

Edited by Massimo Sargiacomo

Public Sector Management in Italy



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Preface

In the last two decades major reforms have been addressed to the broad Italian Public Sector, requiring the introduction of New Public Management-inspired ideas and tools, thus calling for further research in this field. The convergence of EU Countries towards the Euro deadline of December 31, 2013 has also accelerated the managerial transformation process, as well as the consequent deployment in the Public Sector of techniques and practices widely adopted in the private sector. This refereed volume has been written and designed to provide a cross-areas examination of a selection of the main present Italian Public Sector issues and challenges.

In Chapter 1 Del Vecchio and Lecci seek to introduce researchers, students and professionals into the characteristics of stakeholder and governance structures in public organizations. After a literature review they describe how corporate governance mechanisms work in public entities vis-à-vis private firms. They also discuss the respective implications of interests and political systems on public organizations, and later provide conclusions and suggest future research directions on corporate governance in public organizations.

In Chapter 2 Preite and De Matteis analyse cutback management of the Italian bureaucratic apparatus. After a brief overview on the International and Italian economic scenario, they portray the financial constraints raised by the European Union Stability Programme on the Italian public spending. Accordingly they highlight the characteristics of the financial management of the State, which required a thorough examination of the main sources of financial waste, and the deployment of a Spending Review process, through a cutback management approach.

In Chapter 3 Maggi and Morelli focus on planning and control systems of Italian Regions. After a description of Italian Regional Governments, they illustrate the changes occurred in the process of strategic planning and programming in Italian Regions in the aftermath of the major reforms. By so doing they show a reference model which works both for the Strategic Planning process in the Regions, as well as for the respective Programming and Control of management. An empirical analysis of the programming, planning and control systems in use in several Italian Regions concludes their analysis.

In Chapter 4 Ziruolo provides a portrayal of the intersection of accounting and management practices in Italian Local Governments. After a necessary contextualization, which depicts the main Local Governments Reforms which triggered the shift to prior paradigms and techniques, the author explains the changes from cash into accrual accounting, and related relevant accounting and reporting documents and methodologies. The introduction of the Executive Management Plan as a new management tool is later discussed. In the conclusions the 2015 accounting harmonisation scenario is presented, as well as possible future research trends.

In Chapter 5 Gitto and Della Porta present an analysis of the impact of Management Control on Italian Provinces. The authors firstly highlight the main characteristics of the Italian Provinces socio-economic scenario and organization, thus providing the main contextualization features of these peculiar Italian Local Governments. Then, they illustrate how New Public Management ideas has made Public Sector more output oriented, thus giving the abbrivium to Provinces to introduce new performance management logics and techniques. With these premises, the authors elucidate the implementation of management control systems in the Province of Ancona, located in the Marche Region.

In Chapter 6 Della Porta and Gitto explain how Public Transport sector has not escaped the major impetus provided by Italian reforms oriented towards the continuous search for spending better. After a synthetic recapitulation of the reform path, they illustrate how local transport services have been for a long time so difficult to improve, thus illuminating an extreme resistance to the deployment of efficiency mechanisms and tools, which hampered the reforms'implementation process. In light of past issues, the recent measures imposed by central government are illustrated, thus highlighting how they are supposed to push forward the public transports never ending improvement process.

In Chapter 7 D'Andreamatteo, Ianni and Sargiacomo unveil how lean thinking practices may be used to enhance performance improvement of healthcare organizations. After a brief portrayal of the main challenges affecting the Italian National Healthcare System (INHS), and the consequent emerging need to boost performance improvement, they highlight the principal benefits and approaches of lean healthcare practices. Three Italian case-studies are subsequently presented, thus offering empirical evidences which demonstrate the main features of early lean implementations in the INHS where, at the moment, Lean has not yet been chosen explicitly as means of public reform.

In Chapter 8 Ianni, D'Andreamatteo and Sargiacomo aim to illustrate the impact of the future introduction of standard costing on healthcare management and services delivery in the light of the latest federalist reform in Italy (Legislative Decree 68/2011). They initially discuss how in order to better address the issues raised by funding and healthcare delivery, and concurrently guarantee more efficiency and effectiveness within the INHS, the per capita and retrospective expenditure criteria will be replaced by the future introduction of standard costing criterion already deployed in other countries. The chapter finally unveils and discusses the managerial implications and impact on healthcare management and delivery both at a macro and at a micro level.

In Chapter 9 Della Porta, Sargiacomo and Venditti investigate how performance measurement has recently tried to make Italian Universities more financially sustain-

able. A critical analysis of the main reform waves affecting the Italian scenario across the last three decade is initially presented, thus illustrating – through the help of different empirical evidences – how the University system has failed to manage financial autonomy and accountability there allocated by the State. The consequent rather clear financial distress status of different public universities triggered the last 2010 reform. Indeed, the co-authors argue that Law 240/2010 has been a true restoration of central power and control through an MBO type performance management system, which seeks to achieve a more financially sustainable university system.

In Chapter 10 Lucianetti and Franco-Santos examines the relationships between diagnostic and interactive role of Human Resource Performance Management (HRPM) – and their connections with social capital, sense of community and the individual well-being inside the Italian University system. Admittedly, the recent introduction of new performance evaluation system in the academia has indicated that scholars are increasingly experiencing a sense of losing their academic freedom and autonomy. The co-authors conclusively present and discuss the results of data collected from a broad sample of academics – belonging to 17 different academic research field – and administrative employees working in 77 Italian Universities.

Pescara, 10 September 2013

Prof. Massimo Sargiacomo

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Stakeholder and Governance structures in public organizations¹

Understanding the logic behind the definition of stakeholder and governance structures has always been a central issue in the Italian research stream of Management. Within this theoretical framework, the chapter assumes that the stakeholder and governance structure relates to the organizations structure and composition, as well as its various management and project teams. In the chapter we present an in-depth analysis of stakeholder groups and contributions expected and organizational structures and mechanisms that allow coordinating activities. As far as public organizations are concerned, the likelihood of public organizations being perceived as effective increases when they manage to align the, possibly very diverse, expectations of stakeholder groups with respect to good governance. How can public-sector regimes, agencies, programs, and activities be organized and managed to achieve public purposes? This question, of fundamental importance in the fields of politics, policy implementation, public administration, and public management, motivates the systematic study of stakeholder and governance structure. The reminder of the chapter is structured as follows. Paragraph 1.1 reviews the literature on stakeholder and governance structure. Paragraph 1.2 describes corporate governance frameworks within private firms. Paragraph 1.3 presents stakeholder and governance structures in public organizations, while paragraph 1.4 discusses interests, political system and public organizations. Finally, paragraph 1.5 provides conclusions and suggests future research directions on corporate governance in public organizations.

Learning objectives

After reading this chapter you should be able to:

- Understand the characteristics of stakeholder and governance structure in private firms;
- Understand the characteristics of stakeholder and governance structure in public organizations;
- Discuss the implications of interests and political system on public organizations;
- Recognize major trends on stakeholder and governance structure in public organizations.

¹ Mario Del Vecchio (corresponding author) wrote paragraphs 1.1, 1.4 and 1.5; Francesca Lecci wrote paragraphs 1.2 and 1.3.

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Cutback Management of the Italian bureaucratic apparatus¹

The crisis is affecting the international economic environment with serious repercussions also on the Italian Public Sector, highlighting the need to rationalize public spending.

From this situation, after a short overview on the international and Italian recent economic scenario, arise the objectives of this chapter: describing the financial constraints on the Italian public spending due to the Stability Programme defined by the European Union, identifying the financial waste sources related to the Italian bureaucratic apparatus, focusing on the cutback management approach adopted at a national level through the Italian Spending Review process.

The study of these aspects leads to some discussion about the criticisms that come from the coexistence of the necessary managerial approach in the Public Sector (i. e. introduction of efficiency and effectiveness) and the constraints imposed by the Stability Programme.

Learning objectives

After reading this chapter you should be able to:

- International crisis and Italian public debt;
 - Stability program and financial management of the State;
 - Italian Public Sector and financial waste;
 - Cutback management in Italy: the spending review process.
-

¹ This chapter was prepared jointly by the two authors. However, it is possible to assign paragraphs 2.3 and 2.4 to Daniela Preite (corresponding author), paragraphs 2.1 and 2.2 to Fabio De Matteis.

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3

Planning and Control Systems of Italian Regions¹

This chapter aims to assess the changes in the processes of strategic planning and programming and the role of public managers in Italian regions. It hopes to identify possible alternatives for governance and suggests a reference model, although this can only be applied in the individual regions further to the implementation of appropriate corrective actions in order to bring it in line with the specific situation.

Learning objectives

After reading this chapter you should be able to:

- the processes of strategic planning and programming
 - the changes in the processes of strategic planning and programming in Italian regions
 - the role of public managers in Italian regions
 - an empirical analysis of the programming, planning and control systems in use in several Italian regions
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3.1 Introduction

Since the mid-Nineties, a new paradigm called public governance (PG) has been emerging in public administration as an alternative to New Public Management (NPM), which was considered too close to the world of business and insufficiently

¹ Davide Maggi (corresponding author) wrote paragraphs 3.1, 3.2, 3.3 and conclusions. Chiara Morelli wrote paragraph 3.4

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4

Accounting and Management Practices in Italian Local Governments¹

In the last quarter of a century, besides the new accounting tools, the regulation has also aimed at introducing some management enhancement with explicit reference to management models taken from the operating experience of the companies, in an attempt to influence the culture and behaviours of the players. This project, however, has substantially failed because it has never been supported all the way and it has been, in fact, disturbed by continuous legislative measures consequence of the various emergencies experienced by the country. This led to a modus operandi in which the accounting system has never educated the players on its use within the decision making processes as hoped for by the legislator. All this, however, instead of adjusting the correct application of the system and its tools to the problems encountered, caused the system to be questioned again, in the manners that will be described below, and led to the adoption of a more complex accounting system that, given the current shortage of human and financial resources in the local public administrations, is not going to succeed, in the opinion of the author, where the previous project failed, but will hold back the elusive managerial behaviours encountered in the last few years. The reminder of the chapter is structured as follows. Paragraph 4.1 introduces the general framework presenting the contents that will be analyzed. Paragraph 4.2 describes the reform of the accounting system in Italian local governments introduced in 1995, which led to a paradigm shift with respect to the previous situation, thus laying the basis for the passage to accrual accounting as explained in paragraph 4.3. Paragraph 4.4 presents the reporting and the relevant accounting documents, while accounting methodologies are presented in paragraph 4.5. Paragraph 4.6 describes the impact of EMP as a new management tool besides the accounting tool. Paragraph 4.7 deals with the future scenario that the new accounting harmonisation will introduce from 2015. Finally, paragraph 4.8 presents the conclusions and future trends in research on accounting and management practices in the Italian local Governments.

¹ By Andrea Ziruolo.

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5

The impact of management control on Italian Provinces¹

The chapter aims at investigating the effects of the adoption of management control systems by Italian provinces, after the fiscal federalist reform and the “Stability Pact” to which they were subjected. This has required a strong cultural change towards a more results-oriented culture. In comparison to other countries which have already learned pros and cons of NPM based reforms to improve their public services performance, this occasion represents a cultural revolution for Italian local governments which never seriously applied performance management logics and techniques to improve their public services performance. In light of these premises, our case study describes the efforts of the province of Ancona to comply with this new efficiency-oriented logics. In broad terms, this study aims at showing how a new output-oriented culture, following the reform, has become to replace a previously “too much” outcome-oriented one.

Our case shows that the main consequence of the reform has been a change towards more tangible and measurable results: the financial ones. In fact, we observe general improvements in the financial and economic situation of the province. Moreover, the introduction of the management control systems has generated and is generating a first positive effect of internal rationalization of structures, activities, management responsibilities and resource allocation processes. Some deterioration of the social outcomes signals that is difficult to find a balance between output and outcome without using the debt lever and without a strong cut of the current expenses.

Learning objectives

After reading this chapter you should be able to:

- Understand how external pressures force public organizations to change their culture;

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6

Reforming Public Transport Management in Italy: the Continuous Search for Spending Better¹

Public sector has been flooded with waves of reforms to improve and make more efficient the services it provides. The local public transport sector has not escaped this major impetus. An intense legislative activity at both the EU and the individual countries parliament is trying to accommodate these new guidelines in order to encourage the emergence of new service organizational forms more output-oriented and more independent from political control. But, local public transport service, compared to education or health, is more problematic to improve because large sums of money are required and significant improvement take many years to achieve. Other European countries have not been trapped in the “make or buy” dilemma, to use or not to use market mechanisms in this particular sector. In a more realistic and pragmatic way they overcame hesitations and chose, for the most part, a path of reforms based on the “market” principles of New Public Management. Surely mistakes were made (to improve the outputs they sacrificed outcomes), but these were followed by corrective action. Italy, unlike other countries, remained stuck in the middle. The objective of this chapter is to show this extreme resistance to experience seriously, deregulation and efficiency-enhanced mechanisms as starting points of the complex service improvement process. The reminder of the chapter is structured as follows. Section 6.2 shows why local transport service improvement is so troubling. Section 6.3 synthetizes the confused reform path followed by Italian central and local governments. Sections 6.4, 6.5, 6.6 explore the main reforms, showing also which were the problems that made problematic the implementation process. In light of these problems we'll illustrate, in section 6.7, which measures were recently imposed by the central government to force this apparently “never ending” reform process. Some concluding remarks will close the chapter.

¹ The chapter is the result of a joint effort by the authors who share the formulation. However, the writing of the specific sections has to be divided as follows. Armando Della Porta (corresponding author) wrote paragraphs 6.1, 6.2, 6.3, 6.7, 6.8; Antonio Gitto wrote paragraphs 6.4, 6.5 and 6.6.

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Lean thinking practices to enhance performance improvement in Italian healthcare organizations¹

This chapter explores earlier evidences in the implementation of Lean in the Italian healthcare sector. Findings from the Italian academic literature and three case studies show how the Italian National Health System stands back from the adoption of such a strategy. Furthermore, earlier attempts show a focus on Lean as a set of tool rather than a more holistic approach endeavor. Some conclusions are drawn upon the findings and suggestions for further research are highlighted.

Learning objectives

After reading this chapter you should be able to:

- The main challenges of the Italian National Healthcare System (INHS);
- The principals benefits of lean healthcare practices;
- The most important features of a full lean implementation approach;
- Some evidences from the implementation of Lean in the INHS.

7.1 The need for Performance improvement of Italian healthcare organizations

The Italian National Health Service (INHS) is a tax-funded system aimed to guarantee a universal and uniform provision of comprehensive care throughout the Country (France et al., 2005; Lo Scalzo et al., 2009; Sargiacomo, 2002). The responsibility for

¹ The chapter is the result of a joint effort by the authors who share the formulation. The writing of the specific sections however has to be divided as follows: D'Andreamatteo (corresponding author) paragraphs 7.3 (introduction), 7.3.2, 7.3.3 and 7.4; Ianni paragraphs 7.2 and 7.3.1; Sargiacomo paragraph 7.1.

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The impact of future introduction of standard costing on healthcare management¹

This chapter aims at investigating and describing the multi-faceted effects triggered by the future introduction of standard costing on healthcare management in the light of the latest federalist reform in Italy (Legislative Decree 68/2011). Indeed, in order to better address the financial funds and healthcare delivery and guarantee more efficiency and effectiveness within the Italian National Health System (INHS), it is necessary to shift to an alternative model to replace the per capita and retrospective expenditure criteria. The analysis is conducted by illuminating some strengths and weakness deriving from the potential reform deployment and the respective impact on management and delivery of the healthcare services.

Learning objectives

After reading this chapter you should be able to:

- Italian National Healthcare System (INHS);
 - Funding and management of the healthcare in Italy;
 - The future introduction of the standard cost in the INHS;
 - Its impacts and effects on healthcare management and providing services.
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8.1 Introduction

In the last years there has been much debate about the regional healthcare expenditure and the reason why some regions, other things being equal, spend less than others and even with the same share of per-capita funding. Some scholars have attributed

¹ The chapter is the result of a joint effort and formulation. However, Luca Ianni (corresponding author) wrote paragraphs 8.1, 8.4, and 8.5; Antonio D'Andreamatteo wrote paragraphs 8.2 and 8.3; Massimo Sargiacomo wrote paragraph 8.6.

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9

Using performance measurement to make italian universities more financially sustainable¹

The changes that are affecting state universities are rather clear. The institutional and managerial profiles which characterized these secular institutions have been deeply questioned. The “old” model that considered higher education as a public good and conceived university as a social institution easily accessible to all, is declining. It has been replaced by a new one which considers universities rather as companies able to pursue efficiency, effectiveness and financial sustainability. This new “managerial” model has never been popular in Italy, where the traditional “social” one continued to prevail. The main idea we want to expose in this chapter is that Italian state university system, which is also characterized, for the most part, as being closed to competition and to international comparison, only recently has begun to change, taking the first steps in this new direction. Only with the Gelmini reform of 2010, performance management logics and tools, typical of the managerial model, has begun to scratch a closed and self-referential system like the Italian one. Considering the above mentioned aspects, the aim of this chapter is to show how Italian state university system was forced to change, to rethink itself. The chapter is structured as follows. After the introduction, section 9.2 describes the process of reform of Italian state university system. Sections 9.3, 9.4, and 9.5 discuss in depth the three main waves of reform that occurred over the last thirty years. The conclusion provides some reflections upon the characteristics of the reform process and its implications for Italian universities.

Learning objectives

After reading this chapter you should be able to:

- Understand which changes are affecting the Italian University System;

¹ The chapter is the result of a joint effort by the authors who share the formulation. However, the writing of the specific sections has to be divided as follows: Armando Della Porta (corresponding author) paragraphs 9.1, 9.2; Massimo Sargiacomo paragraphs 9.5, 9.6; Michela Venditti paragraphs 9.3, 9.4.

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10

Human Resource Performance Management in Italian Universities¹

This chapter explores the dual role of Human Resource Performance Management, namely diagnostic and interactive, and its relationships with the individual well being via the mediation role of social capital. To this end we present PLS regression analysis of survey data collected from a sample of 424 academics and administrative employees in 77 Italian Universities. Empirical results show how different uses of HRPM are differently related with social capital, sense of community and individual well-being. Also, the mediation role of social capital described in our theoretical model is fully supported in the sample.

Learning objectives

After reading this chapter you should be able to:

- why Human Resource Management has become a central feature of much Contemporary Performance Management Research in universities worldwide.
 - how Human Resource Management Performance in Italian Universities is providing new insights about practices and policy-making in Italian Higher Education.
 - the dual role of Human Resource Performance Management, namely Diagnostic and Interactive in Italian Universities.
 - the relationships between Human Resource Performance Management and the Individual Well Being via the mediation role of Social Capital in Italian Universities.
-

10.1 Introduction

With the advent of the New Public Management (Hood 1991), many Universities have attempted, either voluntary or under pressure, to adopt new management sys-

¹ Although this article is the result of joint research, Sections 1, 2, 3 and 5 can be attributed to Lorenzo Lucianetti (corresponding author) while the remaining Sections to Monica Franco.

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