

# INTER-MUNICIPAL COOPERATION PERFORMANCE MEASUREMENT: A CRITICAL LITERATURE REVIEW AND RESEARCH AGENDA

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## ABSTRACT

*Inter-municipal cooperation (IMC) is a popular policy lacking appropriate performance measurement. This paper critically examines academic literature on the performance measurement of inter-municipal cooperation. It suggests a starting point for new evaluation research specific to IMC. Relevant papers are analysed to identify and explore potential research paths and formulate an agenda. The main criticality tackled by this review regards the "measurement for the sake of measurement" mindset, which leads to unbalance towards quantitative data, which is insufficient to reflect the complexities of public administration. Starting from the results, we posit a research agenda for further investigation of the performance of local shared services.*

**Keywords** - local government, public performance, shared services

## INTER-MUNICIPAL COOPERATION AND SHARED SERVICES

Service sharing has been one of the last three decades of the 20th century's public management staples in a panorama of initiatives led by the newly born New Public Management, with several forms of local cooperation emerging worldwide (Caruso et al. 2021). The purpose was to join smaller municipalities to reduce municipal expenditure, save resources, or even access (or share) neighbouring assets in a mutual effort and exchange of strengths to tackle managerial weaknesses. Inter-municipal cooperation (IMC) is, after twenty years of the 21st century, established worldwide. In some countries, it is mandatory for municipalities with specific characteristics. Inter-municipal cooperation is one of the most frequently used forms of externalisation and cooperative delivery of local services. It allows the sharing of resources while maintaining each agreeing municipality's individuality and authority (inter alia Silvestre et al. 2020; Giacomini et al., 2018). While much has been written on performance management in general and focusing on specific sectors, little has been done on IMC. For this reason, this literature review aims to provide an overview of research in performance measurement of inter-municipal cooperation, to

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underline research gaps and formulate a research agenda. We do so by adopting a transnational perspective, remaining geographically unbounded in its exploration, with the objective of covering the broad context of application of IMC beyond specific locations and time periods.

The following section will dive into the theoretical background of IMC and performance measurement by defining the borders of this research and formulating a taxonomy of the trends in evaluating sharing policies. Next, we address the methodology for this literature review and then dive into the results and discussion. Finally, we formulate a research agenda from a substantive and a methodological point of view, followed by conclusions.

## **THEORETICAL EXPLORATION**

### **Definition of IMC**

"Inter-municipal cooperation" is an umbrella expression that includes several context-specific realities. For this research, we avail the work of Hulst and Montfort (2007), who define two main features of inter-municipal cooperation. The first feature is that the interactions between local governments concern a common task or goal and enjoy some degree of institutionalisation (Hulst & Montfort 2007 p.10). The authors counterpose realities that fall within these borders to cooperation initiatives that lack stability in time, such as joint actions (i.e., the organisation of a social event in cooperation with other municipalities). In light of this feature, our research will focus on inter-municipal cooperation when it shows stability over time, is defined as continuous, coordinated actions, and is used as a long-term goal.

The second feature identified by the authors is that of entities that formally depend on local government or other participating authorities for their establishment and existence (ibidem). Therefore, we limit our research to cases of inter-municipal cooperation that, even when regulated by an overarching power, such as the state or region, require a municipal decision and action to be established. An example of the inter-municipal cooperation realities involved in this research would be the Italian *Unioni di Comuni*, the Spanish *Mancomunidades*, or the French *Communautés urbaines*. These inter-municipal operations are characterised by long-standing agreements between municipalities to share municipal services to achieve efficiency and effectiveness outcomes.

### **Areas of measurement: A taxonomy of practices**

The second border we will define for this research is the one around the areas of measurement we find in the literature.

Performance measurement has been widely established in the private sector since the 1990s (Cooper & Kaplan, 1988; Kaplan 1994; Kaplan & Norton 1998). From there, the new general lens of performance management, through which both the private and the public sector now seem to see their activities, started to spread. The first sprouts of New Public Management began to flourish worldwide following the 1970s crisis of the National Health System in the United Kingdom and the reforms in the public sector of New Zealand in the 1980s (Hood, 2004). Public performance measurement became a hot topic

in the same years (inter alia, Blodgett & Newfarmer 1996; Behn 1995, 2003 cited in Gao 2015). The new vision of public management included introducing a data-based management system to be carried out by professional managers, which was supposed to end the unsustainability issues of the time.

Hood (2004) provides the first insight into New Public Management critiques, dividing NPM into four ages: "Early" and "New Right" of NPM, respectively in the late 1980s and the early 1990s, were characterised by the first literature about this approach; the third age of NPM witnessed increasing intellectual awareness about NPM throughout the 1990s, and finally the "middle age of NPM" and its critiques towards this approach developed from the later 1990s.

Now, twenty years from then, at the dusk of the maturity and "Middle Aging" (Hood 2004) of New Public Management, we find ourselves questioning the system, going in-depth about the necessities of the twenty-first century.

The first, immature, broad-brushed criticism is the basis for the latest a posteriori so-called Middle Age, a dark time for NPM when scholars and practitioners start to see the methodology's paradoxes.

In the following sections, we will develop a taxonomy of the areas of measurement of the performance of inter-municipal cooperation based on the research questions that emerged from the literature.

### *Context and demographics*

At least two studies were about the different cooperation trends between municipalities and the externalisation of services to achieve the same scale goals. Warner (2011) and Bel & Warner (2016) found that the choice of competition over cooperation in the United States of America's municipalities depends not so much on the delivered service but on the characteristics of the municipality itself, leading urbanised, wealthy municipalities to choose competition instead of cooperation, where the latter is instead more often chosen in less rich, rural environments. The findings are aligned with a study by Brown et al. (2015) which underlines that the lack of suppliers' alternatives when contracting a given service leads to threats to cost, quality and continuity of its delivery.

There is rarely any competition in the public sector, especially where small cooperating municipalities are involved. However, smaller municipalities are the most common protagonists in inter-municipal cooperation agreements because of their increased need for economies of scale, scope, and resource access. They deliver services based on monopoly, thus not having competition as self-regulator and feedback-provider for their performance assessment (Išoraitė 2015). At the same time, most inter-municipal agreements rely on externalisation to provide their service. More extensive, wealthier urban municipalities rely on externalisation – competition – to achieve economies of scale because of the plurality of actors delivering a service (ibidem). Therefore, the first two research questions arise:

- (1) *If and how does the measurement of public shared services avails measurement concepts derived from public and private practices?*

- (2) *If and how is the context (geography, socio-demographic, culture) taken into account in measuring the performance of inter-municipal cooperation?*

### *Multidimensional indicators*

What gets measured gets managed. Nevertheless, the literature (inter alia Muller 2019; van Thiel & Leeuw 2002) points out that policymakers should be careful about the risks of unbalanced measuring and management: measuring should not become the final goal instead of management.

Işoraité (2005) resumes and applies to public performance the three measures of performance, input, output, and outcome, which measure the dimensions of economy, efficiency, and effectiveness. Unfortunately, local government performance measurement so far has been chiefly single faced, focusing on measures of cost and expenditure (input and output, respectively, referring to the dimensions of economy and efficiency). The author states that the unbalance among these three dimensions carries risks, including a distorted view of the measured process and an image of performance that responds only to what is being measured. Indicators must be used to measure performance because, if chosen wisely, they provide the key to interpreting data from the perspective of objectives set by the examined organisations. More recently, Fryer e Jiju (2009) identified four indicators: output, welfare, performance, and composite indicators (a mix of the three). They suggest that indicators are to be used carefully: for instance, welfare, which the authors define as "*the value to the final users*" (p.5), could be interpreted as a measure of satisfaction among the public or as the interpretation of managers of the necessities and responsibilities of citizens to their services. The fact also represents another criticality that other authors pointed out in the literature. There is a misalignment between managers' and citizens' perception of service quality, partly due to the difference in knowledge about the services, to the detriment of citizens' knowledge (Kelly & Swindell 2002).

The importance of output values in the assessment of cooperation and the relevance of context characteristics in the implementation of sharing policies is well underlined by another recent study (Warner et al. 2021). They focus on the factors influencing the government's choice of either privatising services or cooperating with other municipalities and public entities. This study underlines the importance of context in determining such policies. The study is based on a national survey dated 2017 administered in the US about the governments' use of either measure to increase efficiency and achieve economies in the delivery of services. The study expresses how cooperation responds to shared values (such as community needs) rather than economic factors (such as wealth). In particular, it considers several variables; community need (rates of poverty, proportion of dependent population); capacity (fiscal and organisational); political interest (e.g., motivators and obstacles to each policy); fiscal stress; and finally, place characteristics (size, position). The analysis was done across the totality of services, therefore considering the agreement per se and not a specific service. Results emphasised how cooperation is preferred over privatisation, especially to balance community needs with fiscal stress and political interests. On the other hand, according to the study, cooperation requires fiscal and managerial capacity to be implemented, which is lower in unionised municipalities. However, it is achieved despite obstacles (motivators are more important to managers than obstacles).

A study about the so-called "performance paradox" conducted by van Thiel & Leeuw (2002) highlights the importance of having performance assessment systems that consider the public sector's peculiar characteristics. First, it defines the performance paradox concept as *"the result of a discrepancy between the policy objectives set by politicians and the goals of executive agents"* (p.275). To address the performance paradox, the study suggests using multiple indicators that consider several aspects of public administration, both tangible and intangible.

On another note, the so-called "service delivery paradox" characterises the relationship with the citizens as consumers. The service delivery paradox between satisfaction, expectation and performance is typically found in public services when service improvements *"fail to register change in consumer satisfaction"* (Blaug et al. 2006, p. 11). This paradox results from a misalignment between the service delivered and the citizens' satisfaction. As suggested by Blaug et al. (2006), citizens' satisfaction does not always rise with service improvements. Citizens' satisfaction is based on their expectations, which are influenced by their opinions about the government. Therefore, citizen satisfaction through the lens of a "citizen as consumer" approach is not recommended to assess the performance of public services. The metrics used by policymakers to determine the performance of public services should regard the satisfaction of citizens and not just the improvements made in the services (Muller, 2019) to avoid the risk of using indicators that do not reflect the effectiveness of the improvements made to the services.

Performance is more often measured at the service level: the most measured services are related to solid waste (Aldag et al., 2020), which could be explained by the more extensive data availability and the relative importance of the service itself. Studies from this department could be used to adapt the methodology to other municipal functions. However, researchers should use particular care because the externalisation of solid waste management is very common, and data provided by that sector do not always represent the corresponding municipal government's performance.

Nevertheless, solid waste literature provides a best practice for indicators analysis, possibly because environmental culture development leads to many local governments having specific objectives in their planning, such as increased recycling and reuse of solid waste. In this sense, a relevant study is Rodrigues et al. (2018), based on a case in Brazil but with the aspiration of replication to similar municipalities. Based on literature and interviews with local managers, the authors identify the leading indicators of performance for solid waste services based on the municipal strategy's objectives (eco-sustainability oriented). This way, the authors have developed a mixed quantitative/qualitative model that can measure performance in the context of environmental goals. With similar objectives, Sarra et al. (2017) in Italy used the technique of Data Envelopment Analysis to integrate environmental targets into the data provided by governmental databases on solid waste through a regression.

This background provides the question:

- (3) *If and how are multidimensional indicators linked to policy objectives in inter-municipal cooperation performance evaluation?*

### *Stakeholders' perception*

Citizen satisfaction, a standard performance measure in the private sector but often overlooked by public actors, is a proxy of policy effectiveness (Gutiérrez Rodríguez et al. 2009). When measured, it is associated with public trust (Welch et al. 2004) and place attachment (which leads to positive citizen behaviour, Zenker & Rütter 2014). Conversely, citizen satisfaction is also connected with information asymmetry between the government and individuals (Yamamura 2012). It is a tool of empowerment for citizens, with beneficial spillover over the abovementioned factors.

From the analysis of the literature concerning the assessment of perceived quality and satisfaction of citizens emerges that the main driver for such research has been a shift from the traditional administrative way of delivering public services to new, quality-driven management of public services (Altman 1979; Brown et al. 2015; Kushner & Siegel 2005; Van Ryzin & Immerwahr 2007; Zenker & Rütter 2014) along with the newly introduced concept of value co-creation in a public service perspective (Osborne et al. 2016). Public performance assessment focuses significantly on quantitative data of input and output, which provide precious information on public expenditure but say little about the effectiveness of services (Išoraitė 2005). The indirect delivery of service (through sharing, agencification or externalisation) has additional complications which require even more measures to explain the additional levels of governance (Voorn et al. 2019).

From this background, we formulate the following research question:

- (4) *If and how is citizen satisfaction used at the local level to measure the effectiveness of sharing and cooperation policies?*

On the other hand, an Italian survey conducted among randomly chosen public managers within Inter-municipal cooperation agreements (Giacomini et al. 2018) assessed the initial results of cooperation agreements by asking top managers five closed ends questions: two questions about the size and composition of the inter-municipality and three yes/no questions about the decrease in expenditure, the improvement in the quality of services and the change in institutional legitimisation following the agreement. Although being only an exploratory study, as stated by the authors, a significant limitation of this kind of study is the focus on the point of view of managers, which leads to a misinterpretation of the results because of the discrepancies mentioned above between 1) the information held by managers and citizens and 2) the reciprocal trust of these two actors.

Researchers in public management occasionally integrate qualitative data into evaluating performance, but we are far from an effective evaluation tool. In the United States, Kelly e Swindell (2002), did a cross-analysis of data provided by the ICMA National Citizen Survey with internal data available to understand the overlapping between the performance measured at the organisational level and the one perceived by the user, to construct a multi-indicator tool of evaluation. It emerged that there is not much correlation between the two. The authors pointed out that satisfaction surveys and internal data do not often consider the differences between neighbourhoods. Differences perceived at racial and territorial levels, such as a vast wealth gap between neighbourhoods or the concentration of

minorities in certain areas of a municipality, emerge from individual accounts but get lost in translation, creating biased results.

Also, discrepancies in reciprocal trust between the government and the population create prejudices and bias, affecting perception on both sides, leading to a misevaluation in positive or negative.

From a methodological concern, we ask:

- (5) *If and how is the involvement of managers and other informants used in evaluating the performance of inter-municipal cooperation?*

### *Co-creation of value*

The final insight we can draw from public performance literature regards value co-creation. Co-creation of value can be both a driver and a proxy for municipal performance, even more so in inter-municipal cooperation for such a collaborative policy. Osborne et al., 2016, define co-production as *"the voluntary or involuntary involvement of public services users in any design, management, delivery and evaluation of public services"* (p.640). In other words, the recipients of a given service are involved in the creation and the service itself. It happens actively or inactively. Consider when the local health service provides sanitary supplies upon the user's request. In this case, the user is directly (actively) involved in the service's production because they collaborate with the service provider when they need it and self-regulate their need for the service.

On the other hand, a school's availability to offer remedial education after regular school hours might depend on each student's individual needs and availability. In both examples, we see the phenomenon of co-production, where the user and the service provider work together to obtain a service tailored to the user's needs while receiving constant feedback from the user.

The meaning of co-production is straightforward: to optimise resources and refine their offer by asking people what they think they need in a double-feedback mechanism.

Here we ask the following question:

- (6) *To what extent is the co-creation of value linked to the objectives of inter-municipal cooperation and its assessment?*

## METHODOLOGY

This paper follows the problematising review principles defined by Alvesson and Sandberg, 2020, who suggested it as a tool in contrast with the traditional integrative review (Elsbach & Knippenberg, 2020). A problematising review has a broader scope than an integrative review; unlike the latter, the first aims not at a comprehensive description of a field on which to lay the foundation for new knowledge. The problematising review critically analyses the most relevant literature on a field or topic to find strengths and weaknesses and point to new questions regarding what has already been studied.

Within these premises and the borders identified from the theoretical exploration, we undertook an inductive-deductive cycle of thematic analysis to analyse the literature about performance measurement of inter-municipal cooperation.

For this review, we drew a sample from within the population of published scientific articles to benefit from the evaluation process of blind peer review, thus ensuring the inclusion of articles with scientifically rigorous methodology. The only two exceptions were made by a book and a conference abstract, which were included for their relevance.

The search has been conducted in two stages: firstly, employing the scientific research search engine of the website Scopus; secondly, using backward tracing of the bibliography of the articles provided by Scopus.

We used the Scopus database to source the articles, with the keywords "performance AND inter-municipal cooperation" (n=18 articles), "performance measurement AND inter-municipal cooperation" (n=1 article) and "measurement AND inter-municipal cooperation" (n=6 articles). For the search, we used the Boolean actors *and/or* looking for the keywords in the title, abstract and keywords. Of the n=25 results, we removed two duplicates so that the final number of screened records was n=23.

The first stage of the analysis included the text mining of the abstracts and title: this first evaluation excluded n=11 non-relevant papers. Through backward tracing, we identified n=3 more records.

**Table 1: analysed articles**

Authors	Title	doi	Journal	Year
Aldag, Aldag and Warner	Cooperation, Not Cost Savings: Explaining Duration of Shared Service Agreements	10.1080/03003930.2017.1411810	Local Government Studies	2018
Aldag, Aldag et al	It depends on what you share: the elusive cost savings from service sharing	10.1093/jopart/muz023	Journal of Public Administration Research and Theory	2020
Bel and Warner	Factors explaining inter-municipal cooperation in service delivery: a meta-regression analysis	10.1080/17487870.2015.1100084	Journal of Economic Policy Reform	2016
Blåka	Does cooperation affect service delivery costs? Evidence from fire services in Norway	10.1111/padm.12356	Public Administration	2017
Brown et al	The impact of transaction costs on the use of mixed service delivery by local governments	10.1177/2055563616631563	Journal of Strategic Contracting and Negotiation	2015
Casula	Between national constraints and the legacies of the past: explaining variations in inter-municipal cooperation in Italian regions	10.1080/21681376.2016.1255856	Regional Studies, Regional Science	2016

Giacomini et al	The introduction of mandatory inter-municipal cooperation in small municipalities: Preliminary lessons from Italy	10.1108/IJPSM-03-2017-0071	International Journal of Public Sector Management	2018
Holzer and Fry	Shared services and municipal consolidation: A critical analysis (Book)	N/A	Public Technology Institute ed.	2011
Luca and Modrego	Stronger together? Assessing the causal effect of inter-municipal cooperation on the efficiency of small Italian municipalities	10.1111/jors.12509	Journal of Regional Science	2021
Silvestre et al	Is cooperation cost reducing? An analysis of public-public partnerships and inter-municipal cooperation in Brazilian local government	10.1080/03003930.2019.1615462	Local Government Studies	2020
Skelcher et al	The public governance of collaborative spaces: Discourse, design and democracy	10.1111/j.0033-3298.2005.00463.x	Public Administration	2005
Spano and Tagliagambe	Inter-municipal Cooperation and Cost Savings: Myth or Reality?	N/A	XXII IRSPM Annual Conference 2018	2018
Spicer	Bridging the accountability and transparency gap in inter-municipal collaboration	10.1080/03003930.2017.1288617	Local Government Studies	2017
Van Thiel and Leew	The Performance Paradox in the Public Sector	10.1080/15309576.2002.11643661	Public Performance & Management Review	2002
Warner	Competition or cooperation in urban service delivery?	10.1111/j.1467-8292.2011.00450.x	Annals of Public and Cooperative Economics	2011

The sampled records (n=15, as illustrated in Table 1) have been coded through open, comparative, axial and selective coding (Glaser & Strauss, 2017). The first phase of open coding consisted of going through the papers randomly and highlighting the basic codes (excerpts). Consequently, comparative coding led to clustering the excerpts in concepts, further refined, and linked to each other through axial coding to form categories. Finally, selective coding allowed us to work on the categories to refine and integrate them. The analysis thus structured allows to methodically identify and organise codes and integrate and refine categories to develop rich insights directly from the data.

## RESULTS AND DISCUSSION

This paper critically analyses literature about performance measurement applied to the universe of inter-municipal cooperation. A narrative, transnational approach to the topic ensures encompassing the perspectives of multiple countries, administrations and time periods to provide a broad framework of the state of the art of the literature in the field. The aim is to provide an overview of the performance measurement of inter-municipal

cooperation, which is used as a complementary or alternative tool to evaluate policies of shared services and local government cooperation. Although not new, the context of academic research on local government cooperation agreements (Norton 1994) shows that literature about this topic is scarce; practitioners rely heavily on traditional public performance assessment tools, and literature withdrawn from the world of inter-municipal cooperation often reflects this intertwining. Also, fiscal stress and state austerity led local governments to focus on their financial performance and look for spending cuts. However, the main driver of cooperation in local government — cost savings — is not always reflected in academic literature (Aldag et al. 2020; Aldag & Warner 2018; Niaounakis & Blank 2017; Silvestre et al. 2020). Whenever research detects cost savings related to cooperation policies, they also underline that such savings heavily depend on the type of service and state tradition (among others, Silvestre et al. 2020; Aldag and Warner 2018; Holzer and Fry 2011).

Research about performance assessment in municipal shared services is still emerging as a new stream of interest. From our primary analysis of the distribution of papers about this topic, studies are primarily based on analysing data related to municipal expenditure and only occasionally on data on perceptions – usually gathered through questionnaires. Also, most of them are single-service studies, traditionally conducted in the context of western, developed countries and have as an object solid waste collection and processes services (Blåka 2017; Silvestre et al. 2020). The focus of the studies lies in the generalizability of the results. Focusing on a specific service (say solid waste management), even when shared, will not reveal the holistic dynamics behind the inter-municipal cooperation's performance (or as the group of the services involved in the agreement). In fact, the context is crucial in determining the agreement's creation and success (Casula 2016).

This paper aims to provide an overview of the past and current practices of performance evaluation of IMC and to shed light on potential research avenues to conquer the breadth of the complexity of such policies. In the case of inter-municipal cooperation, performance measures can be of three types: input, output, and outcome. The main objective for inter-municipal cooperation policies, as stated in the totality of the papers analysed and the rest of the literature about inter-municipal cooperation is cost savings through economies of scale.

Meta-regressions (comparative studies based on previous literature) are gaining popularity throughout the universe of public administration, including inter-municipal cooperation. Bel & Warner (2016), through a meta-analysis based on 49 published and unpublished papers, found that among the drivers for municipal cooperation, fiscal constraints and spatial and organisational factors are strongly significant. They also underline that while inter-municipal cooperation is mainly based on government and organisational factors in the United States, European studies focus more on cost savings.

The most recent of the selected studies (Luca and Modrego 2021) use data envelopment analysis; the authors develop an index of technical efficiency based on data of input and output, and they use it to understand the impact of Inter-municipal collaboration (in the particular case of Italian *Unioni di Comuni*) in the administrative efficiency of the municipalities which are part of such an agreement. They use secondary data gathered through questionnaires administered to the municipalities and build indicators for each

sector (i.e., the average time of service provision, number of certificates prepared, etc.). This study is consistent with the international trend of employing municipal expenditure data to assess the effects of cooperation policy; it considers measures of output for public goods and services that include the totality of the service areas concerned by the cooperation policies part of the study.

Silvestre et al. (2020) proposed a novel study, not for topic or methodology but for context and unit of analysis. The authors underline two existing limitations of studies about inter-municipal cooperation agreements; one is that the units of analysis are usually selected among developed western countries. To face this limitation and try and fill the gap left by developing countries, the authors analysed a sample of municipalities in Brazil. The second limitation is that most existing studies are single-service analyses of solid waste management. The study focuses on various services: social assistance, health, culture, and housing to address this gap. The analysis of costs of the units' object of the study found that cooperation does indeed lead to savings in general, with the exception, in this case, of the health sector. However, the study stresses that size, population characteristics and type of agreement influence this result variously. Smaller size municipalities benefit from cooperation more. In general, cooperation is more effective than the other agreement object of the study.

On this note, a study about the heterogeneity of performance concerning the services shared by municipalities was issued the same year by Aldag, Warner and Bel (2020). The study considers a span of twelve local services over twenty years. In accordance with most literature, the authors found that only about half of the cases showed cost reduction, particularly in asset-specific or administration-intensive services such as waste management, roads and highways, police, library, and sewer services (cfr. Holzer & Fry 2011). In contrast, no reduction has been found in economic development, ambulance, fire, water and youth recreation and increased costs in elder services, planning and zoning.

Analysing a longer term is essential in evaluating sharing policies because reduced costs are associated with short-term agreements (Aldag & Warner 2018). Therefore, a more extended timeframe can provide more precise estimates of the effects of such policies beyond costs.

Aldag and Warner (2018) address the topic of duration, studying the impact of several variables on the duration of cooperation agreements. Here duration is considered a proxy of performance, and as already mentioned, correlates negatively with cost reduction. Such a result contrasts with other studies, such as Spano (2018), which finds that long-term IMC is often ineffective. The variables positively impacting the duration of cooperation agreements are positioned on government and agreement levels. Short-span agreements show the transaction cost characteristics of for-profit contracting, and longer-term shared service agreements show more drivers and decrease transaction costs after agreement formalisation. Shared service agreements are driven not by competition but by cooperation and reciprocity. The survey resulted in cost savings not being the primary goal of administrations in implementing cooperation policies.

Across the pond, another survey by Giacomini, Sancino and Simonetto (2018) provides an exploratory study on the effects of sharing policies beyond the costs set in Italy. According to this study, smaller municipalities benefit from the shared delivery of services, reflecting other studies about the topic (inter alia, Warner 2011). The authors administered an e-mail questionnaire to 1360 Chief Financial Officers of Inter-municipal cooperations in Italy (UdC), with a response rate of only about 20%. The questionnaire comprised five close-end yes/no questions about their perception of several aspects of the performance of the UdC they oversaw. The inquiry regarded the relevance of a few factors, such as the UdC's dimension, the presence of a "big brother" (a leading municipality), the reduction of expenditures and the increase in quality, and institutional legitimization.

A topic that only emerges a handful of times in literature about inter-municipal cooperation is accountability. Spicer, 2017 fills this gap by modifying and applying the Governance Assessment Tool (Skelcher et al. 2005) to the universe of Inter-municipal cooperations in the Greater Toronto area. The explorative study brings to the surface the issue of multiple-accountability disorder. Multiple accountabilities in inter-municipal cooperation agreements involve the presence of two agents (the municipality and its group of cooperation) and uncertainty by the principal (the citizen) about the head of responsibility (*locus*) of the shared service since municipalities that are part of a cooperation agreement keep their individuality and authority. The author explains how a lack of transparency and information asymmetry between the government and the citizens can be correlated to a lack of accountability in the administration and suggests a relationship between accountability and performance — in terms of quality and cost of services.

Several authors cited so far (cfr Aldag et al. 2020; Silvestre et al. 2020) emphasised the importance of analysing the effects of inter-municipal cooperation across several services and not limiting the analysis to single-service studies. Nevertheless, it is essential to mention the single-service study by (Blåka 2017), which focuses on fire services in Norway: a strongly territory-dependent service that is not often analysed in-depth (in contrast to, for example, solid waste services). The study uses operational rather than transaction costs (Williamson 1978, 1979) and finds that cooperation carries cost savings. However, it also has higher transition costs (operational costs related to the transition). In fact, the cost savings appear higher with the establishment of the agreement to decrease with each additional member of the cooperation. On the other hand, since the study is a cross-sectional analysis of different delivery methods implemented by various organisations and focuses on operational costs, it underestimates transaction costs and overestimates savings.

Transaction costs are the focus of a 2015 study by Brown et al. (2015), from which local governments are more likely to choose mixed service delivery when services are more difficult to specify and more challenging to produce and when there is a wide range of alternative suppliers. In the latter case, local governments will most likely select private firms as mixed-service delivery partners. At the same time, otherwise, they collaborate with nonprofit and other local governments. Transaction costs should be considered more readily in the analysis of inter-municipal cooperation. They are strictly related to the number of agents and a determinant factor in the management choice between inter-municipal

cooperation agreements, mergers, and externalisation. For example, Warner 2011 explores the prevalence of competition or cooperation in local service delivery. It points out that such prevalence depends on the organisation's characteristics rather than on the nature of the services. In fact, according to this study, privatisation based on competition is much more frequently correlated to wealthy and urban settings whilst cooperation to less wealthy, rural environments. Also, the level of human interest is relevant in the policy orientation: human-related services (such as those related to care and culture) lead to an increased need for control of the output directly administered to citizens from public administrations.

Territory dependence is not the only external factor to consider when evaluating inter-municipal cooperation. Culture and history are two relevant factors that should be considered in the analysis since the same policy could be implemented and welcomed differently depending on the cultural base. Casula (2016) tackles this issue, applying a mixed methodology from a broader social science perspective. The study explores the impact of regional culture on the effectiveness of Italian inter-municipal cooperation agreements — in particular in two regions, Veneto, and Emilia-Romagna — and finds a positive correlation. The study's novelty lies in focusing on meso-level organisations and regions, which studies on inter-municipal cooperation traditionally overlook, focusing on the local and national level instead, even though the regional meso-level is culturally and organisationally relevant in public administrations.

Another study that focuses on several studies variables is the one of Bel and Warner (2016), a meta-regression analysis of existing literature which helps categorise the relative importance influencing factors of inter-municipal cooperation: economic and fiscal factors versus the governance and organisational factors. The study emerges that fiscal benefits are relevant, especially in small municipalities, while wealth negatively impacts cooperation. The municipalities involved in the inter-municipal cooperation, as expressed in suburban versus metropolitan status, is also relevant, with suburban centres more involved in cooperation. An interesting variable emerging from this study is racial homogeneity, which positively influences the cooperation status, while the size is irrelevant. Again, the study underlines a significant difference in the results of single-service and multi-service studies, stressing the importance of analysing a wide range of services.

Another study worth mentioning is Spano (2018), a descriptive study that analyses the degree of functioning of a sample of UdC (Italian most common inter-municipal agreements) through the combination of expense analysis and the administration of a survey to a sample of UdC. This study emerges the motivation behind the UdC's creation in the first place, often the availability of regional and state funding tied to implementing such policies and the obligation required by Italian law. From the point of view of performance, a lot of UdCs are not implemented, meaning that after the UdC has been formed, little to no services have been transferred from the municipality to the joint management of the UdC; therefore, the agreement is only on paper. This is particularly relevant, and further research should be done to assess the effectiveness of such inter-municipal agreements and why they remain inactive.

The studies analysed and reported here do not necessarily reflect the mainstream research about public performance assessment, primarily based on descriptive studies or cost analysis-based case studies. In the first case, research is not readily applicable to other cases because of the strictly local nature of inter-municipal cooperation agreements, which largely depend on local jurisdiction and management systems (Bel & Warner 2016; Casula 2016); in the second case, cost analysis is not directly traceable to performance. Finally, a significant absence from the literature on performance assessment in inter-municipal cooperation and shared services regards the direct involvement of citizens in the evaluation (Spicer 2017) and the process of co-creation, one of the rising staples of public management.

Involving top managers and informants in evaluating the performance of sharing policies might help understanding the policies' internal practices, expectations, and objectives.

### RESEARCH AGENDA

The literature review on performance measurement of inter-municipal cooperation resulted in essential gaps that further research from both a substantive and a methodological point of view could address.

Substantive matters of interest include, firstly, the potential for analysis of the multidimensional indicators in relation to policy objectives. This relationship is completely missing at the moment. In fact, among the scarce research, measurement does not consider the policy objectives of inter-municipal agreements. Secondly, the context is not studied, although the literature states that the success of inter-municipal cooperation largely depends on the territory's characteristics: not just size and population but also territory, extension, state tradition and culture.

Thirdly, more detailed information could be sought at the fringes of municipal domains by including citizen satisfaction evaluations as well as evaluation of the processes of co-creation derived from the joint management of multiple municipalities.

From a methodological point of view, the literature suggests ample breathing space for qualitative studies. Because most – of the low number – of articles rely on financial measures, the measurement of citizens' perceptions and outcomes of the effectiveness of sharing policies could bring new theories on the effectiveness of these policies.

### CONCLUSIONS

The topic of inter-municipal cooperation evolved in the last twenty years following the 2008 crisis and austerity. However, its roots are traceable way back. Inter-municipal cooperation is an extremely widespread local policy, among those that governments implement to achieve economies of scale and scope. It is considered the most versatile and the

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one with minor transaction costs. However, the literature shows the need for further research. As we have seen in several studies (Aldag et al. 2020; Aldag & Warner 2018; Bel & Warner 2016; Spano & Tagliagambe 2018) and mentioned in the previous paragraphs, cooperation does not always mean cost savings. Cost savings are not always related to increased performance, as the absence of cost savings does not mean a decrease in performance (van Thiel & Leeuw 2002).

This critical review identified and provided an overview of the (not prolific) literature regarding the performance measurement of IMCs and highlighted research avenues for a better understanding of the effectiveness of such policies. The sample included very different papers, and all of them pointed out that the evaluation of inter-municipal cooperation agreements cannot be based solely on expenditure measurement; other factors need to be considered, such as local characteristics and cultures, characteristics of the services, transaction costs, legislative factors and finally, accountability. Moreover, a discussion section included studies about inter-municipal cooperation and insights from public management studies.

This critical literature review contributes to the current discourse by shedding light on the studies about the measurement of performance of inter-municipal cooperation and analysing the current state of research to provide an agenda for future research and to a holistic and comprehensive evaluation of such policies, that characterise so many countries around the world.

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