shared services delivery has led your local government to a more efficient internal processes? Have you measured this aspect? How?
5. What you are in your opinion the most easily deliverable services in shared form?

RQ 2: What the motivation of the cooperation and the factors of its operation?

6. (Motivation) Why you cooperate with the other municipalities?
7. (Factor) What critical issues have you encountered in the management of the Unions of Municipalities?
8. (Factor) What is the main obstacle to the spread of shared services delivery?
9. (Factor) Do you think that there is a resistance to cooperation from the employers of your local government?
10. (Factor) Do you think that there is a resistance to cooperation from the politicians of your local government?

11. (Factor) Were the citizens been involved in any decision about the cooperation? What might them involved?

RQ 3: What are the perspectives and what would be the corrective actions?

1. Do you think that the Unions of Municipalities are an efficient organization, or they can be it in perspective?
2. What would do you need to make your Unione dei Comuni an efficient organization?

Chapter 5: Conclusions

5.1 Final output

In order to study what are the factors that can determine the success or failure of the services in association, the present thesis has followed a logical path.

The first paper has investigated in the state of the art of shared services delivery. Four dimensions were analysed in 6 countries. From this it emerged a complex framework, where each country has its own peculiarities and achieved varying degrees of success concerning the spread of shared services delivery.

In the second paper the focus was on the advantages related to the inter-municipal cooperation. Initially, a contextualization within the national literature regarding the performance of shared services delivery was made. Subsequently, based on the documents of a sample of Italian Unions of Municipalities, a balanced scorecard appropriate for cooperation was created; it is composed of four different dimensions: cost saving, quality of services, human capital and internal processes.

The last paper was based on evidence obtained in previous work. The output of the paper is the results of interviews with Italian managers, relating to three topics: Performance Measurement and monitor within the Unions, factors and motivations behind the Cooperation, Efficiency and perspective of Unions.

5.2. Conclusions

The research contributes to enhancing knowledge about shared service delivery in Local Government.

As a result the final output obtained, there are some consideration to make as scientific input about shared services delivery. Those countries with a legal obligation to introduce shared service delivery experienced more difficulty in implementing this tool than those countries that chose to provide incentives, rather than obliging LGs to cooperate. This conclusion was corroborated in the third paper, where it appeared that some municipalities have participated in the Unione simply to obtain funds. Another factor that has negatively influenced the performance of the Unioni is the lack of autonomy in terms of financial and human resources. A typical Italian problem is in fact the lack of regulatory clarity. This involves an unclear distinction of responsibilities between the Unioni and its member municipalities, which in turns entails to resistance of politicians and administrative staff. In this scenario, there is a continuous need for mediation. This diverts attention from the great work on the efficiency of the body which can still be done.

Indeed, from this research also shows the potential deriving from an efficient cooperation. Through cooperation not only it is possible to achieve saving and economies of scale, but some of the Unioni managers have noticed the improvement of services quality, that are delivered more quickly, and supported by a more efficient informative system and by a human capital willing to grow. However, to exploit this potential it would be necessary a more accurate measurement that is still missing.

Finally, Unioni would serve two elements: one external and the other internal. The external one is represented by a regulatory intervention by the national government to have clearer rules, and where the Unioni have more autonomy.

The internal element instead is the introduction of a performance measurement system that is appropriate to its context. Some Unions measure the performance as if it were

that of an individual municipality. Others, however, do not measure their own performance.

For these changes is a required a clear long-term vision by Italian national government and by individual municipalities. Therefore interesting future studies may be help to convince managers and reformers to take this direction. It would be interesting to test the empirical value of the performance measurement system, to create a KPI system for shared services delivery, and to deepen the methods to create a reform that takes into account the Italian cultural obstacles, such as parochialism.