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Doctoral Thesis

Performance Management in the Intermunicipal Network Context: an Italian case study.

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Per un corridore il momento più esaltante
non è quando si taglia il traguardo da vincitori.
È invece quello della decisione,
di quando si decide di scattare,
di quando si decide di andare avanti e continuare
anche se il traguardo è lontano (Fausto Coppi)

What is thrilling for a cyclist
is not winning the race.
It is deciding,
deciding when to jerk forward,
when to keep going
even if the finish line is far away (Fausto Coppi)

A mio nonno Crescentino,
il corridore che non ha mai smesso di correre

To my grandfather Crescentino,
the cyclist who has never stopped running

Essay presentation

Sub-national government cooperation rates increased among several Countries, with particular emphasis on the cooperation among municipalities (Hulst & Van Montfort, 2007). The benefits of cooperation were to overcome issues linked with fragmented territorial structure of Local Governments (LGs), where Italy is one of the prominent examples of this group. The promotion of a more efficient use of resources, in terms of long-term sustainability, as well as effective response needs to be coordinated with the aim at involving learning-oriented changes, which should be perceived by citizens, denoting the necessity of collaboration processes. However, even though the wider focus is on the development of inter-institutional collaboration and their managerial innovation, the performance management role within this context seems to be rather scarce. Considering the Italian context, this analysis is focused on the Municipal Union (MU), which is a widespread Italian voluntary cooperation model between two or more municipalities with a certain degree of institutionalization. There are currently 565 unevenly spread MUs on the national territory, with a high concentration in the Emilia-Romagna Region (83% of municipalities have formally joined an MU). This essay analyzes the Economia Aziendale (EA) literature and the main characteristics of the *"azienda"* with the aim to theoretically conceptualize the MU. In particular, this analysis deals with the knowledge about the EA, and the need to define normative propositions linked to management studies (Dematté, 1989). For this reason, it will be firstly focused the attention on the EA approach with reference to public sector organizations and, in particular, public administrations, municipal governments and inter-municipal cooperation (IMC), followed by the MU. The scope is about the EA characters of MUs to simplify the comparison with other organizations and contextualize it in a more international framework. The ongoing debate on how to manage the unintended effects of collaboration among public organizations has brought focus on network management and network governance with the aim to analyze the issues and the conditions that are likely to prompt calls for LG networks, as well as the impacts generated by them. Moreover, in order to better understand how collaborative performance management can be operationalized, network performance literature has been analyzed. It contributes to the field by identifying specific performance management

(PM) characteristics conceived as relevant for the IMC context. In addition, the aim is to describe the main features of PM through a theoretical conceptualization considering LG networks. In particular, the focus is on the understanding of PMS design, implementation and use in these contexts and on how complex collaborative relationships can be supported by integrated data management. To this extent, this essay also offers a picture - through an SLR - of what has happened in this field over the past decade with regard to integrated data management and PM within LG network contexts. Moreover, this study makes use of an explanatory multiple case study. Specifically, it examines eight cases of LG networks in the Emilia-Romagna region, Italy. The case study selection relies on a first dimensional criteria based on similarities in terms of population (100.000 or more). Due to its peculiar governance structure with respect to other regional MUs, another MU has been included despite its population of slightly less than 100.000 inhabitants. Thus, the municipalities of this MU have associated all the municipal functions and constitute a unique case in the Country. A qualitative research has been carried out (document analysis and semi-structured interviews) taking into consideration the lack of theory explaining the phenomenon under study. It attempts to provide suggestions for PMSs in the MU, drawing on the contingency theory (Otley, 2016) and on the performance management model of Ferreira and Otley (2009). This model is conceived to incorporate a twelve-step process in performance measurement, PI incorporation and PI use (Bouckaert & Halligan, 2007). In particular, the aim of this essay is to analyze how PMS is designed and used, how it should be designed and used and how contextual and organizational conditions influence resultant PMS in terms of effectiveness. The aim is to describe, interpret and critically analyze MUs, seeking to understand the influence on PMS design and implementation. Then, a holistic evaluation of current PMSs is carried out by paying attention to the details and potential instability of the systems (Arnaboldi et al., 2015).

The essay is organized into five chapters. In Chapter 1 the notion of *azienda*, as it has been developed by the Economia Aziendale discipline, has been systematized. After the identification of the *azienda pubblica* and the growing complexity of the public sector governance and management, the concept of public inter-institutional collaboration was defined (i.e. collaboration, cooperation, networking), together with the local government cooperation network, the research object of this essay focuses on Municipal Union (MU). In Chapter 2 network management and network governance literature have been deepened. In Chapter 3 the performance management system literature has been analyzed through a Systematic Literature Review (SLR) with the aim at identifying issues and research potential. This analysis seems to be relevant for complex organizations, as MUs, which display several features that make performance management more difficult. Specifically, through an SLR, this chapter answers the following research question: How has the liter-

ature regarding performance management and measurement systems in local government networks evolved over time? What are the most frequent issues and topics of integrated data management in local government networks for supporting the decision- making process? In Chapter 4 the contextual information, methods and research design have been exposed. In particular, it is here referred to the Italian regulatory framework of the inter-municipal cooperation and performance. In Chapter 5 the results are presented and debated. Then, emerging issues, practical and theoretical implications have been presented.

Acronyms and Abbreviations

Acronyms	Description
AI	Artificial Intelligence
ANCI	National Association of Municipalities
ANAC	National Anticorruption Authorities
ATO	Optimal Territorial Areas
BA	Business Analytics
BI	Business Intelligence
DC	Dynamic Capabilities
DG	General Director
DPF	Department of Public Function
DUP	Single Programming Document
DSS	Decision Support Systems
EA	Economia Aziendale
ESA	European System of national Accounts
IMC	Inter-Municipal Cooperation
ISTAT	Italian National Institute of Statistics
KPI	Key Performance Indicator
KSF	Key Success Factor
L.D.	Legislative Decree
LG	Local Government
MCS	Management Control System
MU	Municipal Union
NAO	Network Administrative Organization
NPM	New Public Management

Acronyms	Description
OIV	Independent Evaluation Organization
PA	Public Administration
PDO	Target Plan
PdP	Performance Plan
PEG	Management Executive Plan
PF	Planning Forum
PI	Performance Information
PMS	Performance Management System
PRT	Territorial Reorganizational Program
PSO	Public Sector Organizations
RPC	Controller
RP	Human Resource Manager
RsP	Performance Report
RSS	Social Service Manager
SG	Secretary-General
SC	Senior Coordinator
SDA	Service Delivery Agreement
SDO	Service Delivery Organization
SLR	Systematic Literature Review
SMT	Shared Senior Management Teams
SMVP	Performance measurement and evaluation system
SUAP	Single municipal manufacturing business help desks

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Chapter 1

The Economia Aziendale approach in the inter-municipal cooperative relationships

Premise

With the aim to theoretically conceptualize the Municipal Union (MU), object of this study, this essay will analyze the Economia Aziendale (EA) literature and the main characteristics of the *"azienda"*[1]. In particular, it will show the properties to define a particular economic unit as an *"azienda"* with reference to the MU. Thus, this analysis deals with the knowledge about the *"azienda"*, and the need to define normative propositions linked to management studies (Demattè, 1988)[2], with the aim to place the MU in the international debate. For this reason, it will be firstly focused the attention on the EA approach with reference to Public Sector Organizations (PSOs) and, in particular, Public Administrations (PAs), municipal governments and inter-municipal cooperation (IMC), followed by the section dedicated to the MU conceptualization.

[1] As stated by Anselmi (1995), the juridical recognition of the concept of the *"azienda"* is not sufficient to define local governments as *"aziende"*, but the important thing is that they operate as such.

[2] As highlighted by Demattè (1988, p. 25): *"qui entra in campo di nuovo il ruolo dell'economia positiva e del management nella sua teoria normativa: sono loro, o dovrebbero essere loro, a fornire il baricentro attraverso il quale filtrare le varie conoscenze e soppesare gli effetti probabili delle diverse influenze sull'equilibrio aziendale"*. For further information on the EA-management relationships, see also Ferraris Franceschi (1998).

The Economia Aziendale approach

The Italian Public Management contribution comes from different disciplines and is distinctively characterized by the so-called EA approach[3]. EA is the Italian management theory that studies the conditions of existence and manifestations of economic units (aziende). Conventionally, the birth of this discipline is attributed to the speech given by Gino Zappa at the University of Venice for the opening of the 1926–1927 Academic Year[4]. Zappa's proposal is considered a milestone of contemporary EA studies because he superseded the initial interest, which was merely focused on traditional accounting[5], and created a new holistic discipline which has the potential to bring together multiple disciplines in a unitary study of the economic unit. During the 1930s and thereafter, diverse scholars offered contributions to further develop Zappa's theory[6]. To sum up, EA can be described as follows:

- it is a **holistic science**[7] that brings together the apparently heterogeneous aspects of the azienda, which includes organization, management and accounting[8]. Organization is considered the organization of struc-

[3] Arguments that support the choice not to translate the terms *"Economia Aziendale"* (EA) and *"azienda"* can be found in contributions by several Italian authors (Dagnino & Quattrone, 2006; Viganò, 1998; Zan, 1994). In particular, it is explained how EA could be translated as *"business administration"* or *"business management"*, but neither of these terms is able to capture its full meaning. On the other hand, the term *"azienda"* can be loosely translated as *"firm"* (like in traditional economic studies). Indeed, the subjects of study of EA not only are firms, but also, for example, family and other non-profit organizations.

[4] Zappa (1927) viewed the economics of the azienda as a unitary, systemic and synthetic discipline, articulating this into three basic areas: organization, management and accounting. This means that all the fields of study concerning the azienda have to be considered from the management, organization and accounting point of view, since every action is conditioned by the interdependence of these three aspects.

[5] Ceccherelli (1948, p. 7) states *"mentre in una prima fase l'oggetto esclusivo è il metodo contabile, lo scopo dello studio il suo perfezionamento formale, e il corrispondente carattere della disciplina è quello di materia descrittiva e normativa, in una fase successiva la teoria del metodo si completa col concetto di sistema, ricollegandosi con la materia dei fatti e delle valutazioni che ha contenuto extra-contabile e carattere economico-amministrativo [...] la metodologia contabile senza perdere affatto la sua originaria importanza, attingendo anzi rilievo maggiore dal moltiplicarsi degli aspetti della rilevazione, perde la sua posizione teorica di oggetto unico e definitivo degli studi di ragioneria, [...] diviene causa determinante di una più vasta indagine di base, che ha per oggetto la vita dell'azienda"*.

[6] Among others, reference to Amaduzzi (2004), Azzini (1968, 1982), Ceccherelli (1964), Ferrero (1968), Giannessi (1964), Giannessi (1980), Masini (1960, 1963), Onida (1951, 1954, 1971).

[7] *"la scienza che studia le condizioni di esistenza e le manifestazioni di vita delle aziende, ossia dell'amministrazione economica delle aziende"* (Zappa, 1927, p. 30).

[8] *"Nelle nostre dottrine le vane distinzioni in scienze particolari costringerebbero tra l'altro e immaginar conoscibile la forma e significativa la cifra, nell'ignoranza del contenuto e nell'astrazione del fenomeno determinato"* (Zappa, 1927, p. 33). For further analysis see Viganò (1998), Zan (1994).

ture and human resources; management envisioned as the management of asset and working capital; and accounting envisaged as knowledge about organization and management. Specifically, it concerns the set of instruments, operations and methods used for measurement, reporting and interpretation of the events (Zappa, 1956);

- it has a clear **epistemological anti-positivism** (not relativist) where induction and deduction tend to merge in the integrative (deductive-inductive) methodology. Therefore, it is not informed by the complete economic rationality of conventional economics. Instead, EA can be seen as an attempt of isolating and categorizing the *"economic"* phenomena of an organization[9];

- differently from other disciplines (i.e. sociology), the focus is not on how individuals and societies co-produce norms and rules, but **the focus is on the azienda** taken as a complex whole (Zappa, 1927). It covers all forms of economic organization - i.e. household, business firms, public organizations - thus, not considering the azienda only as a profit-maximizing organization. Instead, its scope is to develop general principles that govern the equilibrium of the azienda. According to EA every azienda is an economic coordination in action which is set up and run to satisfy human needs (Zappa, 1927, p. 30)[10]. Specifically, it emphasizes that organizational processes, which are the economic combinations and coordinations of simple and single operations, made the coexistence of economic and other issues possible[11]. EA looks at organizational processes from an economic standpoint, but conceives them as bulk guided, combined and coordinated with other forms of rationality (individual, social, institutional, and so on). In particular, Zappa (1956, p. 37) defines the azienda as an economic institution intended to last for an indefinite length of time and which, with the aim of meeting human needs, manages the production, procurement or consumption of resources in continuous coordination[12].

Zappa with his conceptualization of the azienda identifies four proper-

[9] The economic phenomena of an organization, which are concrete in their continuous making, can be conceived in proper isolation only through abstraction, only when one proceeds at their investigation with the aim of a coherent cognition through principles about the processes investigated (Zappa, 1956). For further analysis on deductive-inductive methodology, see Dagnino and Quattrone (2006), Ferraris Franceschi (1978).

[10] *"coordinazione economica in atto [...] istituita e retta per il soddisfacimento di bisogni umani"* (Zappa, 1927, p. 30).

[11] The azienda share the same economic problem, namely, the management of resources that are in short supply.

[12] *"istituto economico atto a perdurare che, per il soddisfacimento dei bisogni umani, ordina e svolge in continua coordinazione la produzione, o il procacciamento o il consumo della ricchezza"* (Zappa, 1956, p. 37).

ties[13]: the unity, the economic independence, the durability and the long-term sustainability. The term "unity" *(unità)* indicates that the azienda is something more than merely sum of its parts. Thus, the features of that aggregation cannot be determined by a simple composition of the feautures of its components. The "economic independence" *(autonomia)*[14] means that the azienda on its own has the ability to live and develop for the best achievement of its goals. The "durability" *(durabilità)* is linked to the intention of an economic to endure over time. This characteristic embraces the dynamic relationships among the different phenomena in the azienda (a perpetually unsettled system). Finally, the long-term sustainability *(economicità)*[15] refers to the achievement of an efficient use of scarse available resources in the provision/production activities, in order to obtain results that can express the efficacy through which human needs are satisfied. Thus, long-term economic sustainability is meant as the organizational ability to create usefulness which constitutes the aim of the azienda. It is also a combination of efficacy and efficiency. Long-term economic sustainability should not be confused with that of efficiency, since efficiency means the physical–technical output of the production phase and the correlated processes (Onida, 1971). Therefore, efficiency is measured through the ratio between input (production costs) and output (provision of goods/services) and refers to the ability to spend the minimum economic resources. On the other hand, efficacy is referred to the ability to achieve the defined objective.

Giannessi identifies three orders necessary to achieve the long-term sustainability: combinationatory, systemic and composition. In particular, the combitionary order *(ordine combinatorio)* concerns the production factors and more precisely the proportions that link these factors[16]. The systemic

[13] *"Questa è dunque l'azienda: economia ordinata a unità, unità economica, ossia che, nel suo divenire, si svolge in autonomia e procede continuamente, secondo non effimeri ordinamenti, per fini di carattere non transitorio. Ecco l'azienda propriamente considerata come un'economia per sé stante, o come un'individualità economica"* (Zappa, 1956, p. 65).

[14] *"Sappiamo: l'azienda sussiste, nelle sue generali caratteristiche economiche, malgrado la sostituzione forse ripetuta di tutte le persone che per essa agiscono; sussiste anche quando sia mutato il tipo stesso dell'ordinamento che lega poche o molte energie umane a uno scopo comune. Continua persino l'azienda nel suo svolgimento anche quando cambino i titolari dell'azienda o del suo patrimonio, o quando cambino coloro nell'interesse prevalente dei quali l'azienda è amministrata [...] L'azienda è un istituto che ha propria capacità di esistenza, indipendentemente anche dalla persona o dalla collettività nell'interesse della quale è stata costituita o è temporaneamente amministrata"* (Zappa, 1956, pp. 64-65).

[15] *"Il conseguimento di un equilibrio economico a valere nel tempo"* (Giannessi, 1960, p. 46).

[16] *"l'ordine combinatorio è caratterizzato dal fatto che, quando uno qualsiasi dei fattori subisce una variazione, il complesso perde il primitivo significato senza che sia possibile effettuarne la ricostruzione in termini di proporzionalità. I fattori rimasti inalterati vengono a combinarsi con un fattore diverso e il valore della nuova combinazione dipende non soltanto dall'entità della variazione che il fattore ha subito, ma anche da modo con cui gli altri fattori reagiscono e si combinano tra loro a variazione avvenuta"* (Giannessi, 1970, p. 16).

order *(ordine sistematico)* refers to the spatial and temporal constraint that is established between operations[17]. The composition order *(ordine di composizione)* refers to the tendency of the economic unit to harmoniously compose the external forces with the internal ones in order to exploit the opportunities and face the limits for its development[18]. Ferraris Franceschi (2005a), drawing on what was already highlighted by Giannessi (1960)[19], suggested the properties of the azienda to define whether an economic unit is an azienda or not through a subjective and objective perspective. Objectively the azienda deals with the structural dimension, while subjectively with the managerial one[20]. With reference to the objective analysis, the identified elements which qualify the functioning are:

- temporal dimension: the potentialities and limits of the azienda can be shown only in time. The azienda, with the aim of durability (Zappa, 1956), needs time to organize production factors pursuing a condition of a long-term economic equilibrium;

- coordination existence among all the organizational operations both in time and space (this is linked to what Giannessi defined as systemic order);

- the combination among production factors based on the so called pro-

[17] *"l'ordine sistematico è caratterizzato dal continuo avvicendarsi di operazioni ognuna delle quali non si verifica in maniera causale ma in stretta connessione con le altre e insieme ad esse, in conformità del fine perseguito dall'azienda"* (Giannessi, 1970, pp. 17-18).

[18] *"l'ordine di composizione si basa sul fatto che nell'orbita dell'azienda convergono forze interne ed esterne le quali, una volta lasciate libere di svilupparsi secondo la loro naturale tendenza, possono alterare l'equlibrio fondamentale della combinazione economica"* (Giannessi, 1970, p. 17-18).

[19] *"una unità elementare dell'ordine economico generale, dotata di vita propria e riflessa, costituita da un sistema di operazioni, promanante dalla combinazione di particolari fattori e dalla composizione di particolari fattori e dalla composizione di forze interne ed esterne, nel quale i fenomeni della produzione e della composizione di forze interne ed esterne, nel quale i fenomeni della produzione, della distribuzione e del consumo vengono predisposti per il conseguimento di un determinato equilibrio economico, a valere nel tempo, suscettibile di offrire una remunerazione adeguata ai fattori utilizzati e un compenso, proporzionale ai risultati raggiunti, al soggetto economico per conto del quale l'attività si svolge"* (Giannessi, 1960, p. 46).

[20] *"l'azienda deve essere osservata da una prospettiva oggettiva, in quanto costituisce fenomeno dotato di esistenza propria, sganciato dalle specifiche e mutevoli motivazioni che muovono i soggetti individuali o i gruppi di interesse [...] "gli andamenti delle unità aziendali - di tipo economico, finanziario, patrimoniale, tecnico produttivo, organizzativo, ecc. - scaturiscono dall'insieme dei comportamenti messi in atto dai soggetti che operano al suo interno. [...] L'analisi soggettiva del fenomeno aziendale apre la via alle indagini dedicate agli aspetti "manageriali", o ai comportamenti di chi guida l'azienda, di chi si adopera per definire e raggiungere obiettivi di natura strategica ed operativa"* (Ferraris Franceschi, 2005a).

ductive combination model[21] (this is linked to what Giannessi defined as combinatory order);

- the need to seek a composition between the internal (money, work, utility of pluriennal productive) and external forces.

The objective elements alone still require choice criteria with the aim to achieve a long-term economic equilibrium, recalling the subjective dimension and therefore the systemic, independent and managerial vision.

Since the 1930s the azienda definition was also enriched and scholars found, among the diverse approaches, a strict analogy with the general systems theory founded by the American biologist Bertalanffy in '40s[22]. The concept of system emphasizes that organized systems are characterized by the fact that everything takes on more value as a whole than the sum of individual parts. This concept has been expanded to the EA analysis identifying the azienda as a social system. Thus, the azienda has been identified as an open system where its behavior depends on both internal and external sources. In particular, the change generated by the continuous interactions with the environment is essential to its development[23]. According to Ferrero

[21] *"perchè il sistema della produzione possa raggiungere lo scopo per il quale è stato concepito e realizzato è necessario però che gli elementi su accennati presentino determinati caratteri qualitativi e la loro partecipazione al processo di trasformazione avvenga secondo precise regole, modalità, quantità, rapporti. Tutto questo è definito dal "modulo di combinazione produttiva", che è il modello in base al quale si realizza il processo di produzione che costituisce il momento centrale della vita di ogni azienda. Per modulo di combinazione produttiva intendiamo il rapporto con cui le diverse quantità di fattori si combinano tra di loro in vista dell'ottenimento del prodotto"* (Bertini, 1990).

[22] Following a system-based approach, four fundamental theories can be identified: mechanistic, organicistic, contractor, and systemic theory. The mechanistic theory represents the azienda as a closed system and a set of schemes with a predetermined functioning where it is necessary to understand the regulatory algorithms. For further information see Amaduzzi (1937). The organicistic theory studies the azienda as a living organism of the economic society. According to this approach, the azienda is not an indipendent entity but an economic unit living and operating in its own environment. This category can be represented by the Tuscan school which proposed the *"organicistic"* theory, identifying and explaining the common *"vital function"* of the azienda. See Catturi (2012). The contractor theory sees the azienda as a set of contracts. On this topic Coase (1937) presented a seminal paper, although it was long forgotten until the 1970s. This approach has a juridical nature that can be derived from the antesignanus authors Cerboni and Besta. Williamson and Turvani (1987) provided a better description of the transaction costs (already mentioned by Coase without the concrete definition). Transaction cost is defined as the triggering factor which may depend on the type of transaction involved and the characteristics of the individuals. What is important is the presence of opportunistic behaviors that individuals can act on during a transaction.

[23] *"concetto di azienda come sistema sociale, con tutta una serie di implicazioni e relazioni scientifiche che confinano dall'area tradizionalmente assegnata alla ragioneria ed alle altre discipline ed anche alla stessa economia aziendale di stampo zappiano [...] il carattere sistemico dell'azienda dipende dalla stessa natura delle operazioni di gestione che risultano intimamente legate tra loro da un rapporto del tipo "da causa ad effetto".*

(1968, pp.5-6), the main characteristics of the azienda can be identified into four main categories of study:

- definitions that highlights the **static-structural characteristic** of the azienda, focusing the attention on the organizational component meant as assets. Thus, the azienda seen as a set of assets which pursues a specific economic objective. This interpretation focuses on assets and people, neglecting the dynamic aspect.

- explanations which highlight the **dynamic and unitary approach of azienda**[24], considering this as an open and dynamic system of forces in continuous adaptation so as to meet the human needs[25]. The azienda is a dynamic organization that continually changes according to external instances (Onida, 1954). Thus, from a dynamic perspective, the following organization sub-systems can be identified: production subsystem, informative subsystem and managerial subsystem (Amaduzzi, 1972; Bertini, 1990). Starting from this definition, the azienda is seen as a system which implies that its assets are intertwined. The organization system is a part of the social one and is characterize by openness

Nel loro insieme tutte le manifestazioni del mondo aziendale costituiscono un corpo unico di fenomeni retti da leggi identiche e orientati verso fini comuni. Si delinea pertanto una struttura di ordine superiore alla quale è possibile dare il nome di sistema. Tale struttura è dinamica, nel senso cioè che si rinnova continuamente per effetto del mutare dei vincoli interni e delle condizioni ambientali" (Bertini, 1990, p. 29). This systemic view can be derived also from Zappa (1936, p.13): *"L'azienda, come ogni unità economicamente coordinata, è qualcosa di più della somma dei suoi componenti; il complesso ha proprietà che i suoi elementi non posseggono e non valgono a definire; né possono le caratteristiche del complesso essere date da una mera composizione delle caratteristiche dei componenti [...] L'impossibilità di ridurre le caratteristiche del complesso aziendale a quelle sole dei suoi componenti si palesa specialmente quando si avverta che l'azienda è un sistema interconnesso continuamente perturbato, l'indagine del quale dischiude un vasto mondo di coerenze e sequenze, un articolato processo di interrelazioni, necessariamente sfuggenti ad ogni configurazione statistica dell'economia aziendale"*. Moreover, Onida (1971, p.6) highlights: *"L'unità nella moltiplicità si rivela in quanto l'azienda, nel sistema delle svariatissime operazioni d'esercizio, nell'organizzazione del lavoro, nella riunione di fattori cooperanti a comuni fini, costituisce o tende a costituire un complesso esteso nello spazio nel tempo e nel quale elementi molteplici operano avvinti da relazioni di complementarietà di connessione, d'interdipendenza: relazioni che qualificano il complesso non meno degli elementi costituivi e senza l'intelligenza delle quali nulla può comprendersi dell'azienda"*. For further information on the systemic view, see also Amaduzzi (1956), Paganelli (1976).

[24] Following the dynamic and unitary approach, all different aspects of the azienda are considered in their systematic relationship (Onida, 1951).

[25] The azienda is an economic system of forces in continuous adaptation to the composite economic system of which it is a complementary part, in order to carry out a production process or a distribution process or, at the same time, a production and distribution process for the satisfaction of human needs: *"L'azienda è un sistema di forze economiche che sviluppa, nell'ambiente di cui è parte complementare, un processo di produzione, o di consumo, o di produzione e di consumo insieme, a favore del soggetto economico, ed altresì degli individui che vi cooperano"* (Amaduzzi, 1963, p. 20). For further investigation see also Masini (1979).

as living organism[26].

- delineations which emphasize the **long-term approach**[27] which considers the azienda as a long-term durable institution and not a mishap in the economic cycle or a set of events intended to be extinguished in the short term (Zappa, 1954). The azienda is characterized by a continuous equilibrium on the one hand, between the social and human dimensions, and on the other hand, between the financial and economic aspects (Amaduzzi, 1967; Onida, 1961). In order to persist, an azienda must respect not only a short-term return on investment but mainly the requirement of long-term economic sustainability, namely the ability to maximize the benefits of the resources used in the economic process (Giannessi, 1960, p.46). Thus the long-term economic sustainability is perceived not only as the capability to produce a return, even temporary, but also to the continuous existence and the fitting development of the azienda as a source of work and wealth for the whole society. This depends jointly on the economic and financial performance and on respecting the equilibrium of the working conditions established for the azienda. Full compliance with the principle of long-term sustainability constitutes a rule that also favors the social order approach in terms of the action of the azienda for the common good which contributes towards making this action effective.

- interpretations which focus the attention on the **social order approach**, investigating the social requirements of the azienda, which implies that every azienda should contribute to the common good within itself and for society in general (Masini, 1960; Onida, 1961, 1971; Zappa, 1962). The common good is, therefore, the good of the participants in the azienda and the benefits for society; the azienda provides services and goods in harmony with higher moral needs, because it is a system embedded in a much broader sphere (Onida, 1971).

Although, as we have seen, the development of EA dates back to 1926-1927, it was thoroughly applied to public administration only in the past three decades. Specifically, the implementation of the EA paradigm to PSOs[28] gained interest during the initial phase of the New Public Management (NPM) wave[29].

[26] This category can also be representative of the *"organicistic"* theory.

[27] This approach emerges with the second definition of azienda provided by Zappa (1956, p. 37).

[28] To make clear the public and private sector distinction, the term azienda, when referred to the private sector, has been translated with the term "business organization" while, when referred to the public sector, it has been adopted the term "public sector organization".

[29] Even if a pioneering contributions can be identified in Zappa (1946), the theoretical conception of the EA in the public sector started in the '70s (Costa & Guzzo, 2011). Until

Independently from the sector (private or public), the azienda must pursue a single objective, namely the achievement of a long-term sustainability. However, according to Borgonovi (2005), the relevance of the public sector in EA can be due to 5 main reasons:

- growing importance of the public sector in the economy;
- the evidence of the low productivity level of the public sector;
- more attention on the life quality which is more and more linked to the quality of public services provided;
- growing importance of the quality of the administration that influence political consensus.

Moreover, the public sector shows specific peculiarities which need attention. Indeed, the PA includes all the economic units which have a degree of independence that is strongly influenced by a series of complex system relationships which are significant also under an EA perspective[30]. To this extent, they should be a political representation. This means that they should interpret and realize citizens' interests producing goods and providing services with the aim to satisfy public needs.

1.1 The Public Sector Organization characters in Italy

Public Sector Organization

The classical EA literature distinguishes the azienda between private and public sector organizations considering the difference between legal and

the '70s the attention was posed on the azienda definition, its classification and identification of the pursued aims: *"Volendo concludere la disamina relativa all'interpretazione del concetto di azienda pubblica si può affermare che questa, malgrado la sua esplicita qualificazione di 'pubblica', e l'opinione diffusa che gli unici criteri di gestione delle attività pubbliche siano quelli politico-sociali, deve essere considerata una azienda come tutte le altre ed avere, di conseguenza, un fondamento in termini di equilibrio economico a valere nel tempo"* (Giannessi, 1961, p. 140). Whereas, from the '80s there was the unanimous agreement of the EA principles also in the public sector.

[30] *"L'analisi economico-aziendale considera la Pubblica Amministrazione come un insieme di istituti o enti connessi da relazioni di varia intensità (congiunzioni e delega di funzioni, coordinamento, controllo) ma dotati di reciproca autonomia; questa si esprime, certo con variabili e mutevoli gradazioni, nelle forme tipiche di autonomia decisionale, patrimoniale, organizzativa e dell'organismo personale, finanziaria. In tale prospettiva ci si distacca nettamente da ogni visione della Pubblica Amministrazione come entità o soggetto unitario o anche come "sistema" in senso forte, quindi come complesso di elementi coordinati e integrati da un "centro", espressione di un finalismo unico e ben determinato; si può cogliere, invece, l'accostamento ad un "sistema debolmente connesso", cui partecipano istituti dotati di proprie autonome finalizzazioni, riconducibili solo in modo lato ad un concetto generale di "bene comune" o "interesse pubblico"* (Rebora & Meneguzzo, 1990).

economic subject[31]. The identification of these two categories can be interpreted from the economic and legal criteria. The legal criterion classifies the azienda considering the public or private nature of the the subject who has control over the governance (recognized by the Law). The economic criterion considers the nature of the economic subject represented by people who has the power of decision about the management of the azienda (Ferrero, 1968; Giannessi, 1961; Onida, 1971). According to this distinctions, the azienda can be defined as *public* whether the economic subject is entitled to a public legal subject regardless the legal subject is private or public; otherwise the azienda is defined as *private*. A more significant perspective could be achieved shifting the focus from the subject nature to the employed activity. We would realize that, with high probability, there will be private organizations with functions and services qualified as public, and viceversa, public organizations which carry out private activities[32]. These definitions highlight how the azienda is a concept that encompasses all types of organizations with the unique objective to last for an indefinite length of time and which, with the aim of meeting human needs, manages the production, procurement, or consumption of resources[33].

[31] For further investigation on the differences between private and public sector and the evolution of the economic subject concept, see Coda (1967), Ferrero (1968), Giannessi (1961, 1969), Masini (1979). Ferrero (1968, p. 52) highlights that the discrimination can rely on the nature of the economic subject *"una qualsiasi azienda, sul piano economico, viene considerata pubblica indipendentemente dalla natura che qualifica il suo titolare come soggetto giuridico di 'diritto privato' o di 'diritto pubblico': esso è tale soltanto per la 'natura pubblica' del suo soggetto economico"*. However, as stated by Giannessi (1961, p. 39), *"le aziende amministrate direttamente dallo Stato o da altri enti sono pubbliche in quanto il soggetto economico è costituito da una persona di diritto pubblico, ma possono svolgere funzioni che, pur essendo di natura pubblica, sono suscettibili di essere attuate anche da aziende private [...] la distinzione in base alla quale sono aziende pubbliche quelle in cui il soggetto economico è costituito da soggetto giuridico pubblico e aziende private quelle in cui il soggetto economico è costituito da una persona giuridica di diritto privato, sia questa una persona fisica o una società commerciale [...] oltre a peccare di evidente tatuologia, ha un contenuto estremamente relativo perchè, essendo basata sulla diversa natura del soggetto economico, non considera il caso delle aziende "pubbliche" che gestiscono attività private e quello di aziende "private" che gestiscono attività pubbliche"*. Recognizing this limit, it is discussed the private-public dichotomy conceptual evolution focusing the analysis on the inter-municipal cooperation, thus interactions among several public authorities on the same scale which provide public services. However, this recognize that in contrast to the public-private dichotomy, there is an increasing mix of public and private arrangements which has generated a *"publicness puzzle"*. Indeed, it seems too simplistic to conceive of *"private"* and *"public"* as dichotomous categories, as they are rather continuous dimensions. For further information see Bozeman and Bretschneider (1994).

[32] Further details may be found in Ferraris Franceschi (2005b).

[33] As stated by Coda (2006), the azienda – private and public – manage a production function (of goods or services) with the aim at meeting human needs and achieving long-term sustainability. Giannessi (1960) defines that the azienda requirements is not inherent to the economic activity nature, but can be acquired and lost according to the activity evolution degree. As stated by Anselmi (1993, p. 818), *"il carattere sociale dell'impresa*

The Public Administration

Following the EA approach, the PA refers to a public system constituted by autonomous organizations and not as a centralized unitary system[34]. Each PA can be defined as a PSO which do not produce for the market but provide heterogeneous activities for the local community[35]. Indeed, a market-based organization (public companies or corporations), even if publicly owned, remains excluded from the definition of PA[36]. Moreover, the composition of government follows the citizens' election mechanism (directly or indirectly)[37]. As stated by Anselmi (1995, p. 50) in his PA analysis, the PAs are directly public authorities (public legal subject) and, indirectly, the independent entities which have as economic subject one ore more public authorities. Coherently, this definition refers to the first three categories, identified by Borgonovi (2005, p. 188) who categorized the public system as follows:

- public authorities;
- autonomous entities;

non è riferibile tanto al generico soddisfacimento dei bisogni umani, bensì alla produzione della ricchezza. Di per sé questo è un obiettivo importantissimo anche in termini sociali. È evidente che perchè la ricchezza possa esistere deve essere prodotta. [...] in ogni caso comunque, la produzione della ricchezza è il presupposto perchè possa esistere la sua distribuzione e quindi in ogni caso ha di per sé un forte valore sociale". With reference to the public sector, Giannessi (1961, p. 93) stated *"Se tale istituzione è un'azienda il suo scopo non può essere altro che il conseguimento di un equilibrio economico a valere nel tempo; da esso dipende la possibilità di svolgere la funzione o il servizio predisposto".*

[34]From now on the term *"PA"* is meant in this conception with the aim to avoid ambiguity: *"Il termine-concetto 'pubblica amministrazione' usato per identificare l'insieme degli enti che costituiscono il sistema pubblico appare fuorviante con riguardo al modello di analisi dell'economia aziendale, in quanto consolida una concezione di sistema unitario, monolitico, regolabile con criteri e modalità uniformi"* (Borgonovi, 1984, p. 50). Indeed, it is used the term PA with reference to the term *"Azienda Pubblica"*, thus considering autonomous organizations.

[35]Concerning the PA, Borgonovi (2005, p. 30) highlights the risk to analyze also the issues typical of the private sector whether market-oriented publicly-owned companies would have been considered in PAs: *"il rischio che l'uso del termine 'azienda pubblica' possa evocare le problematiche economiche delle imprese pubbliche (ad esempio società per azioni a partecipazione statale, enti economici pubblici, imprese municipalizzate di servizi locali) e non quelle degli enti pubblici territoriali e non territoriali. Il termine 'amministrazione pubblica', al contrario, è evocativo del fenomeno cui fa riferimento, tanto per la pratica (si veda l'uso corrente dei termini di amministrazioni centrali e periferiche dello Stato, di amministrazioni comunali, provinciali, regionali per indicare l'insieme degli organi, degli uffici, delle attività) quanto per la dottrina, nella misura in cui esso richiama una categoria logica tipica dell'azienda, l'amministrazione, come 'attività posta in essere per il perseguimento delle finalità"*

[36]For further information on public companies see, among others, Amaduzzi (1936), Ceccherelli (1948), D'Ippolito (1940), Pivato (1939).

[37]Unlike market transactions, citizens do not directly attribute monetary values to services and there is, in democratic societies, an assessment through political participation.

- associative forms of public authorities;
- market-oriented publicly-owned companies.

Indeed, market-oriented publicly-owned companies, even if fully or partly owned by public authorities, and as such under their supervision, are regulated by private law and mediated through price mechanism. This means that public authorities may use instrumental companies (ancillary services undertakings) and consequently be part of the market-based logics, and not the public-based logic one[38]. Thus, PA can be defined as a system composed by PSOs with public economic subject as well as public legal subject, thus excluding the public companies and corporation category characterized by a private legal subject[39]. PAs carry out different activities, such as the allocation of resources, the emanation of regulations, the exercise of authoritative power, and the provision of services[40]. Considering the long-term sustainability that the azienda have to realize[41] is needed. Onida (1971, p. 95)

[38] This means that, despite the fact that the private sector usually adopts a profit maximization approach whereas public sector is more influenced by social, legal and political pressures (Antony & Young, 1988; Carter et al., 2002), both private and public organizations could be classified as profit or not-for profit. The only discrimination between profit and not-for profit can be realized through the productive process setting, which in profit subject is characterized by the procurement, transformation, production and sales, while in not-for profit aziende by the procurement, transformation, production and collocation (Farneti, 1995). As defined by Farneti (1995, p.18) the difference between the nature of aziende relies on the distribution, whether or not realized through a market transactions.

[39] Public companies, although public sector organizations, are defined as *"non-State actors"*, meaning that they are not part of the PA.

[40] *"è possibile individuare amministrazioni di trasferimento (regione), di regolazione (authority), autoritative (Giustizia, Finanze, Interno), di servizi diretti (aziende sanitarie), di servizi indiretti (università, comuni con aziende), composite"* (Rebora, 1983, p. 12). In the same vein, Borgonovi (2005, p. 111-117) identifies five classes of goods for PAs:

- law amendments;
- collective goods (typically services);
- individual goods with collective interests;
- financial allocation;
- plans, programs and policies.

Moreover, among others, important definitions on the activity of PAs are as follows: *"anche le amministrazioni pubbliche dei Comuni, delle Province, delle Regioni e dello Stato sono, in effetti, delle aziende composte a prevalente fine erogativo in quanto esse provvedono, per una certa parte, alla soddisfazione dei bisogni della collettività cui sono preposti, con l'esercizio diretto o indiretto di una attività economica produttiva"* (Bruni, 1968, p. 23); With reference to independent entities: *"il perseguimento dell'ottimo dimensionale potrebbe portare, contemporaneamente, a processi di accorpamento di aziende che gestiscono una pluralità di servizi, nonché ad un allargamento del territorio sul quale operare"* (Farneti, 1991, p. 267). For further information see also Amaduzzi (1965), Mussari (1993).

[41] *"L'economicità come regola di condotta aziendale, come perseguimento dei fini economici, come rispetto delle condizioni di svolgimento duraturo e autonomo, come verifica delle condizioni di equilibrio reddituale e di congiunto equilibrio finanziario e monetario,*

states the presence of two orders: the economic self-sufficiency given by the difference between costs and revenues[42]; secondly the economic efficiency of productive assets. This distinction allows to define how PAs can moved away from the first order but not from the second one. In the same vein, Farneti (1995) identifies the issue with reference to the positive economic result, as a difference between costs (objective value determined by the market) and revenues (subjective value determined by policies). The reason which underlies this statement is related to the fact that whether the economic result were positive, it would represent the mere economic self-sufficiency (*autosufficienza economica*): the process of creation or consumption of the savings which would respectively increase or decrease the capital (*patrimonio aziendale*), without any indication on the added and subtracted value (*utilità creata e utilità consumata*)[43]. The positive economic result as an output of the revenue account (*conto economico*) may represent the minimum economic equilibrium which economic units should respect[44]. Instead, in order to measure the degree of the mission achievement, the aim is the achievement of an extended economic balance (*equilibrio economico "allargato"*) through multidimensional indicators in order to grab the diverse economic and social variables of the specific territory of reference[45]. The EA scholars have

vale per qualsiasi classe di istituti (famiglie, imprese e istituti di "amministrazioni pubbliche") che debba tendere a raggiungere fini di natura economica" (Brunetti, 1989, p. 330); *"[il principio di economicità] valido per tutte le aziende, qualunque sia la loro specifica attività e la loro natura giuridica"*(Cassandro, 1980, p. 183).

[42]With reference to companies, Amodeo (1967, p. 689) defines the efficiency as the difference between costs and revenues: *"[l'efficienza] diviene un'accezione della 'redditività' di impresa"*. However, considering PAs under the EA approach, the fundings (revenues) cannot be considered as income, since they are not parameters for the added value achieved through the productive process setting *"La divaricazione tra soggetto che consuma il beneficio e soggetto che ne paga il prezzo priva il sistema azienda pubblica di uno dei più efficaci strumenti di controllo creati dal mercato"* (Buccellato, 1992, p. 55).

[43] *"Sia nel consumo che nella produzione, insomma, si agisce economicamente comparando utilità consumate con utilità create e scegliendo, fra le possibili alternative, quelle che rendono più alto il rapporto tra utilità create e utilità consumate"* (Cassandro, 1979, p. 59).

[44] *"L'equilibrio economico determinato per via contabile, attraverso la quantificazione del conto economico (costi/proventi), esprime solo il processo di creazione o di consumo del patrimonio aziendale, dove il primo accresce il patrimonio, il secondo lo diminuisce. Ma non esprime la condizione di efficienza/efficacia, non permette il confronto tra l'utilità creata e quella consumata, poiché il risultato economico, non deriva, come il reddito, da un giudizio espresso dal mercato (cd. equilibrio economico minimo n.d.a.)"* (Farneti, 1999, pp. 357-358).

[45]It is highlighted the need to focus on the efficacy dimension and both the quantitative and qualitative data: *"L'efficacia è la capacità di un'organizzazione di raggiungere i propri obiettivi [...] Laddove è possibile individuare indicatori del grado di raggiungimento degli obiettivi, il confronto tra risultati attesi e risultati effetivamente conseguiti misura quantitativamente l'efficacia"* (Young & Anthony, 1992, p. 446); *"alle 'quantità non monetarie' ovvero alle 'quantità monetarie non oggettive' nel campo in cui un tempo, in particolare modo per la mancanza di strumenti adeguati a risolvere i problemi connessi alle incertezze e complessità di tali questioni, l'osservazione era in prevalenza incentrata sulla rilevazione*

been discussing both on the stakeholders theory of Friedman Robert (1984) and the public value creation of Moore (1995)[46]. Considering the concept of public value, the theory focused on the ability to meet people's needs efficiently by employing the available resources to create outcomes valued by the public. In Moore's vision (1995, p. 20) *"public managers become strategist rather than technicians. They look out to the value of what they are producing as well as down to the efficacy and propriety of their means. They engage the politics surrounding their organization to help define public value as well as engineer how their organization operate"*. Hence, the creation of public value requires politicians and managers to work together. Public managers must deal with the *"strategic triangle"*, concerning in an in-depth analysis of the links between the authorizing environment, the operational (managerial) capacity, and the generated outcomes. The authorizing environment means that the purpose must be legitimized and politically supported. The operational capacity requires that organizations have the necessary administrative and operational skills to achieve organizational objectives. The generated outcomes deal with the social mission which should be publicly valuable. Thus, the outcome of a better environment may not be achieved whether the institution makes the wrong choice on the needs to be satisfied, the strategy to satisfy those needs, and the process to produce and deliver public services. Coherently to what has been theoretically discussed on the PAs, it is also important to refer on the legal aspect. Early studies analyzing the PA had their origin in legal disciplines[47]. In this legal approach, knowing if the organization belongs to the PA is necessary for the selection of norms to employ. In Italy, according to Article 1 (par. 2) of Legislative Decree no. 165 of 30 March 2001, the PA can be defined as *"all State administrations, including institutes and schools of all kinds and levels and educational institutions, independent State corporations and administrations, Regions, Provinces, Municipalities, Mountain Communities and their Consortia and Associations, Universities, Independent Public Housing Agencies, Chambers*

ed il controllo delle 'quantità monetarie'" (Ferraris Franceschi, 1994, p. 90); *"Mentre in passato l'attenzione ai temi dell'amministrazione pubblica è stata legata prevalentemente al fenomeno della sua crescita dimensionale (aspetto quantitativo), oggi l'attenzione è concentrata su come qualificare l'azione amministrativa migliorando la sua capacità di intervenire su alcuni problemi riguardanti le caratteristiche del suo funzionamento interno (aspetto qualitativo)"* (Borgonovi, 2005, p. 22); *"La performance dell'azienda di erogazione comprende sia il valore dei benefici prodotti a favore dei soggetti destinatari dell'attività istituzionale che le attività poste in essere per il perseguimento di quelle determinate finalità. Vale a dire che un risultato si misura con le produzioni erogate ed un altro risultato con il beneficio conseguito dal cliente-utente"* (Buccellato, 1992, p. 68). On the multidimensionality of public service performances, among others, see also Borgonovi (1984), Farneti et al. (1996), Mussari (1993).

[46] See for example, Guatri (1991), Meneguzzo (2005), Rebora (1999a).

[47] In PSOs, the legislation has regulated all the aspects related to the EA (Zappa, 1927), without leaving the necessary managerial autonomy in the decision-making process (Borgonovi, 1988).

of Commerce, industry, crafts and agriculture and their Associations, all national, regional and local non-economic public Authorities, the Administrations, Institutions and Entities within the National Health System, the Agency for Public Service Bargaining Representation and the Agencies regulated by Legislative Decree no. 300 of 30 July 1999". The new European System of National and Regional Accounts (ESA 2010)[48], which enables a consistent, reliable and comparable statistical description of the economies of the Member States and the Union, includes PAs within the general government sector (S13) all the *"institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth"*. Therefore, PAs can be defined as any organization under government control that provide heterogeneous functions - even if always related to services of general interest[49], thus with the aim to fill societies' needs through political and social targets instead of commercial objectives. Public authorities are traditional governments with a defined territorial authority. In Italy they are the State, the Region, the Province, and the Municipality[50]; whereas the independent entities category has been characterized by the growing outsourcing trend, namely from the public authorities to autonomous entities - which belongs to a public authority[51]. According to the Italian Constitution, there are five administrative layers: the central government, 20 regions, 14 metropolitan cities, 107 provinces, and at the lowest level 7.903 municipalities[52]. The principle of autonomy[53] means that the general PA must adapt to the many institutional organizations in which administrative policy is developed and it must be structured according

[48]ESA (2010) was a development of the previous version of ESA(1995).

[49]Services of general interest, whether market (i.e. energy and communication) or non-market (i.e. justice, healthcare, social services), are services that public authorities of the Member States classify as being of general interest, namely, essential for the well-being, health and fundamental rights of European citizens, for European cohesion as well as sustainable development. Providers are therefore entrusted with specific missions of general interest including public service obligations or universal service obligations. Protocol No. 26 annexed to the Treaty on the Functioning of the European Union.

[50]Among others, relevant contribution can be found in Anselmi (1995), Viganò (2000), Zangrandi (2012).

[51]For further analysis on autonomous entities, see among others Cassandro (1979).

[52]"The Republic is composed of the Municipalities, the Provinces, the Metropolitan Cities, the Regions and the State" (para.1). While most regions and provinces are ruled as "ordinary" statutes, some of them - the autonomous regions and provinces - are ruled by "special" statute. In particular, there are five autonomous regions (Sicilia and Sardegna which are insular territories, and Valle d'Aosta, Trentino Alto Adige and Friuli Venezia Giulia, which are northern boundary territories) and two autonomous provinces (Trento and Bolzano). " ('Const. Art. 114, Title V', 1948)

[53]"Municipalities, provinces, metropolitan cities and regions are autonomous entities having their own statutes, powers and functions in accordance with the principles laid down in the Constitution." (para. 2) ('Const. Art. 114, Title V', 1948)

to a model based on the principle of pluralism in which numerous centers coexist in the development of administrative strategies[54]. The picture described above has moreover been enriched following the amendment to Title V, Part Two, of the Constitution, where it is stated that the *"Municipalities, Provinces and Metropolitan Cities carry out administrative functions of their own as well as the functions assigned to them by State or by regional legislation, according to their respective spheres of competence"* (Article 118, para. 2 of the Constitution). Municipalities, Provinces and Metropolitan Cities are usually referred to Local Governments (LGs). They are also recognized as having *"revenue and expenditure autonomy"* (Article 119 para.1 of the Constitution) so that they can *"fully finance the public functions attributed to them"* (para. 3)¸ and *"their own assets, which are allocated to them pursuant to general principles laid down in State legislation"* (para. 2). The PA studies have had different deepening research moments[55] and, in this essay a synthetic vision of the relevant traits, particularly referred to municipal governments[56], will be exposed.

The municipal governments

The Italian government system can be defined as a decentralized unitary state organized in different layers. On the one hand this means that the relations between the layers are hierarchical: municipalities have to adhere to the policies of the central and regional government. On the other hand, municipalities and regions have considerable freedom in implementing policies[57]. LGs operate with the overarching government financial transfers (typically the State or the Region), fiscal budget, the application of tariffs necessary to cover part of the actual cost of supply, or specific financing agreement[58]. In the public authority panorama, the LG plays a pivotal role and represents the closest institution to the community. It represents the elementary unit of the broader public entity system appointed to the development and wealth of a specific community. Municipalities are the nearest jurisdiction level to the citizens, and they are responsible for the delivery of services such as road maintenance, local public transport, child school education, services for disable, elderly and children, local police, water, waste disposal, and building planning and control. The heart of the constitu-

[54] Each level has jurisdiction over several issues and activities.

[55] It is here important to note how the PA italian scholar Villa (1864) has been recognized to be a precursor of the EA studies. See Onida (1951, p. 19). Other important references to Anselmi (1995), Borgonovi (1975), Farneti (1995).

[56] Since municipalities are the focus of this essay, the term Local Government (LG) it is here referred to this local authority.

[57] The so called "fiscal federalism" literature have generally made a strong case for decentralization following different reasons, such as the LGs ability to adapt their policies to the particular preferences of their constituencies.

[58] See, for instance, the contributions of Cassandro (1979), Mussari (1996).

tional system of 1948 is related to the autonomous principle: *"The Republic shall be one and indivisible. It shall recognise and promote local autonomies and implement the fullest measure of administrative decentralisation of those services which are provided by the State. The Republic shall adapt the principles and methods of its legislation to the requirements of autonomy and decentralisation."* ('Const. Art. 5', 1948). This principle includes the recognition of public authorities, aiming their specific interests, in an independent political-administrative way. The pluralism within the territorial authorities is a fundamental component of Italian democracy, a necessary element of the Constitution. After the definition of this autonomous principle there was no particular attention on the municipalities; in fact, the articles within Title V, concerning *"regions, provinces, and municipalities"*, were mainly focused on the design of regions. As E. Ostrom (2010) points out, polycentric governance arrangements and smaller jurisdictions may optimize welfare by matching local public goods/services to local preferences. The decentralized provision would be particularly relevant when preference heterogeneity is high, and when public goods and services have highly localized effects; allowing politicians and civil servants to monitor more easily the performance of their service provision; letting citizens have a stronger say in the decision process. The legal framework for local public service provision is complex and continuously changing. LGs must respect European Union legislation (incorporated in Italian legislation), national sector laws (energy, water, waste, transportation) and, after consitutional reform in 2001, regional sector laws. However, through the 1950s, and, increasingly, in the '60s and '70s, municipalities have been faced with a series of development such as the general increase of the demand of public goods and the stricter public finance requirement, which pointed out several obstacles of their performance. Thus, LGs, through the provision of heterogeneous services to the local community, from which it is partially dependent for the resources needed for cost covering, should have the aim to achieve the extended economic equilibrium. Thus LGs are characterized by output heterogeneity[59], market absence[60], and a peculiar financial system[61] (Borgonovi, 2005, pp. 111-203).

[59] Output heterogeneity: administrative acts for specific issues; service provision; guidelines, recommendations and policies; financial transfers for carrying out consumption, production, saving and investment processes.

[60] Costs reintegration for output achievement is strictly functional to the output typology and/or to the public choice of administrators.

[61] The financial system can be distinguished in ordinary and extraordinary. The ordinary financial system is divided in ordinary and patrimonial operations. The first includes revenues coming from taxes, service prices, overarching financial transfers. The second involves revenues coming from the asset management. The extraordinary financial system involves asset exchange and disinvestment, as well as loan.

1.2 Understanding public sector governance and management

In order to understand the changing roles of governance and management as part of the recent public sector reforms, the attention is here paid on the shift from the traditional Weberian paradigm to New Public Management and that from New Public Management to Post-New Public Management. Each paradigm has introduced new governance structure (i.e. bureaucratic, market, network-oriented)[62], as well as managerial and accounting initiatives[63] of the public sector. For many scholars, the statement *"from government to governance"*[64] indicates the process that leads to the weakening of the hierarchical and centralized functions for the attempt to achieve a greater articulation of government functions (R. A. W. Rhodes, 1996). In the most general sense[65], governance concerns how to deal with different

[62]Governance in the public sector focuses *"on the role of boards of trustees, as representing and protecting the interests of community members or other politically important constituencies (Provan 1980). In public management, governance refers not to the activities of boards, but mainly, to the funding and oversight roles of government agencies"* (Provan & Kenis, 2008, p. 230).

[63]Some researchers who explored these accounting and management changes argue that they can be explained in terms of legitimation (see for example Lapsley (1994)). Whereas, NPM theorists present those changes in connection with an instrumental perspective, conceptualized as *"accountingization"* (Power M, 1992, p. 132): *"... the technical neutrality of accounting practice is illusory and ... accounting is a potentially colonising force which threatens to 'delinguistify' the public realm ... (accounting) is very much the vehicle for economic reason in practice ... accounting as method may eclipse broader questions of accountability"*. The concept of *'accountingization'* has been drawn upon in expressions of NPM, the instrumental view of management in action in the public sector. The seminal commentator on NPM Hood (1995, p. 93) has softened this expression with that of *'visibility'*: *"... accountingization means the introduction of ever-more explicit cost categorization into areas where costs were previously aggregated, pooled or undefined"*.

[64]Since the late 1990s *"governance"* has become a popular term with both scholars and practitioners considered as opposed to *"government"*. Specifically, a traditional view of *"governance"* emphasizes the process of governing associated with the structure of government, while a society-centric conception emphasizes the limits of governmental power and sees governance in terms of networks of public and private interactions (R. A. W. Rhodes, 1996). As stated by Meneguzzo (1995, p. 503) *"con governance viene intesa la struttura che assume un sistema sociale e politico a seguito dello sforzo e degli interventi effettuati dai diversi attori in esso presenti; in questa configurazione nessun attore svolge un ruolo di primo piano ma vi sono numerose interazioni tra una pluralità di attori"*. This supports the notion that we are witnessing a shift from organizational and uni-centric power to an inter-organizational and polycentric multi-sectoral stakeholder context (Klijn, 2008). The conception here encompasses both in regarding governments as decision-maker on public policy, but which are more responsive than otherwise to the preferences of citizens and civil society.

[65]Governance has become one of the buzz-words in modern social sciences and it is usually associated with different meanings, ranging from general sense concepts to more specific ones.

kinds of networks (Klijn, 2008)[66]- still being extensively discussed within the academic community that studies public management -, rather than hierarchies and markets (G. Thompson, 1991)[67]. Specifically, it deals with the post-NPM and with the steering and coordination of multiple actors, often in network-type patterns of collaboration (Kooiman, 2003; R. A. Rhodes, 1997). This essay is placed in the post-NPM and specifically is focused on horizontal collaboration among municipalities. In order to understand the role of governance as part of the recent public sector reforms, it will be firstly introduced the concepts of traditional Weberian paradigm and New Public Management as previous paradigms, by also showing the role of management and accounting therein.

The pre-modern management

At the beginning of the nineteenth century the PA in the Western world has been dominated by the traditional Weberian paradigm (Weber, 1922). Thus, the PA was based on a bureaucratic and hierarchical model and appeared as a perfect and rational machine. The Public bureaucracy, with its rational organization, embodied great industry principles of vertical and integrated hierarchy and rationality. An organizational model founded on simple and punctuated rules of behavior and action, where the aim is to guarantee the maximum predictability of the action, with respect to the environment. The parameter to evaluate the administrative action was legal appropriateness (the compliance with the law), in which the strict adhesion to the rule became the goal to pursue. However, the Weberian model has been on the retreat since the late 1970s due to inefficiencies characterized by malfunctions, bureaucratic slowness, and ritualism (Pollitt & Bouckaert,

[66]Klijn (2008) highlights how authors, even if differently, always link the term governance to that of network. He identifies three diverse conceptions of governance as:

- Policy network: it focuses on the actors that participate in decision-making. Literature is mainly focused on power differences in horizontal networks;
- Governing networks: it stresses the complexity of the decision-making processes in achieving policy outcomes and highlights the need for intensive managerial efforts to achieve acceptable outcomes for stakeholders. This stream mainly focuses on means of enhancing legitimacy;
- Intergovernmental relations for service delivery and policy implementation: networks are viewed as mean for service delivery and implementation. Literature is mainly focused on providing insights into problems of coordination in networks and skills required for effective participation and the important role of daily interaction between actors. Moreover, it focuses on methods to improve service delivery by integrating different organizational efforts.

[67]It is possible to cite a distinct general direction, with the awareness that, in reality, these models are in many cases hybrids that are far from pure example of a specific model. Also in the literature, the concept of network is often mixed up with that of hierarchies and markets. For further investigation see Pollitt and Bouckaert (2017).

2017). Obviously, this model fails in the post-industrial era, in which society is de-structured, individualized and increasingly differentiated.

The New Public Management

As a consequence, the PA moved into a new model based on the concept of New Public Management (NPM) (or "privatization")[68] of the PA and of its action, where governments sought to shift governance forms away from hierarchies and towards markets[69]. This process of evolution ('80s-'90s) is accompanied by the process of streamlining and rationalization, which affects the public sector as it would within the entrepreneurial world, at least in the industrialized countries, and that involves imitating behaviors typical of the private sector in order to make public sector more business-like. In other words, financial management, planning, and evaluation tools related to organizational efficiency, along with the processes of contracting out and outsourcing have been introduced and government started to become more fragmented (R. Almqvist et al., 2013; Lapsley, 1999). PAs pass from the culture of legality to that of the result of the administrative action (output-oriented and the ratio between the inputs employed and the outputs produced) where activities had to be closely evaluated through accounting and management techniques, by exalting the attention of the PA on efficiency and effectiveness[70]. However, it has been said that *"the country has adopted managerial tools to a significant extent, yet not up to the point to have changed in any fundamental way the overall administrative system"* (Ongaro et al., 2016)[71]. NPM has had a focus on intra-organizational performance management mainly preoccupied with hierarchical control through performance

[68] The time period between 1980-2000 was characterized by a widespread interest in NPM. Nevertheless, this period was labelled as the NPM in the 1990s (Hood, 1991).

[69] A seminal NPM article was Hood (1991). Here it is important to define how *"governance"* is *"the process by which we collectively solve our problems and meet our society's needs"* (D. Osborne & Gaebler, 1992, p. 24). NPM promotes the privatization of public goods and services with the purpose of improving cost-efficiency.

[70] As stated by D. Osborne and Gaebler (1992, p.xix): *"When we talk about the entrepreneurial model, we mean public sector institutions that habitually act this way - that constantly use their resources in new ways to heighten both their efficiency and their effectiveness"*. As a neoliberal doctrine NPM supports, among other goals, the integration of market mechanisms and private sector management tools into the public sector (Reichard, 2010)

[71] NPM reveals to be itself a mixture of hierarchies (political and managerial leaders declare strategies and set targets) and markets (units performing public sector tasks are supposed to compete with one another, and individual staff compete for performance pay bonuses) (Pollitt & Bouckaert, 2017). Coherently, the NPM has promoted the outsourcing (influenced by the market vision) and contractual relationships (influenced by the traditional neoclassical perspective) (R. Almqvist et al., 2013). Moreover, the effort for broadening management routines beyond the traditional financial control of organizations promoted a technology-driven trend focused on measurability rather than a sustainable provision of public value. Power and Laughlin (1992) call this development as 'accountingization', Lapsley (2009) as a 'tick box' mentality.

indicators on efficiency and effectiveness (linked to financial reporting and accrual accounting), often followed through a function specialization and outsourcing policies[72]. In the NPM context, on an early stage, literature has hypothesized the benefit of outsourcing to foster a greater competition (in a market-based approach) (R. Almqvist et al., 2013). While, recently a new idea of cooperation and collaboration has spread due to the need of sharing scarce resources since the outsourcing tended to deprive political and administrative leadership of levers of control, influence as well as information and lack horizontal coordination and cooperation hampering effectiveness and efficiency[73], but also raising questions of accountability[74]. Moving into the twenty-first century, these NPM paradigm limits have been shown and the concept of 'post-NPM' was introduced (Christensen, 2012). In particular, the fall of NPM at the end of the '90s has been connected to the pursue of an individual advantage rather than public interest (Hood, 1991); erosion of public (democratic) values (Haque, 2001); focus on intra-organizational relationships (EH, 2012); focus on financial performance and command and control manner of using performance information (Power, 1997; Power M, 1992); evaluatory trap created in the name of financial efficiency and accountability (Guthrie et al., 1998). Over that period, the focus has shifted from the fragmentation (i.e. department) of public services typical of the NPM to the re-centralization and Joined Up Government[75], New Public Governance[76]

[72]This situation has led to what has been defined departmentalization or *"siloization"*, not suitable to cope international challenges and the so called *"wicked problems"*. For a further investigation on the NPM limits and its overcoming, see among others: Christensen (2012), Hood and Dixon (2015), Hood and Peters (2004).

[73]NPM promoted the outsourcing of both core and non-core services, such as ICT. However, this approach has shown the likely increase of transaction costs and an ineffective use of public resources, because public service providers tend to act opportunistically to serve their own interests (Hoffmann et al., 2010; Le Grand, 1999) and seem often to be more focused on quantity than on quality costs decrease (R. M. Almqvist, 2004; Le Grand, 1999). As a response, New Public Governance (S. P. Osborne, 2006) transform the make-or-buy decision as a means by which resources, knowledge, and different competencies are shared to promote cooperation in the provision of services.

[74]Accountability can have different meanings. Basically, it refers to the giving and demanding for good conduct, but some authors (Smyth, 2012) are more strict emphasizing the need for control (sanction and reward) as a mean to formalize the concept. As it has been stated by Christensen (2012): *"political executives were reluctant to accept the undermining of political control that resulted from NPM". Moreover, R. A. W. Rhodes (1996) predicted that "hollow state erodes accountability" and "institutional complexity obscures who is accountable to whom and for what".*

[75]Joined Up Government is also termed whole of government and horizontal government and as highlighted by Pollitt (2003), it refers to the whole actions and interventions which aim at implementing policies both horizontally and vertically coordinated. For further investigation of the development in public sector practice of inter-agency collaboration and cooperation promotion in the pursuit of government policy goals, see also Bogdanor (2005), Hood and Dixon (2005).

[76]While NPM may result in hollow state models, governance models allows for a *"plural state, where multiple inter-dependent actors contribute to the delivery of public services*

or governance networks[77], collaborative public management[78], new concepts inspired by the inter-organizational dimension, as well as the sharing and merging of administrative and governmental functions.

The Post-New Public Management

The post-NPM reforms focus on collaboration among different actors[79], where it has been highlighted the need to increase the focus on the notion of higher coordination and outcomes of a network organizations (Christensen, 2012). This shift has taken place during the financial crisis[80] with the reduction of central government spending, a greater tension in promoting a more efficient use of resources and the improved ability to create and increase public value (Moore, 1995)[81]. Performance, has a number of concepts and

and a pluralistic state where multiple processes inform the policy-making system. As a consequence of these two forms of plurality, its focus is very much upon inter-organizational relationships and the governance of processes, and it stresses service effectiveness and outcomes" S. P. Osborne (2006, p. 384). As stated by R. Almqvist et al. (2013, p. 3): *"NPG contrasts with NPM in at least two respects: (1) NPG is primarily focussed on public sector values (as opposed to private sector values) and (2) NPG starts from the perspective of networks of organizations (as opposed to that of individual organizations and their relations with clients)".*

[77] It would be wrong to think of "governance" as a model which has superseded and displaced the network model; rather it is a wider model which to some extent absorbed the earlier—and continuing—work on networks. Indeed, as stated by Klijn (2008): *"The literature on governance that does not have a connection to the literature on networks and complex decision-making, like that on good governance or corporate governance, is based on concepts that are fairly strong connected to the traditional government literature. As such they are not only not very new but also strongly connected to the internal organization of government. Many commentators (i.e. Koppenjan and Klijn (2004)) suggest that networks are 'horizontal' and may therefore be contrasted with bureaucratic hierarchies, but specific case studies often find a strong 'pecking order' in some networks, with one player (often the government) de facto 'on top' and calling the shots".* Thus, governance networks are not completely horizontal. As suggested by EH (2012): *"In governance networks there are also vertical elements because actors have different resources and these cause inequalities in the relations through asymmetrical resource dependencies, while formal contracts between various layers of government levels, for instance, create some vertical relationships".*

[78] See Christensen and Lægreid (2007).

[79] There are now many devices that are put in place and that involve a multiple universe of subjects both within and beyond the public sec.t oFror example, by looking at the Italian scenario, they can be referred to Tables, Consortia, Authorities, mixed public-private Agencies that were born in Italy or to Agreements, Pacts, Conventions, etc.

[80] The 2008 Global Financial Crisis was the trigger for debate and reform of intermunicipal cooperation in the EU, particularly in those Mediterranean Countries where austerity policies have been introduced, reducing the transfers that municipalities receive from the state. Please see Morlino and Raniolo (2017), Pollitt and Bouckaert (2017).

[81] *"The ultimate purpose of governing performance as a possible further stage is to increase public value (Moore 1995)"* (Bouckaert & Halligan, 2007, p. 184). Public value is created when certain needs are satisfied and when benefits are higher than costs. Public value creation takes into consideration both the individuals and the collective, not only considering the today's generation, but also the future. In Moore (1995, p. 20) vision

applications, but it was generally intra-government, departmentally and program based (Bouckaert & Halligan, 2007, p. 182). After this managerial and governance movement, performance governance[82] has emerged as an intergovernmental exercise not confining the flow of activity within government and focusing on citizen-centric approaches and service delivery (Bouckaert and Halligan, 2007, p. 182; Halligan et al., 2012, p. 227)[83]. The managerial focus is not only considered within the organization, but it becomes more externally focused emphasizing the horizontal relationships between governmental organizations and other actors (governmental, nongovernmental, for profit, not for profit, citizens). Thus, during the post NPM-phase, the need for the development of new competences, like that of interdependency management, external accountability and stakeholder engagement and the integration between managerial documents have been highlighted[84]. This follows the logic of the *"whole of governments"*, term which internationally ranges from cross-government collaborations to cross agency activity where the emphasies relied on applying integrated approaches with a performance outcome. Other definitions include intergovernmental coordination activity, public private interactions, non-governmental organizations and community connections (Halligan et al., 2012, p. 228). European Countries have never concentrated solely on reforms of a specific kind (NPM or post NPM) but have pursued a variety of reform trajectories, partly also conflicting (Kuhlmann & Bouckaert, 2016). However, inter-governmental relationships in some countries should move the performance focus on concepts like whole of government, horizontal management, integrated governance and more generally collaboration and networks (Hood & Dixon, 2005)[85].

"public managers become strategist rather than technicians. They look out to the value of what they are producing as well as down to the efficacy and propriety of their means. They engage the politics surrounding their organization to help define public value as well as engineer how their organization operate". Hence, the creation of public value must be reflected in the governance of performance which requires politicians and managers to work together. According to Moore public managers must deal with the "strategic triangle", an in-depth analysis of the links between (1) the authorizing environment, (2) the operational (managerial) capacity and (3) the generated outcomes (Moore, 1995).

[82] Drucker (1993) speaks about governing organizations by performance. Nevertheless, performance governance covers a shift from governing of performance to governing for performance.

[83] *"The extensions of these activities expand the horizons from the macro to the meso level, from one level of government to two or more, and more generally from one sector (e.g. the public) to society as a whole)"* (Bouckaert & Halligan, 2007, p. 182).

[84] As a consequence of these changes, *"in an integrated framework, performance measurement, accountability, and citizen participation provide 'mutually reinforcing concepts that are strengthened when they are aligned or integrated with one another', thereby enhancing the capacity to improve outcomes"* (Halligan et al., 2012, p. 227).

[85] Considering the diverse dimensions of governance, the concept of performance may be expressed under different aspects. However, a particular conception provide the focus for the use of governance here: a society centric conception seen in terms of a governing in terms of network of public and public interactions. Under this perspective, Post-

In general, following the post-NPM reforms, diversified sub-national government cooperation rates (as the municipal one) increased both in Italy (Fedele & Moini, 2006) and abroad (Kuhlmann & Bouckaert, 2016; Teles, 2016)[86]. In particular, in the post-NPM, the governance model proposed by local territorial-administrative reforms favors horizontal networks[87] in most Western countries[88] as a tool to increase the capacity of providing public services (Kettl, 2006; Klijn & Skelcher, 2007).

1.3 The inter-municipal cooperation to address the decentralization challenges

Over the last decades, many countries have undergone a kind of *"hollowing out"*[89] and in most European countries, municipalities have been granted new public tasks as well as increased decision-making competences, have been confronted with the global financial crisis and the increasing demand for service delivery/quality, which triggered new waves of reform in the public sector context (Meneguzzo et al., 2013). This scenario opens space for a radical renewal of the role of LGs which find themselves at the center of a dialectic double tension: on one hand the global dimension and the local

NPM governance model has a particular interest in consolidation report which provides an overview of the financial performance and position not only of the single organization but of the whole group of organizations which are under its control and provide public services (Chow et al., 2007; Grossi et al., 2009).

[86]The main rationale for boosting inter-municipal cooperation under austerity is the decrease in revenues associated with diminished transfers from upper governments and lower tax revenues, requiring cost saving measures (Raudla & Tavares, 2018) that can be achieved by exploiting new economies of scale (Aldag & Warner, 2018).

[87]As stated by Christensen (2012), *"the horizontal dimension typically concerns policy areas that cut across traditional boundaries, so-called "wicked issues". How this dimension is handled ranges from mergers to softer collaborative measures"*. The effectiveness of this horizontal element has been countered to the NPM claim of fragmentation. *"The notion that working across organizational boundaries will enable more efficient and/or effective policy development and implementation and service delivery runs counter to the NPM claim that greater efficiency can be achieved via more fragmented arrangements and more unambiguous roles and functions for administrative units."* (Christensen, 2012).

[88]In particular, as stated by Klijn (2008), governance networks originates more from northern Europe, specifically the Scandinavian countries, the UK, and the Netherlands, than from southern Europe, although one can also find evidence of trends towards such governance in France, Italy, Switzerland, and Germany. Although we find similar concepts of governance across different countries, there appear to be distinct variations in the institutional contexts in which these governance networks operate.

[89]As a result of the hollowing out of the state through contracting out, contracting operations with other governments and non-governmental organizations, and program implementation through a chain of governments, network management is one of the main key governance challenge (Agranoff & McGuire, 1998, p. 83-84). It is here referred to the *"hollow state"* which is a metaphor that in general sense *"refers to any joint production where a governmental agency relies on other (firms, nonprofit, or other governmental agencies) to jointly deliver public services"* (Milward & Provan, 2000, p. 362).

one, on the other the push for cooperation and competition municipalities can discover innovative ways to create public value by collaborating with higher tiers of government (upward), with peers (outward) and with local stakeholders (inward). Local administrators today find themselves managing a series of problems that the decentralization and the tendency towards differentiation of public policies have poured into the territories, often with few resources, pressed by stakeholders (i.e. citizens) that have higher and higher expectations. As highlighted municipal governments face a world of rapid change and increased expectations in a globalizing and innovative environment, which today is even challenged by the new COVID-19 context. Another feature of the administrative context that bear upon inter-municipal cooperation (IMC) improvement is the little scale of the LG (Hulst & van Montfort, 2012)[90]. It is assumed that the multiplicity of small LGs is essentially a harmful phenomenon, because autonomous LGs, acting on their own, are considered unable to resolve the multifaceted problems of a wider community. The risk is that there might be *"too many governments and not enough government"* (V. Ostrom et al., 1961) due to difficulties that a single municipality - especially small ones[91] - might not be able to meet the demands of standard levels of local public services while reducing expenditure. To deal with these issues, central governments are experiencing institutional tools, such as IMC and municipal amalgamation[92], with the aim to enhance efficiency and the quality of local policies and to meet the higher expectation of citizens. Municipal amalgamation aims at reducing the number of municipalities by compulsory merging neighboring borders and creating new entities aimed at achieving efficiency gains, from both exploitation of economies of scale and the internalization of externalities (Oates et al., 1972).

[90] As stated by Hulst and van Montfort (2012), the greater part of local government in France, Spain and Italy is so small that it faces difficulties offering basic public services in a cost efficient way. Thus, in these countries municipalities intensively cooperate to provide a wide range of basic public services. However, inter-municipal cooperation should not be considered as restricted to countries characterized by small local governments.

[91] Indeed, excessive territorial fragmentation may affect administrative outcomes by missing economies of scale in the delivery of public services: "Smaller communities are finding it increasingly difficult to meet the demands and standards of local government in relation to providing public services that require a larger scale of production" (Hulst & Van Montfort, 2007). Inter-municipal cooperation, however, is not restricted to small LGs or to countries characterized by small LG (Hulst & van Montfort, 2012).

[92] Despite being mentioned and briefly described to capture their key aspects, this paper will not deeply consider mergers, since they would result as an individual entity rather than a network. Nevertheless, several studies have highlighted the importance of studying mergers and cooperation/collaboration simultaneously (Galizzi et al., 2017). Indeed, as it will be explained, since the '90s (Law No. 142/1990) the Italian legislator has introduced the MU as a tool for a "pure" upscaling, in order to increase the LG dimension and reduce fragmentation. However, following the introduction of Law no. 265, MU became a proper inter-municipal cooperation tool, being defined as a local entity. As suggested by Bolgherini et al. (2017), *"the MU are the only municipal association which in Italy are considered as a local entity"*.

However, the municipal amalgamation is often difficult to achieve because of the strong opposition of local policy-makers, who should renounce to their decision-making powers (De Mello & Lago-Peñas, 2013). An alternative tool to the amalgamation is the IMC, a governance structure where municipalities reciprocally cooperate to provide a range of public services or organize service delivery between partners (De Mello and Lago-Peñas, 2013; Bel and Warner, 2015). This associative trend among Italian LGs challenges the structure of silo organizations' entities (Rebora, 1983), with individual department developing their own culture and working methods and their goals under a function-based approach. In most countries there can be diversified institutional landscape involved in the provision of public services beyond that provided by a department of the municipal core government. It is here referred to the collaboration of two or more LGs, with the awareness of the relevance about also other organizational structures choices (e.g. collaboration of public and private partners; devolution of the service to a private non-profit or profit organization; or the production and delivery of public service through autonomous entity belonging to the same LG). Namely, in past decades IMC emerged throughout Europe, although there are remarkable differences in the way they are implemented. Steiner (2003) had defined IMC as *"the fulfillment of a public municipal task by an individual municipality, by two or more municipalities jointly or by a third legal entity, whereby the task fulfillment simultaneously serves at least two municipalities and the participating municipalities participate directly ('performing') or indirectly ('organizing')"*. In addition, Fedele and Moini (2006) state that the IMC can be defined as *"a joint action between authorities (volunteering or mandatory), whose main objective is the exercise of competencies, functions or services, following the manners envisioned by the national or regional legislation"*. Hulst and van Montfort (2012) distinguish four basic types of cooperation:

1. quasi-regional governments;
2. planning forums (PFs);
3. service delivery agreements (SDAs);
4. service delivery organizations (SDOs).

The authors distinguished different types of IMC based on three critical dimensions: assigned function, organizational integration, and formal competencies. Concerning the assigned function, they define the tasks involved making a distinction between service delivery and policy coordination and planning. The former refers to the joint production of a public service, while the latter considers the *"regulation of externalities of local policies and the distribution of scarce resources in a way that is rational from a supra-local*

perspective" (ibid. p. 123). According to the authors, the organizational integration is assumed to be influenced by the degree of formalization, where the integration is low for loosely coupled networks of mutual consultation and coordination. Nevertheless, it is assumed a high level if activities which were formerly carried out individually by municipalities are now jointly run into a new organization. Thus, the organizational integration - which is high if characterized by formal and long-term relationships, low if characterized by informal and short-term relationships - can be fostered by the level of formalization. This formalization is achieved when the IMC agreement is followed by the creation of a specific organization, which would require the integration of all the associated functions from municipalities to the inter-municipal form of cooperation, recognizing how the decision-making power is a key element. Indeed, the third element represents the extent of decision-making power in terms of whether or not IMC dispose of formal decision-making power concerning local affairs. To this regard, the authors distinguished between two typologies of organizations. Firstly, the creation of a standing organization can be interpreted as an agency of the municipal partners, offering individual services to the municipalities. Secondly, the organization has the decision-making power on behalf of municipal partners, being legitimized to act as a new organization expressing the municipalities' will. Both cases represent a high integration level, since municipalities enter into a formal agreement to cooperate with the standing organization - new legalized institutional structure endowed with its own decision-making power -, without, however being replaced by it[93]. On the other hand, low integration level occurs with no joint-standing organizations. Consistently with the pattern found by the cross-country comparison of Hulst and van Montfort (2012)[94], Italian inter-municipality tools can be grouped into three categories: PFs, SDOs and SDAs[95]. SDOs and SDAs are both identified as organizational

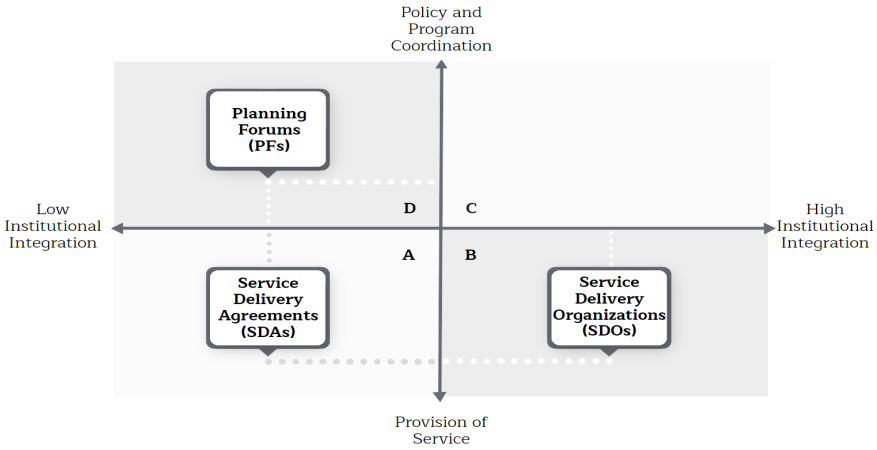
[93]The literature (De Mello & Lago-Peñas, 2013; Dollery et al., 2006; Feiock & Scholz, 2009) has shown that intermunicipal cooperation is a more flexible solution with respect to amalgamation. Indeed, municipalities can maintain local political representatives and decision power on fiscal policy on their own territory. Moreover, intermunicipal cooperation can avoid the common pool problem of municipal amalgamation. Several papers show that free-riding incentives occur among municipalities before the process of amalgamation (i.e. accumulation of debt. See for example Hinnerich (2009), Jordahl and Liang (2010).

[94]Considering other countries, quasi-regional government would be the fourth organizational model identified by Hulst and van Montfort (2012) aimed at coordinating local policies. Thus, although the Italian legislation has been represented by three models (service delivery organizations, service delivery agreements and planning forums), a fourth model should be examined when considering other countries. This is true especially in those countries (i.e. France and the Netherlands) with absence of upper-level government (i.e. Regioni in Italy), in which provisions for planning and coordination make inter-municipal planning almost imperative.

[95]Quasi-regional - the forth category - defined as *"authorities in their own right, but they are controlled by local governments, who answer to a local, not a regional constituency"* (Hulst & van Montfort, 2012, p. 138) is a particular type of cooperation not present in

models aimed at delivering public services to all partners or their citizens. However, the former creates a standing organization governed by the municipalities, whereas the latter is a contract-like arrangement between different actors. With respect to the establishment of a standing organization (SDOs), the municipalities must draw up a statute, install a governing board, and comply with specific rules for decision making and accountability. Specifically, the creation of a new entity with a legal status implies the election of an LG council and councillors, as co-governors of the all-embracing public concerns and plurality of interests in municipalities. On the other hand, PF is identified as an organizational model aimed at planning and coordinating local policies where decision-making relies on consensus and LG autonomy is not at risk. The PF institutional integration is low, since *"there is no standing organization with formal competencies, although a support staff may be present"* (Hulst & Van Montfort, 2007, p. 231). To this extent, drawing on the aforementioned definitions, it is here suggested a graphical model where on the X-axis are the levels of institutional integration and on the Y-axis are the tasks (Figure 1.1).

Figure 1.1: IMC organizational models - Source: Author's representation.



It seems reasonable to suggest some considerations on the dimensions and categories considered. First, regarding organizational integration, the definition provided is linked to the IMC organizational model design. Thus, the degree of the organizational integration could be derived from the design of the IMC (constitution stage), where formalities gauge integration. However, this logic is often imprecise. Namely, the X network, which has a high formalized network nature, should presumably have a high organizational integration, but contrarily it is characterized by a low level of integration. Nevertheless, another approach is to define organizational integration either as *"the extent to which distinct and interdependent organizational compo-*

Italy and for this reason not considered in the analysis.

nents constitute a unified whole" (Barki & Pinsonneault, 2005, p. 166) or as the process to achieve unity of effort (Lawrence & Lorsch, 1967). Organizational integration can happen within a single organization or can cross organizational boundaries, as IMC, and can be considered external integration[96]. According to the different type of the activity involved, integration could require a particular type of interdependence[97], which require different degrees of effort by the organizational participants (Barki & Pinsonneault, 2005, p. 170). Thus, interdependency can be considered as task dependent, and the higher the degree of interdependence, the higher the effort requested. Consistently to Barki and Pinsonneault (2005, p. 170), reciprocal interdependent processes, defined as the highest type of interdependence, will be greater in operational rather than functional activities and need much more effort[98] than sequential interdependence, also even more than pooled interdependent processes likely involved in functional activities[99]. For instance, even if the way in which activities in networks are pooled can be observed in the design of a network (Kenis & Provan, 2006, p. 239), this does not mean the effort requested is effectively achieved. The same could be extended to the program/policy side (C/D), indeed, from the design of a network it could be understood the degree of dispersion of decision-making as well as the integration of staff (i.e. there is high dispersion when the management of relevant tasks or policies is left in the hands of LGs), without the possibility to certainly determine ex-ante organizational integration level. This leads

[96] Considering the process chain of the organization, both internal and external integration can be differentiated into *"operational"* whether integration pertain to primary activities (i.e. manufacturing and assembling) or *"functional"* to secondary ones (i.e. human resources and accounting). Moreover, external integration can be distinguished considering the direction: *"forward"* if towards distribution and clients, *"backward"* if into supply, or *"laterally"* into assembly parts or products. For further information on internal and external organizational integration, see Barki and Pinsonneault (2005).

[97] It is here referred to what J. D. Thompson (1967) defines as pooled, sequential and reciprocal interdependence.

[98] Effort represents the quantity of resources such as time, money, and people needed to integrate the processes, people and technologies of a given organizational integration type.

[99] According to J. D. Thompson (1967, p. 55) *"[...] all organizations have pooled interdependence: more complicated organizations have sequential as well as pooled; and the most complex have reciprocal, sequential and pooled"*. In pooled interdependence, each part of the organization makes a discrete contribution to the whole and is supported by the whole organization. However, each part does not necessarily depend on, or support, every other part directly. In sequential interdependence, a serial relationship exists among different parts. The output of one part becomes the input of another part. There is a direct interdependence between the two parts of the organization and the order of the interdependence can be determined; that is, part A must act properly before part B can act. In the case of reciprocal interdependence, the outputs of each part become inputs for the others. Each interdependent unit is penetrated by the other. The output of unit A is the input of unit B, whose output subsequently becomes the input of unit A. The distinct characteristic of this type of interdependence is the reciprocity of the relationship between units, outputs of each unit serve as inputs to others and vice versa.

to the consideration that what constitutes a high organizational integration from a formal point of view, could be revealed as lower with respect to what has formally been defined as low and vice versa. This is true since the huge effort requested by the formal high organizational integration form sometimes is difficult to reach. Moreover, considering how organizational integration is based on task-interdependent processes and type of effort requested and achieved, there is the possibility to have both high and low integration with respect to the different activities considered. This means that high and low organizational integration are not mutually exclusive. For instance, health system might have to go through a prescribed sequential path for a particular health problem such as diagnosis, surgery, rehabilitation, and checkup; while reciprocal interdependency can arise for patients with serious mental illness (Kenis & Provan, 2006). According to this understanding, there could be diverse situations of organizational integration: either high or low integration for sequential interdependence and reciprocal one. Considering the IMC context, integration refers to techniques and mechanisms municipalities use to align their offerings to complement and co-function with one another, making them interoperable and capable of functional cooperation. These considerations are important both for service provision and policy formulation and implementation. As stated by Hulst and Van Montfort (2007, p. 123-124) *"Joint action to provide services implies a division of labour and a subsequent reorganization of tasks, functions and operating and management responsibilities. It imposes [...] integrative strategies of an organizational and structural nature, as well as the sharing of technical, professional and economic resources. (this situation) is mainly oriented towards achieving economies of scale in the provision of such services that are operationally and economically demanding (refuse disposal, canteens, public transport, security, municipal policies and so on)"*. In terms of policies: *"integrated policies [...] tend to act in a co-ordinated and synergic way on various associated problems of public relevance. Policies are purpose-oriented where single action objectives must conform to a commonly agreed vision"* (ibid. p. 122). It is here argued that diverse solutions that IMC participants find in terms of formalities do not necessarily lead to a particular degree of integration. Indeed, both low and high formalization can lead to high integration and this can be evaluated only through their way of working. Thus, graphically, the IMC could be floating along the X-axis since a variety of formal and informal arrangements can lead to varying degrees of organizational integration, both in the service provision (A/B) and policy/program sides (C/D). Secondly, concerning the assigned function, it should be considered how the enhancement of inter-municipality may concern not only single-purpose but also multi-purpose type of cooperation (Cepiku, 2006), thus possibly involving both service provision and/or formulation and implementation of public program and policy. The service provision purpose is characterized by the shared resources (financial and non-financial) among more municipalities,

with the aim of producing and providing one or more public services. However, the public program and policy purpose do not share resources for the common provision of a service, but the know-how needed to improve the implementation of a public program, or the political authority to overcome territorial limits in terms of public competence to intervene[100]. As far as the associated **provision of services** is concerned, we can refer to the *"shared services"* literature. Analyzing previous studies[101], it emerged that shared services include huge numbers of diverse definitions. Some authors defined associated service provision as a model for internal functions management (Craike & Singh, 2006) and as an alternative to the outsourcing (Soalheira & Timbrell, 2014). Coherently, services can be provided associating different organizational units within the same organization (both public and private) (Bondarouk & Friebe, 2014). Another general definition considers associated service provision as a collaboration strategy in which a subsystem of organizational functions are merged into a new semi-autonomous unit. This unit has a managerial structure designed to boost efficiency, value creation, savings and service improvements for *"internal clients"* (Bergeron, 2003)[102]. The author highlights that the provision of associated services means optimizing the use of various resources, as the human, capital, time and other organizational resources. Moreover, it is stated how this association entails processes and activities of the organization which are not strategic (outside of the core competences). Following this definition, associated services are provided by a unit properly established, with the aim to provide services to all the partners of the group. This work develops this second definition, with specific reference to the IMC. It is important to highlight how the distinction between provision and production[103] is a key element to support strategic decisions linked to the associated services provisions. Concerning associated services, the traditional make or buy decision shifts from the single to a group of organizations. Indeed, a group of organizations which decides to provide associated services may adopt a variety of solutions that range

[100] Brasz and Van Wijnbergen, 1974: 7; Everink and van Montfort, 1994: 427; Hagelstein, 1995: 94-95, in Hulst and van Montfort (2012).

[101] i.e. Bondarouk and Friebe (2014), Richter and Brühl (2017).

[102] As stated by Bergeron (2003, p. 3): Shared services is a collaborative strategy, in which a subset of existing business functions are concentrated into a new, semiautonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market.

[103] In 1961 V. Ostrom et al. (1961) introduced this distinction, highlighting how a public organization can provide the community with several public services without being involved into the production process thanks to outsourcing contracts with companies. According to Oakerson and Parks (2011) providing a service means to guarantee that the service will be available for all the citizens regardless the service producer. Instead, production is about transformation processes meant to obtain a good or service. This can be outsources to another public or private organization.

from the joint production and provision to full outsourcing[104]. Different choices have profoundly different implications both in terms of managerial models and monitoring. Such a setting requires the subject[105] which associate the service (provider) to be able to adequately verify the producer performance levels. Whether the municipality or a group of them outsources a service to an external producer, it will be, in any case, held responsible for the quali-quantitative level of the aforementioned service. This context creates the pressing necessity of acquiring the right competences to carry out relevant monitoring and controls. As in the case of outsourcing, it is crucial for successful service provision collaboration agreements that high levels of performance are achieved. This requires the design and implementation of performance management systems (PMSs) which involve effective performance measurement tools (Dollery & Akimov, 2007). Concerning **policy/programme formulation and implementation**, municipalities cooperate in order to regulate externalities of local policies and to distribute scarce resources in a way that is rational from a supra-local perspective (i.e. the coordination of local plans for new housing) (Hulst & van Montfort, 2012, p. 123). As stated by Puntillo (2017, p. 210) *"they connect to the ability to synchronise the entry of a given issue in the different political agendas of the individual municipalities, to thematise on a shared problem and its solution, and to encourage dialogue between the different actors involved in the policy arena"*. In this context, it seems relevant to highlight forms of cooperation in which there is a shared management team among LGs (Bello et al., 2018). In this situation, the focus is on the transfer of the decision-making power which, if gathered within the new organization unit lead to an high autonomy and responsibility. This sharing could lead to an effective leadership focused on risk reduction and sharing responsibility (Crosby & Bryson, 2005). The advantage of such an associated form which includes a shared public management team may be linked to the ability to respond to the complex service requests of citizens, since it is characterized by higher decisional flexibility. Policy/programme formulation and implementation requires also municipal committees consultation. Where a joint authorities is established, municipal committees can be an integrated part of them. It is important to highlight this situation due to its complexity since municipalities may felt that an intermediate role of the executive board of a joint authority might trigger decision-making process they could not control. As stated by Hulst and Van Montfort (2007, p. 164) *"cooperation with respect to the planning*

[104]This concept has been highlighted also in the network literature. Indeed, with reference to the service implementation network, Milward and Provan (2006) stated *"At the local or state level, managing a service implementation network that actually delivers services is a horizontal management problem involving both assembly and joint production. Using some type of contract or free-for-service arrangement, the network manager must assemble a set of largely nongovernmental third parties to jointly produce a service"*.

[105]It is here generally referred to a single or a group of public organizations.

and coordination of local policies has taken the form of relatively strong joint authorities that enjoy both formal powers and financial resources to enforce their decisions upon the municipalities". In a broader view, the cooperation among different municipal governments can give shape to networks operating in different sectors of interests.

1.4 Public inter-organizational networks

PSOs operate in a worldwide dynamic theatre characterized by high costs for production and service delivery and high-quality knowledge due to the demand of a wider and more skilled set of public goods and services. More and more countries have faced different economic challenges that put pressure on their performances in terms of efficiency, effectiveness and quality of public goods and services. This situation has led to a well established need for organizational networks with the attempt to address the so-called *"wicked issues"*[106]. In the public sector, inter-organizational networks (IOR) - and their government equivalents inter-governmental relations (IGR) networks (Gage et al., 1990) - are recognized by many[107] as a viable tool for providing services and implementing policies in order to encourage collaboration and to enhance outcomes[108]. All organizational networks have, at their basis, cooperative deals[109], but not always do these deals lead to networks (Mancini, 1999, p. 71). In other words, when the object of study is a group of organizations based on cooperative deals, it is necessary to verify the existence of the network assumptions. Before moving on the following section which underlines the network characteristics and network process, the cooperative concept need a depth investigation. According to Agranoff (2006, p. 56), cooperation (or mutual action) is a general term which

[106] The international literature defines with the term 'wicked issues' those elements linked with uncertainty, pluralism and institutional fragmentation which go beyond the boundary of an organization. For this reason, the need for effective collaboration to face those problems is well established. For further information on wicked problem see Head and Alford (2015). For those reasons, there is a large world-wide literature which considers *"[...] enhanced learning, more efficient use of resources, increased capacity to plan for and address complex problems, greater competitiveness, and better services for clients and customers"* as network advantages.

[107] See, for example, Agranoff (2006), McGuire and Agranoff (2011), Provan and Milward (1995).

[108] After a period of *"network euphoria"* where networks were perceived as something positive per se, questions arises on whether and what conditions are needed for performing a level that justifies collaboration costs (Kenis & Provan, 2009).

[109] Regardless the formal/informal structure, or the type of shared activity, all cooperative deals are considered the basis of networks. Collaborative arrangements often share a common goal which typically serves as the rationale for the creation of the network. As stated by Milward and Provan (2006, p. 10) *"It is collaboration and resources shared by a set of agencies that create the linkages that make up the network"*. For further investigation see Keast et al. (2007), Mancini (1999).

refer to the action of jointly working with others, usually to solve a problem or find shared operations. Similarly, the definition provided by the Council of Europe: *"IMC is when two or more municipalities agree to work together on any of the tasks assigned to them in order to gain mutual benefits"* (Programme & of the Open Society, 2010). By analyzing the Italian IMC context, Fedele and Moini (2006) highlight different model of governing differentiating the concept of cooperation and collaboration where collaboration is defined as typical of the establishment of informal (low degree of institutionalization) and short-term relationships, whereas cooperation implies formality (high degree of institutionalization) and long-term. Then, it is possible to note how cooperative tools have been defined in Hulst and van Montfort (2012) interpretation as more integrative than collaborative ones. However, it should be considered how Hulst and van Montfort (2012) do not consider 'collaboration' as a concept aimed at explaining a different degree of institutional integration. Nevertheless, the tendency to classify associative relationships has been carried out also in the network literature, but giving an opposite interpretation with respect to Fedele and Moini (2006). Mandell et al. (2017) discussed how the assessment of collaboration offers a continuum of inter-organizational forms from least to most integrated. This continuum were called to indicate the 3Cs - cooperation, coordination and collaboration - following an ever-increasing level of strengths in the relationships. This model suggests that **cooperative networks** only involve information sharing and/or competencies. Moreover, each participant maintains its own autonomy and interacts with other members when needed for achieving harmonization. It seems to be the first step for the development of a reliable and sustainable collaboration. Instead, **coordination networks** are achieved through integrated delivery service to enhance the efficiency level of a single member. They preserve their own autonomy, besides they share information, interact and plan in order to align their existing activities. Thus, it involves more formally and closely link among organizations with respect to cooperative networks. The **collaborative networks** lead to system changes and innovations. They are defined as new tools created to solve complex issues that other members would not be able to sort separately or through coordination. Members of these networks show an interdependence: the action of a member will only be effective if it relies on the other member actions. In this context, instead of focusing on the achievements of a single organization partner, the aim is to emphasize the implementation of successful network programs. In other words, the critical role in the provision of services is played by the network as the joint action of the participants, whereas, the focus on individual organizations is key only to understand how and why each organization contributes to the overall service organization[110].

[110]The jointly action implies the sharing of resources, competencies, and information, taking into consideration the diverse institutional priorities.

This perspective defines cooperation as the more informal and short-term relationships while collaboration as the more formal and long-term. Thus, it is possible to note how cooperation and collaboration can be ambiguous concepts, which sometimes refer to general statements (Agranoff, 2006; Hulst and van Montfort, 2012), while other to specific one (Fedele & Moini, 2006; Mandell et al., 2017) without a clear agreement on the two terms. Indeed, considering the model of Fedele and Moini (2006), SDOs can be categorized as a 'cooperative' tool (high institutional integration) while SDAs and PFs as a 'collaborative' one (low institutional integration). On the other hand, the opposite can be derived following the model of Mandell et al. (2017) instead. The observed ambiguity for cooperation and collaboration can be extended also to the concept of coordination. Coordination relationships are placed by Mandell et al. (2017) halfway between cooperation and collaboration. However, according to other interpretation, 'coordination' would constitute low institutional integration relationships in place of cooperation (Kooiman, 2003). Thus, coordination sometimes seem more formalized and long-term in nature (Mandell et al., 2017) and sometimes more informal and temporary in nature (Kooiman, 2003). Indeed, Kooiman (2003, p. 96-114) made a distinction between cooperation and coordination suggesting that cooperation brings high institutional integration whereas coordination happens when it is intended to carry out public authority activity in a flexible way and presents aspects that are more informal and more temporary in nature. For these reasons, this dissertation focuses on the IMC considering the relationships among the municipalities involved, both in terms of resources (goods and services), competences and informative (Mandell et al., 2017), considering collaboration, cooperation and coordination as possible broad concepts explaining this situation.

Network characteristics

Organizational networks in the public sector[111], even if characterized by some PSO peculiarities[112], are associated to the organizational networks in the private sector. Network fundamentals are identified as follows:

1. the subject plurality: the presence of at least two entities or actors which are the network nodes. Nodes are entities, big or small, oriented to results, relatively self-regulated, capable to cooperate with others (Butera, 2005). Moreover, the term *"subject"* can include a variety of actors and, in particular, the nodes can be represented by internal

[111] It is here referred to relationships among public organizations. In particular, to the LG, considered as a public organization, hence with the minimum EA requirements and consequently subjected to the diverse EA principles (Viganò, 2000).

[112] It is here referred to the higher number of normative boundaries, mainly public funding sources, and to a focus on the achieved benefits on the citizens rather than on the single components, etc. Further information has been provided in section 1.1.

or external entities of a specific organization. O'Toole Jr (1997, p. 45) defines networks as *"structures of interdependence involving multiple organizations or parts thereof, where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement"*. Hence, the network represents a way to manage the productive sources, both internally and externally. However, what I analyze here is an inter-organizational network where nodes are organizations instead of people (Milward & Provan, 2006, p. 9). Specifically, it is assumed the concept of network as highlighted by Provan and Kenis (2008, p. 231) *"[...] groups of three or more legally autonomous organizations that work together to achieve not only their own goals but also a collective one"*.

2. the existence of interactive relationships between the network nodes (Soda, 1998). It is here referred to a set of relations among nodes called as edges, ties or links (Knoke, 1994). The interaction considers both the relationships with the external environment and with other external organizations. It is not referred exclusively to the simple bound of interdependence between internal conditions and environmental dynamics (i.e. the need to anticipate the external changes to ensure the survival of the organization). In other words, it is not only linked to the need for considering other organizations' behavior to define present and prospect action plans. The interaction requires a pro-active behavior (and not adaptive) toward the external environment, with the aim to find other entities for sharing resources, projects, etc. Hence, network actors should intentionally manage relationships among them, facilitate greater autonomy among organizations and purposeful involvement in the diverse functions aimed to solve complex problems (Mancini, 1999, p. 62). This requires the partners' will to consolidate their relationships. However, the contribution of different actors is not a spontaneous process, but it must be somehow coordinated (Klijn & Koppenjan, 2000)[113]. These relationships[114] should be developed through the use of a common language that the involved organizations share and that distinguishes them from others external to the network (Rullani, 1989, p. 132; Vaccà, 1986, p. 132)[115].

[113] It is here linked to what has been highlighted by Klijn and Koppenjan (2000, p. 140): *"The sometimes implicit assumption is that satisfying outcomes for actors are not possible without network management."*

[114] Relationships can be related to some dimensions of the complex organizational activity and are based on trust (Powell, 1990).

[115] It is here referred to an autonomous organizational solution, different from the concept of *"make or buy"* and, hence, from the choice between market (resource purchase in the external context for the productive process) and hierarchy (internal realization of specific productive processes). These organizational modes of production involve diverse mechanisms as a mean of coordination: the market uses the price, the organization the

3. the autonomy of the subjects involved[116], not only in terms of juridical independence but moslty with the absence of a unitary form of direction (Soda, 1998)[117]. Indeed, autonomy in initiative and decision-making are necessary conditions to guarantee an effective interaction. Specifically, it has been stated the non-necessary juridical independence[118], supporting the characteristic of vitality. Nodes have to have the characteristic of vitality [119], namely the ability to autonomously survive and communicate with other systems.

A particular taxonomy of public organization networks identifies types of networks based upon their function (Milward & Provan, 2006, p. 11):

1. networks for the service implementation: they have the aim of producing and providing one or more public services. For network like this, *"stability is critical to network effectiveness, and managers can have a good deal of control over this key factor. [...] stability is critical for all public networks, but it is particularly appropriate for service implementation networks that serve vulnerable populations of adults and children for whom disruption of services is particularly harmful"* (ibid. p. 12);

2. networks for information diffusion: they are utilized to solve problems through better communication and collaboration. It is the share of information that should lead to improvement of services produced by each organization;

3. networks for problem-solving: when the information diffusion evolve to a certain extent, it can morph to a problem-solving network, where the shared information to shape the implementation of a new policy or for solving complex problems (environmental protection, anti-terrorism), which can be effectively addressed only with others actors;

4. networks for community-capacity building: they aim to *"build social capital so that communities will be better able to deal with a variety of problems related to education, economic, development, crime, and so on"* (ibid., p. 16);

plan, while the network the formal language.

[116]It is here referred to the theoretical model of the network defined by Vaccà and Antonello (1989, p. 50) as a conceptual way to generally organize the production sources that give value to the interactions among autonomous subjects.

[117]The mere juridical independence can be a characteristic of a group of organizations, namely an aggregation of more economic units juridically separated but with a single owner (Mercurio & Testa, 2000).

[118]Butera (2005) defines network nodes as *"unità giuridiche autonome [..] o le unità organizzative interne a una singola impresa"*.

[119]As stated by Cavalieri (2000) *"centri produttivi, di servizi, di "potere", di piccola o grande dimensione, capaci di intergire fra loro e dotati di una più o meno marcata autonomia e vitalità nonché della facoltà di poter scambiare con altri informazioni e valori"*. For further information see also Butera (2005).

Drawing on this classification, the first two categories could be linked to service provision, both at the network (1) and participant-network levels (2), whereas the latter two categories could recall the literature on policy networks[120], both at the network (3) and community levels. However, considering the multipurpose type of IMC (Cepiku, 2006), municipalities can work together not only to provide services, but also to engage in a specific policy field. Thus, this situation leaves room for a variety of network arrangements that involve the diffusion of different resources (goods, service, competencies and information) (Mandell et al., 2017), with the multiple aim of intervening in the provision of services and in public program/policy formulation and implementation. Thus, it is here argued how it is important to discuss about another category of network defined as *"composite network"*. The literature differentiate networks based upon their institutional constraints. Networks can be mandatory (mandated by the State or determined by Law) or voluntary[121]. Moreover, they could be formal (designed), likely involving interactions which are steady[122] or informal (emergent) if interactions are occasional (Provan & Kenis, 2008). Finally, networks can take place through horizontal and vertical relationships[123] and can occur within, between, or outside formal organizations (O'Leary et al., 2009). On the other hand, the internal context is connected to organizations, mostly those with bigger dimensions, which prompt interpersonal networks or tend to articulate their internal organizations into autonomous decision-making units, yet not independent with reference with other organizational units (intra-organizational network or networked organization)[124]. This essay aims to narrow down the

[120]For further investigation on policy networks, see Marsh and Smith (2000), R. A. Rhodes and Marsh (1992).

[121]'Voluntary network' is created by the organizations that participate in the network (bottom-up). Whereas, 'mandatory network' is created by policy dictate. As stated by Provan and Kenis (2008, p. 231) *"[...] networks may be self-initiated by network members themselves, or may be mandated or contracted, as is often the case in the public sector"*.

[122]It is worth to highlight that networks, as stable as they may be, cannot be considered a static organization since they gradually evolve due to internal and external changes. Thus, networks are ever-changing (i.e. boundaries can adjust across time, depending on partner participation and withdrawal or functions can be enhanced or reduced (Bolgherini et al., 2017, p. 62).

[123]In the inter-organizational networks, the horizontal relationship occurs when different institutions of equal status collaborate to reach one or several goals. The vertical relationship occurs when institution of different hierarchy level interact. Indeed, it can be referred to the external context when the relationships involve different organizations (inter-organizational network). Example of vertical relationships can be represented by Region and a Municipality, since they are different scale public authorities; while intermunicipal cooperation can be representative of the horizontal relationships category which involves two or more public authorities on the same scale. For further investigation see O'Toole Jr and Meier (1999).

[124]The exclusion of the category *"networked organization"* arises from the need for understanding the current work. Indeed, the attention is on the public organization deals as operative modes to realize organizational networks. However, some authors believe that

field of study and focus on the connections between organizations that share a mutual interest[125] with the awareness that inter-organizational relationships can be developed also to achieve a greater competition[126] - which can involve both public and private sector actors, as well as third parties (i.e. non-profit or hybrid organizations).

Network process

Network process studies deal to the understanding of the inter-organizational network nodes procedure of connections in terms of construction, development and, eventually, modification or dissolution, such as in the moment the network had met the predetermined objectives or because it is not capable to create public value in the long time. The network process studies answer to the question about how networks are structured and how they evolved, and the related concepts are functional for the network management study. The concept of *"process"* is interpreted as *"a sequence of events as describes how things change over time"* (Van de Ven, 1992, p. 169) and it is possible to find four streams of research of network processes: linear-sequential, teleological (repetitive circular), dialectical, and evolutionary (driven by environment) one (Van de Ven & Poole, 1995). PA studies mostly incorporate the first two theories, and less attention is paid on the latter (Saz-Carranza & Ver-

there is a link between the internal and external networks: *"[...] the first step to build a network lies in changing the internal organization. To act by network with the external context is needed, indeed, as first thing, to organize the internal operations in networks: replacing the hierarchical form with that cooperative of the interaction and a flexible planning. [...] the organizations goes towards a new organizational model based on a doble network: a subdivision of the labour which involve the internal and external network"*; (Rullani, 1995, pp. 34-35).

[125]The interaction between entities demands a strong engagement and organization, which cannot arise spontaneously from the simple actors coexistence, but from mutual interest and objectives driven by dynamic efficiency (Vaccà & Antonello, 1989, p. 59). As stated by Klijn and Koppenjan (2000, p. 146): *"without cooperation, actors who find themselves in situations of mutual dependencies cannot realize their objectives. This does not mean that cooperation is established without conflict"*.

[126]The exchange relationships between organizations can be defined as competitive and collaborative, developing a specific field of study focused on the causes, the nature and the operating modalities both for competitive and non-competitive connections. With the current turbulent environment the non-competitive connections seem to be one of the main prerogatives. The non-competitive ones are widely conceptualized as the collaboration that organizations have to achieve advantages coming from specific complementarities on a technological, productive, commercial, and financial level (Vaccà, 1986, p. 3). Collaborative interaction arise when autonomous (juridically and economically) organizations achieve agreement in sharing resources for the common production of specific activities. For example, many countries have embraced the idea of inter-municipal cooperation for performance improvement in terms of cost savings, service quality improvement, financial incentives, better bargaining, more tailored services which the municipalities were unable to offer, and easier access to technology (Bel & Sebő, 2021; Giacomini et al., 2018; Hulst & Van Montfort, 2007; Steiner, 2003).

nis, 2006). According to the linear-sequential, the network process can be divided into three macro stages: the emergence, evolution, and dissolution. During the **emergence stage** the actors enter in a pre-networking where they establish a preliminary contact during which the mutual identification takes place. Here the relevance is paid on the relationship modes and the reputation of the single organizations. Manager of the single organizations identify possible participants and seek to influence the network procedures and mission. This macro stage is characterized by:

- identification of the economic advantages by nodes;
- the creation of trust;
- communication flow among actors;
- repartition of the main activity that the nodes should carry out to achieve the network objective;
- creation of a unitary vision of the network.

As highlighted by Ring and Van de Ven (1994) relationships are firstly formal mainly based on the role of each node, while, over time, trust can be developed and boost informal and personal relationships. It is important to highlight also that this stage does not imply a resource exchange, while the attention is paid on the shaping and sharing of the network mission and functioning. After this first phase, the **evolution stage** can give rise and the network starts functioning and relationships solidifies through operational integration (coordination of the activities for the production of goods or services), strategic integration (sharing of the strategic goals) and social relations integration based on trust, reputation moral obligations and identity (Larson, 1992). Here nodes start the housekeeping and learning and manager of the single nodes should coordinate both the human relationships with other managers for the network development, both monitoring the advantages for its own organization. The last stage of sequential-linear theory is the **dissolution** which define the network termination due to the achievement of the aim for which it has been constituted, for the violation of equity perceived, or whether some municipalities have been identified other convenient arrangements. It should be note how this theory can be applied only to specific inter-organizational relationships with a limited period of time (i.e. private-public relationships for building a particular infrastructure after which the network may not continue to exist). Different from this situation is the case in which networks aim to provide public services. As stated by Provan and Milward (1995) the durability of the network is one of the conditions for operating in an effective way. To this extent, the teleological (repetitive circular) theory of Ring and Van de Ven (1994) should

be taken into consideration. It is based on other three macro stages: negotiation, commitment, and execution. These stages seem recalling what has just mentioned about the sequential-linear theory, but show an important difference: there is not a limited period of time for the network. Some aspects of the initial negotiations will be revised, updated, and some nodes can exit, but there is a circular process for which the negotiation stage starts again among the constituents or among the constituents and new entries. In such a way the network continues to exist, always considering the presence of conditions for which the network has been established (Figure). During the **negotiation** stage the nodes jointly formulate:

- the motivations to constitute a network;
- the possible investments;
- the possible risks of the alliances;
- the opportunity for the organization in comparison with risks;
- the role of the single organization in the productive process;
- the rights and obligations.

During this stage, characterized by low trust among the diverse nodes, each aspect related to the future network functioning will also be discussed with the aim to guarantee equity and efficiency for each of the involved actor. The **commitments stage** is achieved through an agreement on the obligations and rules for node behaviors. During this stage the relations among single nodes increase, there is an increase of the mutual trust and functioning rules have been defined in formal and informal ways. The third stage is related to the **execution stage** where the commitments and rules are carried out to achieve the network aim. During the production process, naturally some aspects of the negotiation can be revised, some organizations can exit, and other can enter and consequently, the negotiation stage will be re-open. Thus, the network continues to operate, and a circular relationship will determine the effects on the commitments and on the executions stage. This theory seems to converge with the public network aim and particularly, in the local government networks which provide services. The provision of service has to be guaranteed to citizens without a pre-defined limited period of time. The identification of the network phases is vital for the management both of the single node and of the network itself where the main function consists in the coordination of the diverse involved nodes and lead them towards the shared goal for the network (Figure 1.2).

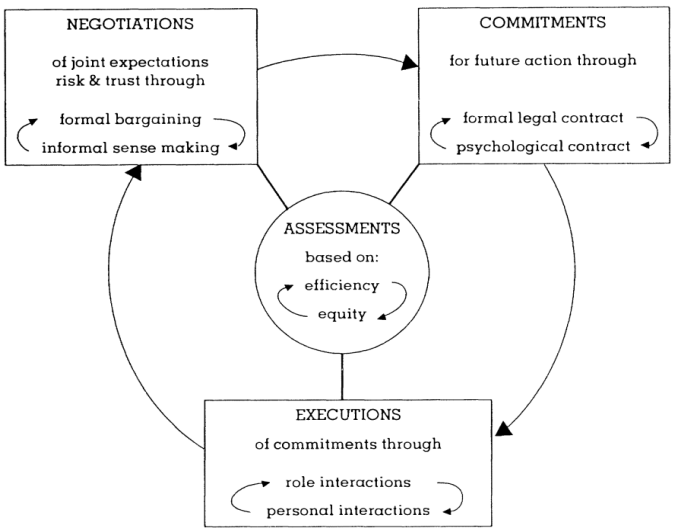


Figure 1.2: Process Framework of the Development of Cooperative IORs - Source: Ring and Van de Ven (1994, p. 97).

1.5 The MU conceptualization

IMC forms can be various within the same Nation and even more if we consider different countries. This section summarizes and links the EA concepts to the MU: a widespread Italian voluntary IMC institution[127]. The scope is about discussing the EA characters of MUs in order to simplify the comparison with other organizations and contextualize it in a more international framework[128]. For example, it is here assumed that associative forms of public authorities need specific analysis before considering them as autonomous, since their existence may derive from the partners. In the case of MUs, they are horizontal relationships among different municipalities, which imply collaborative interactions. They are juridically identified as entities

[127] Cooperation relationships among LGs could lead to inter-organizational networks (Cropper et al., 2008), where independent and autonomous partners share a mutual interest. However, as highlighted in the previous chapter, not always do cooperative deal lead to network. To this extent, it seems reasonable to provide a conceptualization of the object of study under the EA approach. This appears even more valuable due to the scarce and fragmented studies both at the national (Del Bene et al., 2018; Spano, 2018; Zarone et al., 2017) and international level (Bel & Warner, 2015; Giacomini et al., 2018; Hulst & van Montfort, 2012). Please, see section 4.1 for further analysis on the contextual framework.

[128] International studies about intermunicipal organizations, as in the MU example, seems to mainly refer to service delivery and shared services literature. The main contribution are by Bel and Warner (2015), Giacomini et al. (2018), Hulst and van Montfort (2012), Niehaves and Krause (2010), Paagman et al. (2015) where the intermunicipal cooperation forms are categorized into two different models: "service delivery agreement" and "service delivery organization".

with a second-grade election level order[129] constituted by two or more municipalities (and hence public organizations). Through a formalized, long-term cooperative relationship they can adopt a variety of solutions for the provision of services or for the implementation of public programs and policies (or a combination of the previous ones) and this results in several possible effects[130]. Specifically, juridically and economically autonomous organizations (partner municipality) draw up long-term deals in order to share resources (financial and non-financial, know-how and political authority) for the joint exploitation of specific activities, with the aim to reach greater performance in particular services of functions[131]. This is in line with what has been stated by Hulst and Van Montfort (2007, p. 122): *"the search for forms of cooperation among municipalities appears to offer a potential path to both the promotion of local development strategies and the protection of welfare services on a local basis"*. From the operative point of view, the process through which municipalities give rise to managerial **shared services through an MU**, is composed of two main phases. Firstly, involved municipalities associate specific functions and services to the MU through the Statute. Subsequently, the MU "sells" its functions and services to the municipalities which "buy" them, refunding the related costs through a convention. Municipalities contribute according to the number of inhabitants, criterion which has no EA foundation, but that is followed since the administrative surplus (avanzo di amministrazione), partially achieved with the national contribution, is then redistributed to the municipalities using the same base. This is also due to the absence of a system which can monitor the activities needed for a better distribution of costs. Concerning the **coordination of public programs and policies through an MU**, the MU represents a standing organization with the decision-making power on behalf of municipal partners, being legitimized as a new organization expressing the municipalities' will. Within the MU, through the constitution of specific bodies composed by administrators of the municipalities involved (generally, the mayors or the delegated assessors), the concept of economic subject is broadened (Cepiku, 2006). This means that participating municipalities have joined into a new

[129] Besides the MU, other second-level organizations in Italy are province and metropolitan cities. With the sentence no. 96/1968, the supreme audit has stated the full compatibility of an elective mechanism based on a democratic and autonomous principle, excluding that the representative and elective character of governmental bodies fails in case of second-degree election.

[130] These implications vary according to the number of services managed by the MU, the pooling of financial and human resources, the integration of processes, the innovation process within the network, the introduction of an appropriate inter-organizational information system (internal and external) that makes it possible to take decisions based on objective data that fully illustrate the direct and indirect benefits - for citizens and administrations - of the aggregate dimension.

[131] The achievement of its aim will always be directly linked to single local unit partners and to the relationships among them, as well as to the incentives coming from super-ordered institutions (i.e. regions, state).

entity (MU) to handle defined problems through merged autonomy, resources and capabilities. This situation evokes the organizational group that is subject plurality with a share and unique command subject (Passaponti, 1975). However, it might not be defined as organizational group, since each public organization partner effectively participates to the programming process and, then, has a proper decision-making power, necessary condition for the MU effective functioning. Looking at the characteristics of the second-order entities, the MU, even if not directly elected, is formally constructed by municipalities and consequently taxpayer funded. As for LGs, they also operate with overarching government financial transfer (i.e. Region, State), but do not have their own financial budget relying on specific financial agreements for the service provided by the municipalities. Thus, MUs are consistently dependent on participating municipalities. For this reason, they need to be managed guaranteeing the legitimacy not recognized by direct citizens' elections. This could be possible carrying out and demonstrating an effective activity in terms of efficiency, efficacy and higher coordination, critical engine of the MU establishment (Giacomini et al., 2018)[132]. Despite the fact that MUs are considered by legislation as LGs[133], they cannot be interpreted as public organizations[134], as in the case of municipalities. Actually, this issue has recently been highlighted also by the Constitutional Court (sentence n. 50/2015), which defines the concept of LG for MUs as inappropriate. This is due to diverse reasons, such as the absence of the requisites of *"auton-*

[132] While in the private sector consumers have the possibility to choose the product to buy considering their subjective usefulness, in the public sector goods or services are subject to governmental coercitive power since they are funded by taxes. In a democratic country, the citizens' whishes can be expressed through elections but this would imply the need to constantly involve citizens for guaranteeing their satisfaction (Moore, 1995). This urgency seems to be higher for a second-order entity where there is no direct election, since MU is constituted by municipalities. What is describe here is related to the importance of the legitimacy that, as stated by Meyer and Rowan (1977, p. 50): *"Organizations that [...] lack acceptable legitimated accounts of their activities [...] are more vulnerable to claims that they are negligent, irrational or unnecessary"*

[133] *"The Municipal Unions are LGs composed by two or more neighboring municipalities reciprocally cooperating to provide a wide range of services to the partner' society"*. Art 32, Testo Unico Enti Locali.

[134] According to Giannessi (1960, p.63) the term organization can be attributed only whether various requirements are present, as the need to pursue an economic purpose capable to ensure a future viability.

omy"[135] and *"durability"*[136], as it is here claimed that this is not an MU characteristic, since its dissolution can often derive by a mere withdrawal of an involved municipality. Municipalities can block interaction processes by withdrawing their resources and the replacement of these resources is not always possible and when it is, it might be costly and time consuming. This situation can be especially critical in the initial phase, since, when it is born, an MU is weaker than the individual municipalities that constitute it. Thus, changes in the MU structure could threaten the durability of the MU and consequently its mission achievement. With reference to the *"unity"* requisite (member efforts toward the achievement of a unique purpose), different motivations among the constituents can negatively influence their behavior and thus their effort on the MU purpose. The congruence between the purpose assigned to the MU and those of the single MU partner is often difficult, making the achievement of the *"unity"* critical. Analyzing the network characteristics and literature, according to other authors[137] who have already considered MUs as networks, it is here followed the same perspective, considering MUs as an inter-organizational network, characterized by a high institutionalization integration level (Hulst & van Montfort, 2012): at least two municipalities give birth to a third public organization that runs to carry out defined tasks. This concept recalls the concept of network of Provan and Kenis (2008) who define it as a group of three or more legally autonomous organizations that work together for specific objectives - singular aims of the participating municipalities and collective aims constituted by the intersection of autonomous system of goals. Thus, local councils have often renounced their increased municipal competence (within service provision and task fulfillment) in favor of the MU, a single network participant established by other network members. As a result of these local restructur-

[135] *"L'ente locale per raggiungere l'economicità deve godere di autonomia finanziaria e di autonomia organizzativa. [...] L'ente locale dotato di autonomia è chiamato a governare interamente il processo che si sviluppa dalla definizione di quali bisogni della comunità privilegiare fino all'individuazione delle risorse finanziarie da impiegare e che richiede la definizione dei servizi da erogare, la progettazione delle modalità operative di svolgimento delle attività, l'approntamento delle condizioni organizzative e così via"* (Zangrandi, 1994, p. 243). *"Le regole del gioco istituzionali influenzano fortemente la ricerca dell'economicità, cioè spingono le singole aziende a ricercare le modalità più convenienti, nell'ambito della propria autonomia, per soddisfare al meglio le esigenze (i bisogni della comunità locale). È infatti, come insegna l'economicità, dal confronto tra risorse proprie (nel senso di autonome) e bisogni nel lungo periodo che si valuta la vita di un'azienda. Il perseguire l'economicità significa perciò da un lato operare per soddisfare i bisogni e dall'altro (ma contemporaneamente) ricercare le modalità di uso delle risorse più opportuno (criterio dell'efficienza e dell'efficacia) senza perdere la propria autonomia (nel senso essere determinati totalmente da altre aziende)"* (Zangrandi, 1994, pp. 251).

[136] Zappa (1954) defines the azienda as *"an economic institute which persists"* stating that it lives of an interrupted life, constantly recreating in its fundamentals, always going beyond the individual interests of the human actors involved. This is the durability principle.

[137] Reference to Cepiku (2006), Del Bene et al. (2018).

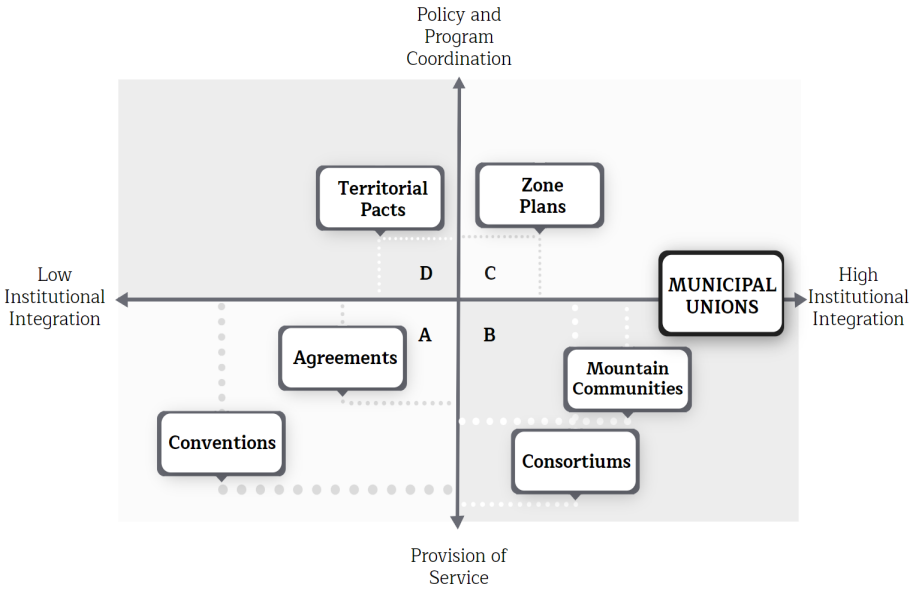
ings, a new model of governing has taken shape at the local level where it has been implemented to various degrees. In particular, MUs can be identified as *"composite networks"* with the aim to both provide services and coordinate public policies and programs. Although they are generally considered as an organizational form in itself with the aim to deliver service (Hulst and van Montfort (2012) identified them as SDO), they are characterized by a multi-purpose aim in terms of associated provision of services on the one hand, and coordination of public programs and policies on the other. The MU has a juridical independence and the municipalities involved combine the associated resources with the aim to satisfy specific needs. Thus, relationships among network members are non-hierarchical and participants have their autonomy. Network members can be linked by many type of connections and flows, such as financial resources, information and services. The MU, considered as network, can allow municipalities to address a greater complexity resulting from the provision of services over a *"vast area"*, ideally addressing the managerial weaknesses of the municipal partners. Hence, the object of this study relies on the measurement and management systems of the MU, considering it as a *"whole network"*[138]. The MU is studied as a LG network, where partners can participate to the management of specific function and services in various contractual ways and, consequently, to the planning and coordination of the respective sectorial policies. However, as for LGs, they can also implement public programs. If the municipal participation to the network implies the association of all the municipal services, the municipality will assign to the MU the total amount of resources, always maintaining its autonomy. In this case, the MU can potentially be more autonomous with reference to the satisfaction of specific territorial needs, but cannot acquire taxing rights and neither the freedom to achieve its own strategic purposes, defining the procedures through which accomplishing them. This process will always remain dependent on the capacity of the single municipal partners. The focus is on MUs, but for completeness, it is here also suggested a new categorization of Italian inter-municipal tools, considering the analysis carried out by Fedele and Moini (2006), who consider six more inter-municipal tools: Territorial Pacts, Zone Plans, Programmatic Agreements, Conventions, Consortiums and Mountain Communities[139]. The adaptation proposed here is based on the degree of integration that can characterize the various intermunicipal arrangements (Hulst & van Montfort, 2012). According to the authors, Area Pacts and Zone Plans are defined as PFs; Agreements and Conventions as

[138] It is here referred to the distinction between the network analytical approach where network actors are the units of analysis; and the network as a form of governance where the unit of analysis is constituted by the network as a whole. For further information, see Provan and Kenis (2008).

[139] It is taken into consideration the intermunicipal arrangements considered by Fedele and Moini (2006). Thus, not including metropolitan cities, which was introduced in 2014 with the Delrio law.

SDAs; while Consortiums, Mountain Communities and Municipal Unions as SDOs. On the other hand, through the analysis, carried out by Cepiku (2006) and Fedele and Moini (2006), on the different inter-municipal tools, it is possible to argue that the aforementioned classification may consider some peculiarities while neglecting others (i.e. the objective). For example, the role of integration for Zone Plans seems to be higher than that of PFs, whereas the MU objectives can include not only the provision of services but also the coordination of policies and programs. As shown in Figure 1.3, MUs are placed in the midway between provision of service and coordination of policy/program (B-C), because this associated form can be used to provide jointly direct services, but also to coordinate public common policies and programs. However, this latter characteristic could be left aside in case MUs were considered as SDOs (B) (Figure 1.1).

Figure 1.3: Inter-municipal associative tools in Italy.



Source: Author's adaptation from Fedele and Moini (2006).

A significant distinction can be related to high integrative tools represented by the SDO group[140], a particular organizational model which involves standing organizations, characterized by a certain formalization and institutionalization and multi-functionality, except for Consortiums, which include mostly mono-functionality. On the other hand, the second (SDA)[141] and third (PF)[142] intermunicipal groups, identified as lower integrative tools, include IMC tools with no standing organizations. They are characterized by a cer-

[140]It is here referred to Mountain Community, Consortium and MU.
[141]It is here referred to Convention and Agreement.
[142]It is here referred to Zone Plan and Area Pact.

tain flexibility and monofunctionality, which in planning forums denote a policy-oriented feature, often particularly related to social and healthcare fields.

1.6 The Italian legislative framework

Since 2000, among the main Italian public administration reform areas, territorial decentralization, together with managerial control and performance management have been recurrent reform themes in the Italian political agenda. National and international academic articles[143] have focused on these processes, without satisfactorily addressing the role of decentralization (Bouckaert & Jann, 2020). Public management and administration has given high attention to LGs. This is easily understandable considering the higher innovation rate of this administration, the greater managerial autonomy, the direct election of mayors and the close contact with citizens. Moreover, the service delivery nature of the activities employed in local governmental functions could explain the viability of applying managerial principles (Economia Aziendale and New Public Management)[144]. To face a growing importance of the local dimension, the traditional model of administration based on institutional centralization and hierarchical relations, no longer seems suitable to tackle problems related to the complexity and fragmentation of the modern society. In Italy there are more than 8,000 municipalities and, approximately 70 percent of them have a population of 5,000 inhabitants or less. The presence of so many small municipalities has led central government to stimulate processes of both amalgamation and intermunicipal cooperation: LGs have been required to improve the effectiveness of their action in new cooperative ways. In particular, the intermunicipal cooperation has formally been introduced by the Law 142/1990, which allows municipalities to transfer their own decision-making powers, in terms of expenditure decisions, to a standing organization called Municipal Union. The Italian Municipal Unions can be compared to the Mancomunidades in Spain, the Intergemeentelijke diensten in Netherlands, the Zweckverbande in Germany, the Sivu, Sivom, Syndicats mictes in France, and the Opdrachthoudende & dienstverlenede verenigimgen in Belgium/Flanders. Municipal Unions are bodies governed by Italian public law and for this reason some insights will be remarked on the national law. A correct assignment of competences underpins the efficiency and efficacy of any action aimed at pursuing public policies. It puts into practice the legal law, based on which competences are given, determining effective-

[143] It is here referred to Azienda Pubblica which is the most important Italian academic journal on public management, but also other important international journals like Public Management Review, Public Administration Review, American Society for Public Administration etc.

[144] Service delivery nature is here conceived as opposed to the policy-making activities typical of ministries and regions.

ness. The national competence should be interpreted as the faculty to put in place anything that is missing in the Country, by supporting LGs so as to make them able to provide for what they cannot grant on their own, but could do by relying on a specific network of organizations. For the purpose of this essay, it should be noted that the Italian administrative institution has shifted from the original design, which tended to bring the organization of the PA within the general framework of the State, towards a pluralistic system on the ground of governance. The model of traditional hierarchy, in which a single subject intervened in the formulation and implementation of policies, is replaced by a network model based on the cooperation between the multiple public and private entities, State and non-State actors who appeared on the scene (Sorace et al., 2020). However, this essay focuses the attention on local public cooperation networks exclusively.

L.D. 267/2000 - TUEL has provided for different typologies of inter-municipal tools[145]:

- Mountain Community (Art. 27-28 TUEL)

  It is a LG composed by municipalities located in mountainous or partially mountainous areas. These municipalities can also belong to two or more different provinces. It can be established for the management of functions defined specifically for it and conferred upon it by other PAs, or for the joint management of functions entrusted to the municipalities involved in this type of IMC process. Anyway, the main focus of a mountain community is to improve the suitability of mountain areas and to manage the municipalities' functions and services together. In this type of IMC process, as in the other types listed below, an important role is played by the regional administration. It is created by the legislator in the 1970s (Law No. 1102/1971) and coming into existence after at least twenty years' later, when regions implemented the law. Traditionally it was based on Article 44 of the Italian Constitution, which refers to "provisions in favour of mountainous areas of the country". First of all, it has to identify "boundaries", namely the best areas for the joint management of municipality functions and the enhancement of mountain areas. Furthermore, the Region is required by law to establish the method to be followed for the approval of its statute, the criteria for the distribution of regional and European contributions among various mountain communities, the decision-making system among municipalities participating in the mountain community, the regulations governing annual and territorial planning and, finally, the regulations governing relations between the mountain community

[145] An in-depth analysis would be required for each of the cited inter-municipal tool. However, this work aims at providing a conceptualization of the MU (see section 1), but at the same time also provides a brief overview of others IMC tools with the attempt to provide a general broader vision.

and the other LGs acting in the same territory.

- Convention (Art. 30 TUEL)

  It is a contract between LGs for the joint management of their functions and services. In the convention, LGs have to define their aims and duration, the rules governing the consultation process between them, their financial relationship and their mutual duties and guarantees. From an administrative point of view, LGs can establish a specific common office or delegate the activities to be carried out to a specific office in one of the municipalities participating in the convention. It has implemented between two or more municipalities where the largest one performs the function on behalf of the partner for a fixed-term period of time. Unlike other form of association, convention does not so much seek to promote shared management among the involved bodies as to coordinate their separate managements and can also gain advantage of a possible financial consortium arrangement. The convention is usually formed on a voluntary basis, even if existing legislation allows region and state to pass a regional or national law obliging the use of convention for the management of certain services.

- Consortium (Art. 31 TUEL)

  It has defined "the most traditional cooperation tool of the territorial public authorities" Vandelli (2018). It has to be approved by the absolute majority of the councils of each partner, which have to endorse a convention according with the Article 30. The consortium is usually formed on a voluntary basis, even if existing legislation allows the central government to pass a national law obliging the use of consortium for the management of certain services.

- Municipal Union (Art. 32 TUEL)

  It is a standing organization composed by two or more neighbouring municipalities reciprocally cooperating to provide a wide range of services to the partner' society. Hence, municipalities can transfer some of their own public functions decision–making powers to the standing organization without being replaced by it. In contrast to amalgamation, MU is a more flexible alternative choice because local political representatives and decision power on specific policies can remain within the territory of each municipality. Thus, municipalities transfer a quota of money related to the public service(s) they want to join, and the MU provide those function(s) - therefore the MU is a legal entity with its own balance sheet. It represents the most stable and integrative model from a political and organizational standpoint, then the continuative and not sporadic nature. It has legal status and is totally autonomous in its organization and in the management of the function delegated

to it. If the MU is composed by mountain municipalities then it takes the name of mountain MU (Article 27-28 TUEL), with specific competences for the conservation and promotion of the specific mountain areas. Concerning the governance, the union is a legal entity with its own President which is one of the mayors of the involved municipalities; by its own Executive Committee (or administrative board)-made up of executive committee partners of cooperating municipalities; and by its own Council – which includes the council members of cooperating municipalities. To ensure the minority interest representation, the MU council partners are selected by the council of each individual associated municipality. The related constitutive act and statute have to be approved by the participating municipalities' councils by majority required for the statutory changes. Whereas, the subsequent modifications are approved by the MU council. The MUs do not imply additional costs to public finance and it represents the inter-municipality format most supported by recent legislative developments. Moreover, the Italian law prescribes that each municipality can be member of only one union. A municipality can leave a union according to the rules defined in its own statute, and afterward can decide to join another union.

- Jointly managed functions and services (Art. 33 TUEL)

  It is an agglomeration process that does not give rise to a new entity. Like all the other types of IMC process, it is established by municipalities in order to jointly manage their functions. The regional administration plays an important role in regulating this agglomeration process, by defining the areas in which the municipalities involved could jointly manage their functions in a more efficient way. According to the law, regional administrations are also required to define suitable systems for promoting jointly managed functions and services. Such systems need to be conceived to promote not only jointly managed functions and services but also an increasing number of agglomeration processes among LGs, from agreements to mergers (according to the law, financial contributions must be higher for MUs and fusions than for all the other IMC processes).

- Programmatic Agreement (Art. 34 TUEL)

  It is formed for the definition and realization of a specific action (public work/intervention) that a single LG cannot achieve alone, rather than for the joint management of functions and joint provision of public services. It ensures fulfilment obligations and coordination among different bodies. The organizations concerned can also be represented by a vertical integration of different level of government (regions, provinces, municipalities), or other PSOs.

Table 1.1: Inter-municipal association strategies.

Strategy	Reference period	Objective	Role of the MU
Direct intervention	1990-1999	Reduction of the number of municipalities	Preliminary for the fusion
Freedom	1999-2010	Improvement of the administrative efficiency and effectiveness	Administrative management tools
Supervised freedom	2010-...	Improvement of the administrative efficiency and effectiveness but also with the reduction of costs	Administrative management tools but also territorial rationalization

Source: Marotta (2014, p. 5)

> Moreover, also Territorial Pact and Zone Plan were considered as IMC tool. However, they are considered only as an administrative act aimed at policy coordination and planning (Vandelli, 2018). Territorial pact was developed in the second half of the 1990s, in which different institutional actors, businesspeople, civic associations and local interest group representatives collaborate (usually using a programme agreement) in local economic development programmes (collaboration aimed at policy formulation). The zone plan could be defined as collaboration through network, it tends to favour the integration of different policies and the different policy networks that distinguish the policies themselves.

The different forms of inter-municipalities must be viewed in light of the ongoing process of institutional change in Italy. Focusing the attention on the MU, from an historical point of view, it is possible to identify three different strategies (Table 1.1).
The interventions carried out by the legislator were identified by the Author in a first phase defined "direct intervention strategy" (1990-1999), where MU was seen as a preliminary tool for fusion[146]. This arrangement proved to be a failure since it did not consider the parochialism typical of Italian culture.

[146]The birth of MUs as a IMC tool, dates back to 1990 with the Law no. 142/1990, art. 26. This early normative act, in its original content, regulates MUs as free and voluntary association tools specifically aimed at creating the prerequisite for merger, in particular for small municipalities (less than 5.000 inhabitants).

As a consequence, the link between MU and fusion was overcome by the so-called "freedom strategy" (1999-2010), which allowed administrators to find manners to achieve the requirement of economicità (long term sustainability), in order to stimulates administrative collaboration. During the last MU phase, the administrative efficiency and effectiveness pursuit appears to be feasible only through: public expenditure reduction, financial coordination and re-institutionalization of LGs. After the international crisis, the territorial rationalization becomes relevant and the IMC strategy of this phase was defined "supervised freedom" (2010-today), characterized by the underlying feature of the Title V amendment of Constitution which gave considerable independence to LGs.
This essay focused on Municipal Unions will be divided into three sections according with the three different IMC strategies.

Direct intervention strategy (1990-1999)

The IMC has received more attention since law no. 142/1990[147] reorganized Italian LGs. The law no. 142/1990 aimed at providing public services as close as possible to the citizenry for two main reasons. Firstly, a LG which is closer to citizens can better understand their needs and as a consequence provide more suitable local public services. Secondly, citizens have better control over the activities carried out by those directly providing the public services they need. From this point of view it should be stressed that the main aim of the MU was not to reduce the costs of public service provisions but to reduce the number of existing LGs. Indeed, if some neighbouring municipalities decided voluntarily to establish a new MU, this new LG could exist for just ten years, after which the MU had to be transformed into a new single LG or dissolved[148]. This provision makes it clear that the aim of the Legislator was to reduce the number of LGs rather than foster the joint management of their functions and activities. As a consequence of the idea

[147]This law provided for all the agglomeration forms besides the jointly managed functions and services. The objective of the legislation was to reorganize LGs rather than cut costs. In particular, the law aimed at shortening the distance between the PA and the citizenry.

[148]It is here referred to the Merger of municipalities (Art. 15 TUEL): the agglomeration process through which two or more LGs decide to merge, giving birth to a totally new municipality. From a political and institutional viewpoint, the new municipality becomes responsible for the provision of public services to all the concerned citizens, as the previous LGs cease to exist. It can only be carried out between neighbouring LGs. According to the law, in contrast to the constitution of an ex-novo municipality, a merger of municipalities can take place even when the total number of inhabitants of the merged LGs is less than 10,000. In order to stimulate merging processes, the law states that both the central and the regional government have to pay an extra contribution in proportion to the ordinary contribution previously paid to the old municipalities, for a period of ten years. From a political and administrative viewpoint, the new municipality is responsible for the same functions and services as the previous LGs participating in the merger of municipalities.

to narrow the gap between providers of public services and citizens, another law was passed in 1993 providing for the direct election of the mayor and the division of politicians and public servants, giving to the former the responsibility for strategic planning and to the latter the responsibility for operative planning and taking the necessary steps to reach the strategic objectives established by the politicians. Following the financial crisis of 1993, Italian legislators became increasingly worried about the efficiency and productivity of PAs. In particular, in 1995, L.D. no. 77 was passed regarding the financial and accounting systems of LGs. This decree placed specific importance on their efficiency and effectiveness. For example, all local public administrations were encouraged to adopt an accrual-based accounting system in order to better manage their activities and therefore to be more efficient and accountable (Mussari et al., 2005).

Although the law has provided for MUs since the early 1990s, this IMC process remained only on paper [149]. Indeed, during this phase (law no. 142 of 1990, art. 26), the MU was conceived as a transitory entity composed of two or more LGs, to be merged within a maximum of ten years. If the merger did not take place, the MU was to be dissolved. Moreover, this law precludes, except cases where there is a fusion among municipalities, the possibility to constitute municipalities with a population lower than 10,000 inhabitants. Other limits for the MU's municipalities were related to the territorial contiguity (requiring links with its own province) and the population (municipality members must have a maximum of 5,000 inhabitants with the exception of one municipality which can have a population between 5,000 and 10,000 inhabitants).

Freedom strategy (1999-2010)

The decade following the Law No. 142/1990 passed in almost total silence, until Law No. 256/1999 (Napolitano-Vigneri), which provided a greater autonomy to MU[150]. It removes: the compulsory merging clause (voluntary nature of cooperation); the territorial contiguity (substituting the concept of neighbouring with contiguity, which remains a fundamental characteristic for amalgamations); and even the need for municipality members to have a maximum of 5,000 inhabitants. In accordance with Law No. 265 of 1999, however, MUs are no longer temporary entities and it is no longer necessary to amalgamate the municipalities participating in an MU within ten years of its constitution. This change in the law has given new life to MUs. This corresponds to the second inter-municipality association

[149] the law impact on the municipality associations has been almost zero, and the reason for that result is due to the opposition of policy makers and a lack of financial support from the region: fusion was seen as an irreversible loss of decision-powers and identity

[150] The provisions of the Law No. 256/1999 have been coordinated by the TUEL, L.D. No. 267/2000.

strategy called "freedom", where the objective shifts from the reduction of municipalities to that of achieving administrative efficiency[151] and effectiveness[152]. Moreover, this law introduced different generous financial incentives (based on the population size, number of municipalities involved and number of joint ventures undertaken), giving substantial modification for fusions and unions. The aim of the financial incentive is that of fostering municipalities to reorganize themselves on a more rational basis, covering the initial costs of readaptation. According to Hulst and Van Montfort (2007) "In cases of merger, 15 percent of the initial costs can be funded; this becomes 23 percent for Mountain Communities and 60 percent in the case of Unions, thus showing preference for the latter". For these reasons, from 1999 MUs began to be more attractive for LGs.

A popular referendum held on October 7th 2001 reviewed Title V of the Constitution. This came from the country's need for modernization, Europe's need for adaptation, and the citizens' needs. The revised Article 118 of the Constitution states that "Administrative functions shall be vested into municipalities, unless they are attributed to provinces, metropolitan cities and regions or the State, pursuant to the principles of subsidiarity, differentiation and proportionality, in order to ensure uniform implementation". It shows a profoundly different orientation with respect to the past agreeing to a significant transfer of competence from the centre to peripheral authorities on the basis of the "subsidiarity" and "integration" principles, so as to bring the solution of problems closer to the citizens and to the representatives of the citizens. As a consequence some important state functions were passed on to the regions and to the LGs and regional functions were passed onto the LGs. Then, IMC may represent a fundamental tool towards more responsible public services being effective and efficient.

Concerning Title V, another important aspect is given by art. 114 which states that: "The Republic is composed of the Municipalities, the Provinces, the Metropolitan Cities, the Regions and the State." (para. 1), notwithstanding the fact that the "Municipalities, Provinces, Metropolitan Cities and Regions are autonomous entities having their own statutes, powers and functions in accordance with the principles laid down in the Constitution" (para. 2). With this statement the legislator excludes the identification of other LGs. The implications are evident: forms of association cannot be considered as LGs, but exclusively as a municipal organizational structure. Consequently, as for municipalities, the State preserves the legislative competence for: "electoral legislation, governing bodies and fundamental functions of the Municipalities, Provinces and Metropolitan Cities" (art. 117, p.). Moreover, the detailed disciplines and all the aspects not included in art. 117 (p) are defined according to the statute and local regulations. The re-

[151] Expenditure savings coming from the participation to MUs.
[152] Higher performance of public services coming from the participation to MUs.

form of Title V has attributed to municipalities the administrative functions exercisable at a local level[153].

Supervised freedom (2010-today)

The Delrio law represents the latest intervention on what is defined as "third strategy"[154]. This law reforms the LGs organically and systematically, and confirms the modification introduced in 2010 to address the financial issues of the Country. Particularly, it enforces the compulsoriness of association for exercising the fundamental functions for municipalities up to 5.000 inhabitants, and 3.000 for those belonging to Mountain Communities[155].

The minimum demographic limit of MUs is set to 10.000 inhabitants, and 3.000 for those belonging to Mountain Community. However, the MUs have to be composed by at least three municipalities, with the exception of different demographic limits and waivers due to particular territorial conditions identified by regional decisions. This limit does not apply to MUs established before the Law no. 56/2014.

Nevertheless, the emerging issues concern the mandatory managerial association, which does not consider the actual geographical collocation of municipalities. Indeed, they are often neighboring to those not subject to the mandatory provision. Moreover, the excessive number of fundamental functions and the definition of the minimum demographic limit for the whole national territory, which does not consider the territorial specificity, are key hindering factors for the constitution of MUs.

In addition, the province has been classified as a second-degree entity, only enforcing the 8 fundamental functions listed in subsections 85 and 86. This is a relevant aspect because all the functions not included in the aforementioned subsections, not assigned to metropolitan cities or centralized at a regional level, are assigned to municipalities and their associative forms. In particular, in regions characterized by a considerable number of small municipalities, the natural consequence is that those functions are provided by MUs.

[153] Reference to the sentences of Constitutional Court n. 327/2009; n. 326/2010 and n. 50/2015.

[154] 'Law no. 56 G.u. no. 81', 2014.

[155] In order to enlarge the managerial area which shares the necessary specialization and increases the power to attract additional liabilities (ENTRATE) and reduce expenses (SPESA), the l.n. 122/2010 states mandatory association for municipalities up to 5.000 inhabitants, and 3.000 for those belonging to Mountain Communities. LGs have to associate at least 6 fundamental municipal functions, through convention or municipal union (leaving to each regional legislator the duty to identify the "optimal territorial area" for the mandatory provision of those functions). L.n. 122/2010 has been updated by l.n. 135/2012 where fundamental functions were enlarged from 6 to 10. The 10 fundamental functions identified from art. 19 are valid for all municipalities, regardless of their demographic size.

To sum up, the reference to MUs is to be found in art. 32 D.lgs. 267/2000 (TUEL), in the amendment modified by Law 56/2014. The art. 32 states that MUs are constituted by two or more adjacent municipalities, with the aim to jointly exercise multiple long-term allocated functions. The constitution of MUs results in the withdrawal of certain functions/services from municipalities. Indeed, through MUs, the involved municipalities transfer the ownership of those functions/services and MUs are entitled to manage them. On the other hand, through convention (art. 30 TUEL), although municipalities remain entitled to those functions, they outsource to other municipalities.

With the Delrio law the MU discipline has been simplified. The MU intended as the authority for the general provision of optional municipal functions and services has been eliminated, leaving two different typologies of MU:

- For the provision of specific optional functions
- For the provision of mandatory functions for municipalities up to 5.000 inhabitants, and 3.000 for those belonging to Mountain Community[156]

Other Law 56/2014 interventions concerned the internal organization which have modified the TUEL (art. 32). The maximum number of MU Council members has changed from being that of municipalities with the same inhabitants to being regulated by the MU statute. In order to ensure the representation of minorities of each municipality, the Council has to be composed by at least one member representing each participating municipality. Moreover, it has been specified that the Statute highlights how the governing bodies function. Concerning the statute adoption, it has been requested, for the first implementation, the approval by the Council of the participating municipalities. Whereas, for the following, the approval is requested by the Council of the MU (representing the statutory autonomy of the MU).

It has been established that the MU President is required to employ a Secretary-General from one of the participating municipalities (subsection 105). The Statute has to respect the functioning and organization principles as well as the minimum thresholds defined by the regional law. Regions also can stimulate municipalities and MUs with regional transfers.

Concerning local administrators, gratis offices have been confirmed for all MU governing bodies (already prescribed in art. 32, subsection 3, TUEL). Whereas, regarding MU functions, a first series of interventions (subsection 110) have regulated the associated functions in terms of internal control and corruption prevention (L. 190/2012). It is expected that transparency and

[156]The DL 78/2010 compulsoriness of association for specific municipalities has been continually postponed, where the last was in 2020 with the DL 8/2020.

anti corruption functions have to be associated by all the MU participating municipalities, with the designation of a unique officer.

Again with reference to MU functions, it has been disposed:

a. The assignment of associated local police function to the MU President (subsection 111);

b. The provision of civil protection, on the area of the municipalities that have associated this function, limited to the approval and updating of the emergency plans and the related prevention and procurement activities. While, in emergency situations, the Mayor of each municipality continues to have the power in terms of the direction, coordination and assistance to affected population, giving immediate notice to the Prefect and the President of the regional executive committee.

c. The recognition that in case of MU where local police function has been associated, the arising discipline on judicial police refers to the MU territory (subsection 13).

Concerning the personnel, it has been disposed that the employee transfer from the municipality to the MU is followed by a transfer of the related financial resources to cover personnel costs (subsection 114).

In financial terms, the share of the municipal unions budget on the total expenditures of municipal union has increased over time[157]. Concerning revenues, the MU relies on both transfers from municipalities within the union and transfers from upper-government level (State and regional governments). Generally, these transfers are intended as a way to support unions for all costs related to the organization of local services in a cooperative way. It is also worth to note that MUs are exempted from the internal stability pact - a set of fiscal rules imposed by the central government to each municipality above 5,000 inhabitants.

The association of functions are linked to economies of scale and reduction in the number of tasks (unnecessarily) undertaken by each municipality. In this sense, duplication of public functions are avoided costs can be shared, and, eventually, new public services provided[158]. In general, the

[157] As stated by Ferraresi et al. (2018), "in 2007, the total expenditures of municipal unions accounted for about 0.10 percent (403 millions of euro) of the total local expenditures in Italy (350 billion of euro). In 2013, the total expenditures of municipal unions are more than doubled, accounting for about 0.30 percent (970 millions of euro) of the total local expenditures in Italy (334 billions of euro). However, these percentages do underestimate the real expenditure quota of the unions, because municipalities do not often write off their quota of the delegated function, and continue to register it as their own expenditure".

[158] For example, the cooperation on the municipal police function has allowed the introduction of the neighborhood policeman (poliziotto di quartiere) and the reinforcement of the night and festive police services. For illustration, see Ferraresi et al. (2018) where a proper analysis on the number of policemen before and after the municipality entered in the union has been carried out.

functions commonly associated to the MU are: administration and management, municipal police, education, roads and transport services, planning and environment and social welfare. The main tasks of administration and management function are related to the management of personnel, recruitment, training, and definition of the legal and economic status of the staff. Considering the municipal police function, the service assigned to the MU concern the application of the municipal regulations, road safety, protection of business and consumer freedom, protection of living and urban safety, rural safety, security and regular work, control of local tributes and civil protection. Education usually concerns nursery and child care, auxiliary services to education, teaching and training (such as school transport, support for disabled people), and development of educational projects. The road and transport services and the planning and environment tasks delegated to the MU include development of urban planning tools, maintenance of the road and traffic system, management of cadastral functions, urban planning, and antiseismic vigilance and control. In addition, the union also carries out the preparation and management of the triennal public work (Piano triennale delle opere pubbliche). Regarding social welfare, tasks concern measures against poverty and social inclusion, support for elderly and young people, social services in support of disabled people, accreditation of socio-sanitary structures. Moreover, although not very common, municipalities can also transfer other functions, such as economic development, in-house production services, culture, sport, and tourism. Economic development and in-house production deals with information services, administration and management of local networks, database management and acquisition, hardware and software purchase, staff training and statistical services. MUs may be in charge of the organization of public events, management of libraries, museums, and sport facilities or even organize local reception of tourists and information points.

Chapter 2

Network management and network governance in the public sector

Premise

The ongoing debate on how to occur with the unintended effects of collaboration among public organizations has brought the focus on two main research streams in PA: network management and network governance[1]. This chapter aims to analyze the network management and governance issues and the conditions that are likely to prompt calls for LG networks, as well as the impacts generated by them.

2.1 The management of networks and potential issues

As stated by Frederickson (2006, p. 12) *"We can say networks are structures in which managers find themselves and which require management"*. In the public sector domain, the majority of the literature poses close attention to the behavior of the management of the single organizations involved in the network[2], while still offering little insights on the network management

[1]This section analyzes these streams that have been hypothesized as being two of the most relevant to public inter-institutional collaboration.

[2]It is here referred to several works as for instance Agranoff (2006), Agranoff and McGuire (2001), Kickert et al. (1997), O'Toole Jr (1997). As stated by Milward and Provan (2006, p. 11) *"Despite the increase in networked government over the past decade, most of what we know about management is derived from studies of how to manage individual organizations"*. Provan and Milward (2001) highlight that *"Lacking in most of this work [...] is an examination of the relationship between interorganizational network structures and activities, and measures of effectiveness"*. Coherently, also the national literature states how public management studies seem to mainly focus on the single organization,

and often in a descriptive way[3], with a reluctance to discuss formal mechanisms of control[4]. The management of the single organizations involved in networks, starting from the initial *commitment phase*, should work with the aim to generate trust, create a unitary vision of the network etc., activities which are part of the cooperation, collaboration and coordination concepts. Milward and Provan (2006, p. 19) defined main managerial tasks distinguishing among management *of* networks (concerned with network as a whole) and management *in* networks (that represents the organization within the network). From this conceptual analysis it is possible to derive how the management *of* networks requires an effort that goes beyond the achievement of the single organization objectives[5]. The management *of* networks requires collective actions and the governance of those (Table 2.1). In order to understand how to manage a network, managers must know the aim of the network, the network context, and the governance structure (Milward and Provan, 2006; Cristofoli and Markovic, 2016). Thus, doing a specific contingent analysis is critical for effective management of networks since different managerial problems and challenges.

while the attention on the whole inter-institutional structure is at its initial phase (Longo, 2005, p. 101).

[3]As stated by Provan and Kenis (2008, p. 230) *"Although networks have been studied from a variety of perspectives, surprisingly little attention has been paid to the governance of whole organizational networks [...] Although there is a growing literature on networks as a unit of analysis, the majority of this work has been descriptive"*. See also Provan and Milward (1995).

[4]With reference to network governance, Provan and Kenis (2008, p. 230) state: *"there seems to be some reluctance among many who study networks to discuss formal mechanisms of control"*.

[5]It is referred to the importance of the achievement of single organization objectives which seem to impact also in terms of effectiveness of collaboration. Kelman et al. (2013, p. 624) states *"managing a collaboration often works better where single agencies work better, so if you want collaborations among agencies to succeed, you need to worry about the health of individual agencies"*.

Table 2.1: Management tasks in Public Networks - Source: Milward and Provan (2006, p. 19).

Essential Network Management tasks	Management *of* Networks	Management *in* networks
Management of Accountability	• Determining who is responsible for which outcomes. • Rewarding and reinforcing compliance with network goals. • Monitoring and responding to network "free riders".	• Monitoring your organization's involvement in the network. • Ensuring that dedicated resources are actually used for network activities. • Ensuring that your organization gets credit for network contributions. • Resisting efforts to "free ride".
Management of Legitimacy	• Building and maintaining legitimacy of the network concept, network structures, and network involvement. • Attracting positive publicity, resources, new members, tangible successes, etc.	• Demonstrating to others (members, stakeholders) the value of network participation. • Legitimizing the role of the organization among other network members.
Management of Conflict	• Setting up mechanisms for conflict and dispute resolution. • Acting as a "good faith" broker. • Making decisions that reflect network-level goals and not the specific interests of members.	• Working at the dyad level to avoid and resolve problems with individual network members. • Working inside your organization to act as a "linking pin" to balance organization versus network demands and needs.

Continue on the next page.

Table 2.1: Management tasks in Public Networks (cont.).

Essential Network Management tasks	Management *of* Networks	Management *in* networks
Management of Design (Governance Structure)	• Determining which structural governance forms would be most appropriate for network success. • Implementing and managing the structure. • Recognizing when structure should change based on network and participant needs.	• Working effectively with other network participants and with network-level management, based on the governance structure in place. • Accepting some loss of control over network-level decisions.
Management of Commitment	• Getting the "buy-in" of participants. • Working with participants to ensure they understand how network success can contribute to the organization's effectiveness. • Ensuring that network resources are distributed equitably to network participants based on network needs. • Ensuring that participants are well informed about network activities.	• Building commitment within the organization to network-level goals. • Institutionalizing network involvement so that support of network goals and participation goes beyond a single person in the organization.

Accordingly to Agranoff (2004, p. 4), this essay refers to the concept of collaborative management processes defined as *"the process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved, or solved easily, by single organizations"*. Thus, public network management studies go beyond the analysis of informal and intra-organizational networking among individuals and include inter-organizational entities that emerge from cooperative interaction among formal organizations

(LGs). Potential management challenges in collaborative networks are multiple and interrelated. As stated by O'Toole Jr (1989, p. 104-105), they include, among others, goal conflicts, since each member has specific interest that should be met and that may clash with the mission of the network. In addition, they can refer to incompatible organizational cultures (Romzek & Johnston, 1999), and different methods of operation and different degrees of power (instability) (O'Toole Jr & Meier, 1999). Many factors influence probabilities of achieving expected behaviors and service delivery outcomes and this highlights the need to reconcile issues such as diverse institutional cultures, goal conflict and service delivery protocols. Hence, this situation highlights how the design of governance rules for the network can be complex. As the main focus of both national and international literature on LG cooperation[6], an overview of the (1) factors influencing the adoption of forms of cooperation between LGs, and (2) the impacts generated by them are provided below with particular reference to the network context.

2.2 LG network antecedents and impacts

This section highlights the importance to consider how a combination of individual and collective levels can encourage the establishment of a network. With particular reference to the LG network, there are factors[7] which can positively or negatively influence the creation of a type cooperation that can be considered as a steady network. Concerning the factors influencing (both positively and negatively) the adoption of forms of cooperation, they may relate to attributes at the level of the **individual LGs participating in the organizational network (at interactive level)**, in terms of:

- more or less formalized **past collaborative experience** (Jacobsen

[6]Galizzi et al. (2017) analyzed the literature with a focus on LG agglomeration and cooperation, and they derived how studies mainly focus the attention on factors influencing the adoption of forms of cooperation between LGs and the impacts generated. In addition, they state how studies focus more on municipal amalgamation, while the cooperation experience has been investigated in more recent years. In addition, regarding geographical location, they noted a prevalence of analysis in European LG experiences, where most of them concern Scandinavian LGs (Denmark, Sweden and Finland). And the greatest reference found is related to economic theories (i.e. economies of scale and specialization).

[7]This concept includes both external, institutional and internal elements. Hulst and van Montfort (2012) have defined as external factors the scale of efficient production for public services, the scale and complexity of social processes, and the international competition. Instead, for the administrative institutional context they identified the formal structure of the state, the administrative culture, and legislation, incentives and policies with regard to cooperation. Whereas, internal ones, under a EA perspective, jointly consider the rather scarce resources. This lead to inter-organizational relationship between organization as the result of internal technical-productive needs which actualize through services/goods/capital exchange relationships. As stated by Zappa (1954, p. 72-73), each azienda can only develop if connected to other aziende. This happens through combined operations, cross investment, financing, productive factors and outsourcing.

& Kiland, 2017). Past experience could facilitate the organizational change required after creating a cooperation. Indeed, establishing IMC implies extensive use of resources in organizing, staffing and developing models for financing. Moreover, it is important to note that past interaction experience can lead to higher trust among participating organizations.

- **size of municipalities**: the associated provision of services could facilitate small organizations, leading them to lower fixed costs in relation to back-office activities, and consequently focusing on core activities (Crump & Peter, 2014)[8]. Moreover, large organizations would achieve internalization of spillover effects of small LGs[9]. However, contrary to what is claimed, Kwon and Feiock (2010) highlight how the dimension has no relevance on the willingness to establish forms of IMC;

- **perceived urgency of cooperation** (Kotter, 2008): this is influenced by external factors that refer to elements that put under pressure municipalities to provide better public services and policies. For example, socio-economic and financial situation (external factors, i.e. scale and complexity of social processes) and administrative institutional context (i.e. particular public incentives, a lack for adequate discipline) seem to impact on the possibility of activating forms of cooperation. In this circumstances a legitimate convener (such as mayor) can facilitate IMC formation drawing attention to an important public problem and according it legitimacy within a stakeholder group (Crosby & Bryson, 2005).

Regarding the factors influencing the adoption of forms of cooperation in terms of **"collective" attributes (at network level)**:

- size in terms of the **number of municipal partners**. In general it is argued that trust becomes less densely distributed throughout the network, as the number of participant gets larger (Provan & Kenis, 2008). The same could be derived for homogeneity, and of course for the complexity that need to be managed. Indeed, when a number of participating organizations in a network grows, the number of potential relationships increases exponentially;

[8] To this extent, Niehaves and Krause (2010) state how sharing services needs a prior focus on a clear articulation of back-office services.

[9] The relatively small size of institutions would hamper the achievement of economies of scale. In addition, there are adverse organizational effects in terms of reduced competence and human resources for smaller entities. Moreover, a particular distribution in unitary form of determined functions (transports, evironment, culture sport and tourism, public education), as they have a high level of externalities and spillovers, which, through the larger size of the MU, are brought within the boundaries of the administrations the externalities created (Fraschini, Osculati, et al., 2006). Not all types of services, therefore, respond in the same way to size.

- **homogeneity**: the IMC often involves, especially in the start-up period, not a few difficulties due both to the different size of the municipalities involved (with the relative fears of small municipalities to be colonized by larger municipalities), and to the organizational diversity of each entity, as well as different regulations and rules on services. Moreover, homogeneity can be related also to political parties and general consensus on network goals (Sorrentino & Simonetta, 2013) as well as geographical localization and territorial characteristics which can influence the perception of a particular problem. The geographical closeness can also make frequent meetings of all participants easier;

- **possibility of joint management of the production of services** and the review of different value chain activities that can be designed in an integrated form. It is influenced by the presence or lack of skills and proven methods to activate real processes of collaboration in the presence of different organizational cultures and possible conflicts[10].

Impacts generated by inter-municipal relations

A critical aspect may be represented by a lack of convergence between real motivations that lead municipalities to aggregate and what has been declared. Indeed, many countries have embraced the idea of intergovernmental cooperation for local public performance improvement in terms of cost savings, service quality improvement, financial incentives, better bargaining, more tailored services which municipalities were unable to offer and easier access to technology (Bel & Sebő, 2021; Giacomini et al., 2018; Hulst & Van Montfort, 2007; Steiner, 2003). This section observes how the interactive relationship can lead to diverse impact categories[11], namely referred to the managerial and organizational (1), political and strategic (2), and informa-

[10]Prahalad e Ramaswamy, 2004; Bacon, 2010; Horne e Shirley, 2009; Lindhal et al., 2008 in Del Bene et al. (2018).

[11]Reference is made here to the advantages that a municipality has when it is part of a network, recalling the different impacts on the single organization system and its sub-systems, represented by organization, management and accounting (Bertini, 1990; Zappa, 1927). Moreover, also a political-strategic view is considered due to its importance in the public sector context (Rebora & Meneguzzo, 1990). The internal organizational impact resulting from the collaborative strategy of public organizations results in the development of knowledge and tools of network or relational governance, rather than the direct execution of activities. With regards to management, the most durable and formalized network forms have a significant impact on the institutional structure of the organization by enlarging the economic subject . Finally, the informative sub-system is at the basis of external communication. In the presence of networks, inter-organisational information systems have the function of exchanging information between participating organizations in aggregates. Finally, the political strategic view concerns the institutional integration to negotiate the public interest representation in the formulation of strategic directions.

tive sub-systems (3). **The managerial and organizational sub-system impact:**

- impact on costs and/or service expenses (Allers & van Ommeren, 2016; Dollery & Akimov, 2007; Frère et al., 2014; Niaounakis & Blank, 2017; Pérez-López et al., 2015; Pérez-López et al., 2016; Zafra-Gómes et al., 2013). Among the phenomena deepened on the reduction of the average cost is the attainment of economies of scale and the consequent increment of efficiency in the service provision[12]. Little studies have empirical analyzed the impact on the initial IMC costs. These studies have tried to verify the validity of the statement *"bigger is more convenient"* (Drew & Dollery, 2014), which inspired the municipal joint management of services, but did not show convergent results. For example, Steiner (2003), who carried out an analysis to compare the expenditure of services before and after cooperation, reports an overall increase in expenditure in the post-cooperation period. The author notes that expenditure has not reduced as the portfolio of services offered to the target community has expanded. Similar results appear to emerge from the Frère et al. (2014) who shows that IMC has no significant impact on the level of LG expenditure. Consistently, Aulich et al. (2014) highlight how the total expenditure in post-aggregation can increase as a result of transaction costs. On the contrary, Niaounakis and Blank (2017) claim a decrease in overall expenditure, by comparing organizations that have developed forms of cooperation on services, and organizations that have maintained an autonomous management. On this line, several contributions (Niaounakis & Blank, 2017; Pérez-López et al., 2015; Pérez-López et al., 2016; Zafra-Gómes et al., 2013) confirm that IMC management can help reduce costs, but with the necessity for the municipalities involved not to exceed certain dimensions. From the analysis of the contributions, empirical evidence is often controversial and contradictory. The starting assumption is usually the U-curve of the average costs of public services, that is, decreasing costs as quantities increase, and then expenses rise again for very large dimensions. The trend of this curve would also determine the trend of savings and, therefore, that of the efficiency of services, which would increase for the larger size. However, there are a number of problems:
  - difficult measurements of these economies of scale: only the expense of some services seems to be sensitive to the increase of the volumes of production and/or to the differentiation of the offer;

[12] Economies of scale verify how much the average cost of a given service or product decreases by increasing its production volume, as a result of the fact that fixed costs are spread over a larger number of output units. Reductions in average cost can also result from economies of scope, which emerge when the average cost is reduced, due to the choice of differentiating the type of services/products offered.

- it is not confirmed that economies of scale exist when we speak of public organizations. For example, it is important to consider the larger size and the greater heterogeneity of citizens' preferences that public organizations have to deal with (different nature of the services provided);
- lower intensity of controls: Allers and van Ommeren (2016), relying on the theory of the agency, suggest that the efficiency problems of IMC are explained by the lower intensity of controls, to which employees working at supra-municipal level are subjected as compared to the municipal ones.

The distinction usually made is the one between capital-intensive and labor intensive services, where the first ones have the effective possibility to achieve economies of scale, due to the higher fixed costs (e.g. water bills, waste collection and disposal, general administration, accounting, information services). On the contrary, labour-intensive services may not be able to achieve economies of scale, but can suffer from scale imbalances, as the size, and therefore the size of the population served, increases - and are very difficult to measure (e.g. fire brigade, police, education, social services). It is therefore possible to say that efficiency is task-dependent or depends on the type of service and not on the size. It follows that although in some cases per capita expenditure for some services appears to decrease, this may not be enough to compensate the increase in expenditure in other services. The empirical evidence is not sufficient to justify economies of scale as an indicator underlying the cooperation of municipalities (Bel & Warner, 2015; Byrnes & Dollery, 2002). In addition, the effects of the dimensional change of LGs appear after many years, thus an assessment of what is the best size is difficult to make[13]. These arguments are advanced not only with reference to Europe (Allers & Geertsema, 2016), but also to overseas countries such as Australia (Byrnes & Dollery, 2002). Denters et al. (2014) bring together the performance aspects of the provision of services, related to the dimensional issue and the quality of local democracy, stressing the need to identify multidimensional variables to help understanding, in the processes of reordering, the possible implications for the adoption of associative tools[14];

[13]Both in the literature and in the main reorganization laws enacted in the various countries, there is no agreement on the optimal dimensions of the government spaces (Bolgherini et al., 2017). Furthermore, as evidence of the complexity of measurement, the increase in size could consequently lead to an internalization of the spillover effect (Fraschini, Osculati, et al., 2006), which may even increase, rather than decrease, the costs of the services provided.

[14]An example of the need for a multidimensional approach is the reduction of service costs determined by the reduction of the number of services provided and not through the containment of the expense to with the same level of services (as wished).

- impacts on the number and quality of services provided (Alexander, 2013; Aulich et al., 2014; Del Bene et al., 2018; Dollery & Akimov, 2007; Holum & Jakobsen, 2016; Oates et al., 1985; Steiner, 2003; Swianiewicz & Mielczarek, 2010)[15]. Oates et al. (1985) recall the *"zoo effect"* in terms of an increase in the range of services provided, namely, the adoption of unsustainable initiatives for small organizations, which also entails an increase in costs. The study of Steiner (2003), which takes into account the Swiss context, highlights how IMC has led to an increase in both the quality and quantity of public services and infrastructure. However, this improvement in services has been accompanied by an increase in both taxes and the overall debt of LGs, in order to address the higher investments. Finally, investigating the perception of local communities, Swianiewicz and Mielczarek (2010) note that the cooperation process has not changed accessibility to services. Opposite results emerge from the study of Alexander (2013), who notes a deterioration in the quality of the services (e.g. an increase in response times to user requests). Finally, Holum (2016) provides evidence on the effect of IMC on the level of satisfaction of citizens, with regard to fire services and waste management. The authors seem to indicate that IMC has a mixed impact on the satisfaction of citizens, since it is found that the latter depends on the distinctive characteristics of the service and, above all, its measurability, control and importance level. The more a service meets the primary needs of citizens, such as the need for safety in the case of fire brigates, the less it is measurable and controllable. Moreover, its management at the inter-municipal level seems to have a negative impact on the satisfaction of citizens.

- Impact on the organization and staff of the LGs involved (Aulich et al., 2014; Steiner, 2003; Swianiewicz & Mielczarek, 2010). The analyses carried out in this field show that cooperation leads to a higher number of tasks for the staff. If, on the one hand, this appears to have a positive impact on the level of professionalism of employees and their valorization (Aulich et al., 2014; Steiner, 2003), on the other hand, it may be a source of stress and demotivation, arising, for example, from the need to harmonize regulatory, accounting and technical procedures of different institutions (Vojnovic, 1998) and from lower wages (Drew et al., 2016).

- Increased investment capacity through state and regional incentives. Increasing in size can lead to more visibility and greater attention from the overarching government and the general public. However,

[15] Collaborative relationships can be a solution to raise the quali-quantitative level of services by purchasing new technologies or technologies that are not otherwise available, or by providing more resources.

many IMC are still at a stage of defining the associated functions and services, especially those set up on subsidies and financial incentives, rather than to pursue the genuine motivations.;

In a **political-strategic view**[16], it has to be considered also:

- impacts on local communities (Alexander, 2013; Spicer, 2017; Steiner, 2003; Swianiewicz & Mielczarek, 2010). According to Swianiewicz and Mielczarek (2010) the aggregations seem to reduce the level of participation of citizens, whose disaffection is accentuated by the distance, also physical, with the institutions. However, Steiner (2003) shows, on the other hand, that aggregations do not affect the interests of local communities, as proved by the high citizens' participation in municipal assemblies. In particular, the author highlights how citizens of small size municipalities participating in forms of cooperation are better informed and more participatory than the citizens who live in more fragmented realities. Spicer (2017) analyses the impact of cooperation on local communities, and highlights a problem of accountability and transparency towards citizens (e.g. the possibility of accessing service agreements or viewing meeting minutes), who are therefore unable to assess how decisions are taken and their impact on the target community;

- political impact (Alexander, 2013; Holum & Jakobsen, 2016), the effect of cooperative pathways on electoral consensus and democratic representation of citizens' interests in local public policies. In this regard, Alexander (2013) registers, within the newly established municipal councils, a reduction in the number of representatives from the municipal participants, noting the risk of a lack of representativeness of the different community interests.

Concerning the **informative sub-system:**

There seems to be a lack of attention to the impact of the informative sub-system, on which this paper intends to focus through an in-depth analysis of the PMS. As stated by Agranoff and McGuire (2001, p. 296) *"the classical, mostly intraorganizational-inspired management perspective [...] is simply inapplicable for multiorganizational, multigovernmental, and multisectoral forms of governing"*. Thus, it is necessary to rethinking the informative sub-system when it applies in network contexts (Meneguzzo & Cepiku, 2008, p. 4). As a result, this requirement arises from the fact that there is not always a sufficient knowledge of the reasons and benefits that

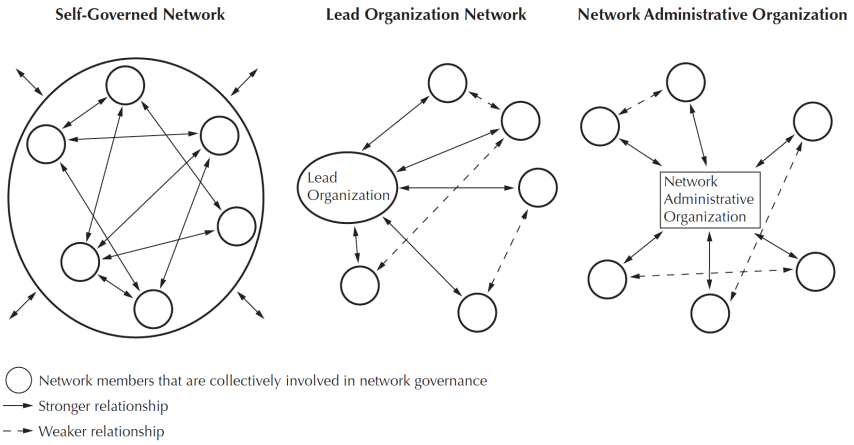
[16]In a political-strategic perspective, cooperative contexts can improve in other areas such as territorial development, political consensus and social legitimacy. The municipalities belonging to a union have the possibility to increase their political weight, thus achieving greater influence at the provincial and regional level.

these forms can provide. Seeing as the suitability of different approaches for network management depends on network context (resource munificence and stability) and governance structure (network integration) (Cristofoli & Markovic, 2016), this should also be true for PMSs and related challenges such as the understanding of the most significant performance dimensions as perceived by different constituents. Following the same logic, PMSs should then strictly-rely on network context, structure and what has been defined as the main goals pursued by the specific local government network, also to align the interest of the distinct network members with the cooperative whole (Minassians, 2015).

2.3 The network governance

"(...) when focusing on collectively generated, network-level outcomes, the form of network governance adopted, and the management of tensions related to that form are critical for explaining network effectiveness" Provan and Kenis (2008, p. 19).

Figure 2.1: Types of network governance - Source: Milward and Provan (2006, p. 23).



Milward and Provan (2006) have distinguished three basic forms of network governance (Figure 2.1). At one extreme it is identified the **shared governance** where *"networks may be governed completely by the organizations that comprise the network. Every organization would interact with every other organization to govern the network, resulting in a dense and highly decentralized form"* Provan and Kenis (2008, pp. 5-6). This means that network governance is highly decentralized, with symmetrical power. At the other extreme it is represented the **lead organization governance** where *"the network may be highly brokered, with few direct organization-to-organization interactions, except regarding operational issues such as the transfer of business, clients, information on services, and the like. Instead*

Table 2.2: Key predictors of effectiveness of network governance forms.

Network Governance	Trust	Size	Goal consensus	Need for network - Level competencies
Shared governance	High density	Few	High	Low
Lead organization	Low density, highly centralized	Moderate number	Moderately low	Moderate
Network administrative organization	Moderate density, NAO monitored by members	Moderate to many	Moderately high	High

Source: Provan and Kenis (2008, p. 9).

network governance would occur by and through a single organization, acting as a highly centralized network broker, or lead organization, regarding issues that are critical for overall network maintenance and survival". Thus, all major network activities and key decisions are coordinate by a single municipal partner, acting as a lead organization. This means that network governance becomes highly centralized and brokered, with asymmetrical power. A third form of network governance is the **network administrative organization (NAO) governance** where *"the basic idea is that a separate administrative entity is set up specifically to govern the network and its activities"* (p. 8). The NAO is not another member organization providing its own services but the network is externally governed by a single individual (network facilitator or broker) or by a formal organization with an executive director, staff and board. This more formalized case has typically board structures that include all or a subset of network members. As stated by Kenis and Provan (2009, p. 448) *"With this structure, network participants and groups may interact and work with one another (the dotted lines) but activities and key decisions are coordinated through and by a separate, independent entity"*. As highlighted in Table 2.2, four critical contingency components (trust, size, goal consensus, and the nature of task) have been identified as likely to explain governance form effectiveness.

Shared governance model is defined to be suitable for networks characterized by high density-trust, small number of organizations[17], high goal consensus and low need for network-level competencies. On the other hand, lead organization and NAO seem likely to be effective governance forms when

[17]Authors highlight how shared-governance forms would seem most likely to be effective with fewer than six to eight organizations. However, other factors will have an impact on whether or not the number of organizations is too many for a particular form of governance to handle (i.e. with high-density trust it could be possible to handle more organizations).

the network complexity increase (increased number of participants, lower density-trust and intermediate levels of goal consensus). More specifically, lead organization network governance would be more effective when there is low-density and highly centralized trust, a relative moderate number of network participants, when network-level goal consensus is moderately low, and when the need for network-level competencies is moderate. The NAO network governance is suggested with a moderate density trust, a moderate number to many network participants, network level is moderately high, and when need for network-level competencies is high. Concerning the different characteristics of each network governance, they have been also differentiated considering three network tensions that has to be recognized and managed: efficiency vs inclusiveness[18]; internal vs external legitimacy[19]; flexibility vs stability[20]. Based on these arguments, in shared governance networks, the tension will favor inclusion, internal legitimacy and more flexibility. In lead organization governance network the tension will favor efficiency, external legitimacy and stability. Whereas, in NAO the tension between efficiency and inclusiveness would be more balanced but favor to efficiency, both external and internal legitimacy will be addressed but in a sequential order, and would be favor stability rather than flexibility. However, the role of management is critical in handling those tensions (Provan & Kenis, 2008, p. 233). Networks in the public sector context may be subject to strong external influences, such as by the central government which initiates the networks, shapes the frame and scope and may affect the network composition. Although the contingency component identified as valuable driver for governance form effectiveness, the governance of the MU is regulated by the Law. In terms of network governance types suggested by Provan and Kenis (2008), the MU involves horizontal relationships among multiple municipalities and appears to resemble the NAO model, which has been extensively adopted in different countries (Löffler & Parrado-Dıéez, 2002). Each MU's municipality has a single agency designated as an administrative organization that is charged with creating and managing a network of service providers. Hence, MUs *"con-*

[18]The main tension for organizations in this regard is between efficiency and inclusiveness, since throughout the literature on networks, a common theme is to build trust through collaboration. However, collaboration when the aim is to build greater trust is seldom more efficient (i.e. the more network participants are involved in the decision-making process and the more will be the consumption of time and resources).

[19]Internal legitimacy is referred to network participants while external legitimacy is referred to the provision of an external face of the network (the network can be seen from the outside as an entity in its own right rather than a group of organizations). Having both internal and external legitimacy enhance a real commitment by participants to network-level goals and outcomes.

[20]Flexibility is critical since through networks organizations can quickly and efficiently work with one another to achieve specific goals that require combined resource and expertise. At the same time, stability is critical for maintaining internal and external legitimacy. Stable network means that participant can understand strengths and weaknesses of the others and respond to maximize network outcomes.

sist in the creation of a new administrative coordination authority, endowed with legal and political responsibilities similar to a municipality" (Cepiku & Mastrodascio, 2020, p. 181). However, it is also possible to find an hybrid governance model where both NAO and Lead organization characteristics are conceived. This can be represented by a situation where, although the constitution of a brokered centralized entity (NAO), some network activities and key decisions are coordinated by a single municipal partner, acting as a lead organization. The reason of an hybrid network governance could rely on the relevant know-how of a municipal partner on specific activities.

Chapter 3

Performance management systems in local government networks: a systematic literature analysis

Premise

This section focuses on collaborative performance management[1]. However, it seems reasonable to describe what literature has highlighted on network performance, in order to better understand how collaborative performance management can be operationalized. It contributes to the field by identifying specific PM characteristics conceived as relevant for the IMC context. In addition, the aim is to describe the main features of PM through a theoretical conceptualization, declined in the public sector, and, specifically, in LG networks. In particular, the focus is on the understanding of PMS design, implementation and use in these contexts and on how complex collaborative relationships can be supported by integrated data management. Finally, this section offers a picture - through an SLR - of what has happened in this field over the past decade about integrated data management and PM within LG network contexts.

3.1 Network performance

Network performance literature developed models for the identification of the 1) meanings of network performance; 2) type of factors that affect perfor-

[1]Collaborative performance management is included in the performance governance stream. Collaborative performance management can be considered an innovative component of performance governance (Bouckaert & Halligan, 2007) or as an evolution of outcome-based performance management (Wichowsky & Moynihan, 2008).

mance; and 3) effectiveness of the criteria used for evaluating networks. Concerning **meanings of network performance**, Provan and Milward (2001) consider network performance as the outcomes achieved at three levels of analysis: community, network, and participant level. Following the traditional organizational literature, these levels have respectively been defined as *macro, meso and micro level* (Voets & Van Dooren, 2011). The network outcomes at the community level involve the assessment of the overall benefits, which go beyond the individual well-being and involve the overall costs and benefits to the community. Moreover, the community can be interpreted in terms of policy sectors, target groups and from a territorial perspective. The network outcomes at the network level involve the assessment of the network as a *"whole"*[2]. It is said to be relevant to motivate partners to continue their commitment and to inform them on the convenience of the network as compared to other forms of organization. The network outcomes at the participant level refer to the satisfaction of each network member. Drawing on this classification, the existing literature has assumed a single organization point of view, exploring how network can enhance better performance results for partners within the networks (Giacomini et al., 2018; Kiefer and Montjoy, 2006; Provan et al., 2005). Others have assumed a whole network perspective in an effort to understand how to best measure the results of collaboration (Herranz, 2010; Keast et al., 2004; Lindencrona et al., 2009; Provan et al., 2009; Provan and Milward, 1995; Provan and Sebastian, 1998). Finally, others have analyzed network performance considering the beneficiaries' point of view (Cristofoli and Markovic, 2016; Provan and Milward, 1995; Provan and Sebastian, 1998; Raab et al., 2015). With reference to **type of factors that affect performance**, Provan and Milward (1995) were the first to suggest a framework for the conceptualization and measurement of network performance, which focuses the attention on the relationships between context, structure, and the effectiveness of four mental health delivery networks. Here, effectiveness is conceived as the achievement of desired outcomes from the perspective of the client. They reported how centralized networks, around a lead organization, were more effective than dense, strongly tied networks, raising questions about the effectiveness of *"fully integrated"* networks[3]. The highlighted network performance determinants (Cristofoli

[2] As stated by Provan et al. (2007, p. 480) *"Only by examining the whole network can we understand such issues as how networks evolve, how they are governed, and, ultimately, how collective outcomes might be generated [...] By focusing only on the members themselves and their interactions with others, however, the importance of individual organizations tends to be exaggerated and the importance of collective behavior underemphasized"*.

[3] *"[...] Networks that are both centrally integrated, through a core agency, and decentrally integrated, through cohesive links among network members, will be less effective that networks that are predominately centralized"* (Provan & Milward, 1995, p. 25). *"We have demonstrated that merely integrating services among provider organizations will not result in an effective system. Network can lead to improved system-level outcomes, but only when network integration is centralized, external control is direct and nonfragmented, the system*

et al., 2014; Kenis & Provan, 2009; Klijn, 2005; Turrini et al., 2010) concern not only endogenous (issue over which manager should be able to exert control, i.e. network management process, leadership), but also exogenous factors (i.e. the context, the availability of resources)[4]. Considering **the effectiveness of the criteria used for evaluating networks**, according to Kenis and Provan (2009), in order to evaluate the appropriateness of a criterion of a network performance, it may be useful to consider the values of a network and the degree to which the network can instrumentally manage how it scores on that criterion. The authors argue how certain exogenous factors should be considered when attempting to assess network performance. In particular, they identified three exogenous performance factors: the network governance, whether the network is mandatory or voluntary, and the development stage of the network. Thus, these exogenous factors will affect the type of performance criteria that is most appropriate. For example, considering the network governance and the characteristics highlighted in the previous section with respect to the three network tensions (efficiency vs inclusiveness; internal vs external legitimacy; flexibility vs stability), efficiency is not an effectiveness criterion that appropriately fits a shared governance form. Instead, considering voluntary and mandatory network, it should be taken into consideration how voluntary network could have a history of recognizing the need to coordinate joint activities, while mandatory network are less self-activating, concluding that it would be inappropriate to assess mandated networks on activating capacity or on internal legitimacy. Regarding the development of the network stage, newly emergent network will focus on network structures and processes rather than on achieving outcomes, while mature networks should be expected to be able to attain network level goals. To this extent, Cepiku (2013), starting from the widely recognized Provan and Milward (1995, 2001) conceptual framework, identified a bidirectional relationship between determinants and outcomes, both at an intermediate (network results) and final (benefits for both community and organization partners) level. Those determinants were connected also to internal and external resources, which can be partially controlled and influenced by the management, with a delayed effect after the network has produced some results (Cepiku, 2013, p. 178). In this respect, several effectiveness models and indicators have been suggested and discussed with the aim to evaluate whether the network really works. Within this conceptual framework, studies provide valuable knowledge on the alternative measures for assessing

is stable, and resources are adequate" (ibidem, p. 30).

[4]In contrast to endogenous factors, which can be instrumentally managed, exogenous factors include characteristics over which network managers or participants have little or no control. As stated by Kenis and Provan (2009, p. 444) *"An exogenous theory of network performance claims that the performance of a network is a function of the external criteria used to assess the network, and that network participants and managers may have little control over these criteria".*

networks and for investigating which determinants and which combinations of the latter lead to better network performance. However, the question on how we can move performance management towards an inter-institutional domain remains underexplored. Even though its beneficial role has been recognized, little attention has been paid to performance management instruments and on how related processes[5] are used in network management (Agostino & Arnaboldi, 2015). This seems an important issue since, despite the network euphoria in most of the literature in solving *"wicked problems"*, network often fail to achieve their intended goals and the cost of network disruption is often substantial (Kenis & Provan, 2006).

3.2 Performance management system

As already seen, performance management was introduced in the public sector from the 1980s onwards, thanks to NPM reforms which sought to introduce organizational managerial processes from the private sector. In the private sector, much of the early work was on the management control system - following the seminal works of Anthony (1965) and Simons (1995)[6] -, but its importance is highlighted also for the public sector (i.e. Young and Anthony, 1992). However, controlling issues are important in all organizations and performance information plays a relevant role in such controlling processes[7]. Otley (1999) and Ferreira and Otley (2009) frameworks can be exemplary of the link between management control and performance management, since both aim at supporting the steer and control of the organization[8]. Tradi-

[5]Performance management is represented as a process consisting of three main steps: performance measurement; incorporation of performance information; use of performance information. For further information see Bouckaert and Halligan (2007) and Van Dooren et al. (2015).

[6]One of the earliest definition of MCS is given by Anthony (1965) who divided the realm of control in strategic planning, management control, and operational control. He defines management control as *"the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives"* (p. 17). In this traditional conceptualization, management control is linked to the process that managers use to influence other members to achieve strategy. Nevertheless, this approach considers mere formal controls and resulted in a disconnected manner between MCS and strategic planning and between MCS and operational control. MCS definition provided by Simons (1995, p. 5) *"MCSs are the formal, information-based routines and procedures managers use to maintain or alter patterns in organisational activities"*. Simons argued that information-based systems become MCSs when they are used to maintain or alter patterns in organizational activities. Thus, if not not used for this aim, they are not MCSs but information for decision-making.

[7]With regard to the public sector performance management articles van Helden and Reichard (2019, p. 168) state *"PSPM-related scientific articles often deal with the same or at least with similar issues as they are on the agenda of MC research. MC and PSPM research can thus be considered as two partly overlapping circles"*

[8]Ferreira and Otley (2009, p. 264) *"(MCS) has become a more restrictive term than was the original intention and we prefer to use the more general descriptor of performance*

tional conceptualization of MCS focuses on formal control, while more recent research defines a broad vision of MCSs as the systematic use of both formal and informal mechanisms as personal or cultural controls[9], which encompass

management systems (PMSs) to capture an holistic approach to the management and control of organizational performance". This view is in line with the MCS definition provided by Malmi and Brown (2008) who, drawing on Simons conceptualization of control systems, suggest the use of *"management controls"* to include controls that are not only directed at supporting decision-making, but also at ensuring employees' behaviour consistency with organizational objectives and strategies. Giving an example with planning activities they stated *"depending on how it is done, planning can accomplish two tasks; the first of these being to support ex-ante decision-making. If this is the only purpose of the planning it should not be called a MCS. Alternatively, planning could also be an integral part of the system that creates goal congruence within organisations and therefore, deserves to be labelled as a MCS [...] management controls include all the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation objectives and strategies, but exclude pure decision-support systems"* (p. 290-291). They define MCS as a package that contains different types of control:

- cultural controls which include beliefs and social standards established to guide employees' behavior;
- planning controls which involve a long and short term organizational plans with the function to setting and communicating goals, as well as establishing target that have to be achieved;
- cybernetic controls where the main types include budgets, financial, non-financial and hybrid performance measurement system;
- administrative controls that are systems that conduct, monitor and evaluate the accountability of employees' behavior;
- reward and compensation which include all the motivating tools for employees and make them to perform the tasks better.

[9]Hard or formal controls are linked to rules and procedures that can support decision-making and guide employees' activities. As stated by Adler and Borys (1996) there can be a distiction between coercive and enabling control about formalization. They define how enabling formalization differentiate coercive as it supports employees in doing their tasks disclosing how to execute tasks and stimulating an effective operation. Soft or informal controls do not laid down in documents (i.e. budgets, performance reports) and can include for example talks at the coffee machine, regular meetings, trusting relationships, communicative and participatory leadership and cultural events. Both formal and informal controls have action intentionality but they can be distinguished in terms of rationality. According to Broadbent and Laughlin (2009), different models of rationality involves two main opposite steering mechanisms - transactional and relational -, which attempt to control values, actions and activities of the organization. The transactional implies formal and instrumental rationality *"where measures come first and either assume or seek to define the implied values underlying these numbers"* (p. 287). The relational considers informal and communicative rationality where PMS ends and means are discursively agreed, with often high acceptance of stakeholders involved. They conceived these two models as a continuum, with transactional mechanisms at the one hand and relational at the other, recognizing hybrids in practice. Flamholtz (1983) considered how organizational culture may intersect with formal controls (organization's budgetary control system and organizational structure). In the same vein, Ouchi (1979) discusses how the appropriateness of culturally based *"clan controls"* may be relative to other forms of control according to circumstance. Clan controls are deemed more appropriate when there is a

the entire strategic process (strategic formulation and strategic implementation)(Chapman et al., 2016; Mintzberg, 1978)[10]. According to traditional literature, formal control can support decision-making processes, not only in monitoring performance achievements, but also in stimulating the manager in the understanding of new scenarios (Simons, 1995). As highlighted by Voets et al. (2021), among the pitfalls of collaborative arrangements, there can be a weakness on monitoring and evaluation. They stated: *"collaborative networks fail to draw up indicators, only monitor progress informally, and have no clear evaluation strategy or culture. It is crucial to avoid the pitfalls of performance management, and a clear monitoring and evaluating strategy can help the network to adapt as necessary"* (p. 12). Coherently, Kenis and Provan (2006, p. 228) state *"networks are [...] built around collaboration, and the idea of formal control mechanisms is typically viewed as inconsistent with the whole point of having a network. Not addressing the issue of network control is undesirable since some form of control, whether formal or informal/norm-based, is necessary to coordinate network activities and to ensure that network-level goals [...] are achieved"*. The review on the emerging themes in management control of Berry et al. (2009, p. 9) highlighted how: *"there has been a proliferation of papers examining the issue of control between organisations"*. Since the '90s literature recognized how control systems should prompt learning processes with a focus that goes beyond the institutional boundaries (Hopwood et al., 1996; Otley, 1994). Caglio and Ditillo (2008) did a literature review on management control in inter-firm contexts and argued the difficulty to define a unique theoretical framework of reference. Among the multiple suggested models, the link between formal and informal control systems assumes a leading role. In particular, Tomkins (2001) considers accounting consequences, when planning and control is to be exercised among organizations and argues the necessity to consider both formal and informal control: *"No new basic accounting techniques seem to be required to cope with operation in alliances and networks, but the need to trace the impact of planned and actual events across two organizations will need more complex analysis in most areas of accounting [...] However, it was argued that accounting techniques should not be introduced just because they seem rationally apposite. Their impact on trust in the relationship should also be considered"* (p. 185-186). Considering the literature of MCS in the public sector and the widespread acceptance on a broad approach to MCS that conceive control beyond its specific aspects of control systems[11], the

limited knowledge of cause-and-effect relationships, and the ability to define and measure objectives is low.

[10] For further investigation on the concept of MCS see, among others, Ferreira and Otley (2009).

[11] Otley (1999, p. 364) links PMS to overall control systems which he reminds it goes *"[...] beyond the measurement of performance to the management of performance"*. Coherently, The twelve questions/issues, around which Ferreira and Otley PMS framework is

aim here is to consider key aspects of PMSs and how to implement them in a network context. Hence, PMS is regarded as relevant in the network, in order to motivate partners in continuing their commitment and to inform them on the convenience of being involved in the network.
PMS is here defined as a system through which the NAO manages network performance, in accordance with the network institutional mission, strategy and desired purposes. PMS is considered the core of any strategic planning process (Streib and Poister, 1999; Mazzara et al., 2010; Mazzara et al., 2013), since it explains through performance measures how to achieve desired outcomes - at a community, organizational and network level - deploying available resources. Also, it helps decision-makers control results and performance deviation causes (Amigoni, 1978). The control of networks could be defined as the use of PMS by actors, not only to support ex-ante decision-making, but also to monitor the actions and activities of organizational networks, in order to enhance the likelihood that network-level goals can be attained[12]. Thus, the control concept is not directed to that of PMS as a means but as an objective (i.e. monitoring in order to redirect actions). In particular, the focus is here on the control of networks with a multiple aim of providing services and formulating and implementing policies. Otley's framework (Otley, 1999, p. 366) develops five issues that any organization needs to answer for the design and nature of its PMS. They referred to:

1. **Strategy**: what are the key objectives that are central to the organisation's success, and how does it go about evaluating its achievement for each of these objectives?

2. **Activities and processes**: what strategies and plans has the organisation adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities?

3. **Performance**: what level of performance does the organisation need to achieve in each of the areas defined in the above two questions, and how does it go about setting appropriate performance targets for them?

built, provide *"[...] an heuristic tool to facilitate the rapid description of significant aspects of control systems design and operation"* (Ferreira & Otley, 2005, p. 42). Among studies on PMS in the public sector, see Van Dooren (2006), Propper and Wilson (2003), Mussari et al. (2005), Van Dooren et al. (2015).

[12]It is here drawn on the MCS definition of Malmi and Brown (2008), contextualizing it in not on organizations, but on organizational networks. With reference to the likelihood of goal achievement, as stated by Kenis and Provan (2006, p. 229) *"from the organizational literature we have learned that [. . .] there is a relationship between control and performance. The direction of this relationship is often not apparent, however. For instance, tighter control may lead to positive network-level outcomes in some cases, but to weaker performance in others".*

4. **Reward system**: what rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)?

5. **Information system**: what are the information flows (feedback and feedforward loops) that are necessary to enable the organisation to learn from its experience, and to adapt its current behaviour in the light of that experience?

This framework has been broadly discussed and lead to revisions (Broadbent & Laughlin, 2009; Ferreira & Otley, 2005, 2009). Ferreira and Otley (2009) gave a more thorough descriptive tool to outline the main features of a PMS and the ways in which it is used. In particular, they extend the 5 questions to 12 as outlined below[13]:

1. **Vision and mission**: What is the vision and mission of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?

2. **Key success factors**: What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?

3. **Organization structure**: What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?

4. **Strategies and plans**: What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?

[13] Ferreira and Otley's framework is composed by 12 key issues with the aim to describe the overall PMS, invoking both the formal and informal control (Ferreira & Otley, 2009, p. 277). It represents an extension of Otley's PMS descriptive questions (Otley, 1999) from 5 to 12, with the objective to give a more complete analysis of the PMS. In particular, completely new elements can be found in questions no. 1/3/7/9/10/11/12. Instead, questions no. 2/4/5/6/8 can be partially linked to the framework of Otley. Considering Ferreira and Otley's framework in comparison with the Otley's one, the question no. 2 (key success factors) of Ferreira and Otley relates to the no. 1 *"strategy"* of Otley. No. 4 (strategies and plans) relates to no. 2 *"activities and processes"*. No. 5 (key performance measures) to no. 1 and 2 *"strategy"* and *"activities and processes"*. No. 6 (target setting) to no. 3 *"performance"*. Finally, no. 8 (reward systems) to no. 4 *"reward system"*. For further information see Ferreira and Otley (2005, p. 52).

5. **Key performance measures**: What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?

6. **Target setting**: What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?

7. **Performance evaluation**: What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?

8. **Reward systems**: What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?

9. **Information flows, systems and networks**: What specific information flows — feedback and feedforward —, systems and networks has the organization in place to support the operation of its PMSs?

10. **PMSs use**: What type of use is made of information and of the various control mechanisms in place? Can these uses be characterised in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?

11. **PMSs change**: How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?

12. **Strength and coherence**: How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

PMS can be seen in terms of the pursuit of defined objectives (Rebora, 1999b; Garlatti, 2004; Del Bene, 2008). Namely, it is seen by Bouckaert and Halligan (2007) as a cross-cutting issue of **measurement**, **incorporation** and **use**.

Following the authors' typologies for managing performance, public organizations tend to progress from one model to the other (A-D) (Appendix 10) through the enforcement of:

- their **performance measurement**[14]: type of measurement[15]; design[16]; scope[17];
- the level of **incorporation of performance**[18] in documents, procedures and discourses: degree and level of incorporation;
- **performance information use**[19] in terms of intensity: general and specific use, in terms of reporting focus, learning by using, and accountability.

The authors identified the following four *"pure"* ideal-type of managing performance, each with an increased span and depth of performance, and improved levels of coherence, substance and consolidation:

A. *performance administration* fits the classical rule-based Weberian bureaucracy. It might be outlined as the lack of managerial tools and by management techniques which are confined only to administrative data registrations, objectives, mostly inputs and processes. Measurement is seen as another administrative procedure that could be an element of administrative and legal setting, not a managerial or policy context. Administrative procedure data is not linked to performance improvement strategies. Registering and administering performance are based on sophisticated rules, which are not developed to produce information for managerial functions or elements of a policy cycle. However, they aim to improve registration of resources used and the way procedures have been implemented. This information is used for internal reporting purposes. Its only purpose is to achieve operating procedure standards. Therefore, single loop learning is key.

B. *managements of performances* complement the features of the first category while broadening managerial tools and maintaining an internal logic. Only administrative actors appear accountable for their actions. Managements of performances emerge where management and performance have been connected but the links between them are decoupled

[14] **Measuring** is systematically collecting data by observing and registering performance data for some performance related purposes.

[15] Type of assumption used for framing and functioning including the actors involved.

[16] It also includes the criteria of indicators and specific dimension of measurement.

[17] The scope refers to the span (horizontal expansion of performance) and depth (vertical expansion). For example, the performance emphasis could be narrow (economy=input/output; efficiency/productivity=input/output) or broad (effectiveness=output/outcome) or extensive focusing on linking trust to input, or output, or outcome (Bouckaert & Halligan, 2007, p. 18).

[18] **Incorporating** is importing performance-related data in documents and procedures with the intention of using them.

[19] **Using** performance data is key in a strategy of improving decision-making, results and accountability.

since coexisting systems operate. Managing different and several performances comprehends performance measurement but goes beyond its administration. Managements of performances imply diverse and unconnected systems of management with different types of performances. A varied set of performance measurement systems provide information to an unconnected set of management systems developing different performances for different purposes, which are not necessarily associated in a hierarchical and logical way. The measurement systems are not very coherent or integrated due to the asymmetrical performance measurement system development based on different functions. Nevertheless, high level of sophistication and development within some functions might lead to an improvement in other functions.

C. *performance management* encompasses all the features of the second category. It ranges across inputs, outputs and outcomes and the model encompasses several management systems and their interconnections. It is necessary to have a predominant integrated performance focus with strong policy and political dimensions. It embraces an integration of performance information, which is beyond ad hoc connectedness, to use it in a coherent management improvement strategy.The performance management type is also based on a clear policy on measurement for managing the different functions and their performances. However, it is key to understand to what extent this ideal type is sustainable in a dynamic and unstable environment.

D. *performance governance* expands the realm of performance management, including all its features. This type covers the broadest and deepest span and depth of performance. It emerges with the post-NPM movement. It is an intergovernmental exercise and requires significant span and depth in PM. Thus, performance moves forward from intra-governmental agency based on linking specific indicators, from the micro to the macro objectives, englobing the whole-of-government concept focus. Performance initiatives involve and empower internal and external actors. Moreover, the concept of citizen engagement incorporates a performance dimension.

When a PMS is embedded in a network context, a proper analysis is necessary since it is not possible to easily transfer organizational knowledge to the study of networks. Indeed, networks are unique entities and they need to be studied on their own right. PMS in networks is extremely complicated, since each participant can be expected to be loyal to the needs and objectives of their organization, and each organization in the network will have its own PMS in place, which is likely to be inconsistent with those of the network as a whole. Considering public inter-organizational contexts an horizontal control is necessary. Following Van der Meer-Kooistra and Vosselman (2000),

the phases of horizontal control are: the contact phase, where control supports the search for a suitable partner; contract phase, where authorities and responsibilities of the partners are established; and, finally, the execution phase, in which parties monitor whether appointments about activities or results are fulfilled, where the focus of this essay relied on. In particular, it is conceived as useful to consider the aforementioned framework, however, it is also necessary to give relevance to the network characteristics to be taken into consideration in measuring, incorporating and use phases. These steps can be implicitly referred to Ferreira and Otley's framework. Indeed, although the authors make reference to *"design"* and *"use"*, some questions related to design do not consider the measurement phase only, but also the incorporating one. All the 12 questions referred to performance measurement. Out of these, we assume that Q1/2/3/4/5 are included not only in the measurement but also in the incorporating phases. Questions referred to the use are final four (Q9/10/11/12), which also encompasses the performance measurement and incorporation phase[20].
Hereinafter, there will be a deepening of the three PMS steps, leading towards the subsequent presentation of the public network contextualization of Ferreira and Otley's framework. In particular, the 12 issues with reference to the MU network peculiarities will be outlined, also considering the three PMS steps of Bouckaert and Halligan's model (Bouckaert & Halligan, 2007). Moreover, this model will be considered of reference for defining the expected information type that is directly linked to the *performance governance ideal-model*, meant as effective for public organizational networks (ibidem). Indeed, its characteristics will be considered as the most effective PMS for LG networks, with a complete awareness of additional challenges in measuring, incorporating, and using PI for governing performance as the model suggested.

The performance measurement: prioritizing, indicator selection, data collection, analysis and reporting

According to the EA, performance measurement is one of the three orders of functioning of the *aziende*, which highlights the connection between the managerial and organizational activities (Zappa, 1927). Through the definition of Amigoni (1988, p. 64) on performance measurement, it is possible to highlight the informative, perscriptive (which actions should be taken?) and evaluative purpose (Is the action taken correct?)[21]. This means that

[20] As stated by Ferreira and Otley (2009): *"the final four issues [...] pervade the whole PMS"*.

[21] *"la misurazione della performance economica, caratteristica del processo di controllo, deve essere sempre considerata non soltanto in un'ottica "semantica", cioè connessa alla sua capacità di rappresentare un reale, ma anche in un'ottica "pragmatica", cioè con riguardo al suo impatto sulle decisioni e sulle azioni degli utilizzatori"*.

the usefulness of performance measurement should answer to the specific questions of different actors in a reliable and timely manner[22]. This lead us towards the definition provided by Del Bene (2008, p. 287) with respect to performance measurement as partial and instrumental, aimed at obtaining functional behavior for the achievement of organizational objectives. This means that performance measurement is not an end in itself and unless it can direct efforts towards organizational goals and influence future performance it would only represent a tool for measuring past activities.
D. Osborne and Gaebler (1992) advocated the importance of the performance measurement in the public sector identified as what gets measured gets done and how performance measurement can improve public sector performance. To understand a measurement system, Bouckaert and Halligan (2007) identified some key elements. First, the type of the assumptions used for framing and functioning including the actors involved (type of measurement). Second, the scope of performance measurement from narrow to broad with reference to both the span and the depth of performance. In this vein, Bouckaert and Halligan (2007) consider **span of performance** as a horizontal expansion in terms of inputs, activities, outputs, effects/outcomes and trust. On the other hand, they referred to **depth performance** in terms of micro, meso and macro as vertical expansion. The third element is the performance measurement system design itself, which also includes the criteria used for selecting indicators (criteria of indicators), the quality checks (specific dimension) and possible concerns with potential dysfunctions. The literature on performance measurement systems has had two main phases. The first (1880s-1980s) emphasizes financial measures (i.e. profit, return on investment), while the second (1980s-today) addresses the limitations of traditional performance measures[23], through the development and implementation of multidimensional performance measurement systems. They are seen as a more representative reflection of the true complexity of an organization. In this sense, different performance dimensions were identified as of interest.

[22] *"I decisori aziendali hanno bisogno di informazioni attendibili (vale a dire affidabili) utili (ossia idonee a soddisfare le esigenze informative delle persone che devono assumere decisioni) e tempestive (cioè coordinate con i "tempi aziendali" ovvero disponibili nei "tempi giusti") che possano supportare validamente processi decisionali specie in considerazione del fatto che gli effetti dei provvedimenti assunti hanno, non solo un rilievo economico, ma anche sociale e, molto spesso, politico"* (Mussari, 1999).

[23] The limitations of traditional performance measurement systems have been discussed by many authors. They were dominated by financial measures and, consequently, weakened by the inherent limitations of financial information. Dixon et al. (1990, p. 118) suggested that: *"Unfortunately, for performance measurement, the measures are typically too irrelevant due to the accounting period delay, and too summarised due to the length of the accounting period"*. Moreover, the financial focus was criticized for the internal rather than external focus, short-term period and failing to measure and integrate critical factor for organization success (R. S. Kaplan, 1983). For other studies that have pointed out the shortcoming of the prevailing systems based on financial measures only see Eccles (1991), Lynch and Cross (1991).

From the end of the '80s, both scholars and practitioners focused on multidimensional performance measurement models, with the aim to combine financial (lagging) and non-financial (leading) indicators[24]. The idea is that non-financial measures are leading indicators of financial performance, thus working as a performance driver (R. S. Kaplan & Norton, 1996). Financial measure is a lagging indicator, which is the outcome measure that provides basis for studying the deviations after the completion of the activities. The link between lagging and leading indicators helps to control the performance of the process, and the indicators to be linked should be selected in line with the chosen strategy. In other words, it has been recognized the need for rethinking performance measurement systems into a more *"holistic"* approach, strengthening the link between strategies, actions and measures to achieve the stakeholders' goals at various levels (Eccles, 1991; A. Neely, 1999). Many performance measurement models have been devised to help managers measure and improve organizational processes, e.g. the tableau de bord (literally dashboard)[25], the performance prism[26], the strategic measurement analysis and reporting technique (SMART) system, also known as performance pyramid[27] and the balanced scorecard (BSC)[28].
Among emerging (non-traditional) performance measurement models, the BSC has received major attention from managerial accounting scholars, also analyzing the public sector (Bobe et al., 2017; Hoque, 2014) and the LG context (Northcott & Taulapapa, 2012; Wisniewski & Ólafsson, 2004). Although the valuable diverse performance measurement system contribution ranged from private to public sector and from single organization to collaborative networks, a common reasoning line to be implemented does not seem possible (Graça & Camarinha-Matos, 2017).

[24] Fitzgerald et al. (1991) talk about determinants and results.

[25] With the tableau de bord the manager is metaphorically compared to a pilot since the system provides a dashboard based on integrating financial and non-financial indicators, allowing a global and quick view of its operations and the state of its environment (Malo, 1995).

[26] The performance prism is based on five interrelated perspectives on performance (processes, strategies, competencies, stakeholder contribution and satisfaction) where stakeholder satisfaction is the driver of organization strategy (A. D. Neely et al., 2002).

[27] The system is made up of a four-level performance pyramid of objectives and measures. The translation of measures goes from bottom up, where the bottom represents the departments and work centres which are daily monitored against four performance measures. At the top is the mission, at the second level objectives for each organizational unit are defined; at the third level, more tangible operating objectives and priorities can be defined for each organizational operating system in terms of customer satisfaction, flexibility and productivity. At the fourth level, the department and work centres level, specific operational criteria are defined: quality, delivery, process time and cost. For further information see Lynch and Cross (1991).

[28] The BSC is intended to link short-term operational control to the long-term vision and strategy of the organization. It allows managers to look at the organization from four perspectives (financial, customer, internal processes and learning and growth perspectives) (R. S. Kaplan & Norton, 1992).

Moreover, this evolution is often causing a new performance measurement crisis in terms of types of measure detached from strategy formulation (A. D. Neely & Bourne, 2000). Indeed, despite the application of multidimensional models, the numerous dimensions are analyzed with conventional metrics, and organizations continue to prevalently focus on the traditional short-term financial perspective (Silvi et al., 2015; Smith, 2005). This is due to the inability to discard measures reflecting old priorities and inconsistent indicators (Straw & Cummings, 1994). Therefore, criteria of indicators reflects an internal and backward-looking orientation, lacking the cause-effect relationships between different dimensions.
These implications for performance measurement design is more complex in the public sector than in the private one. This is linked to the expectations of conflicts between multiple goals and a lack of goal clarity - unless a vague one in terms of serving the public interest (Moore, 1995) - in public organization. This may lead to a diffuse link between strategies and performance measurement systems (Van Helden & Reichard, 2016). Moreover, LGs, even if increasingly networked with the joint-delivery of services, often adopt ineffective and still insular performance measurement system (Minassians, 2015). This rises the need for a deeper comprehension of the performance measurement design phases, which can also be implemented in LG networks for defining a joint effective system. The propose for an effective joint system includes performance measurement models which rely on digital technology, which is critical for the multifaceted objectives associated with network and the great number of aspects to monitor (Aureli & Del Baldo, 2016). Considering the network context, Voets and Van Dooren (2011) conceptualized the Bouckaert and Halligan (2007) extensive performance interpretation (span of performance) in the so-called *"production performance"*. Despite its multidimensionality, they suggested the need not to consider exclusively the *production performance* focused on the single organization (micro level). In their conceptualization, the suggestion is to consider the network span of performance as ranging from the *production* to the *process performance* and the *regime one*. The first is linked to the NPM wave with the aim to achieve economy, efficiency and effectiveness in public services. The second relates to legitimacy, accountability and accordance dimensions[29], while the third one refers to membership, network institutionalization and quality of rela-

[29]Legitimacy is linked to both formal and informal dimensions. The formal refers to the authorisation for the network to act on certain policy matters. *"because such a network is considered part of public policy and involves public resources, it should be formally mandated to do so"* (p. 192). Informal refers to actors' support in network operations (i.e. member commitment to network goals, stakeholder behavior to the network). Accountability refers both to network members (i.e. mechanisms to appoint, remove or sanction a network member) and community (i.e. number of meeting with community members and the rate of participation in such meetings). Accordance covers at least three criteria: issues offered for consent (i.e. number of issues offered for consent), mechanisms to give consent (i.e. elections), and status of consent.

tionships[30].
Drawing on Silvi (1995) the **performance measurement design** can be structured in three phases:

a. strategic and performance objective determination;

b. organizational model definition, carried out for the achievement of strategic and performance objectives;

c. definition of the indicator system.

The first step of the performance measurement system refers to **strategic orientation**[31] and Key Performance Indicators (KPIs)[32], which in network contexts should be collected by network partners. From the comprehension of critical variables and their translation in specific managerial actions will derive a defined level of economic performance. Thus, KPIs are then translated in specific strategic objectives. For the achievement of strategic objectives, actions and projects are undertaken and for each of them one or more performance parameter defined[33]. Finally, the performance parameter is translated in a performance indicator, namely, in a measure (Marasca, 2018). KPIs could refer to the enhancement of digital services with the aim to achieve the digital PA strategic objective through APP release within a month (actions and projects). A performance parameter to achieve this strategic objective could be the APP download, while a useful performance indicator could be the number of services provided with the APP.
In inter-institutional settings, collaborative decision-making should strive toward agreed-upon performance measures, which capture the intent of policy objectives (Agranoff & McGuire, 2001). However, the definition of *"measuring results"* is not so simple when multiple stakeholders work on the same policy and program (Agranoff, 2006). This is due to the fact that in networks *"each of the actors has their own objectives, so it is unclear whose objective should serve as the yardstick"*, moreover, *"several public actors are involved in decision-making processes so that it is even difficult to determine what 'the*

[30] Regime performance is referred to the capability of dealing with or respond to emergencies or new policy challenges. Membership is related to the member flows (entrance/exit); network institutionalization is referred to the ability to acquire an institutional position and the capacity to develop as a proper (network) organization; the quality of the relationship is linked to number/density and multiplexity of relations.

[31] The strategic orientation is the complex of ideas, values, beliefs and behaviors rooted in key actors of a specific organization. It defines how an organization relates with the external environment, the activity and competitive strategy choice. For further information on strategic orientation, see Coda (1988).

[32] KPIs are key variables on which managers can act through their decisions and that can influence the competitive position of an organization and then its success. For further information, see Brusa (2007).

[33] Performance parameters are variables that allow the monitoring of a strategic objective (Young & Anthony, 1992).

public interest' is" (Klijn & Koppenjan, 2000, p. 148). Thus, the ex-ante formulated objectives in the network approach seem untenable. The second step of the performance measurement system design focuses on the **organizational model** with the aim to identify: relevant organizational units for the achievement of a defined performance; the relationships between units, which consider the efficacy of the provided services; the activities carried out by the units, which refer to the efficiency of the provided services.
The third step aims to define a **performance indicator system**, which should be designed considering two levels (global and intermediate). Firstly, the global indicators refer to the synthesis, while intermediate indicators affect global results. Global indicators refer to financial and strategic indicators (linked to KPIs and strategic objectives). Intermediate indicators are analytical and refer to the activities of organizational units. Both global and intermediate indicators should be coherent and require data collection, analysis, and reporting processes (Del Bene and Marasca, 2009; Anselmi, 2014). Data collection is linked to internal data sources and/or external data sources. Analysis concerns the study of data, where the purpose is to *"transform data into information that may lead to decisions"* (Van Dooren et al., 2015, p. 73). Reporting is showing where the key issue is and whether it is presented on such a way to maximize its usefulness for the target group.

Incorporation and use of performance information

The incorporation of performance information (PI) refers to the data inclusion in documents, procedures and discourse, considering the information as an integral part of the organization's daily life. PI should be integrated into the management tools before it can be used. However, incorporation does not always imply use, indeed, organizations do not often use these instruments for decision-making, but to satisfy external audiences and mandatory regulations. Nevertheless, as highlighted in Table 3.1, there could also be organizations that score low in formal performance management tools, but they seem to use performance information for in-house decision-making (i.e. informal talks). Coherently, Bouckaert and Halligan (2007) suggested

Table 3.1: Adoption and implementation: four profiles.

	Low incorporation	**High incorporation**
Low use	No performance management	Outward-oriented PM
High use	Inward-oriented PM	Full performance management

Source: Van Dooren et al. (2015, p. 88)

to look at levels (static-dynamic) and degrees (disconnected-consolidated) of

incorporation claiming the need for fit-for-purpose structure and of a motivating performance culture as supra structure. Using incorporated PI in a governance context requires vertical and horizontal integration[34] in order to create the conditions for public sector's multiple stakeholders to use PI most effectively.

To the extent that information is available across organizations, there might be multiple use of performance information that could be linked to four specific categories: evaluating, enhancing planning and control processes, knowing, being accountable. Actually, knowing is the pre-condition of all the other aforementioned objectives, while enhancing planning and control processes could be identified as the last objective[35]. The use of PI is here considered as how performance measures are used to monitor the network's ability in achieving the desired outcome (Kenis & Provan, 2009; Provan & Milward, 2001; Turrini et al., 2010) and supporting coordination, motivation and trust among network actors (Bryson et al., 2006; Kettl, 2006). These processes can be depicted in different ways according to the performance users considered. Decision-makers (public managers) could use PI for implementing more informed strategic decisions, in terms of allocation of resources, competencies, responsibilities, for controlling and redirecting implementation, behavior and result evaluation (Pavan & Reginato, 2012). In particular, they can use PI to track goal achievement, to make better informed decisions and as a basis for discussing improvements (Kroll, 2015). On the other hand, politicians could use PI to design policies and programs and to present elements that are performing to stakeholders, highlighting

[34] Vertical integration includes micro, meso and macro levels and *"occurs when evaluation mechanisms help assess performance at each level of public management while at the same time allowing critical stakeholders to link the information produced for each of these levels"*, while, horizontal integration covers *"coordination both between the evaluation system in place and other public management functions – such as personnel and budgeting – and among the various agencies involved in achieving a policy goal but working interdependently"* (Ospina et al., 2004).

[35] *"Molteplici sono le classificazioni elaborate circa le finalità della misurazione, che in linea generale possono essere condensate intorno ad alcuni macro obiettivi: valutare, migliorare i processi di pianificazione, programmazione e controllo, conoscere, migliorare, rendere l'amministrazione accountable [...] In realtà, conoscere è esigenza trasversale a tutti gli altri scopi, così come l'obiettivo di miglioramento costituisce, in estrema sintesi, la cornice entro cui anche gli altri vengono ricompresi, diventando quindi obiettivo ultimo"* (Del Bene, 2008, p. 297). Specifically, these objectives could be connected to informative and evaluative orientations. Evaluating is linked to the organizational control, namely an ex-post control, and it constitutes an input for the personnel rewarding decisions. See Flamholtz et al. (1985, p. 28). Whereas, informative strictly refers to knowing the objective, where information can be useful in accountability, planning and control processes. In particular, benchmarking and bench learning could be used to upgrade systems to specific standards (single-loop learning), to adjust standard (double-loop learning), or even to adjust systems constantly as learning how to learn (meta analysis) (Bouckaert & Halligan, 2007). The authors analyzed general and specific use (reporting, learning, accountability), but also costs (dysfunctions) and benefits (potential value added) (ibidem, pp. 28-29).

the accountability function (Steccolini, 2004). In particular, they can use PI to communicate program success to stakeholders, to advocate for resources to support program needs and to explain the value of the program to the public (Moynihan et al., 2012). However, it should be considered that MU is a second-grade order, where politicians could mainly consider their municipal area, and not the broader one (the MU in which their municipalities are involved). This is true especially for the President of the MU, who has an important political task, but comes from one of the involved municipal partners. Previous studies (Grossi et al., 2016) identify difficulties, such as deviant behavior and inconsistency between organization type and the PMS used by public officials – including both public managers and politicians – charged with managing public services, which may lead to different outcomes or even the abandonment of the PMS. Nevertheless, it has been recognized that the use of PMS can increase communication, trust, commitment, participation and coordination among network partners[36].

Drawing the PMS structural and dynamic components

It is here claimed how the 12 issues of Ferreira and Otley's PMS framework can be considered both as *"structural"* (Q1-Q8) and *"dynamic"* components (Q9-Q12). The distinction between the first 8 elements and the last 4 derived by the nature of the issue considered. Indeed, the first 8 investigated questions concern a *"structural/static"* concept, which can more easily be object to a mimetic process among different MUs. For example, with respect to the first 8 issues, the oldest MU's characteristics, considered as benchmarks, can be imitated by the MU in the start-up phase. However, the presence of certain characteristics cannot be representative of the PMS effectiveness. Indeed, the evaluation process cannot be totally positive or negative because it will majorly depend on the PMS design and implementation (G. Boyne et al., 2010). The last four questions have a holistic nature[37] that is strictly connected to the specific organizational characteristics and development path, which, in the case analyzed, derive from different LG realities. The modalities of the last 4 variables, which are here conceived as representing the *"dynamic"* concept of a PMS (Barbato, 1997), consider a transversal and holistic approach, capable of representing different PMS effectiveness levels. This is possible by observing the different impact on the Information flows,

[36] This statement has been derived from contributions that investigate PMS in private sector and hybrid environment. For example, Mouritsen and Thrane (2006, p. 242) define accounting as *"an integration mechanism bending all relevant interests towards one another"*. Tomkins (2001) pointed out how accounting can foster trust. For further information, see also (Minassians, 2015).

[37] With the term "holistic" it is here referred to the ability of the last 4 questions to be connected to the three PMS steps.

systems and networks (9), PMSs use (10), PMSs change (11), strengths and coherence (12). Considering the three PMS steps of Bouckaert and Halligan, question no. 10 can initially appear as merely included in the final step of the PMS (the PI use). However, it represents an influencing factor both for the measurement (directly) and incorporation (indirectly) steps, englobing an holistic approach (Burns & Scapens, 2000). The same holistic vision can be used with reference to question no. 9, in terms of necessary links to design a unified system, to no. 11, with a focus on the management accounting change, and to no. 12 to guarantee strengths and coherence. Thus, analyzing the first 8 issues of Ferreira and Otley, the usefulness of considering the last 4 questions as an aggregate capable to explain PMS effectiveness will be claimed.

The PMS structural components

With reference to the MU network peculiarities outlined, it is here exposed Ferreira and Otley's PMS framework, also considering the three PMS steps of Bouckaert and Halligan's model (Bouckaert and Halligan, 2007; Ferreira and Otley, 2009). This section considers the Italian context both in terms of the object (PMSs) and context of study (MUs), leaving further details on these topics respectively in Subsection 3.5 and 1.6, which also outline their normative evolution.

1. Vision and mission

Measurement: "What is the vision and mission of the organization and how is this brought to the attention of managers and employees? [. . .]"

The starting point of the strategic planning process of the MU is the vision and mission statement definition. The higher complexity of the MU is derived from the fact that the single MU is dependent on the municipal partners, which rely their strategic decisions on the base of their vision and mission statement. The need to combine different propensities and orientations represents a first important step to start, over time, a convergence between the different positions, from a single to a shared result based on a political negotiation activity[38]. In relation to the effectiveness of this political convergence, a cascade of strategic lines and prioritization towards the management of the organization will also result.

Incorporation: "[. . .] What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?"

[38] As stated by McGuire and Agranoff (2011, p. 272): *"Participants in the network work to achieve their individual organization's goals as well as a shared, collective goal".*

This step relates to the strategy process, namely, how objectives and actions are formulated (G. A. Boyne & Walker, 2004). The strategic process involves the expected performance measurement, which can be considered as the starting phase of the decision-making process. It will involve the whole organizational structure. It is relevant the link between the strategic content of the MU political mandate, the strategic objectives defined in the single programming document (DUP) and the balance-sheet missions, which will be connected to the analytical elements of the management executive plan (PEG) and target plan (PDO)[39].

2. Key success factors

Measurement: "What are the key factors that are believed to be central to the organization's overall future success [...]"

After identifying key success factors (KSFs), it is important that the strategic objectives identified by the MU governance are connected to the mission, strategies and strategic planning and programming tools (respectively, the strategic plan and the DUP). Given the multidimensionality of the PAs (Borgonovi, 2005), MU strategic objectives (with a particular presence of quality, wealth or project due-process indicators) are key and mostly non-financial or minimally financial (i.e. current and capital expenses per MU inhabitant).

Incorporation: "[...] how are they brought to the attention of managers and employees?"

Given the need for a predominance of the qualitative sphere of performance measurement compared to the purely quantitative, the question arises of how to link what is relevant to the MU's political governance. This is true in terms of what should be done in activities aimed at achieving operational objectives, the achievement of which shall be attributed to the MU's management and organizational leaders. Here, it is particularly important to have report sheets constructed in such a way as to meet the information needs of the different recipients in the MU organization.

3. Organization structure

Measurement and incorporation: "What is the organization structure and

[39] It is important to distinguish between first level strategy or *"stance"* (i.e. vision, mission, strategic objectives) and second level strategy or *"strategic actions"* (i.e. operative objectives), since the first are relatively enduring, while the second can change in the short term since they constitute *"the specific steps that an organization takes to operationalize its stance"* (G. A. Boyne & Walker, 2004, p. 232).

what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?"

The definition of the organizational model for the MU should answer the following questions: what functions and services have municipalities associated in MU? Which actors, having identified them from the municipal partners, allocate as structural MU personnel? With reference to the aforementioned questions, the organizational structure became a key control feature of the MU, both at top and lower levels. It is worth noting that MU personnel can be assigned by the single municipalities to a certain degree of percentage (MU personnel commended by municipalities), but it can also be hired directly from the MU meant as NAO. It seems important to analyze personnel since, for example, when the allocation of human resource reflects a pretty low percentage, the MU services will be fragmented, leading to procedural delays in the management of the single activities needed for the service provision.

4. Strategies and plans

Measurement: "What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? [...]"

The definition of strategic orientation and plans for the MU is influenced by the major or minor attitude of the municipal partners to strategic planning. To guarantee an effective achievement of the main MU strategic objectives, it seems that the leading municipalities (Lead organization) have a critical role with respect to partners. The success of the strategic planning and of the consequent activities will be functional to the degree of the organizational culture on performance measurement.

Incorporation: "[...] How are strategies and plans adapted, generated and communicated to managers and employees?"

After defining strategic MU policies and elaborating the strategic plans, the tools that seem relevant are the assembly with directors and apical personnel, with the aim to identify the single operative mode to achieve the defined strategic objectives, as well as to define report standard to elaborate and use. The higher the discussion (also involving service users), the clearer and more effective the capacity of organizational and managerial answer of the directors and service managers.

5. Key performance measures

Measurement: "What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? [. . .]"

The MU should be monitored by control tools based on the dynamic of identified KPIs (if previously identified). However, KPIs can be in a definition phase, especially when the focus is much broader than that of conventional performance measurement systems, going beyond performance in the traditional areas (e.g. production performance).

Incorporation: "[...] How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?"

The KPI identification represents a critical phase, especially during the communication process to the service managers, and in the periodic performance evaluation phase. A pre-existing sharing activity of objectives with the political party and respective apical organizational position should always be present. In the same vein, a clear and shared choice on the indicators should be critical, since they will be determinant for the pre-emptive phase and for the comparison with obtained results.

6. Target setting

Measurement: "What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?"

The pre-emptive definition of target to achieve in the MU management should consider the strategic objectives of each adopted strategy. With the aim to estimate hypothetical target to achieve, there is a tendency to postpone defined and achieved objectives. In a well-organized MU, the expected organizational performance levels (targets) are object to a centralized definition by the board of directors, coordinated by the senior coordinators (DG/SG), who previously discuss with the financial director and controller. Usually, in MUs, target settings are defined with some degree of participation (negotiation) of first line managers (directors, managers). The final result of that negotiation will constitute the target plan (whose elaboration is done by SG/DG). In the PDO, each target will be defined also in terms of pre-emptive indicators.

7. Performance evaluation

Measurement: "What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?"

With the Brunetta reform, as for other LGs, also MUs have to design both an individual and organizational performance evaluation. The performance evaluation is usually based on a mix of performance information coming from both formal and informal controls. The DL no. 150/2009 states that LGs have to identify, through PDO and performance plan (PdP), first and second level strategies (strategic stances, strategic and operative objectives) and define, with reference to objectives and resources, the regulations on the performance measurement and evaluation system (SMVP). The performance evaluation activity (performance report, RsP)[40] is prior to that of rewarding, providing a penalty and responsibility actions if this is not followed. Thus, prior to each rewarding activity, the MU must measure performance, connecting it with clear and challenging objectives for the MU strategy. However, it should be noted that the effectiveness of pay for performance in PAs is not always easy to achieve (Della Porta et al., 2018, p. 136), since in public sector objectives these are not always clear (Van Helden & Reichard, 2016).This ambiguity can be more present in network contexts. In recent years, a growing interest was paid on performance evaluation in network context. An interesting framework for network performance appraisal is given by Voets and Van Dooren (2011), who distinguished *production, process and regime layers*, each with different performance dimensions. According to the uncertainty level, there can be formal and informal controls that, for their different capacity of measure and different dimensional variables, constitute an effective mix of control of performance in MUs.

8. Reward systems

Measurement: "What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?"

Consequent to the introduction of the performance cycle introduced with the Brunetta reform, the individual rewarding systems (personnel) for the LGs (and also for the MUs) is mandatory. It is in accordance to a vast variety of indicators, among which non-financial ones are highlighted. Rewards (usually financially based) are the results of an evaluation process, which starts from the strategic objectives of the MU, subsequently declined

[40]Reference to article 14, paragraph 6 of the LD 150/2009 as amended by LD 74/2017.

in operational objectives, which allow the performance measurement of individual personnel[41]. There should be a relationship between performance evaluation and financial rewards. Performance evaluation was a formal and structured process that took place every year to define the performance of the organization, correlating MU strategic objectives with those of directors and single organizational areas defined by the single MU.

The PMS dynamic components and its effectiveness

The PMS dynamic component is represented here as an aggregate of the last four variables outlined in the Ferreira and Otley's framework (Ferreira & Otley, 2009). They are considered as factors that might explain PMS effectiveness for LG networks. This assumption relies on the contingency theory, according to which researchers attempted to explain the effectiveness of a system by examining designs that best suit a particular context (Chenhall, 2003; Del Bene, 2014; Otley, 2016). Thus, accordingly to this approach, the PMS should be constructed based on the objectives pursued and the context in which organizations operate (Covaleski & Dirsmith, 1988). The effectiveness of a PMS depends on its validity, legitimacy and functionality (Bouckaert, 1993). According to the literature, validity is referred to the need for aligning performance measurement on a mission statement and clear objectives (Padovani et al., 2010). Whereas, legitimacy relates to how performance measures should not be forced by external forces (i.e. law) or the top management, but need both internal and external accountability (Streib and Poister, 1999; Zarone and Lazzini, 2012). The effectiveness of PMS design has to take into consideration the three aforementioned *"performance management ingredients"*, namely measurement, incorporation and use. To address this issue, the last four elements of Ferreira and Otley's framework have been analyzed. It is assumed that the composition of these 4 questions - which can be defined as *"holistic"* - is dependent on the time dimension Padovani et al. (2010)[42] and constitute factors, which are difficult to imitate

[41] For further information on appraisal systems and reward strategies, see Borgonovi (2009). In network contexts appraisal systems should rise by the identification of responsibilities of units while ensuring that each of them can achieve the assigned objective, supporting network to which they are responsible (Zarone & Lazzini, 2012).

[42] Padovani et al. (2010) emphasized PMS effectiveness in relation to time-related perspective. This perspective is linked to concepts which are mainly drawn from the path dependency theory, theory of cycles, historical approaches, sociological studies and organizational ecology. For further information on time-related perspective, see Pollitt (2008). In particular, Padovani et al. (2010) argued why and how PMS has been effectively introduced into specific LGs, drawing on time concepts defined as *"toolkit"* provided by Pollitt's perspective (Pollitt, 2008). To this extent a pre-emptive identification of these concepts should be considered for the evaluation of the effectiveness of project feasibility for PMSs. The *toolkit* is composed by six elements (duration, path, punctuation/windows of

[43]. Thus, the effectiveness of the PMS can be derived only when the system has been implemented, considering its dynamic component (Barbato, 1997).

9. Information flows, systems and networks

Holistic: "What specific information flows — feedback and feedforward —, systems and networks has the organization in place to support the operation of its PMSs?"

It can be identified as the necessary link to build a whole PMS, which in a network context could also be defined as *"joint"*[44].
Information flows relate to feedback and feedforward processes, respectively linked to single, double and meta-loop learning, both required for a performance governance model (Bouckaert & Halligan, 2007). Information flow characteristics can be referred to: the temporal dimension in terms of the speed of transmission/reception, the frequency/periodicity; performance scope, in terms of depth and span, and integration (Amigoni, 1988; Bruni, 1994; Barbato, 1997; Marelli, 2000). Assuming the *performance governance* model as the objective to achieve, the speed of transmission/reception should be as hyper dynamic as possible; the frequency/periodicity should guarantee a number of reports that aim to continuously monitor the MU's and its managers' performance against plans, as well as to update plans and provide strategic feedback; the performance span and depth should be the widest possible[45].
Systems refer to the joint use of information and technology systems with the aim to provide higher value. For example, *Business Performance Analytics* (Visani et al., 2011), among its diverse scopes, can support the identification of causal relationships between the measured input/output/outcome and the underlying factor leading to the observed result. At the same time, it could also guarantee data updating and support emergent strategies. The system should be able to be hyper dynamic, continuously collecting and monitoring strategic dimensions. *Networks* are connected to the relationships between organizational units and, referring to the network context, also to the whole

opportunity, cycles, causal mechanisms, multiple times) which are considered as influencing factors of PMS effectiveness, therefore, affecting the implementation of measurement, incorporation and use (the behavior of decision-making actors).

[43]It is here referred to the mimetic process with likely non-interiorization (DiMaggio & Powell, 1983).

[44]"(information flows, systems and networks) are the binding agent that keeps the whole system together" (Ferreira & Otley, 2009, p. 273). The choice to rename the PMS as *"shared"* for a network context derives from the conception of a network as a whole and the intention not to make confusion among these two concepts (network as a whole and whole system) and to highlight the MU LG information sharing need as a pre-requisite for the network PMS.

[45]For measurement, span includes trust and depth extends to macro level.

network, considering both the NAO and the municipal partners, as well as the community.

10. PMSs use

Holistic: "What type of use is made of information and of the various control mechanisms in place? Can these uses be characterised in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?"

Performance users and the specific type of use can influence the development of an effective performance measurement and, consequently, to PI incorporation[46]. This statement would conceptualize managers as rational agents who effectively use performance information as a rational response to the need for improving decision-making and stakeholder value. This use can be influenced by organizational factors (complexity) and external pressures (institutions and dynamism), which should be considered in the PMS designing process (Amigoni, 1988; Brunetti, 1979). Several studies have used institutional theory to challenge the assumption that PMS adoption is driven by economic rationality. A substantial body of work has interpreted adoption as a response to external pressures, in order to show a certain degree of rationality in how the organization is managed and overcome or, in some cases, promote other uses and roles of control and accounting practices in organizations. In this sense, adoption can be interpreted as temporary in order to give players an appearance of being legitimate. Thus, organizations operating with similar institutional structures will adopt homogeneous forms of behavior named as *"isomorphism processes"*[47]. Institutional isomorphic mechanisms relate both to the maintenance and to the changing of cultural values. This leads to the consideration that it is necessary to differentiate performance measurement tools, representation and communication methods based on the organization information needs and on the stakeholder competences (Behn, 2003), representing managerial, political and societal parties. As stated by Bouckaert and Halligan (2007, p. 187) with reference to the performance governance model *"[. . .] measuring has to be both internally and externally interactive [. . .] externally standardized measurement models will be insufficient and need to be replaced by benchmarkable systems designed*

[46] As stated by Del Bene (2008, p. 296): *"La misurazione della performance deve essere progettata e realizzata in funzione del suo utilizzo, poiché si verificano situazioni in cui la performance viene spesso determinata più in base alla disponibilità dei dati, che non in funzione degli obiettivi da conseguire e rispetto ai quali il management va responsabilizzato, concretizzando il rischio di astrarre artificialmente la determinazione della performance dal processo manageriale".*

[47] For further information on coercive, normative and mimetic isomorphism, see DiMaggio and Powell (1983).

with the involvement and consultation of a range of stakeholders including citizens". Thus, the role of citizens becomes crucial, and governments should imply co-designing, co-deciding, co-producing and co-evaluation processes where the degree of incorporation can be defined as externally consolidated and performance design as technical, functional, internally and externally legitimate (Bouckaert and Halligan, 2007; Bartocci, 2012). Literature has interpreted the adoption as a process that involves managers at various organizational levels, as well as various techniques and technologies (Nisio et al., 2013). The rationale is that, among the main influencing factors for the PMS adoption, there are the involvement and commitment of different actors[48].
The **involvement of internal and external actors** highlights the importance for the system to be inclusive. Palmer (1993) states that performance utilization is likely to be higher when decision-makers are involved in these activities. More generally, this first step highlights the need of shifting the focus of analysis from the isolated analysis of performance information to the context-bound key actors (internal and external) and their diverse information needs (D'Alessio et al., 2008; Mazzara, 2003). This factor is linked to the higher probability of obtaining the acceptance and, thus, legitimation (Bouckaert, 1993).
Concerning the **commitment of both political and administrative actors**, Cavalluzzo and Ittner (2004) highlighted how the management commitment to the use of performance information and the training in performance measurement techniques can have a positive correlation with the development and effective use of performance measurement systems. The same could be derived from the political side, since very sophisticated language has the potential to undermine democratic accountability, making appropriate usage by politicians much less likely[49]. Also, this factor can be considered as a leverage for obtaining acceptance and legitimation. As previously highlighted, the presence of the two aforementioned factors will likely increase both internal and external legitimacy and this will largely influence the sustainability of the network in the early stage of evolution (Provan et al., 2007, p. 505). This leads to the consideration that those are influencing factors of both PMS and network sustainability.

11. PMSs change

[48]The organizational support theory (Eisenberger et al., 1986) identifies the perceived organizational support (POS) as critical for encouraging effective work behavior. *"The extent to which the organization values (employees') contributions and cares about their well-being"* Eisenberger et al. (1986, p. 500). In this sense, the POS can constitute an important driver for both actors' commitment and involvement, as well as with the goal congruence.

[49]For further information on the politicians' performance information use, see among others Ter Bogt (2004).

Holistic: "How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?"

This area clearly links with the management accounting change literature (Burns & Scapens, 2000)[50]. Thus, it is directly linked to the incorporation step (and indirectly to the other two), since it has been claimed how performance measurement practices should be *"internalized"* within the organization[51]. It also revokes the *"dynamic capabilities"* (DCs), which today constitute a widely debated framework in social science. It presents processes that allow organizations to adapt to rapidly changing environments by building, integrating and reconfiguring their resource and capabilities portfolio (D. Teece, 1990)[52]. Unlike operational capabilities, DCs do not refer to the skills needed to carry out current operations but, on the contrary, they reflect the aptitude to generate a long-term competitive advantage, enabling organizations to survive (Ludwig & Pemberton, 2011), by stimulating

[50]This model has initially applied to the private sector but can be considered also in the public one (Bartocci et al., 2018, p. 103).

[51]It is here claimed the difference between the old and new (or organizational) institutionalism. Institutional theory has a long history going back to the mid-nineteenth century. These early formulations, which have an internal perspective about the organization, stress the role of beliefs and actions of those who have the power to define directions and interests or the force of moral pressure coming from the social order (an example of framework based on old institutional theory can be derived from Scapens, 2006). What has been designed as *"new"* appeared at the end of the 1970s (Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Rather than values and moral frames, recent research emphasizes the importance of symbolic systems and mental maps that provide guidelines for behavior. Namely, new institutionalism focuses on the regulative, the normative and the cultural-cognitive pillars (Scott et al., 2000). Whereas regulative models appear as a constraining force (rule-setting, monitoring and sanctioning activities), normative models emphasize cultural values (what ought to be) and cognitive models give weight to cultural assumptions (what is and what can become). The shared characteristics between the new and old institutionalism refers to the importance given to the relationship between the organization and the environment - understood as cultural entities - and the limiting character they attribute to instrumental rational approaches (Powell & DiMaggio, 1991). However, the initial formulation overemphasized the unity of the organization and intra-organizational processes, assuming a decoupling of structure and action, while the new formulation delves the ways in which organizations respond to institutional pressures. Combining the two into neo-institutionalism gives the possibility to explain different responses of individual organizations to similar contextual pressure in the institutional field as a play of the organization's internal dynamics (DiMaggio & Powell, 1983). For further information on the difference and commonality between the old and new institutionalism, and the call for a neo-institutional theories, see Greenwood and Hinings (1996).

[52]According to D. J. Teece et al. (1997), the concept of DCs summarizes in a single expression the two key elements for achieving competitive advantage: the term *"dynamic"* refers to the ability to renew competencies to be in tune with environmental changes; the term *"capabilities"* emphasizes the ability of strategic management to redefine and integrate resources and competencies with those held by other organizations.

the development of new competencies to cope with discontinuous changes of internal and external conditions. The underlying idea is that, when the environment evolves rapidly and unpredictably, organizations may achieve and maintain their competitive advantage through a constant development of resources (D. Teece, 1990) and routines (Eisenhardt & Santos, 2002), capable of ensuring a continuous adaptation. It is important to highlight how MUs, as stable as they may be, are ever-changing since boundaries can adjust across time, depending on partner participation and withdrawal or depending on functions that can be enhanced or reduced. Thus, the MU dissolution may derive from the exit of an involved municipality that would block the interaction processes by withdrawing their resources. The replacement of these resources is not always possible and when it is, it might be costly and time consuming (Klijn & Koppenjan, 2000). This situation might be the result of a structural engineering process without the development of the proper capabilities needed for the achievement of a tight integration among LGs, a characteristic that would increase the success rate (Jacobsen & Kiland, 2017). Embracing and adapting the Teece et al.'s conceptual view (1997)[53], DCs applied to a joint PMS might be opportunely unbundled into three organizational levels: (1) sensing and shaping opportunities; (2) seizing opportunities; and (3) enhancing, combining, and reconfiguring the assets of both single LGs and the network as a whole. To sense and shape the emerging opportunities at both theoretical and practical level, LG networks shall steadily explore the chance to employ a joint PMS. Once an opportunity is picked out, a joint strategy must be outlined to achieve the common or compatible goal (or goals) pursued. Finally, a reconfiguration of systems, procedures, routine, structures, and knowhow is needed to solve complex issues by adapting the LG network to the volatile environment where many LGs operate (Piening, 2013).
According to Bouckaert and Halligan (2007, p. 187), the opportunity that networks should exploit with their PMS is the gauging of quality, which fits entirely in a sustainable change strategy.

12. Strengths and coherence

Holistic: "How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?"

As stated by Ferreira and Otley (2005) *"although the individual components of the control system are apparently well-designed, when they do not fit well together (either in design or use) control failures can occur"*. In network

[53]Teece et al.'s view (1997) recognizes the presence of three interdependent stages: resource coordination/integration; learning; and asset reconfiguration.

context those factors can be considered in terms of both horizontal and vertical integration. Horizontal integration implies coherence within the PMS in terms of strategy and measurement (Bouckaert, 1993), but also in terms of the stakeholders' expectations alignment at the different level (micro, meso and macro). The horizontal integration can be achieved with a coordination between planning and control systems in place, budget (coherence, timeframe synchronicity) and the internal control system (Nisio et al., 2013), in terms of structure, form and content (Caramiello, 1994). However, it should mention how normative strategic process often utilizes management tools that are unsatisfactorily connected to operative programs (Mintzberg et al., 1994; Castellani and Mazzara, 2018).

Thus, performance information needs to be integrated in the decision-making processes underlying the definition of strategic guidelines, public policies and programs, and scheduling and allocation of related resources.

Vertical integration would require the management of a range of collaboration and imply the involvement of more internal and external stakeholders and the importance for the system to be inclusive (Palmer, 1993). Adverse effects, in terms of low importance and consideration of PMSs, might derive from differences among partners (i.e. regarding size, there could be small municipalities with low human resources), especially if the activity is politically disinterested, leading to difficulties in terms of coherence and strengths. Thus far, the characteristics of the PMS have been identified (both under a structural and dynamic perspective), pointing out how PMS effectiveness is strictly linked to the dynamic concept, also describing the elements that can facilitate/hinder the achievement of defined PMSs' characteristics. Considering all the details provided in the PMS, some considerations can be done on the factors influencing PMSs' effectiveness. As previously highlighted, the described characteristics of the issues corresponding to the last four holistic questions require a long-term process. However, this is the first barrier of the PMS effective implementation, as MUs may have short-term focus (i.e. political mandate). Thus, the duration of PMS implementation and its use needs to be analyzed, as it shows the maturity of the PMS initiative, which increases the organizational expertise and the likelihood of PMS effective use. It also shows the capacity of the PMS to attract attention over time. With reference to this element, the **MU degree of political heterogeneity**, deriving from different municipalities within the network and its executive bodies, can be considered as a key factor in the PMS implementation. Namely, the higher the homogeneity (political stability within the network), the longer the duration of the PMS and, therefore, possibly, the higher its effectiveness. The same consideration could be supposed for the **joining and leaving municipalities** (which can derive from diverse political vision), the respective **different territorial extension and managerial and innovation culture**. For example, network performance measurement can be hindered by the presence of different *"measurement cultures"* and reporting

systems, with difficulties to agree on a common performance metrics at the network level (Aureli & Del Baldo, 2016). Thus, it is important to consider that networks may be culturally unprepared to develop a supporting PMS infrastructure in terms of people and tools. Moreover, it is important to consider that some network members are not interested in joint PMS because the alliance refers to few and non-core activities (Aureli & Del Baldo, 2016)[54], or even because there are no sufficient incentives that justify PMS implementation costs (Giacomini et al., 2018). Thus, this could be influenced by the transfer, towards the MU, of the municipal functions and staff services.

The aforementioned PMS effectiveness' determinants suggest not only contextual and structural characteristics (Provan & Milward, 1991), but also network functioning (Turrini et al., 2010). Among others, they can be identified as follows:

- availability of resources (i.e. human and financial);
- differences among municipal partners (size, political, managerial, cultural values, associated activities);
- dynamic capabilities;
- engagement of internal and external actors (co-designing, co-deciding, co-producing and co-evaluation processes);
- commitment of both political and administrative actors;
- joining and leaving municipalities;
- involvement of various techniques and technologies.

All these factors are claimed to be important, since they influence cooperation, which can vary from high (e.g. prompting a shared PMS) to low (e.g. try to achieve negotiation) credibility, as well as commitment between cooperating partners and, consequently, transaction costs. Thus, if these factors are not adequately managed, the risk is that PMSs may represent another red-tape task with high transaction costs, without providing the necessary support for the decision-making process (Mussari, 2017) and accountability (Steccolini, 2004), hindering the effectiveness of the PMS. Concluding, it is here argued that PMS which contemplates the aforementioned 4 *dynamic* variables from Ferreira and Otley's framework, can help express a judgement on the system efficacy. This PMS effectiveness - meant as specific characteristics of the Information flows, systems and networks (9), PMSs use (10), PMSs change (11), strengths and coherence (12) - is considered as strictly

[54]Within the MU members can share different activities. Consequently, some municipalities could associate core-activities while other non-core one.

connected to influencing factors in terms of contextual, structural and functioning network characteristics. As previously mentioned, among them, an important role is played by the involvement of various technologies, which seem one of the pre-condition to properly design and implement a shared PMS, due to the higher complexity that the LGs have to address. For this reason, this topic will be deepened in the next chapter.

3.3 Technologies for PMS integrated data management

As previously highlighted, generally, it is possible to state that networks are needed because problems tend to cross the boundaries of public organizations and their hierarchical levels. At the same time, this increasingly complex relationship can be facilitated by using PMS with big data, business intelligence, analytics, blockchain, as well as artificial intelligence and, consequently, increasing specialization. Indeed, PMSs are closely related to information transmission, analysis and reporting. The combination of integrated data management with PMSs – at both strategic and operative level – has been identified as a possible solution to support the decision-making process. Big data availability and technological advances have led the combination of intelligent IT systems with managerial information systems, identifying them as a solution for diagnostic issues related to PMSs (Visani et al., 2011). The Intelligent IT system landscape involves three main areas of use PMS could rely upon: Business Intelligence (BI), Business Analytics (BA), Artificial Intelligence (AI) and blockchain. BI and BA on the one hand, focus on different stages of analysis of a database, going from proximity to the source data to inference (Leoni et al., 2021). On the other hand, AI and blockchain technologies in particular can assist audit processes and contract management (Zemánková, 2019). BI and BA belong to the family of Decision Support Systems (DSS). The term BI was first used in 1958 by IBM and refers to the handling of structured data (e.g. accounting data stored in tables inside databases) to create reports able to support the management of decision-making processes, timing and quality. Structured data stands in contrast to non-structured data (e.g. not stored in database tables, e.g., videos, texts, comments and tags). Indeed, for the latter, a focused approach is needed for each type of data, requiring a high specialization in applications, as well as extremely high computational capabilities (commonly known as *"Big Data"* approaches). The horizon of the BI expanded naturally into BA, heavily including statistics applied on massive datasets (Holsapple et al., 2014). BI purpose is to deal with the connection to different kind of data sources and not only with the cleansing, reshaping, selection and aggregation of the collected data, but also with the generation of timely available, relevant and accurate KPIs, their visual-

ization and communication. Furthermore, Watson's study (Watson, 2009) in the private sector shows how BI is not only to be considered of interest within the organization, but also for its suppliers, customers and regulators, an approach known as *Pervasive BI*, that points to a collaborative network creation. This perspective is interesting also in the public sector, especially in collaboration, cooperation and coordination contexts, or, more generally, in networking. Indeed, despite the BI implementation in public contexts showing specific challenges not necessarily present in the private sector, the benefits for administrations are recognized, especially in cases where the administrations have introduced quality control systems for the provision of services, which require precision data available in a timely manner (Teixeira et al., 2014; Teixeira et al., 2015). BI output is a cleansed, stable and coherent semantic model describing what has happened in an organization and it is able to generate simple forecasts and scenario analysis. Its output is the ideal input for a BA process, which is highly sensitive to the quality of the input data. BA systems, in fact, take advantage of the extract, transform and load process that is part of BI and cleans the data from noise and various pollution. BA purpose is to help the acquisition of insights that help the decision-making process, like estimations of problem-solving drivers, cause-effect relationships and scenarios likelihood. BI and BA are often fully integrated into DSS systems, creating a full flow from the original data to scenario likelihood estimations. PMS could utilize BA to answer questions[55] such as:

1. *"what has happened?"*, *"what is happening?"* (Descriptive Analytics)
2. *"what will happen?"* (Predictive Analytics)
3. *"what is the optimized solution?"* (Prescriptive Analytics)

BA has gone through several eras, with the current one commonly referred to as Analytics 4.0, in which AI is deeply involved with autonomous machine learning systems (Davenport, 2018). Indeed, AI systems often rely on hypotheses and statistical methods that link them to the BA process as a foundation. The AI, defined in various ways in literature, is based on the assumption that each aspect of the learning process can be defined so precisely that a machine can simulate it (Cordeschi, 2007; Haenlein and Kaplan, 2019). Organizations that have BA systems can therefore benefit from them for the transition to AI systems, since the easiest path to a successful transition to such systems is through the extension of existing BA systems (Davenport, 2018). PAs have already adopted IA systems to address, among other public interest applications, issues such as security and crime prevention, also in the Italian context (Costantino, 2020). There is, however, a high potential at the audit stage, as it is in the audit area that a sample

[55] For further information see Mortenson et al. (2014).

of data to be analyzed should often be selected and evaluated, and many related activities are extremely routine and time-consuming (Zemánková, 2019). Blockchain technology is a form of artificial intelligence, which is applied in audits. Its nature is to be an open and distributed electronic ledger, which records and verifies transactions, without the need for any centralized authority (Baron, 2017). The Blockchain has gone through several stages of evolution to include applications in the areas of public management, health, culture and contracts in general (smart contact). Financial services, however, of which the audit is a part, have the greatest potential to benefit from the blockchain's characteristics. In particular, they are enhanced by the ability to ensure the transfer of resources between entities requiring a complex process of security, that would bring the involvement of many intermediaries, decentralization, the impossibility of retroactive changes, the real-time warning of transactions in security and the possibility of tracing the origin before each transaction itself (Zemánková, 2019). Technologies described can help PAs to meet some of their unsatisfied needs. In more specific terms, the public networks could obtain different benefits from the adoption of PMS that are not only able to show in a timely way performance measurements and relative dynamics - along time or other dimensions of analysis -but also to highlight drivers and causal relationships, in order to improve decision-making and feedback management processes. The technologies presented are shown as candidates to meet these needs and complete some gaps in public performance measurement systems.

3.4 SLR: the process followed

The majority of articles from collaborative governance analyze the relationship between public and profit actors or between public administrative organizations and non-state actors, while neglecting the specific sample of collaboration among PA organizations. For this reason, this section aims at identifying only those papers that recognize public administrative inter-institutional type of collaboration, with reference to municipalities. This collaboration refers to both formal and informal relationships, as well as to upward (involving different level of government, i.e. municipality and region) and outward interactions (involving peer governments, hence in this analysis municipality-municipality). Nevertheless, this literature review considers as preconditions the belief that LG networks require a specific model for performance measurement and management, and the integrated data management importance. The diverse and heterogeneous interpretation of inter-institutional collaboration and the search for a PM create the need to further deepen our understanding of the nature and impact of PM in an inter-organizational dimension. This section uses an SLR approach (Mas-

saro et al., 2016)[56] to define inter-institutional impact for PM, recognizing it as a new and promising research area. Thus, the SLR aims to portray the state of the art of this topic, providing insights, critique and a research agenda development for future studies in this field. The SLR eases the collection of large volume of documents inherent to a particular thematic issue, following a specific methodology that selects, analyzes and synthesizes data in order to obtain transparency, completeness and reproducibility of data (Denyer and Tranfield, 2009; Tranfield et al., 2003). Following Denyer and Tranfield (2009), the literature review develops through five specific steps: RQ(s) definition, locating studies, study selection and evaluation, analysis and synthesis, reporting and using the results. Thus, a first preliminary protocol was defined to document this procedure in order to develop a literature review which has to be reproducible and reliable. In light of previous considerations, the study protocol document started from the following RQs:

RQ1 How has the literature regarding performance management and measurement systems in local government networks evolved over time?

RQ2 What are the most frequent issues and topics of integrated data management in local government networks for supporting the decision-making process?

This paper not only analyzes and interprets performance management systems in the local government network context, but also provides a picture of what has happened in this field over the past decade. Thus, it provides evidence on how and why the field is changing and it summarizes the main insights for future research. Considering the locating study step, this literature review uses bibliographic database search.

Q1 : (collaboration OR cooperation OR coordination OR network) AND (“performance management” OR “performance measurement”) AND (municipal* OR “local govern*”);

Q2 : (collaboration OR cooperation OR coordination OR network) AND (“performance management” OR “performance measurement”) AND (municipal* OR “local govern*”) AND (“business intelligence” OR “analytics” OR blockchain OR “artificial intelligence” OR “big data”).

[56] The SLR approach is mainly based on strict logical structure that sets the rule for data analysis, ensuring replicability and transparent search and sampling strategy (Massaro et al., 2016). According to Massaro et al. (2016, p. 785): *"SLRs aim to answer specific research questions to map and assess existing literature"*. This SLR was motivated by several calls for research, including the PAR special issue *"Harnessing the evolutionary advantage of emergent PM regimes: strengthening accountability for challenges of modern public administration and governance"*. It includes the research question: *"how can we move performance management towards an inter-institutional domain?"*. Through this literature review the aim is to address this question, including insights, critique and development of research agenda for future studies on inter-institutional PM.

Documents were collected through the all fields[57] and also applying the Boolean operator as connection (OR and AND). The keywords of Q1 help at identifying PMS works in inter-institutional public collaborative contexts, highlighting the main streams of research. The keywords of Q2 help at outlining the research trend on the role of new technologies in these contexts with the aim at finding a possible shared vision among new technologies in public networks. The search was focused on two research strategies depending by the query considered[58]. Indeed, after a selection of the Business, Management and Accounting area, the english-language type of documents and the timeframe of the last 10 years (2011-2021)[59], Q1 was focused on articles, excluding other categories of scientific publications (e.g. books, proceedings), while Q2 was not limited to articles and provide a literature review also considering the so called *"gray literature"*. In particular, for Q1 this analysis has considered only the publications in peer reviewed journals relying on the database rating of the Academic Journal Guide 2021 - realized though a panel of experts of the Chartered Association of Business School (CABS) - in the field of accounting and public administration/management[60]. It has been considered this rating since it is known for its distinction not only in U.K., but also at an international level. In particular, the selection has considered journals with a rating equal to 3-4* referred to the following journal categories (those coherent with the investigated theme): *"Accounting"; "Public Sector"; "General Management, Ethics, Gender and Social Responsibility"*. The study selection and evaluation/inclusion criteria are shown in Table 3.3[61]. I then downloaded all the information necessary for judging the relevance of the selected research outputs: author(s), document title, year, source title, source and document type, abstract, and author keywords. Before starting data analysis and synthesis, I define the analytical framework with the aim to highlight what will be observed and how it will be categorized. In particular, drawing on the methodological structure provided by Guthrie et al. (2012, p. 71) in their literature review, partially readapted with characteristics or categories considered more specific for the present case and RQs. Moreover, other categories have been included in the analysis due to their relevance. I decided to define ten clusters of analysis to better describe inter-institutional performance management at the local level in scholarly literature. Thus, analysis and synthesis step involves a coding process developed identifying important characteristics of studies (Stanley, 2001), related to the categories identified, where classification proposals were

[57] This analysis does not collect documents through the title, abstract and keywords as suggested (Massaro et al., 2016). Indeed, being an emergent theme of interest, the choice was to investigate all fields with the aim to reach an interpretation as complete as possible.

[58] This choice has been done considering the high no. of documents that the search engines returned for Q1. This result has led to consider particular research filter in order to guaranteeing the validity and reliability of results (Booth et al., 2016).

[59] The timeframe of the last 10 years is considered suitable for the current analysis since it is short for comprehending the recent literature, but sufficiently extended for guaranteeing the covering of the matter.

[60] CASB website at https://charteredabs.org/academic-journal-guide-2021-view/

[61] It is important to highlight some limitations to our review. For example, this work is limited to studies published in English language and it is possible that useful studies were excluded. Then, as a major bibliographic database, Scopus is included, but adding more databases (i.e. EBSCO and WoS) could have collected more articles not captured by that.

discussed until a final coding scheme of analysis was defined (see Table 3.2). Lastly, results were used and reported with the aim to develop insights, critique and research agenda considering how PMS can be positioned on a continuum with informal at one end and formal at the other, with a possible presence of hybrids (formal and informal controls)[62].

Table 3.2: SLR: the unit of analysis.

Cluster	Description
A-Research field	Journal distribution: identifies the relevance of the research field among journals
B-Research context	Identifies Country considered by the study thus where the PM study is conducted
C-Research methodology	Categories used for coding: 1. Case/Field study/Interviews; 2. Content analysis/Historical analysis; 3. Survey/Questionnaire/Other empirical; 4. Conceptual
D-Theory and model proposed	Identifies how PM is studying by combining research theory (1-3) with the framework/model (4-6) 1. No theory; 2. Single theory; 3. Multiple theory; 4. No framework/model proposed; 5. Applies or considers previous frameworks/models; 6. Proposes a new framework/model

Continue on the next page.

[62] As stated by Broadbent and Laughlin (2013) *"the first stage in PMS design is to be clear as to the nature of the ends that are to be achieved that need to be controlled and managed and the means to achieve them. Only when this is achieved can an adequate PMS be designed"*. The theoretical conceptualization of PMS provided by Broadbent and Laughlin (2009) is concerned with controlling the ends and means of action in society and organizations.

Table 3.2: SLR: the unit of analysis (cont.).

Cluster	Description
E-Year of publication	Identifies the distribution per year, thus novelty of the research over time
F-Research focus	Identifies the PM core ingredients as belonging to the formal or informal control
G-The government level	Identifies which governments are involved in the relationships
H-The nature of the relationship	Identifies whether the relationship is horizontal or vertical
I-The network institutionalization	Identifies if the relationship is formal/informal or mandatory/voluntary
J-The network function	Identifies the specific network function

Source: Author elaboration

SLR: output, insights, critique and future agenda

All returned searches result as no. 7,827 documents (6,905 Q1; 1,022 Q2), and after duplication remotion (no. 24, 22 Q1 and 2 Q2) and a first screening process against inclusion criteria[63] (no. 6,961), 866 documents were highlighted. After rereading the title and abstract, a list of 92 articles (58 Q1; 34 Q2) with a particular focus on the above-mentioned research theme was assessed for eligibility. This screening leads to a final list of 19 articles (19 Q1; 0 Q2) which were considered for this SLR. The full list of articles is included in Appendix A and the criteria are shown in which also summarizes the transition from the total number of documents extracted to the final dataset.

The analysis of Q2 has reported a 0 impact. Several studies have been appreciated, but they focus on integrated data management and PMS in the inter-departmental context of a single organization. For example, Hobson et al. (2012) suggested the *"shared data manager"*, a prototype instrument designed and evaluated for guaranteeing the automatic knowledge sharing within municipalities. A centralized data system has been described with the aim at guaranteeing data quality and availability also with external organizations; however, the paper is focused on the implementation within a

[63]Records removed for other reasons concern no. 4,192 (3,577 Q1; 615 Q2) not in Business, Management and Accounting area; no. 27 (25 Q1; 2 Q2) not in English language; No. 464 (449 Q1; 15 Q2) not in period 2011-2021; no. 604 not articles (Q1); no. 1,650 not in ranking CASB 3-4* (Q1).

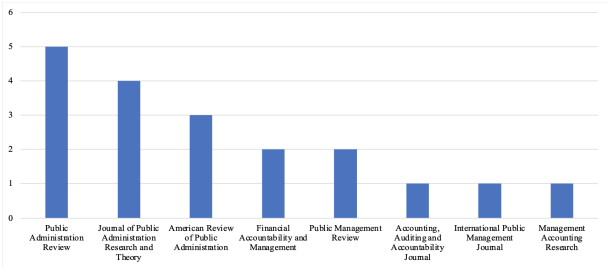
Table 3.3: Document selection

Phases	Tot. doc	Tot. doc (Q1)	Tot. doc (Q2)
Scopus research	7,827	6,805	1,022
Thematic area (Business, Management and Accounting)	3,635	3,228	407
Language (English)	3,608	3,203	405
Time frame (Business, Management and Accounting)	3,635	3,228	407
Thematic area (2011-2022)	3,144	2,754	390
Document type	2,540	Article - 2,150	All - 390
Document category CASB (Accounting, public sector, general management, ethics, gender and social resposability with rating 3-4*)	890	500	All - 390
Title and abstract screening	92	58	34
Selected documents	19	19	0

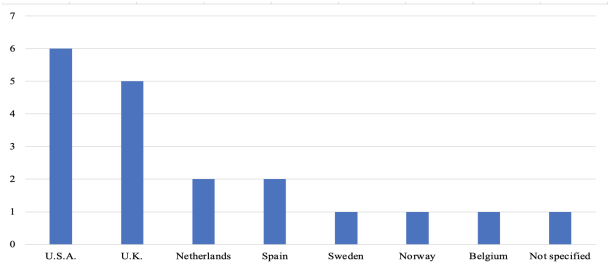
Source: Author elaboration

single organization and on the information exchange among departments. Hereinafter follows a presentation of the article included in the review with reference to the article distribution per journal and geographical area (A, B); applied methods and theoretical approaches (C, D) and the timeframe (E).

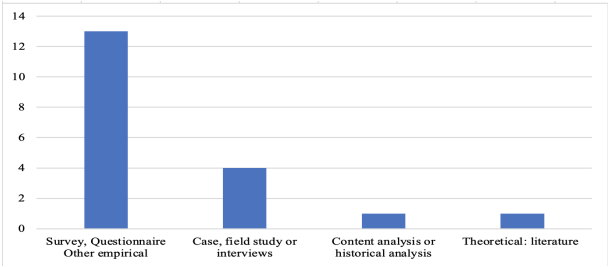
Figure 3.1: Graphical representation of results



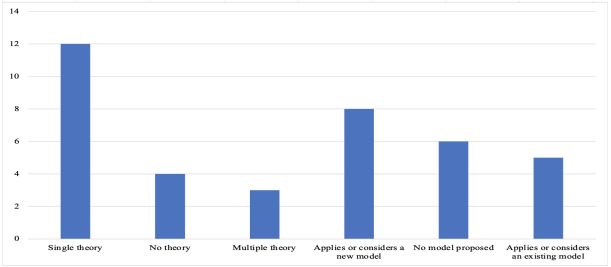
(a) A-Researchfield



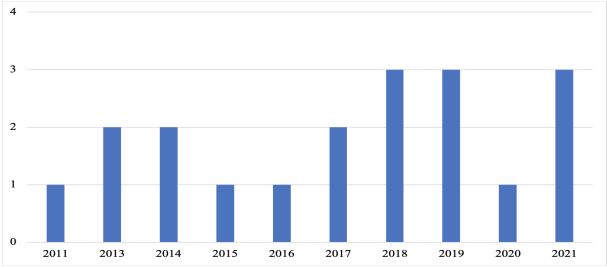
(b) B-Researchcontext



(c) C-Researchmethodology



(d) D-Theoryandmodelproposed



(e) E-Yearofpublication

Source: Author elaboration

Table 3.4: Document stratification.

F-Research focus	G-Government levelt	#	H-Relationship nature	#	I-Institutionalization	#	J-Network function	#
Formal control n= 7	Local-local	7	Horizontal	7	Formal and mandatory	1	Service provision	7
					Formal and voluntary	5		
					Informal and voluntary	1		
Formal and informal control n= 12	Local-local	6	Horizontal	8	Not specified	1	Not specified	1
	Local-intermediate	1						
	Local-central	3	Vertical	4	Formal and mandatory	3	Public programs	5
	Local-intermediate-central	2			Formal and voluntary	5	Implementation of public policies	1
					Informal and voluntary	3	Service provision	5

Source: Author elaboration

PMS with a function of formal control

According to Broadbent and Laughlin, 2009, 2013, the papers have been selected depending on the prevalence of formal control over the *"mixed"* ones (formal and informal). Deeping the *"formal controls"* of this review, a variety of topics have emerged, from measuring instruments for managerial decisions in public services, to performance management of shared personnel. Within the multiplicity of formal instruments of control, Schoute et al. (2018) focused on performance indicators and shed light on the impact of them on the decision to join in an LG network. Specifically, they affirmed a predominance of LGs focalized in indicators of outcome, when deciding to adopt an IMC instead of externalizing toward private agencies. In contrast, other municipalities that take an input perspective or process indicators seem to prefer in-house methods for service delivery, whereas, when output indicators have been evaluated, mixed results have emerged. In another study, Siverbo (2014), the use of formal controls represents the basis for benchmarking in public networks. In these contexts, it is shown that, where the process is less linked to the economical dimension (costs) than to service delivery and administrative quality, control is perceived useful for encouraging virtuous behaviors within the networks. It has been found interesting how formal control has stimulated the decision making in small municipalities, towards cooperation in service delivery, with a low impact on costs. As an example, the analysis of waste disposal finds that IMC could be more efficient than externalizing to private agencies due to the lower transaction costs (Bel et al., 2014). In the same vein, different cases confirm that contexts of networking are useful for the sustainability of budgets, but with the consequence of lower fiscal income in the long run, due to the possible friction between managers and stakeholders (Jimenez, 2017). Kurunmäki and Miller (2011) explored how cooperation between partner entities of the same public network can be developed through *"mediating instruments"*: practices of formal control may link, in a very efficient way, political culture to quotidian functionality of managers. That is why scholars recall the relevance of increasing the attention on the relationship between organizations, particularly the instruments for measurement and performance control, as they serve as connectors between the different decisional and operative actors, the agencies involved and their respective aspirations. As for the support to decision systems, it is worth noticing that the common choice of LGs to involve high profiled managers shared by different administrations part of the network, the so called *"Shared Senior Management Teams"* (SMT), may risk having negative results in terms of public service performance. In this sense, Andrews et al. (2021) enquire how much the economic, political and institutional perspectives influence the choice of these management teams. They conclude that the SMTs are adopted with the main scope of developing organizational capacity in an urgent need of resources and political risk with

an institutional coercitive pressure. It is argued how SMTs can reduce the efficiency and efficacy, due to the redundant costs and the political transition, associated to the deviation of resources from a high-performant partner for balancing the low-performant ones. Leon-Moreta and Totaro (2021) shed light on the shared workforce between network partners. They showed how it can be guided by the fact that, when the number of employees grows, the organization involvement in the network increases, the better the achieved outcomes and the workers efficiency will be, even if there are other significant territorial variants that influence these results. This confirms the incidence of external context (and therefore, of the relative variability) on the network in terms of efficiency and upon formal instruments for control. In relation to the different classification solutions for the papers analyzed and brought in Table 2, horizontal control is always more relevant in the public sector, mainly when organizations collaborate with the focus on well-defined objectives (e.g., management of public transport and waste disposal). Also, in case of outsourcing evaluations in non-core activities (e.g., administrative paperwork and building maintenance), it is highlighted the necessity to develop forms of horizontal controls. Based on what has emerged in the review of formal control, service delivery seems the common objective of the cases analyzed, besides the importance of the transversal governance engagement. About the institutional level of the network, it emerges a substantial prevalence of formal and voluntary networks (5 out of 7).

PMS with a function of formal and informal control

The papers categorized as *"mixed"* control focus on social relation systems and intangible variables, they reflect the conditions affecting the behavior of the network partners, confirming what said by Ouchi (1979). Thus, where situations of uncertainty, high variability of the activity and low output measurement seem to prevail, along with the formal control of the organizations, sometimes insufficient or non-applicable, also informal control instruments have been embraced. Understanding trust as the essential element for feed-forward control, when combined with other formal controls, Dudau et al. (2020) concluded how trust gets reinforced by rhetoric mechanisms for persuasion promoted by the network leaders, encouraging fruitful collaboration behaviors between partners. Guarneros-Meza et al. (2018) believe the purpose of the collaboration must be understood not only as an attempt to improve service delivery efficiency, but also as a *"cultural efficacy"*, acknowledging the organizational synergies and its coordination, the different participant requirements and the knowledge production to overcome misunderstandings between partners. This way, the possibility of opening the *"black box"* between input and output could be completed, asking the *"how"* and *"why"* of the practice carried out during the process. Always referred to the cultural dimension, Cohen (2018) studies the obstacles of public collab-

oration, in the sense of the cultural fragmentation of the workers involved, defining, afterwards, some potential dimensions that make the collaboration efforts difficult. A group of studies focuses on models and organizational approaches called to manage the environmental challenges. Bowman and Parsons (2013) put emphasis on the government duty towards establishing informal collaborative relations between territorial institutions on emergency contexts. Their study reveals a high level of response when it comes to sharing importation, rather than the development of shared management or innovative solutions. Van den Bekerom et al. (2017) are focused on how the impact of the environmental restrictions on bureaucracy (red tape) may hinder public service performance. They make an analysis on the effects of managerial networking upon the negative relation between environmental restrictions and organizational performance. Assuming bureaucracy adversely affects the performance of the service delivery, authors believe that the network management could reduce the negative effect that bureaucracy has over public service. Kapucu and Hu (2016) explore the multiple quotidian relations between organizations in emergency management, exploring the roles of the formal and informal networks created to prevent these crisis situations. Authors affirm that relations within the network may strengthen in emergencies, recalling the necessity of a meticulous preparation and the importance of collaborative bonds in terms of future decision-making choices. Barrutia and Echebarria (2019) argue that the networks' nature may bring different types of innovation. From their perspective, networks developed from single municipalities towards local stakeholders and higher levels of government are a way to pursue low risk operational innovation. On the other hand, networks with organizations belonging to pair levels of government serve for creative innovation with the subsequent higher risk of resources use. Steccolini (2019) has surfaced the difficulty to operationalize the public value. Embracing a perspective of public value, the importance of accounting users is evidenced for understanding the reasons and the modality through which accounting information is used. Networking literature highlights the characteristics, the antecedents and the consequences of the engaged public in networking processes, denoting as well the roles of actors and their governance. Coproduction is mentioned with reference to participation and citizen engagement in service delivery design, where there is an overlap between public, private and non-profit governance and semiautonomous agencies created to perform public activities. As a consequence of these changes, the accounting area is called to endorse governments in managing, controlling, guiding and monitoring also the qualitative performance in these new contexts, opening new frontiers for academic research. Managerial practices in networks are being analyzed, distinguishing between techniques associated to general management and techniques referred to collaborative management (Kelman et al., 2013). Among the collaborative practices identified as able to align single partners behaviors, sharing information stands out as an example of time-

spending practice for horizontal partners, in contrast to the vertical relations, defined as more sensible to time saving. Meyfroodt et al. (2019) explored how sharing information can contribute to strategic planning development and it is capable of defining a unified political vision to follow in the long term. In the same perspective, Ammons and Roenigk (2015) explored performance information sharing between managers from different organizations. They identified how an analytic and relational approach makes an effective understanding of the management practices possible, by comparing performances amongst partners. Finally, in the collaborative dynamics' context, there is a specific focus of analysis on the level of political autonomy of the governmental agencies and their influence in terms of coordination. If the governmental institution tracks and evaluates every activity, the performance evaluation may consist of the continuous creation of bureaucratic documents for proving the objective achievement (Bjurstrøm, 2021). When the type of control is *"mixed"*, the review brings to surface the presence of different levels of interrelation when public networks collaborate at a local level or with other levels of public actors. If the main control is horizontal between partners, the necessity of triggering also a vertical control emerges (4 out of 12). From a function point of view with respect to the formal control cases, even if the service delivery is always present, the public planning is the most relevant (5 out of 12) and, in a lower impact, the policy implementation (1 out of 12). When *"mixed controls"* context is analyzed, nothing conclusive has been found in the institutionalization level of the network, with a similar presence of compulsory formal networks (3), formal and voluntary (5), and informal voluntary networks (3).

3.5 Performance management in Italian public administrations

During the last ten years of the century (1990-2000), the legislative aims driven by NPM waves were to introduce the managerial approach in the public sector organizations[64]. Such reforms concern the introduction of planning and control systems to ensure higher efficiency and effectiveness of public expenditure and to promote a PM culture[65]. The Law no. 142 in 1990 is the first measure that clarified the boundaries of competences and powers of public managers, identified in political and administrative figures. Specifically, politicians should define strategies and control their correct implementation and effects; moreover, they should appraise executives who were the only

[64]Traditionally, Italy is characterized by a bureaucratic approach. However, this approach has undergone a major reform since the early 1990s. For further information see, among others, Ongaro (2009).

[65]NPM reform began in the 1990s, in parallel with the decentralization of the political and administrative systems. The laws can be regarded both as the normative pillar of the Italian NPM modernization and also of the decentralization process in Italy (See laws 59/1997; 127/1997; 191/1998; 50/1999, also known as *"Bassanini reforms"*.

responsible for the implementation of strategies and administration. Thus, executives should use performance information for better-informed decisions, while politicians for formulating strategies and controlling their implementation. Moreover, this law imposed the introduction of the **evaluation board**[66] in every local council, anticipating the reform of the internal control at the state level. The LD 29/1993 introduced internal control of the outputs of the activities carried out by PAs. It required elected administrators to draft a yearly report demonstrating the effectiveness and efficiency of their action, based on the results achieved in programs and costs. In 1993, Decree no. 29 introduced the principle of *"administration by objectives"* to attribute responsibility to senior civil servants. It also advocated cost analysis in administrative departments in order to assess their performance. With regard to PM, in addition to law 142/1990, we should mention the LD no. 77/1995 and 127/1997 (*Bassanini II*) as a major reform act regarding local governments. One core element of the 1995 reform was the introduction of the so-called **management executive plan** (PEG)[67], with the aim to promote the diffusion of a new method for management control, assigning targets to local managers, programming performance objectives, and accounting indicators of efficiency and effectiveness. The PEG also provides a clear separation between the executive leaders (giunta) and the administrative directors (dirigenti) on the basis of target contract and an output-related resource allocation to each of the administrative departments (Kuhlmann, 2010, p. 1123). In addition, the 77/1995 made accrual accounting mandatory for all LGs, including monitoring of costs and activities and their evaluation against previously defined targets. Thus, the annual budget should include not only cash recoveries and payments, but also the LGs estimated account receivable (revenues side) and its commitment appropriations (expenditures side). Similarly, financial reports should show actual revenues in terms of both establishments of amounts receivable and cash recoveries, and actual expenditures in terms of both commitments and payments. Moreover, financial reports are also expected to include an accrual-based statement, composed of a balance sheet and an operating statement. Alternatively, LGs can derive their balance sheets and operating statements from their cameralistic accounting statements, through a complex system of year-end adjustments. A specific reconciliation statement must be included in the overall year-end financial report to reconcile the cameralistic accounting statement with the balance sheet and the operating statement. The PEG supplements the annual budget, which is purely input-based and approved by the municipal council. It also provides for clearer separation between the political and managerial side (executive leaders and administrative directors), in terms of target contracts and output-related resource allocation to each of the administrative departments. It was compulsory for municipalities with more than 15,000 inhabitants (in 2016 the limit decreased to 5,000) and is prepared and passed by the LG cabinet composed by the mayor and the aldermen[68]. For each responsibility center, the PEG defines performance objectives and allocates financial (on a mandatory basis) and non-financial resources (human and physical resources). The performance objectives mainly concern the outputs and execution of the production processes carried out in each responsibility center. These results should be linked to the program outcomes defined in

[66] It is defined as *"Nucleo di valutazione"*.

[67] It is defined as *"piano esecutivo di gestione"*.

[68] While the annual budget is approved by the council, the PEG is prepared and passed by the cabinet.

the strategic planning documents of the municipality, which are approved by the municipal council. The financial information in the PEG is based on the information in the legislative budget, but it is assigned much more to keep the nature, destination, and purposes of the respective tasks and services. The structure of the PEG is not defined by law. Each municipality can design its PEG as desired, in accordance with its own organizational, financial, and accounting autonomy. Generally, however, the PEG is structured in a way that depicts the different centers of responsibility that constitute the municipality. Performance indicators displayed in the PEG are used for budgetary negotiations and for the performance evaluation at the end of the fiscal year. Moreover, the reform made accrual accounting compulsory for all Italian LGs, including the monitoring of costs and activities and their evaluation with respect to previously defined management targets.
In a similar vein, in 1997 (LD 94/1997 and 279/1997), the budgetary process was restructured for central PA, envisaging global budgets for each of the administrative departments, as well as resource allocation, which is linked to defined targets (output budgeting). In addition, with the statutory introduction of *"citizens' charter"*[69], the measurement of quality indicators and customer satisfaction was imposed on Italian LGs by law (273/1995). Moreover, a subsequent law (LD 286/1999) defines the terms of the performance measurement activity, entrusting it with the task of estimating the congruence between pre-established objectives and outputs achieved. The aim is to link part of the remuneration of the personnel working in PAs to the results achieved in a performance-related pay system. For this scope, the law favors the adoption of internal control tools distinguished in four distinct but inter-related branches: (i) controls on compliance, (ii) strategic control, (iii) management control, and (iv) personnel performance evaluation.
Nevertheless, as stated by (Kuhlmann, 2010, p. 1123-1124), in terms of the implementation of these legally set up (although not generally compulsory) reform measures: *"the situation in Italian local governments can be assessed as 'patchy' [...] The process of introducing NPM appears to be led by the municipalities of Emilia-Romagna, Toscana, Umbria, and the North Eastern regions. [However] According to a survey conducted in 1999 (for details, see Promberger et al. 2000, p. 96), only about one-quarter of the Italian municipalities has defined performance indicators within the PEG for measuring efficiency and effectiveness"*. Namely, these innovative reforms remain isolated and the budgetary method within the established PEG remained input-oriented, not including non-financial issues. The accrual-based accounting introduced for LGs was a formal enlargement of the financial accounting area, since no mandatory double-entry book-keeping was required[70]. Moreover, as highlighted by a survey conducted by the Court of Auditors in 2003, most of the local councils had not even individuated the evaluation board or, however, they lacked adequate resources and competencies. The implementation of the normative provisions was heterogeneous and substantially detached from managerial decisions[71]. Even though several years have passed since NPM reform inception, it seems that reforms have not been as successfully implemented as in other countries (Manes Rossi et al., 2019; Mussari, 2005).

[69] It is defined as *"carta dei servizi"*. For further information see Mussari (2001).

[70] Bookkeeping was based on the single-entry system, which emphasized budgetary compliance.

[71] For further information see dei Conti Corte (2003).

Table 3.5: Provisions evolution in the PA - Source: Author elaboration

Year	Provision	Main contents
1990	L. 142	• attributed to evaluation board the role to carry out internal control
1993	L. 29	• focused the attention on monitoring managerial results
1995	L. 77	• management executive plan • accrual accounting
1997	L. 94, 279, 59	• budgetary restructuring • citizens' charter
1999	LD. 286	• performance measurement activity definition • adoption of four internal control tools

The performance management cycle

Recent guidelines that reformed the Italian PA were in the Law no. 15/2009 approved with the LD 150 known as *"Brunetta Reform"*. Coherently with the NPM, it aims to ensure high accountability for the government towards citizens and to improve efficiency and effectiveness of the public sector, by increasing quality and productivity, making transparency one of its inspiring principles (art. 3 *"general principles"*). Moreover, the reform emphasizes the adoption of benchmarking processes, customer satisfaction measurements, and rewarding based on results. Law 15/2009 took effect making mandatory to adopt PMS concerning performance of organizational structure, individual employees and groups of them. In the absence of this

adoption, the law prevents PAs from funding and/or adopting important policies, such as hiring staff or providing monetary incentives. The PMS system (called *"performance management cycle"*) is based on three documents that each PA must adopt in order to enhance the efficiency, effectiveness, and transparency of objectives and results:

- the **measurement and evaluation performance system**[72]: a methodological document that establishes phases, time, modalities, subjects and the organizational unit responsible for the resources allocated, activities defined, and results planned[73];
- the **performance plan**[74]: a preliminary three-year planning document, to be implemented by a political body[75] each year within 31 January. It identifies the strategic and operational objectives with indicators that are supposed to guide administrative actions;
- the **performance report**[76]: a final document approved by political bodies and reporting the degree of achievement of the objectives (outputs/outcomes), also in terms of resource employed (inputs), and highlighting possible shortcomings.

Thus, the purpose of PMS is to satisfy both managerial and political needs and it includes a model with the following peculiarities:

- causal link between political orientation and objectives;
- the establishment of a specific execution period for each objective, which can be clearly measured setting targets and indicators;
- the monitoring of the execution of the objectives during the year, in order to adopt any necessary corrective actions;
- the establishment of a direct link between organizational performance and individual performance (and the definition of the pay-for-performance mechanisms);
- alignment with the budgetary planning cycle, with objectives linked to the allocation of resources, following the enactment of budget legislation;
- reporting results to all internal and external stakeholders.

[72] It is defined as *"Sistema di misurazione e valutazione della performance" (SMVP)*. See art. 7 DL 150/2009.

[73] This process is tightly connected to internal and external accountability.

[74] It is defined as *"Piano della performance"* (PdP). See art. 10a DL 150/2009.

[75] For LGs it is referred to the local council, with the support of the aldermen and top managers.

[76] It is defined as *"Relazione sulla performance"* (RsP). See art. 10b DL 150/2009.

Various organizational changes have been introduced to support and monitor the completion of the performance cycle. The law establishes the national authority called *"Commissione per la valutazione, la trasparenza e l'integrità delle pubbliche amministrazioni"*[77] CIVIT (art. 13 of the LD 150/2009) and *"Organismo Indipendente di Valutazione"* OIV as independent bodies. The CIVIT was established with a national responsibility for orientation, coordination and supervision in three main sectors:

- measurement and evaluation of the individual and organizational performance;
- definition of standards of public services;
- transparency and integrity of the public sector.

The OIV is an evaluation unit entrusted with control functions and new monitoring tasks. It is primarily called upon to ensure the correctness of the evaluation process and of the annual performance assessment of each organizational structure. CIVIT defined that, each year, evaluations must involve the OIV, CIVIT and executives of each governmental department. Today the CIVIT was renamed *"Autorità Nazionale Anti-Corruzione"* (ANAC) and its functions and responsibilities in terms of performance have been transferred to the Department of Public Function (DPF) with the LD 90/2014 (L 114/2014). Thus, the performance evaluation function was subsumed by a department within the Council of Ministries, which, in 2016, was assisted in its functions by a technical commission for performance, with the aim at developing technical and methodological guidelines. Even though the *Brunetta Reform* introduced the concept of performance in the PAs, more emphasis was on individual performance rather than organizational performance. On the wave of LD 286/1999, the aforementioned reform focuses on the link between performance measurement and performance-related pay, which undermine the potentiality of performance measures to become a management tool for encouraging learning (Capano, 2003).
Following the acknowledgement of these difficulties, with the LD 74/2017, known as *"decreto Madia"*, this logic has been overcome, highlighting the tight correlation between individual and organizational performance, where the achievement of organizational objectives is a fundamental pre-requisite for the individual performance evaluation. This reform also introduces the support of the DPF, with the task to elaborate useful models for PAs for designing their own measurement system. Even if there are guidelines only for ministries, *"the methodology can be considered as general and, then, also applicable towards other PAs"* ('Dipartimento della Funzione Pubblica', Giugno, 2017, p. 4).

[77] Independent Performance Evaluation Bodies.

Table 3.6: Guidelines provided by the Italian Department of Public Function - Source: Author elaboration

Guidelines	Content
no. 1 June 2017 'Dipartimento della Funzione Pubblica' (Giugno, 2017)	performance plan
no. 2 December 2017 'Dipartimento della Funzione Pubblica' (Dicembre, 2017)	performance measurement and evaluation system
no. 3 November 2018 'Dipartimento della Funzione Pubblica' (Novembre, 2018)	performance report
no. 4 November 2019 'Dipartimento della Funzione Pubblica' (Novembre, 2019)	participative evaluation
no. 5 December 2019 'Dipartimento della Funzione Pubblica' (Dicembre, 2019)	individual performance evaluation as human resource development
no. 6 July 2020 'Dipartimento della Funzione Pubblica' (Luglio, 2020)	agile work organizational plan and performance indicators

The accounting harmonization

Although accounting harmonization is mentioned in the 2001 constitutional amendment, Law no. 118/2011 represents the documents composing the related legal framework for all the governmental bodies (also to the central government ones)[78]. Specifically, the framework provided:

- a common set of general and applied accounting principles;
- a common set of accounting documents as provided by Law (421/1979, 142/1990 and 77/1995). They referred to a **three-year-based bud-**

[78]Considering all the institutional levels of government, the accounting harmonization is provided by Laws no. 196/2009, 42/2009 and 118/2011, which represent the documents composing the overall related legal framework. The first addresses the central level of government, while the second and third provisions cover the regional governments and LGs. Harmonization emerges as an accounting solution to ensure the drawing of uniform accounting criteria and to allow the strengthening and monitoring of PA actions. According to the law no. 196/2009 art. 2, comma 2, lett a. *"regole contabili uniformi e di un comune piano dei conti integrato al fine di consentire il consolidamento e il monitoraggio in fase di previsione, gestione e rendicontazione dei conti delle amministrazioni pubbliche"*.

get, disclosing entries and expenditures (represented by programs, which are aggregates of expenditure aimed at achieving homogeneous results in terms of products or services)[79]; a **financial statement** composed of a document highlighting the financial results (Conto del Bilancio, related to the budget) and a **statement on the financial and equity assets and liabilities** with the changes that occurred during the year (Conto del Patrimonio); the introduction of **accrual accounting** – alongside commitment-based accounting – through the adoption of an integrated system of accounting records to enlarge the informative scope of accounting systems and to enhance quality and transparency of public finance data; a **consolidated financial statement**, the structure of which is shared with subsidiaries and controlled companies;

- an integrated chart of accounts (shared list of accounting voices), designed in such a way as to link financial and accrual data and to *"allow the consolidation and monitoring of public accounts, as well as the link of these latter with the European System of national Accounts (ESA)"* (article 4);

- a common system of indicators of the budget referring to the programs or other aggregates.

More recently, the accounting harmonization LD 118/2011 introduced new programming and accounting tools. The main introduction regards the *"Documento Unico di Programmazione"* (DUP - Single Programming Document), which replaces the previous performance plan. It assumes a pivotal role, due to the fact that it is the necessary pre-requisite of any other programming document. This document, to which the PEG is linked in setting performance objects, constrains the council to implement a more consistent and cascading programming process by thinking strategically, but at the same time looking at the way the declared strategies will be implemented. It is designed to guarantee a complete full-five years mandate programming process, including different LGs thematic areas, which need to be integrated with regional, national and European programming guidelines. Thus, this process is born from a strategic analysis of internal as well as external institutional conditions, both in current and prospective terms. In this way, the scenario analysis can be useful to lead the administration to the most urgent

[79] Each program is implemented by a single administrative responsibility centre and is linked to the second level of the classification of the functions of government (COFOG) nomenclature to guarantee a connection with national accounting data. The COFOG is a classification of governmental expenses based on their functions to allow a homogeneous international evaluation of the activities provided. According to EU Regulation no. 549/2013, Member States adopted the COFOG classification within the scope of the ESA 2010.

and appropriate choices. Specifically, the document consists of two interrelated sections—strategic and operative. The former has the same timeframe as the administrative mandate (5 years), while the latter the same as the preliminary budget (3 years). In particular, the strategic section develops and actualizes the mandate programmatic guidelines as stated in art. 46 comma 3 d.lgs. 18th August 2000, n. 267, and identifies, coherently with the normative and programmatic framework of reference, the institutional strategic directions and the connected strategic objectives. These are linked to the corresponding budgeting missions, which are resource allocation indicators to support the accomplishment of strategies. Moreover, this section should include expected performance for each objective defined. Despite the DUP mandatory nature, the legislature of reference shows mere guidelines for conducting an environmental and internal scan, allowing high flexibility in tailoring the process. The last provision on accounting harmonization is LD 126/2014, which introduces supplementary and corrective changes to LD 118/2011[80].

[80]For further information on the accounting harmonization evolution, see Anessi-Pessina and Steccolini (2005), Castellani and Mazzara (2018), Grossi et al. (2016), Mussari et al. (2020).

Chapter 4

Context, methods and research design

4.1 The context of study and case selection

In order to comprehend the IMC context and that of MUs in particular, it is necessary to consider some Italian peculiarities, which have characterized the Country since the Kingdom of Italy[1]. The fragmentation of Italian municipalities is a historical issue, inherited from its pre-unitary past[2]. Therefore the IMC has been identified as the tool capable of solving the institutional, political and administrative issues[3]. In 1861, year of unification of Italy, the municipalities were 7.720 and from that year they started to increase. Just 79 municipalities were over 20.000 inhabitants and only 8 of them were with a population over 100.000[4].
The only remarkable decrease in the number of municipalities happened in the period of Fascism. During the dictatorship, the municipal fragmentation was tackled by eliminating and merging numerous small municipalities. In 1931, the total number was 7.311. After Mussolini was defeated, the suppressed municipalities were restored and after 1947 the general trend showed an increase in units. Since 1990, the number of municipalities has slightly decreased, thanks to the fusions after the financial crisis. At January 1, 2021,

[1] Italy comprises small (less than 5.000 inhabitants) and very small-sized (less than 1.000) municipalities.

[2] The relevance of cooperation in Italy has been highlighted by Crispi in 1887 who stated: *"many towns and villages are called municipalities even though they lack vitality. Thus, they are allowed to collaborate for some municipal services in order to overcome the powerlessness and isolation and to better link the local interest with the general one"*.

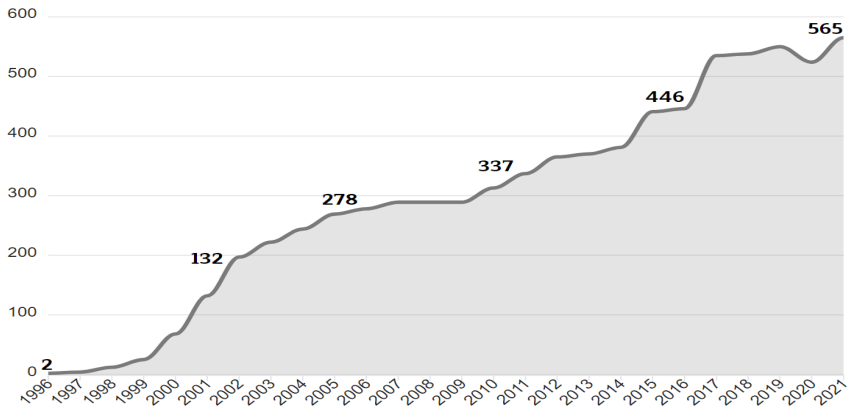
[3] The importance of this tool is also confirmed by the Constitution, art. 45: *"The Republic recognises the social function of co-operation for mutual benefit free of private speculation"*.

[4] Istat (2018) has reported the following data: Napoli (pop. 447.064), Milano (196.109), Torino (204.715), Palermo (194.463), Genova (127.986), Firenza (114.363), Bologna (109.395), Messina (103.324).

Italian municipalities are 7.904, 70% of which is small (Istat, 2021). In Italy, LGs have become increasingly autonomous, often facing issues regarding the provision of all the functions delegated by the central government, due to the historical fragmentation of political and administrative LGs. Of 7.904 municipalities in Italy (2021), approximately a quarter have fewer than 1,000 inhabitants and more than two-thirds have fewer than 5,000[5].

While only 25 MUs were established in the period 1990–1999, by January 2010 there was a total of 313 MUs in Italy. The number of MUs is currently 565, covering 2.409 municipalities (the 30%) with a total population living in their territories of about 12.015.228 (the 20% of the national population) (Ministero dell'Interno - Dipartimento per gli affari interni e territoriali, 2021). From a geographical viewpoint, MUs are found much more often in the north of Italy than in the centre or the south (Appendix 15)[6].

Figure 4.1



Source: Author's calculation from data collected by Anci, Ancitel, MEF and Regions.

It is possible to note that the MU process has not been homogeneous

[5]In Italy the MU was introduced in the 1990s (Law No. 142/1990), where the efficiency of the LG administration was expected to be enhanced by the merger. Indeed, the MU was firstly introduced as an organizational tool preliminary to the amalgamation of small municipalities, which, however, met strong resistance, yielding little to no results, because it commonly faced opposition due to the loss of autonomy from the local population and policy makers. The Italian government reacted with new incentives and new legal forms of MU considered as LG networks, with greater decision-making freedom (Fedele & Moini, 2006). However, their actual implementation depends on regional decisions.

[6]National MU representation regards the 2021. Referring to the legislative intervention on MU (from L 135/2012 to L 56/2014), together with the increasing regional legislative response, the National Statistical Institute has started an experimental project for the construction of an MU dataset and the implementation of a unique identification code, enabling the distinction, both geographically and over time. The recognition of MUs at a national level has started in 2018, using information available on Anci[7], Ancitel[8], and the Ministry of the Economy and Finance[9] with the aim to store the most complete information possible.

over space and over time and it is not possible to identify a unique effect of the policy on local reorganization. It has been here, therefore, decided to restrict the main analysis to one region only, Emilia-Romagna. This choice depends, first of all, on the availability of rich data on all LGs in Emilia-Romagna. The information derived by different archives publicly available from the Italian Ministry of the Interior, the Italian Ministry of economy, the ISTAT and the region website was used. Data include a full range of information:

- municipal financial data, such as total current and capital expenditures/revenues;
- municipal demographic and socioeconomic data, such as population size, surface and mountain territory;
- political party in charge and political continuity;
- associated functions, both publicly and non-publicly funded.

The details of data sources are reported in the Appendix[10]. Secondly, this is the region with the oldest average MU age. It seems critical, considering that PMS is a long-term process and, only when the network becomes really tight, members will set up a PMS (Aureli & Del Baldo, 2016). Furthermore, in terms of managerial culture, it is one of the first leading region for NPM reforms (Kuhlmann, 2010). Thirdly, Emilia-Romagna is one of the biggest and wealthiest Italian regions. It is located in the North-East and its population in 2021 is 4.438.937 inhabitants (approximately 7 percent of the Italian population). The average GDP in the same year is 118 billion euros (approximately 9 percent of the Italian GDP). Fourthly, IMC is a widespread phenomenon in this region. After Sardegna (278), it has the higher number of municipalities within MUs (274, 11% of the total in Italy). The municipalities within MUs constitute the second highest percentage of the total regional municipalities. Indeed, after Valle d'Aosta (99%), the Emilia-Romagna region accounts the 83% (274 over 328) of municipalities that joined an MU in 2021. Finally, concerning inhabitants, it represents the greatest proportion of inhabitants among ordinary status region[11]. Thus, it is assumed that the effect of MUs in the Emilia-Romagna region may be a good context of study.

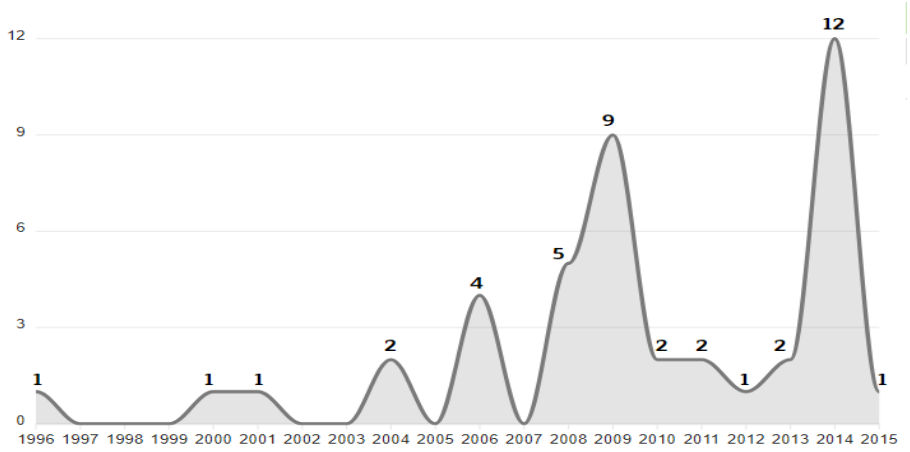
[10] Appendix 13 represents municipal financial data; Appendix 14 and 17 show municipal demographic and socioeconomic data; Appendix 16 specifies the political party in charge and political continuity; Appendix 11 and 12 represent the MU associated functions with reference to the PRT regional funding.

[11] Friuli-Venezia Giulia 79% and Valle d'Aosta 75%.

The Emilia-Romagna regional political and institutional framework

As stated before, the research was undertaken in a north-eastern Italian region: Emilia-Romagna. In Emilia-Romagna MU has become a relevant phenomenon since the approval of the Regional Law no. 10/2008 aiming at transform mountain communities into municipal unions or to be integrated into existing municipal unions. This long and complicated process must be terminated by the 1st January 2014. Then, the decision to enter a union belongs to a single municipality, but with the power of the region to regulate the IMC process. Before the regional law, only 8 MUs were created[12], while the bulk of municipalities forming a MU occurred from 2008 to 2014 where in 2014 accounts the highest municipal constitution number. This regional overview is reflected in Figure 4.2, which depicts the constitution of each MU.

Figure 4.2: Regional MU evolution



Source: Author's compilation from regional data.

The regional Law No. 21/2012 aims to an efficient system of governance defining the area in which associated functions should be implemented. In particular, Article 6 outlines the conditions that the MU's municipalities have to follow to define the optimal level area adequate to the exercise of the associated function. The levels of territorial offer hierarchy are five: national, regional, provincial, city, and district. The implementation of MUs' policies concerns particular districts, defined as optimal in terms of efficiency and efficacy (ATO). So, different optimal level area is defined for each MU, in order to provide a joint management adapted to meet local needs,

[12]Unione della Valconca (2009); Nuovo Circondario Imolese and Unione del Sorbara (2000); Terre di Castelli (2001); Modenesi Area Nord (2004); Del Rubicone e Mare, Terre d'Argine, Terre Verdiane, Bassa Val Trebbia, and Val Luretta (2006).

and therefore must follow the wishes of municipalities as much as possible. Emilia-Romagna lists four conditions in defining the area but at the same time leaves considerable municipal discretion[13]. These conditions are:

- proposal should include all the MU's municipalities;
- minimum demographic level 30,000 per MU and 15,000 if the union is mostly mountain' municipalities;
- coherence with Social-Health districts (regulated by the Regional Law No. 19/94);
- territorial contiguity.

Then, the optimal level areas have also been planned taking into consideration two mandatory conditions:

- the proponent municipalities have to belong to the same province;
- the MC's municipalities commitment to join in an existing union.

Moreover, the Emilia-Romagna region provides a peculiar regional legislation, the policy-tool represented by the *"Programma di Riordino Territoriale"* (Territorial reorganizational program, henceforth PRT)[14]. It is a three-years regional strategy plan for supporting and promoting MUs, which has progressively been structured with an evident match between national legislation and the way the region operates, as well as the municipal involvement in such LG networks. Transfers are attributed according to:

- the type and number of spending functions/services assigned to the MU;
- demographic density, number of municipalities, and overall population of the MU;
- staff transferred to the MU.

The general requisites for the funding access (LR 21/2012) involve the integral association by all the partner municipalities to the MU of at least 4 functions among the following:

- ICT (mandatory as required by art. 7 c.3 LR 21/2012);
- personnel management;

[13]These areas are determined after the association has been set up rather than predefined.

[14]The PRT is a three-year instrument with which the E-R region, in the regional legislation fase, as regards to the IMC forms, aims to define criteria and goals to support the seed and development stages for an effective unitary management of municipalities.

- fiscal management;
- productive offices;
- social services;
- municipal police;
- civil protection;
- urban development.

This is linked to the PRT, which considers 13 financeable functions (Appendix 11), where each of those has a maximum score to achieve based on the strategic importance attributed to the function and its diffusion stage. Following this 13 listed functions, the region classifies MUs as *"mature"*, *"developing"*, and *"underway"*, where this ranking implies greater regional financial incentives. Moreover, a forth category is identified as *"mountain"* MU, also with the aim to provide specific policies and guidelines. Additional financial incentives are provided for defined strategic functions: ICT, urban planning, housing, productive and seismic offices, public work - environment - energy, conceived as critical for the post-covid municipal recovery ('Programma di riordino territoriale', June, 09 2021, p. 3). An important PRT provision in terms of transparency concerns the mandatory elaboration of the so called *"Identity card"*, which includes MU data on the presented financial request, the sum of financial contributions received, integrated by a set of indicators for each associated function. With respect to the previous PRT (2018-2020), the major innovation of the new one (2021-2023) consists into the inclusions of a set of indicators developed through a participation process with administrators which began in 2020[15]. There was a sharing with MUs of a mean of 10 indicators per function with the exception of the social services and *"green functions"* that, given their complexity, required more indicators. The total number of performance indicators identified is 152 (148 linked to the 13 associated functions and 6 related to general coordination). Out of these, 58 indicators are connected to the official regional data collection or extractable *"Banca Dati Amministrazioni Pubbliche"* (BDAP) data, not establishing an additional task for MUs.

[15]This project was coordinated by the Emilia-Romagna region and involves 15 MUs. They are Unione dei comuni della Bassa Romagna, Unione Montana Valli Trebbia e luretta, Unione dell'Alta val nure, Unione Valle savio, Valnure e valchero, Reno galliera, Unione valli del Reno, Lavino e Samoggia, Unione del Tresinaro secchia, Bassa reggiana, Unione della Romagna faentina, Unione terra di mezzo, Unione terre e fiumi, Unione delle terre di castelli, Unione Valli e delizie, Unione Modenesi area nord. There were 13 meetings with the MUs for the validation of the indicators to be included in the Identity Card and 16 prior meeting with regional services.

The case selection

In line with what has been empirically done in network literature (Provan et al., 2007, p. 488), this comparative study examines different networks. It implies a multiple case study, extensively used in network literature (Halinen & Törnroos, 2005). A case study is an empirical methodology *"that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomena are not clearly evident and in which multiple sources of evidence are used"* (Yin, 1989, p. 39). Following this methodological approach, this study makes use of an explanatory multiple case study. In particular, it examines eight cases of LG networks in the Emilia-Romagna region, Italy. Besides, these cases are subjected to similar institutional pressures (both at national and regional level). Moreover, the case study selection relies on a first dimensional criteria based on similarities in terms of population. The sample of analysis regards the MUs with a population of 100.000 or more. The seven MU cases include, in total, 57 local governments (17 % of the total municipalities in the region) and also represent the 20 % of the total inhabitants in the region. The focus is on large-size MUs, also because from greater population size derive higher administrative resources, which can lead towards more structured PMS design and implementation[16]. Consequently, large MUs are likely to have a vast area PMS design, including the majority of the municipal departments and program areas, where performance measures can be used intensively, instead of MUs where PMS is concentrated in few departments. This logic has been followed by scholars (i.e. Streib and Poister, 1999), consequently also ensuring that respondents had adequate knowledge about the functioning of the system. The presence of a shared PMS is here defined as critical in large networks, due to the need for centralizing effort for the higher coordination complexity (Provan & Milward, 1995). This sampling also relies on literature (i.e. Meneguzzo and Cepiku, 2008; Minassians, 2015) that highlighted coordination as being prominent in steering municipalities. Taking the MUs with a population of more than 100.000 inhabitants as the sample for this paper was considered the best option, since the current regulation allows the presence of a specific coordination position (the General Manager) for this kind of MU only (law n. 191/2009). However, despite their similarities, each of the analyzed cases entails unique institutional contexts, including governance structures, financial profiles, service histories, and incentives. Moreover, it has been decided to include also a particular MU that, in spite of a population slightly lower than 100.000 inhabitants, shows a different governance structure with respect to other regional MUs. In particular, the municipalities of this MU have associated all the municipal functions and constitute a unique case in the Country. The goal of this study is conceptual framing, theory building

[16] As stated by Kuhlmann (2010), difference in size and lack of administrative resources can explain the various degrees of performance implementation.

Table 4.1: Representation of the Emilia-Romagna territory per population

	MUS	Population over total regional inhabitants	Mu's municipalities over total regional municipalities
Mus with a population $\leq$ 100,000 inhabitants	36	38%	67%
Mus with a population $>$ 100,000 inhabitants	7	20%	18%

Source: Author's elaboration from ISTAT.

Table 4.2: The MU selected

Code	Inhabitants (Istat 2020)	No. of municipalities within Mus	Senior coordinator
UC A*	185.773	15	General Director
UC B*	133.777	10	General Director
UC C*	120.175	8	Secretary-General
UC D	116.599	6	General Director
UC E	113.088	5	General Director
UC F*	107.090	4	Secretary-General
UC G	101.987	9	General Director
UC H*	88.639	6	Secretary-General

The MU with an asterisk (*) have attributed general direction function to the Secretary-General. Source: Author's compilation.

and preliminary assessment of applicability across a limited number of cases, as opposed to statistical generalization and, therefore, a purposeful multiple case study is appropriate for this research. According to Yin et al. (2003, p. 10) *"the case study, like the experiment does not represent a 'sample' and in doing a case study, the goal will be to generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)"*. The eight cases are described in the following table (Table 4.2).

4.2 Social science research

Research, in its broader sense, is *"a systematic process by which we know more about something than we did before engaging in the process"* (Merriam

& Tisdell, 2016, p. 5). Research is typically divided into two categories: basic and applied. The first has the objective to improve knowledge and it is motivated by intellectual interest in a phenomenon. Whereas the second has the objective to improve the quality of practice of a particular discipline. There are several forms of applied research. A common one in fields of social practice is evaluation research, which collects data to make judgements about something (program, process or technique). Other common forms are action research, which addresses a particular problem in a practice-based setting, and appreciative inquiry which, instead, is focused on what is effective in the organization analyzed to facilitate innovation. However, both of them aim at facilitating change.

The Methodology and the philosophical perspectives

This essay implies a qualitative research because of the lack of theory explaining the phenomenon under study[17]. However, the process is deductive-inductive (Ferraris Franceschi, 1998). The foster is based on the in-depth analysis of the EA concepts connected to networks and specifically to LG networks. Thus, investigation is informed by a theoretical framework that enables the interpretation of data phase. The latter is focused on the analysis of 8 case studies that show different characteristics. Thus, the aim is to gather data to build concepts, hypothesis or theories. Therefore, the theoretical framework is not tested deductively, rather, it is informed by what inductively is learnt in the field.

In order to understand how researchers might go about conducting a research, it is important to mention different philosophical foundations, thus the ontological and epistemological position[18]. Carr and Kemmis (2003) make distinctions among three forms of research: positivist, interpretative, and critical. To this typology Lather (1992, 2006) includes also poststructural or postmodern. Positivist orientation states that reality is observable, stable and measurable. Study based on this reality has been labeled as *"scientific"*, and it involves the establishment of *"laws"*. The rigidity of this perspective has given way to postpositivism, which recognizes that knowledge is not absolute but relative (Patton, 2014). Interpretative research[19]

[17] The *"qualitative"* research presents words as data and is interested in understanding how people interpret their experience and what meaning they attribute to this experience. On the other hand, researchers labelled as *"quantitative"* research when presenting results in a numerical form and focusing on how much or how many.

[18] The philosophical foundations influence the ontological and the epistemological position. Ontology is the study of the reality as such or what it is possible to know about the world. It concerns questions pertaining the kind of things that exist within society. Whereas epistemology is referred to what is possible to find out about the world or to the way of looking at the world. For further information see Ormston et al. (2014).

[19] Constructivism is often used interchangeably with interpretativism. Indeed, individuals *"[...] develop subjective meanings of their experiences [...]. Often these subjective*

assumes that there is no single and observable reality since it is socially constructed. Then, there are multiple realities and interpretations of a single phenomenon. Critical research goes beyond the interpretation of people's understanding of their world. A basic assumption is that all thought is mediated by power relations and the attempt is to confront the injustice of a particular society (Kincheloe et al., 2011, p.164). Finally, according to the poststructural or postmodern perspective, there are multiple *"truths"* due to diversity among people, ideas and institutions, where no element is privileged over another. The present essay implies interpretative approach.

4.3 The research process: the phases

This paper attempts to provide suggestions for PMSs in the MU, drawing on the contingency theory (Otley, 2016) and on the performance management model of Ferreira and Otley (2009), which is conceived to incorporate a twelve-step process in performance measurement, PI incorporation and PI use (Bouckaert & Halligan, 2007). Indeed, even though the Ferreira and Otley's performance management model has been developed as a framework for evaluating the implementation of PMSs in single organizations[20], the implicit assumption is that they are key concepts also in LG networks. The case analysis and insights will allow us to offer reflections on each of them, highlighting the proper adaptation carried out and hoped. Moreover, the exploration of network organization will lead to the understanding of which PMSs would support network control and collaboration. Thus, the following research questions were posed:

RQ1. How is the PMS designed and used in the MU? This aims to explore the PMS design and implementation.

RQ2. How should the PMS be designed and used in the MU? The aim is here to grasp the managerial and political perceptions on the potential

meanings are negotiated socially and historically. In other words, they are not simply imprinted on individuals but are formed through interaction with others (hence social constructivism) and through historical and cultural norms that operate in individuals' lives". Cresswell (2013, pp.24-25). In addition to social constructivism informing interpretative research, phenomenology and symbolic interactionism are also important. Patton (2014) explains that *"by phenomenology Husserl (1913) meant the study of how people describe things and experience them through their senses. His most basic philosophical assumption was that we can only know what we experience by attending to perceptions and meanings that awaken out conscious awareness"* (p. 116). Whereas, *"the importance of symbolic interactionism to qualitative inquiry is its indistinct emphasis on the importance of symbols and the interpretative processes that undergird interactions as fundamental to understanding human behavior"* (p. 134).

[20] As highlighted in the working paper version (Ferreira and Otley, 2005), the framework was inductively built from the MCS design and use observation (four medium to large non-finance companies in Portugal both private and public) and from reflections on the frameworks of Simons and Otley.

value and dysfunctions of the PMS.

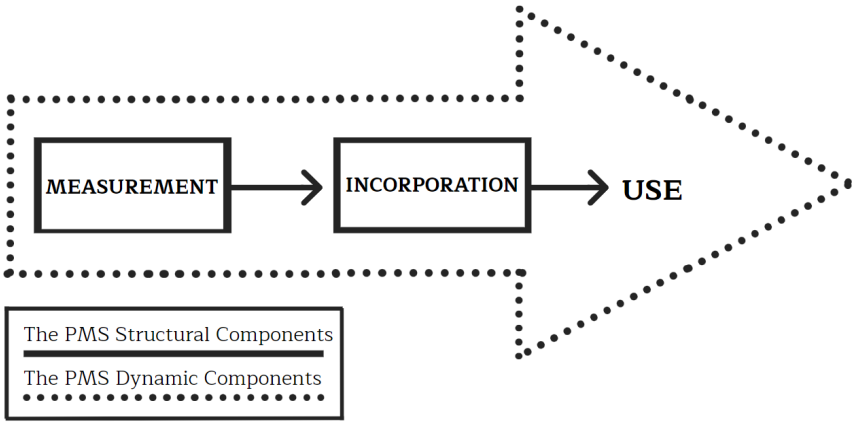
RQ3. How do contextual and organizational conditions influence resultant PMS in terms of effectiveness? It examines the factors related to the effectiveness of a PMS, attempting to ascertain the organizational and cultural factors that conduce to PMS effectiveness.

The aim is to describe, interpret and critically analyze MUs, seeking to understand the influence on PMS design and implementation. Then, a holistic evaluation of current PMSs is carried out by paying attention to the details and potential instability of systems (Arnaboldi et al., 2015). These questions aim to suggest how the PMS design and implementation enables the performance governance ideal-type to become real (Bouckaert & Halligan, 2007), as well as to highlight insights for PMS design to facilitate its development and effectiveness in the networked public sector.

The conceptual framework

In the following lines, a conceptual framework has been developed from the literature review, which can illuminate the analysis of the PMS design and how PMS has been effectively introduced into specific LG network, also analyzing factors which can influence PMS effectiveness. Thus, a common case study protocol identifies key questions in the form of the categories proposed by Ferreira and Otley (2009) and Bouckaert and Halligan (2007) frameworks, combined with the literature analysis on PMS influencing factors through the contingency theory lenses.

Figure 4.3: Conceptual framework



Source: Author's elaboration.

This tool is found to be useful to describe the PMS in LG networks, also identifying external and internal influencing factors as well as gauging the

Table 4.3: Performance governance ideal-model characteristics for each PMS issues of the PMS dynamic component

Critical PMS issues from Ferreira and Otley (2009)	Performance Governance - adapted from Bouckaert and Halligan (2008)
Information flows, systems and networks	**Specific use** Single, double and meta learning **Performance scope** **Full depth** - micro, meso and macro **Full span** - Economy, efficiency, effectiveness and trust: Input, activity, output, effect/outcome, trust **Level of incorporation**: Hyper dynamic
Use of performance management system	**Design**: designed standard models (benchmarking) by stakeholders, staff and consultants; Technical, functional, internally and externally legitimate **Specific and general incorporation and use**: Managerial, political and societal **Degree of incorporation**: Externally consolidated
PMSs change	**Design**: Quality is systemic
Strengths and coherence	**Type**: Internally and externally interactive

Source: Author's elaboration.

speed of advancement in the Bouckaert and Halligan (2007) trajectory toward the PG ideal-type (see 4.3). This is valuable since, even if LG network setting indicates the possibility of progress towards performance governance, there are boundaries to overcome (linked to contexts, structural characteristics and network functioning). Then, as it is possible to note in Appendix 10, Bouckaert and Halligan (2007) broke down the process of PM into three steps (performance measurement, incorporation and use) identifying some key elements (type of measurement, design, performance scope; degree and level of incorporation; general and specific use; performance integration). This study evaluates the suitability of PMS considering the Bouckaert and Halligan's perspective, which adopted a prescriptive approach based on public sector organizations' *"ideal"* models. Nevertheless, for a deepen analysis of the PMS implemented, the Ferrera and Otley's framework is used. It offered a number of key issues to be considered, which can be implicitly referred to performance measurement (Q1-Q12) PI incorporation (Q1-Q5; Q9-Q12) and PI use (Q9-Q12). These questions supported the quick outline of the main features of a PMS and the way in which it is used. Finally, it is assumed that PMS characteristics and the choice of trajectories (public administration, managements of performances, performance management and performance governance) is dependent on certain variables that should be identified and, if possible, controlled. Thus, the last element considered is that of the contextual, structural and functioning factors of the network, in order to assess the specific enabling factors for PMS effectiveness. By integrating the PMS items included in the dynamic component (Q9-Q12) with the performance governance characteristics, it will be possible to outline whether certain characteristics have been achieved by the MU or have been intended to achieve and which ways are conceived as useful/not useful. This section has outlined the organizational conditions that can potentially affect PMS effectiveness.

Data collection

Multiple sources for collecting data were used (Scapens, 1990), including interviews, internal documentation and external publicly-available resources. In order to investigate the relationships between networks and PMSs, a literature review was conducted in the previous paragraph, with particular reference to the LG network, trying to identify common elements that are relevant to public network performance and, specifically, to PMS. The MU characteristics have been highlighted to deeply understand their influence on PMS design and implementation. To better comprehend the current context and challenges MUs are facing, the applicable legal framework including the Constitution and white paper were analyzed. Whereas, to assess the integration of the proposed and realized PMSs that have been designed and implemented, the documents produced in the performance management cycle have been studied (see Table 4.4). In addition to the document analysis (Corbetta, 2003), in-depth face-to-face interviews were conducted between March 2020 and December 2021 directly with identified key actors in the PMS process,

distinguishing users from producers/preparers of the information system, in the attempt to grasp the perception of both the political and managerial levels (see Table 4.5). Prior to each meeting, the interviewees received the content of the interview by e-mail. It was first tested with a pilot MU, in order to assess the suitability and to identify the key factors for the research goals. The questions were developed taking into account the indications contained in the conceptual framework. The thirty-four interviews aim to analyze the perception and they consider four themes, organized into distinct questions (Table 4.7). These themes are related to all the 12 stages of Ferreira and Otley (2009) model incorporated in the three Bouckaert and Halligan (2007) PMS layers. The interviews cover managerial and political perceptions of the performance measurement, incorporation and use. Namely, they explore how the PMS was designed and embedded in inter-organizational processes and the ways it was used by managers and politicians. Moreover, interviews also focus on the supporting information and communication/advanced technology systems, as well as possible influencing factors of the PMS development and effectiveness. Finally, satisfaction and suggestion of PMS are explored to identify relevant criticalities and potentialities of the system and the influencing factors. Although there was a set of semi-structured questions, the interviews were wide-ranging and many unexpected issues emerged. Based on actor groups' interests involved in the three planning and control activities (strategy formulation, management control and task control) (Young & Anthony, 1992), MU president and senior coordinator (SC)(general manager or secretary-general) involved in the strategy formulation, senior managers for management control and, where present, department controllers for task control were interviewed. Moreover, with the aim to grasp the perception of performance users coming from other department than that of control, it has been included in the *"producers' category"* the senior manager of the human resource and social service department[21]. The social service department has been chosen, since social services are the most spread associated function of the MU in the Emilia-Romagna Region and that with the highest resource allocation[22]. Interviews were tape-recorded and transcribed in full. A weakness in this method is the inability to make an ethnographic study. Instead, the process was mapped by asking the respondents to describe it. This weakness in method is somewhat remedied by the fact that these MUs are well known to the author from other research projects. Considering the performance management documents in Italian PAs, mandatory documents (DUP, PEG, PDO, PdP, RsP) and non-mandatory (strategic plans)[23] have been collected and analyzed. They have been analyzed with reference to the first 8 structural key concepts of Ferreira and Otley, as already outlined in the conceptual framework section of this essay.

[21] It seems important to consider both general manager and since as stated by Moynihan and Pandey (2010, p. 5) *"There are good reasons to believe that leaders with more general responsibilities are less likely to use performance information than those with task-specific responsibilities"*.

[22] This condition is meant relevant since the association likely implies a MU contact person for that specific sector.

[23] Documents were retrieved from each MU's transparency portals.

Table 4.4: Total expected frequency of PMS structural elements - Source: Author elaboration

Structural components	**Documents**	**Total expected frequency**
1. Vision and Mission	• DUP (SeS) • strategic plan	2
2. Key Success Factors	• DUP (SeS) • strategic plan • performance plan/PEG/PDO • performance report	4
3. Organization structure	• DUP (SeS) • DUP (SeO) • performance plan/PEG/PDO • PEG/PDO report	4
4. Strategie and plans	• DUP (SeS) • strategic plan	2
5. Key performance measures	• DUP (SeO) • performance plan/PEG/PDO • PEG/PDO report	3
6. Target setting	• DUP (SeS) • DUP (SeO) • performance plan/PEG/PDO • PEG/PDO report	4

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Table 4.4: Total expected frequency of PMS structural elements (cont.).

Structural components	Documents	Total expected frequency
7. Performance evaluation	• performance plan/PEG/PDO • performance report	2
8. Rewards system	• performance plan/PEG/PDO • performance report	2

The Table 4.4 reports the respective total expected PMS structural element frequency for each document. They referred to 2020 as the year of reference. Thus, the 2020 for annual documents (performance report; internal control systems' report) period 2020-2022 for triennial documents (DUP SeO; PEG/PDO; performance plan), and 2020-2025 for five-years documents (DUP SeS) or more (strategic plan). Each of them will be represented in their category of reference with respect to the timeframe (preventive documents vs reporting documents). In addition to these two sections (preventive and reporting documents), another section is dedicated to the 3 PMS steps, linking each of the 8 items (Ferreira & Otley, 2009) to the PMS measurement, incorporation and use phase (Bouckaert & Halligan, 2007). The table of document analysis will show a checklist based on the *structural* key issues of Ferreira and Otley's framework, where colored cells identify specific PMS key issues that should be present in each document. Indeed, each PMS key issue defined as *structural* has been identified with a binary code, which captures the presence (1) or absence (0) of a certain issue for each analyzed PMS document. This allows the study of the degree of PMS content completeness. Indeed, through the percentage (observed PMS key issues/total key issues) that the analysis will collect for each selected MU, it will be possible to evaluate the high or low level of adherence, with respect to regulatory obligations and organization and managerial requirements. With regard to the last 4 items of Ferreira and Otley (2009), defined as *dynamic*, specific characteristics were outlined as coincident with the Bouckaert and Halligan's performance governance ideal-model. This step considers specific characteristics in terms of measurement (type of measurement, scope of performance measurement, performance measurement system design), degree and level of incorporation (incorporation), and general and specific use (use) (see Table 4.3). Due to their dynamic conception, the analysis of these last

items was based on both the documental analysis (including that of the PMS structural component) and the interviews. Other secondary data (financial resources, number of inhabitants, associated functions etc.) were collected from reliable datasources (Istat, regional and MU websites), useful for a general description of the analyzed MUs, but also to deepen possible PMS influencing factors determined by the literature analysis. The analysis and triangulation of data from more sources allows to get a broader perspective on the situation investigated.

Table 4.5: Profile of interviewees by MUs

Participant position	MU	Number of participants	Length of interview (h)	Date
		8	5.05	
	(A)	1	0.30	September 2021
President	(B)	1	0.30	October 2020
	(C)	1	0.40	May 2021
	(D)	1	0.50	December 2021
	(E)	1	0.35	March 2020
	(F)	1	0.30	November 2021
	(G)	1	0.50	January 2021
	(H)	1	0.40	November 2021
		8	6.55	
	(A)	1	0.45	May 2020
DG and SG	(B)	1	0.50	January 2021
	(C)	1	0.50	September 2021
	(D)	1	0.45	December 2021
	(E)	1	1.00	April 2021
	(F)	1	0.50	November 2021
	(G)	1	1.20	January 2021
	(H)	1	0.35	November 2021
		8	5.50	
	(A)	1	0.45	May 2020
RPC/ Controller	(B)	1	0.30	March 2021
	(C)	1	0.50	September 2021
	(D)	1	1.05	December 2021
	(E)	1	0.50	April 2021
	(F)	1	1.00	November 2021
	(G)	1	0.50	January 2021
	(H)	1	1.00	November 2021

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Table 4.5: Profile of interviewees by MUs (cont.)

Participant position	**MU**	**Number of participants**	**Length of interview (h)**	**Date**
Social Service director		4	3.20	
	(A)	-	-	-
	(B)	-	-	-
	(C)	1	1.10	October 2021
	(D)	1	0.30	December 2021
	(E)	1	1.00	April 2021
	(F)	-	-	-
	(G)	1	0.40	January 2021
	(H)	-	-	-
Human Resource manager (RP)		6	4	
	(A)	-	-	-
	(B)	1	0.40	March 2021
	(C)	1	-	-
	(D)	1	1.20	December 2021
	(E)	1	0.45	April 2021
	(F)	1	0.30	December 2021
	(G)	1	0.45	January 2021
	(H)	-	-	-
Tot		34	24.30	

Table 4.6: Interviewees' profile descriptions

MU actor	**Particulars**
President	Political part appointed by the mayors of the involved municipalities. It holds a position linked to a municipal political mandate (he or she is elected by the mayors of the municipality involved and will leave after the political mandate).
General Director (DG, Direttore Generale)	DG is responsible for managing and coordinating the MU. This position can be established in MU with a population of more than 100,000 inhabitants. This position serves as a meeting point between political will and technostructure managers. It supports the political body and carries out coordination activities among directors.
Secretary-General (SG, Segretario Generale)	SG is complementary to the municipal secretary. Municipal secretaries perform collaborative tasks and functions of legal-administrative assistance to the bodies of the entity, in order to ensure compliance of the administrative action with the laws, the statute and the regulations (art. 97 Legislative Decree 267/2000).
Controller (RPC, Responsabile Programmazione e Controllo)	The RPC task is to develop an objective plan, structured by the costs and the expected results. Also has to analyze the deviations of the plan with the consequent interpretation of its efficiency, efficacy and sustainability (art. 196 and 197 Legislative Decree 267/2000).
Personnel manager (RP, Responsabile Personale)	The main competency of the RP is to manage hirings, promotions, salaries, evaluation, complements and dismissals. It has also a negotiation task in organizational emergency and relation tensions affecting personnel.
Social Service manager (RSS, Responsabile Servizi Sociali)	RSS has the task to manage and coordinate different actions in the social service area. Includes: primary education, elderly care, exclusion risk population and family counselling (Law 328/2000).

Source: Author's elaboration

Table 4.7: Thematic questions

Theme (no. of questions)	**Description**
Performance measurement characteristics (5)	General information on the performance measurement stage.
PI incorporation and use (7)	The extent to which performance information is integrated in the decision-making processes.
PMS influencing factors (6)	Identification of facilitating factors for encouraging PMS development and effectiveness.
PMS satisfaction and suggestions (2)	The questions are geared for understanding the perception of the potential users of the PMS, in terms of criticalities and potentialities.

Source: Author elaboration

Chapter 5

The MU in Emilia-Romagna region: the empirical analysis results

5.1 Results

In order to understand the picture better, some basic information about the MUs analyzed are presented. Then, the section proceeds with the PMS critical aspects based on the four interviewees' thematic questions, in terms of performance measurement characteristics, PI incorporation and use, PMS influencing factors, and PMS satisfaction and suggestions. Finally, the model developed with reference to the structural PMS component will be included for the document analysis of each MU case.

The MU A case

The *Unione della Romagna Forlivese*, henceforth MU A, began its start-up phase in 2014, when the municipal council agreed to take part in a LG network.
The MU A is composed by 15 municipalities, it has a population of 185.773 inhabitants and a surface of 1.262 km2. The workforce accounts for about 175 employees, approximately the 19% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members is 7, and 3 by some of them. In 2022 the president of the MU is Francesco Tassinari, mayor of Dovadola and its vice president is Giancarlo Darli, mayor of Modigliana. The governance of the MU has changed dramatically in the last years, being elected only 5 out of 15 mayors in continuity with the last party or mayor in charge, as specified in Appendix 16.
In 2020 the management control function was associated by 93% of munic-

ipalities (14 out of 15). Concerning the PMS design, the network has not established a new PMS. Indeed, it has been imported by the MU's leading municipality without any participation process, and with difficulties of implementation. The MU has a formal PMS, but it is not well-structured. More specifically, there is no set of indicators to measure outputs and even no informal process is run (DG, President, controller). Specifically, performance measurement is mostly financial-based, collected from legal reporting and internal control systems. Thus, the tools developed by the financial department are the only transversal support for performance analysis. Respondents connect this situation mainly to the political issues that preclude the development of a joint PMS *"this association is, at the moment, only formal [. . .] we are trying to find a common line among 14 municipal councils"* (DG). Concerning the performance measurement design, *"the system is non-existent, and we have to design it yet [. . .] we will start from making things simple, thinking about the users of the performance information [. . .] the performance plan has often individual objectives with no consideration of the organizational performance"* (ibidem).

There is no appropriate incorporation of measurement, but just compulsory exercises in red tape: *"the current performance plan includes individual objectives. There is no organizational vision in terms of performance and, consequently, the PMS does not support the management, but can be considered as an administrative act"* (DG).

This MU was born from 2 mountain communities joined with three other municipalities (Castrocaro, Bertinoro and Forlimpopoli) and for this reason there was no accurate monitoring of the management control (DG, President). Municipalities' differences also influence commitment: *"there is a difficulty in political commitment for small municipalities with 4/5 employees"* (DG). Scarce human resources to the MUs have influenced the PMS implementation: *"Some municipalities have three or four employees and it is impossible to give something to the MU. Thus, in terms of personnel, the MU is insufficient yet. Instead, sometimes the MU transfers part of the staff to the municipalities"* (President). The past concentration in the figure of general manger has been a PMS hindering factor: *"concentration in the figure of the director, who was also secretary, created problems, we must focus on teamwork and the director must be able to concentrate on managing the strategic part"* (DG). Another problem was that elected officials have no delegation for budgetary mission: *"no political delegation was given to the aldermen, in fact everything passes through the MU executive committee, without having a specific attribution of responsibility [...] Moreover, the president was that of the municipality which was receding, so there was no long-term vision for the MU"* (DG). The controller also highlights problems of coordination for offices with differences in operator unity and complexity, related to front-line services, which would require quality management: *"coordination problems arising from different structures with operators that*

range from low level to the higher one, and with front-line functions, such as local police, require delicate management. We should be able to say, for example, how much coverage the municipal police have made on the territory, the degree of citizen satisfaction, and then show the quality [...] to achieve this situation, you should measure quality and this process should, first of all, involve the service itself".

The current situation is completely unsatisfactory for all the respondents. However, some future modus operandi will be discussed. A first idea is to achieve a centralized MU *"We should already start thinking the way Romagna Faentina has, where the staff depends entirely on the MU"* (President). Nevertheless, some doubts arise in terms of municipal disparities: *"some weaknesses are expected due to the difference in municipal size [. . .] but perhaps there is less disparity between municipalities, in our case there is too much difference between large municipalities and small municipalities"* (ibidem). Another suggested way is to consider the MU as the starting point to spread performance culture: *"start from the MU and then proceed with the extension to the municipal partners [. . .] the performance culture should arise from the MU"* (DG). This seems possible through service managers' involvement: *"Instead of starting from multiple and small objectives, mainly directed to ordinary activities, a single schedule with different fields to fill in should require attention. This process could guarantee the managerial commitment, cascading also to that of the personnel involved"* (ibidem). Among the future challenges to address, the role of MU is conceived important also for integrated internal control systems: *"the Court of Auditors states that control systems should be integrated, and that we even have to link the managerial control to the administrative one [. . .] We must put incentives for municipalities and make it clear that certain fulfillments, if made centrally, could be a first point for improvement"* (DG). In addition, the topic of periodic relationships/contacts with other offices is raised by the controller who highlighted: *"I would like to have a relationship with accountants where we feel free to share [. . .] all that can impact on the budget that concerns the MU. In this way we could really create a relationship that is collaborative and also routine, because if you hear from them once every 3 or 4 months, when we are up to the final balance for the budget, the person calling from the MU is obviously a stranger who bothers them".*

Table 5.1: PMS Results of the MU A per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented • no participation process in the PMS design • full management control association • no centralized management control function • no set of indicators • no informal process is run • focus on financial indicators
PI incorporation and use	• none. Just as a compliance process • PMS formal implementation
PMS influencing factors	• municipalities' differences in terms of mountain community and size negatively influence PMS implementation • scarce political commitment • scarce human resources • concentration in the figure of the director, who was also secretary, created problems • no delegation to elected officials • PMS imported without any adaptation and any participation process • president coming from the municipality was motivated to leave the MU with no long-term vision

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Table 5.1: PMS Results of the MU A per thematic areas (cont.).

Theme	Interviewees' insights
PMS satisfaction and suggestions	• dissatisfaction • achieve a centralized MU • quality management is perceived as requiring attention • MU as the started point to spread performance culture • service managers' involvement • integrated internal control systems • periodic relationships among offices

Source: Author's elaboration.

The MU B case

The *Nuovo Circondario Imolese*, for now on MU B, began its start-up phase in 2004, when the municipal council agreed to take part in a LG network. The MU B is composed by 10 municipalities, has a population of 133.777 inhabitants and a surface of 787 km2. The workforce accounts for about 165 employees, approximately the 27% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 7. In 2022 the president of the MU was Marco Panieri, mayor of Imola, its vice presidents are Matteo Montanari, mayor of Medicina and Beatrice Poli, mayor of Casalfiumanese. The governance of the MU has not change significantly in the last years, being elected 8 out of 10 mayors in continuity with the last party or mayor in charge, as specified in Appendix 16. Concerning the PMS design, the network has not established a new PMS. Indeed, it has been imported by the MU's leading municipality without any participation process, and with perceived difficulties of implementation, especially in the performance indicator selection: *"The PMS design is that of the municipality of Imola [...] however, performance indicators are not well-defined. They are merely quantitative with a due-time process [...] The model is not built from the bottom"* (Controller). *"Organizational indicators are absent, they derive from a mean of the indicators coming from the different service departments"* (RP); Confirming about the current inefficient system of Imola, the SG states that, however, *"the system is old and with ineffective indicators, which do not consider either the organizational performance or the network performance*

[. . .] we are now working together with the ten municipal partners for a joint PMS" (SG). The same has been reported for the management control function, which is now associated by 40% of the total municipal partners (4 out of 10 municipalities): *"we are working for a convention for the full management control association, which has the aim to adopt an efficient management that now we do not have"* (ibidem). Performance measurement is dominated by a bureaucratic logic and there is a perception of time-wasting in performance documents in the MU, as they appear as a duplicate of what has been already done by the single municipalities. Indeed, as highlighted by the President of the MU: *"Very often in the performance tools there are duplicates between the MU and municipalities. For example, the DUP is badly integrated and does not consider that the system in the network should be an evolution of what has been done by the single municipalities. Instead, we made it all over again from the beginning"*. Moreover, it is possible to conclude a political skepticism about programming: *"the planning and programming process never reflect the reality even in the slightest part"* (ibidem). There is a pretty absent coordination role with a desultory presence of a figure who addresses the MU issues: *"There was a full time secretary and general director of the MU. She retired and since then we replaced her, first with another secretary and then I did it myself, but I go to the MU once a week"* (SG). The PI seems not to be incorporated, due to ineffective performance measurement: *"we do not have effective indicators and they are not interesting [. . .] we are not able to give a big support to politics and then there is little interest and little awareness on the PMS importance"* (SG). Thus, it is possible to state that there is also a political unawareness that is accompanied with managerial propensity to apply a formal approach to PMS: *"Managers love form and not substance. The management control can highlight service costs, which is a critical variable [. . .] PMS should be a useful tool but it is also a threat, because it allows third parties to make judgments on the quality of the work of the manager and his collaborators, and this tends to strengthen a formalist vision"* (RP). To this extent: *"Reports are used for the rewarding system, but do not go beyond that. They are conceived as an additional useless task"* (controller). However, they have activated a *"coordination among the directors' of the MU and the partner municipalities and also for the performance planning and DUP tools"* (President). Difficult incorporation due to the mountain community nature and the difference in size among municipalities: *"The complexity comes from our nature as a mountain community. Indeed, there are services that there have always been and others that have been imported from various municipalities. For services that come from the municipal service managers, there are less issues with performance management, since they have already worked with performance. In contrast, service managers who do not come from the various municipalities do not have a performance culture. I am explaining to everyone how performance works, in terms of strategic, operating and managerial objectives [. . .] there are*

many differences also in terms of size, with municipalities with less than 2,000 inhabitants, which have never elaborated objectives" (controller). The rewarding system cannot support personnel activation towards the network goals: *"If I think about the reward system, I cannot reward our public employees even if they are committed and bring results, because I have the fund blocked since 2016, like many other realities"* (President).
Overall unsatisfaction is perceived in all the interviewees. Indeed, even though there is a municipal leading organization in performance management, the process is not interiorized in the MU: *"I also work in the municipality of Imola, where we are ahead, but we cannot be followed by other bodies"* (Controller). This situation is claimed to be uncertain also due to the absence of a full-time coordinating figure (SG). Opportunities are there to be exploited *"The digitalization should be exploited as an opportunity for change [. . .] Reconciling participation and development and coordination between technicians [. . .] It is critical to define additional staff incentive policies that can encourage the operation of the individual towards the network objectives"* (President). Moreover, *"quality management should be valorized to involve also political parties, and convince them on the value of PMS, changing the current cultural rigidity"*.

Table 5.2: PMS Results of the MU B per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • no participation process in the PMS design • no full management control association • no centralized management control function • no organizational performance indicators • performance measurement merely quantitative and due-time process
PI incorporation and use	• none. Just as a compliance process • PMS formal implementation

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Table 5.2: PMS Results of the MU B per thematic areas (cont.).

Theme	Interviewees' insights
PMS influencing factors	• municipalities' differences in terms of mountain community and size negatively influence PMS implementation • scarce political and managerial commitment • desultory presence of senior coordinator (bureaucratic culture of politicians and technicians afraid to be judged) • PMS imported without any adaptation and any participation process
PMS satisfaction and suggestions	• dissatisfaction • digitalization can support change • need for additional staff appraisals • participation of technicians • need for a full-time senior coordinator • cultural problems could be addressed by focusing on quality management for increasing political awareness on the PMS effectiveness

Source: Author's elaboration.

The MU C case

The *Unioni dei Comuni del Distretto Ceramico*, for now on MU C, began its start-up phase in 2011, when the municipal council agreed to take part in a LG network. The MU C is composed by 8 municipalities, has a population of 120.175 inhabitants and a surface of 425 km2. The workforce accounts for about 27 employees, approximately the 26,43% of the total public personnel of the municipalities in MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 5, 2 by some of them. In 2022 the president of the MU was Oreste Capelli, mayor of Frassinoro, and its vice president is Francesco Tosi, mayor of Fiorano Modenese. The governance of the MU has not change significantly in the last

years, being elected 6 out of 8 mayors in continuity with the last party or mayor in charge, as specified in Appendix 16. Concerning the PMS design, the system was imported by the municipality of Sassuolo, which is the lead organization of the MU, with a sophisticated design model, mainly based on financial information: *"the PMS of Sassuolo, which was previously conceived by the province of Modena, was implemented in the MU without the due adjustments. The PMS is really articulated since an office was dedicated to those measurements in the province of Modena. This office was connected to the accounting office and, for this reason, financial information was the main element [...] both organizational and individual performance were present in the municipality of Sassuolo, with some adaptation, but mainly remain the same of 2013. In the MU the PMS is the same, but there is no structured management"* (controller). He continues highlighting the absence of a joint PMS run by few MU structured personnel: *"partner municipalities have maintained their autonomy, indeed, we implement this system for the MU with 30 structured people and about 100 part-time and full-time seconded personnel"* (ibidem). Indeed, the management control function has not been associated due to municipal skepticism about being controlled: *"the management control function that we have to do, but actually no one does, should be associated [...] however, the fact of saying the word 'control' reveals that this system highlights what does not work, so it leads to a preconceived rejection"* (SG). Data usage is limited due to unintegrated objectives between MU and municipal partners, where seconded personnel gives priority to the municipalities' objectives, from which their evaluation depends: *"Seconded personnel have difficulties to adequately follow both municipal and MU objectives. Usually there is more attention on the first since evaluation activity is based on the single municipal objectives"* (controller). The PMS is perceived as a *"source of red tape"* (controller). In the same vein: *"What I think is that this is a useless and sterile system, in the sense that it is a mere fulfillment and does not bring value compared to what a sector actually does [...] We don't recognize ourselves in the system, because we might also have quantitative indicators, but our work in social services is based on quality, and bringing out quality is always a problem"* (RSS). The weaknesses in PMS implementation have been connected to the lack of human resources: *"The personnel law has influenced the human resource capacity. We cannot hire personnel that work in the MU, and most of the personnel comes from the municipal partners and, often, through a percentage [...] our MU does not have staff service offices, and every time we have to look for someone who comes from the municipalities involved [...] some directors account the 3 or 9% of the MU command and this is really complicate to manage"* (SG). Moreover, municipal partners show resistance to associating the management control function, due to a skepticism on the possibility of being judged, despite the provided regional incentives: *"even if there are several regional financial incentives, our MU is represented by municipalities unwilling to associate [...] the social sector function is doing well, but municipalities, for example, do not associate the public education service to the MU"* (RSS). Another PMS constraint is represented by the absence of internal actor involvement in the design process: *"we represent the end users of decisions that are made by others"* (RSS). Another hindering factor concerns the difference in terms of managerial tools and of personnel evaluation: *"The staff, after eight years, is still completely detached and we have huge differences between one municipality and the other, also in terms of employees' treatment, even just with respect to the issue of productivity. Apart from the difficulty of using different systems, because each municipality has its own [...] MU should have*

their employees, but this is a huge work in progress" (ibidem). Despite the perceived overall unsatisfaction, some suggestions arise from the respondents for better PMS effectiveness. First of all, the organizational and human resource dimensions have been commented: *"there should be an organizational structure that supports the PMS with dedicated staff in MU"* (SG). There is a claim on the prior need to increase motivation and address coordination issues *"possibility to solve the struggle against motivation through training"* (controller); *"the coordination issue is important since it has an impact on the system and on how it is used"* (RSS). This is required independently from technology implementation: *"Everyone will agree that PMS is useful, but it requires an allocation of the systems to the human resources to manage them. Even if there is a software, you should have the person who handles that software [...] even if there is the person handling it, when he/she has to compile reports by a certain date, this date will not be respected because there are many other deadlines and because compiling a report also means processing it within a certain period, as well as communicating to the evaluation body [...] This clearly postpones everything, so information no longer has the relevance it would have had before"* (Controller).

Table 5.3: PMS Results of the MU C per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • no participation process in the PMS design • no management control association • no centralized management control function • sophisticated design model • focus on financial indicators
PI incorporation and use	• none. Just as a compliance process • unintegrated objectives between MU and municipal partners

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Table 5.3: PMS Results of the MU C per thematic areas (cont.).

Theme	Interviewees' insights
PMS influencing factors	• municipalities' differences in terms of managerial tools and of personnel evaluation • scarce human resources • scarce managerial commitment (technicians afraid to be judged) • PMS imported without any adaptation and any participation process
PMS satisfaction and suggestions	• dissatisfaction • structured staff in MU • increase motivation through training • address coordination issues

Source: Author's elaboration.

The MU D case

The *Unione dei Comuni del Valle del Savio*, for now on MU D, began its start-up phase in 2014, when the municipal council agreed to take part in a LG network. The MU D is composed by 6 municipalities, has a population of 116.599 inhabitants and a surface of 810 km2. The workforce accounts for about 119 employees, approximately the 17% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 5, one by some of them. In 2022 the president of the MU was Enzo Lattuca, mayor of Cesena and its vice president is Monica Rossi, mayor of Mercato Saraceno. The governance of the MU has not change significantly in the last years, being all mayors elected in continuity with the last party or mayor in charge.
The municipality of Cesena is the MU's leading organization *"with a more complex organizational structure and higher performance culture with respect to the other 5 municipalities"* (RP). For this reason, concerning the PMS design, the network has not established a new PMS. Indeed, it has been imported by the MU's leading municipality which *"has entirely managed the planning, programming and controlling processes with its staff"* (RP). Concerning the PMS of the other municipal partners, after 7 years since the constitution (in 2021), the management control function was associated with a new dedicated organizational unit (RP, controller). Thus, from 2021 the management control has not been implemented for the MU only, but also for its municipal partners. This process *"will be gradually implemented,*

considering the peculiarity of each municipal partner, considering their small dimensions" (RP). As stated by the controller and confirmed by the SC: *"we cannot think of extending the PMS of Cesena to small-sized municipalities, which do not even have the duty for PEG implementation"*. The system design was based on a participation base: *"the PMS was also implemented from the bottom, highlighting the important role of participation, obtaining an integrated programming system among MU and partners"* (RP). In the same vein, *"the performance measurement design involves a work team with all directors, administrators [. . .] the organization sector and obviously the human resource service, and the control service with officials and employees"* (SC). The actors' involvement allows to smooth the coordination issues: *"the coordination issues related to associated functions, where municipal partners hold both technical and political monitoring. This is unusual if we think that the function has been transferred. Hence, through the activation of actors' involvement processes with political and technical interlocutors, there can be a coordination improvement. This is the direction in which we have already gone, both in the programming phase of the PEG activity and in the implementation phase on macro-objectives, however, not on the analytical detail"* (SC). This involvement should not only include municipal mayors but also aldermen: *"the discussion between mayors and the management side does not always work [. . .] we are trying to enhance the involvement of the municipal executive committee to achieve higher cohesion"* (president). Moreover, it shows both financial and non-financial measures, as well as individual and organizational performance ones, based on a vast set of complex indicators (RP, controller). In terms of network among different organizational units: *"for the social service department, the service description of the own service is identified as a PEG goal, because there were interlocutors inside and maybe no one knew the bit that the other made"* (RSS).
The objective will be that of a strict link between performance measurement, policy turnarounds and resource allocation (SC, RP, controller). However, *"the performance measurement is now not seen as useful to efficiently and effectively support resource allocation"* (SC). The PI incorporation and use is pursued separately by each department: *"every day, the ICT department director uses PI for the definition of objectives, activities, and sectoral reorganization. Personally, I periodically use PI: each semester I look at the organizational wealth indicators, which are really important since they give me a snapshot on how we have developed and changed"* (RP). About the social service department, the manager highlights *"the participation to the PMS design process leads towards a strong understanding, which allows to have a vision on the managerial style and on the objectives to be reached. This is born from great synergy and sharing.* The reporting process considers both internal and external actors: *"the reporting process is fundamental, and the simplification of performance data communication is a daily challenge, both with internal and external users"* (controller). This was possible thanks to the technology support, which allow more *"user-friendly report"* (controller). Nevertheless, *"up to date, there is an adoption of generic reports, while it is essential to focus the attention on specific ones, aimed at solving a problem"* (SC). The criticality of the system is conceived in the indicator elaboration: *"indicators are often communicated by the departments' manager, however, an external controller could ease and allow to achieve a situation with less but more valuable indicators"* (RP). The complex and vast set of indicators often seem excessively articulated and not always useful: *"the update and underlying preparation of all the set of indicators implies a cost that is not always valuable. Indeed, not all the indicators will be then incorporated in*

performance or evaluation documents" (controller). The president stated a perceived importance of performance indicators for some services and not for others, characterized by *"more complexity in policies"*. The NAO supports the report elaboration for all the municipal partners and there was a report adequation by municipalities with respect to what has been done in the MU: *"municipalities are adjusting their reporting with respect to control documents for associated functions"* (SC).
The PMS implementation was possible thanks to the constant will of the apical position *"general director and secretary-general are developing this path, because the political party only would have not been able to achieve the situation that we currently have [. . .] each mayor has its own vision, strictly tailored on its own municipality"* (RP). Dynamic context requires more flexibility of the managerial tools *"today short-term objectives often change and the rule-based tools should be just a guideline and not an imposition of activities, timeframe and indicators [. . .] this implies that there should be no need for the document approval by the executive committee and council, but just by the managerial hands [. . .] indicators have to be fluid like the context in which we live"*. To this extent, the president highlights: *"it is important to define a timely programming, objectives, indicators, performance evaluation, but with the awareness that input of adaptation and flexibility will still arrive from the political body, because we perceive a reality that is constantly changing"*. With regard to both the percentage of the associated functions and the nature of the MU, the president states: *"the necessity is to integrally associate some functions in the MU, since they lead to flaws of coordination [. . .] the leading role of Cesena cannot be effective for mountain politics, since Cesena is not a mountain area and it does not have the knowledge for mountain areas. Thus, there is a need for differentiating those services from the general ones [. . .] the idea was to develop a variable geometry, a greater synergy for the municipalities of the mountain area that could allow to develop a better coordination of policies affecting those parts of the territory"*.
There are formal adequacy, but need for informal processes to support documents: *"I did individual interviews with all employees, because I realized that the moment we sat down with the document allowed me to understand that below there were some unspoken facts, which I had not correctly transferred or the colleague had not understood [. . .] I could have taken for granted some information and this might have led to goal failures"* (RSS).
The suggestion related to the associated management control mainly regards the need to support small municipalities with the managerial experience of the Lead organization and the LG network: *"If Cesena and the MU give their managerial support to municipal partners, performance culture could be spread and the joint PMS effective"* (RP). However, this does not mean that the same managerial tools are required for different municipalities, indeed: *"each municipality should have each its own managerial tool, suitable for its particular municipal characteristics, creating a managerial control workgroup which shares the same language and the same methodological approach"* (ibidem). Moreover, a systemic customer satisfaction is claimed: *"there is a red-tape predisposition to the service charter, which, instead of annually, should be systematically measured"*. (ibidem) Thus, data is not systematically channeled, and the same is confirmed also by the controller who highlighted how *"we have a well-structured customer satisfaction system on municipal police and demographic services but the aim is to extend the process also to other services making quality systemic"*. A simplification activity on the set of indicators and a focus on qualitative management is claimed: *"There is a need for simplifying the setting of indicators and focusing on impacts, which is*

the performance data for which the political party is more sensible [...] we tried to go ahead on this way, but the work is really complex with obstacles to address as the delay in retrieving external sources" (controller). The same statement has also been given by other respondents (SC, RP, RSS). For example, the RSS states: *"I see the lack of very basic tools that allow people to work on multiple goals and multiple teams"*. The need for impact indicators was confirmed by the president who stated: *"PMS is an important tool [...] (however) the element of political evaluation cannot be separated from data that is not noticeable by indicators, but that is perceptible in the degree of satisfaction citizens have"*. Also, SC suggests higher emphasis on global objectives with single project manager between MU and partner municipalities for a transversal support of performance analysis: *"I believe on global objectives. In relation to the integrated programming and complexity that is now required by the increasingly transversal functions [...] the implementation of these objectives requires the participation of several sectors that must be in coordination with a single project manager [...] this would respond to the logic of coordination between MU and single municipalities, without differentiating activities among them"*. Moreover, the political commitment was wished and this commitment can also be supported by resource allocation objectives: *"the political parties still see PMS as red tape and we should find the way to make them capable to understand the value of these tools as a means of work [...] an allocation of objectives that is linked to the allocation of resources can give meaning to the administrators' activities"* (ibidem).

Table 5.4: PMS Results of the MU D per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • performance involvement of internal actors' which include both managerial and political side • management control association with a new dedicated organizational unit • network among different organizational units

Continue on the next page.

Table 5.4: PMS Results of the MU D per thematic areas (cont.).

Theme	Interviewees' insights
PI incorporation and use	• PI use dependent on the single department • reporting process considers both internal and external actors • not all the indicators have been formally considered: gaps between data that is produced, usable and used • report adequation by municipalities with respect to what has been done for associated functions • need for specific rather than general reports
PMS influencing factors	• apical position support • dynamic context need fluid indicators • need for informal discussion between managers and employees of its department

Continue on the next page.

Table 5.4: PMS Results of the MU D per thematic areas (cont.).

Theme	Interviewees' insights
PMS satisfaction and suggestions	• modest satisfaction • managerial support from lead organization and NAO towards small municipal partners • different managerial tools but with same methodological approach • need for systemic customer satisfaction • simplification on the set of indicators • higher emphasis on the impact indicators • higher emphasis on global objectives with single project manager between MU and partner municipalities • higher political commitment which can be supported through resource allocation objectives • integrally associated functions • differentiate the management of mountain policies

Source: Author's elaboration.

The MU E case

The *Unione dei Comuni Valli Reno, Lavino e Samoggia*, for now on MU E, began its start-up phase in 2009, when the municipal council agreed to take part in a LG network. The MU E is composed by 5 municipalities, has a population of 113.088 inhabitants and a surface of 404 km2. The workforce accounts for about 92 employees, approximately the 15,92% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 6. In 2022 the president of the MU was Massimo Bosso, mayor of Casalecchio di Reno and its vice president is Monica Cinti, mayor of Monte San Pietro. The governance of the MU has not change significantly in the last years, being all mayors

elected in continuity with the last party or mayor in charge.
Concerning the PMS design, the network has not established a new PMS. Indeed, it has been imported by the MU's leading municipality. The current version of the PMS was born with the consolidated experience that has emerged and developed over time in the municipality of Casalecchio, to be then extended in recent years (2018) to the MU and its members, with the necessary caution to account for the different experiences gained and lessons learned by the other entities: *"we identified the administration that was more structured (the municipality of Casalecchio), we analyzed which tools it had developed and we have recalibrated them in a work session for adapting that system to the municipalities with a different evaluation culture, which needed a more organized approach"* (DG). A joint PMS was achieved by means of a logical integration process: *"having to manage several organizations of different sizes, each with a different measurement system, integration became our initial working point [. . .] we thought it was necessary to adopt a joint evaluation model, i.e. a system figure that, while working for individual organizations, would give an overall vision allowing for common growth, as otherwise it becomes difficult to have a single performance system without a single evaluation mechanism"* (ibidem). A relevant factor underlying the programming process is that the MU has drawn up a yearly strategic document attached to the DUP (called the *"integrated DUP"*). It contains all the programming deadlines and performance sheets to be used and shared within the MU. *"The experience of integrating the DUP is currently being imitated also by other MUs"* (DG). The involvement of the administrations' leaders has been essential in the constitution of the system, *"[. . .] The strength and authority of the current system lies in the fact that the MU's management committee, made up of the various municipal secretaries of the members, was involved in the planning of the system. Secondly, the various managers and heads of organizational positions and the supra-municipal evaluation team are involved"* (DG). The system was also welcomed by the trade unions, in the logic that this joint system would have allowed the alignment or homogenization of evaluations over time, also with regard to the system of horizontal progressions, in the sense that various diversified systems give more space to differentiated evaluations *"[...] In the end, however, the staff of the MU, even if they work for the various organizations, are then confronted with each other, and if there is no joint system, these alignments cannot be pursued. The alignment comes after three years, which is the average time taken by the evaluation to be assigned to the progressions of employees. So this result is already there and it is tangible. Anyway, the element of weakness is the discretionary nature of the evaluation: we have to work a lot through training with the supra-municipal team on this, because we have entities that continue to give the top score (100), while others give it as a 'virtual' parameter assigning a lower scale and this is not positive for the internal balance of the MU"* (DG).

Regarding measurement and use, *"considering the numerous decisions the MU's executive committee takes, we could say that the use of detailed research is extended in order to resolve problems. That is why reports are continuously analysed to choose the best options. Anyway, these elements are not always prioritized as usually the political motivations take greater importance, but anyway we try to confront decisions based on the available data offered by the system. However, for general manager and public workers the tendency is different, as they tend to use the performance reports for the control tasks"* (President). *"The organizational culture is still overdue as it prioritizes the management emergencies and, sadly, this is linked to the lack of time, as the good-will is usually found among workers. The system keeps going because of the will of its leaders, and we are lucky because they tend to respond efficiently. Yet, there is not a full understanding of what is being done and it is still perceived as bureaucracy"* (DG). The performance measurement in MU is linked mainly to DUP; that is why the performance guidelines look towards the DUP project, through the strategic accounting of each section: *"Making the performance and management control an instrument for helping the administration in all fronts: ordinary activity, performance activity and the research of how much each activity costs. This is the global purpose"* (DG). In relation with the use of the results brought by the reports in the decisional and management procedures, the perception is that the effectiveness is still limited: *"It is difficult to give full attention to the reports, the attention is mainly driven there when a specific problem is detected. However, as an instrument of quotidian work its impact is low"* (RSS). Probably the engagement of the political part (always linked to the technical one) represents an essential necessity towards the legitimacy of the system. The performance culture of the administrators is important (mainly when a mayor or government changes). *"The internal controls, perhaps a further associating step, represent an already discussed issue and will be the key management element for the MU with an obvious impact in the PMS"* (President). A future element the MU may have to work on is the systematic measurement (and not the periodic one) of the quality satisfaction of the users. *"As a Union, our purpose is to install a monitoring system of the customer satisfaction among all the Unions activities that have an impact on citizens"* (ibidem). Between the elements considered legitimated by the system, it is found the involvement of the stakeholders and the political and technical commitment in the sense of a performance culture: *"[. . .] Everyone wants the best analysis and interpretation of the data, however, even if a report is provided, the time and capability of understanding it is not equal for everyone. That is the reason why a multiplicity of automatic dashboards is being adopted, as it is assumed that everyone knows how to use them. If someone sees a green/red indicator, the conclusion is easily driven to the interpretation. Actually, the region has invested largely in this direction, with the intention of arriving to managers".* (President). The constant research

towards the integration of the systems of planning, programing, control and budget is a very delicate phase of the performance measurement and management definition. *" if we read horizontally the results of all municipalities of the Union, we would see that an integration of the times of evaluation hasn't been reached. This is a huge problem we have to resolve. A positive element is that this system may force the respect of the pacts established with the trade unions, which battle for their privileges if they are not paid before summer. Having a unified system has, as a positive element, the stimulation of a homogenous timing, while, as a negative element, we find that it creates obligations to some administrations unable to respond in time"* (DG). The correction and prevention of this imbalanced integration is managed by the evaluation team, which must decide if the reasons are of force majeure or of other nature.

In terms of satisfaction and suggestions: *"the relevance of the system is certainly high in the management structure of the MU and of the municipalities, and I can affirm that, especially for us, as mayors-administrators of the MU, it is certainly higher than in the single municipal councils of the members"* (President).

After the first two years of application of the PMS, it should be noted that the MU and its municipal members have been homogenised. Now the challenge must focus on the time alignment of the development phases and the planning tools for the municipal members (DG). A particular attention must be paid on the programming process that is carried out by the MU for the not always clear boundary that exists between ordinary and extraordinary activities with the aim to highlight the most performing activities. *"Starting from the consolidated experience of the MU's leading municipality (Casalecchio) within the services, there are budget sheets, built in order to have a continuity that over the years allows to highlight the dynamics of the activities carried out and that allows over time to have a greater control of the services and a better representation of the activities carried out. When defining the planning sheets, a certain number should be established, and they should be weighted, because this also generates a better planning capacity over time, as well as guaranteeing the continuity of the activities"* (Controller). The possible perspective to improve under a technical profile is the integration of the managerial procedures and the constitution of a strong centralized office in the MU: *"the first thing is to have a system that identify common objectives. The other thing regards procedures, namely, if one does the PEG in January and the others in September. It is not easy to coordinate a planning system, especially between different entities. I think a solution may be a strong centralized office in the MU that provides activities to the members"* (ibidem). In addition, timely evaluation system is claimed: *"If we could shorten the timeframe for measuring and evaluating the previous year's activity, it would be positive. Namely, employees are often interested in monetary incentivation. If we could reduce the timeframe so that we could pay them in June/July, it would be good from a technical point of view. From a political point of view, it would also be useful as an attempt to encourage employees on to professional growth, which may come from this system"* (RP).

Table 5.5: PMS Results of the MU E per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • performance involvement of internal actors which include both managerial and political side • management control association with a new dedicated organizational unit • joint PMS system definition (standardized tools among MU and municipal partners) • high correlation between strategy and measurement
PI incorporation and use	• reporting process considers both internal and external actors • discrete use of reports
PMS influencing factors	• involvement of internal and external actors • consolidated performance culture in the lead organization • performance management tools' uniformity and timeframe alignment referred to the all municipal members
PMS satisfaction and suggestions	• good satisfaction • need for systemic customer satisfaction • need for higher internal competitivity

Source: Author's elaboration.

The MU F case

The *Unione delle Terre d'Argine*, for now on MU F, began its start-up phase in 2006, when the municipal council agreed to take part in a LG network. The MU F is composed by 4 municipalities, has a population of 107.090 inhabitants and a surface of 270 km2. The workforce accounts for about 512 employees, approximately the 1,55% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 6. In 2022 the president of the MU was Enrico Diacci, mayor of Novi di Modena and its vice president is Alberto Bellelli, mayor of Carpi. The governance of the MU has not change significantly in the last years, being all but one mayor elected in continuity with the last party or mayor in charge. Concerning the PMS design, the network has not established a new PMS. Indeed, it has been imported by the MU's leading municipality. The MU F has the municipality of Carpi, which has a very high performance culture, considered as pioneering in Italy: *"the municipality of Carpi started in 1988 until the 2006 when the MU was constituted [...] unfortunately, all the performance knowledge of Carpi has not been fully imported in the MU [...] the performance plan was implemented but always with an individual performance focus, with numerous indicators tailored on specific objectives with difficulties of being compared at different moments in time"* (controller).
Nevertheless, the PMS was imported with initial difficulties: *"the measurement system has suffered from a bumpy ride: historically inheriting the system developed by the Municipality of Carpi, at a certain point the MU did not develop the system, either due to the political change of the administration at that time, or due to the retirement of key actors who had designed and developed it. Only in recent years, the MU Council has shown a particular interest in the historical trends regarding the efficiency, effectiveness and sustainability of certain services"* (President). Moreover, the system shows disconnection between the strategy and operative objectives (DG, RP). He continues stating that external incentive would support the development of a result-oriented performance: *"we are not strong in terms of results [...] with the Recovery and Resilience Plan we could hypothetically find an external incentive, responding in terms of alert systems externally requested. I believe this may help us. Internally, it takes too much will and it is difficult, as we are already overburdened and the staff is not sufficient"*. From this point of view, IT is recalled, but defining how this should be followed by a digital culture: *"IT is associated with procedural management, we may adopt amazing programs, but if we don not know how to use them and how to make them useful, it will be useless"* (ibidem).
However, the small number of municipalities within the MU (4) eases the coordination and incorporation of PMS and the long-term vision which is based on informal mechanisms: *"for performance plan elaboration, we had*

interviews with the managers, mayors/politicians of reference and then, together, we tried to build something that went beyond the horizon of one year, considering the same three-year programming process period" (President). This does not mean that there are no constraints and difficulties: *"we have different software for the whole management system. There are different softwares for all the 5 local governments: the MU and the 4 municipalities [...] from 2022 we will start with a single software for the whole documental part [...] when I arrived, I asked why there were different databases and I was told that they kept theirs because the MU could be dissolved in the future. Just as an example, it is not possible for the person who manages the timecards to always open 4 different programs. We have to focus on effectiveness"* (DG). The objective is to achieve a joint system: *"a centrally managed reporting process for all the municipal partners would represent the ideal situation. The initial idea was that of an associated control function in the MU, providing services to other municipal partners, but then shelved due to external problems (e.g. earthquake). Over time, some LGs have tried to define strategic indicators, but without the inspiration of a central office and with the implementation of different managerial tools. [. . .] In forward-looking terms, there would need to be more coordination: for example, a single DUP with standard indicators that could serve as a reference for all municipal partners. This could lead to a more effective desire to identify specific strategic objectives also by managers in order to feed the cycles of reprogramming to be linked in the various sectors"* (Controller). Moreover, it has been highlighted how to reaching a single system it will be necessary to gain the trust of the municipalities *"my personal goal is to make a single system with an organizational unit dedicated to planning and control [...] to reach a single system it will still be necessary to gain the trust of the individual municipalities because it will not be easy [...] their idea could be that the intervention is an 'invasion' of their spaces. Instead, we should try to speak the same language. For example, if we work in the MU or in the municipal partner, objectives have to be delivered the same day"* (DG). However, we are trying to work in this direction, starting from a time alignment: *"[...] we are in the phase of time alignment between the different members"* (Controller).

Regarding PI use: *"The strategic indicators contained in the DUP are of interest and use by politicians, especially when they show good performance. In the DUP there are indicators often referring to the objectives to be achieved over the five-year period, in terms of impact or outcome. The indicators are therefore quite different from those usually produced by the management control with reference to programming and refer instead to the conditions of efficiency, effectiveness and individuals"* (Controller). Despite the fact that the attention, of both politicians and managers with respect to PI, has been confirmed by all the respondents, the president highlights a mismatch between the information produced and what would be necessary to support political action: *"what is produced by the actual system of performance*

measurement and management is often not enough. Several times, administrators commissioned ad hoc studies and in-depth analyses to our structure [...] the executive committee has decided to invest in the management control service for enabling not only the growing information needs of the MU but also to support those of the municipalities. This will allow the body itself to have knowledge of what is happening with reference to services aimed at the vast area of the MU". (President). Moreover, the human resource manager highlights how PI use depends on the single service department: *"output indicators are used for some departments but not for others. For example, staff services reports are not always considered useful"* (RP).
Concerning the PMS effectiveness influencing factors, all respondents highlighted the need for the involvement of the actors a means to legitimize the system and to follow the necessary predisposition of the political and administrative performance culture. In addition, quality monitoring as a PMS effectiveness influencing factor was mentioned: *"if you want to do it seriously and methodically, it requires a minimum of investment in human resources and analysis tools. It is a considerable cost to the MU to turn to external actors. Usually, the attention on such topics seems to be high especially in the pre-electoral periods"* (Controller). In terms of measurement quality *"the MU is already carrying out studies on some services, foreseeing its application also to other services"* (president). Despite the attention towards a development of the control management scope is growing, overall low satisfaction is perceived by respondents and multiple concerns arise. In particular, the controller highlights *"today it is not understood that the control management function is able to generate data and processing systems to support any type of management at all times. If you do not understand this, no individual request can be met with certainty at short notice. Since 2014 indicators of activity have also stopped being produced and therefore lack in terms of continuity of historical trend"* (controller).

Table 5.6: PMS Results of the MU F per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • performance involvement of internal actors' which include both managerial and political side • management control association with a new dedicated organizational unit • few standardized tools among MU and municipal partners • not high correlation between strategy and measurement
PI incorporation and use	• reports which support decision-making still to develop • limited use of reporting
PMS influencing factors	• apical position support • performance management tools' uniformity and timeframe alignment referred to the all municipal members • consolidated performance culture of the lead organization
PMS satisfaction and suggestions	• dissatisfaction • different managerial tools but with same methodological approach • need for systemic customer satisfaction

Source: Author's elaboration.

The MU G case

The *Unione dei Comuni della Bassa Romagna*, for now on MU G, began its start-up phase in 2008, when the municipal council agreed to take part in a LG network. The MU G is composed by 9 municipalities, has a population of 101.987 inhabitants and a surface of 480 km2. The workforce accounts for about 316 employees, approximately the 135,93% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 12. In 2022 the president of the MU was Eleonora Proni, mayor of Bagnacavallo and its vice president is Daniele Bassi, mayor of Massa Lombarda. The governance of the MU has not change significantly in the last years, being all but one mayor elected in continuity with the last party or mayor in charge.
Concerning the PMS design, the network has established a new PMS since 2011. The PMS is a joint system based on standardized measurement tools among MU and municipal partners. Indeed, as highlighted by the controller: *"The PMS has been built within the MU and has allowed over time to unify processes of analysis, measurement tools and reporting both with the MU and with the participating municipalities"*. This was corroborated also by the SG: *"the PMS unifies phases and measuring instruments applying them in a homogeneous way in the different bodies [...]"*. The performance measurement design is the output of an internal actor's involvement process *"The performance measurement design has involved the political actors [. . .] and this has made possible the correlation between the pre-emptive measurement system with the macro strategy of the political mandate and the strategic objectives included in the DUP"* (President). The system has adopted a bottom-up approach with respect to the MU's municipal partners: *"[. . .] involving various municipal secretaries of the member bodies and the different service managers"* (SG)
This involvement process was started at the beginning: *"The current PMS [. . .] has always involved all managers, organizational positions and service managers from the bottom-up"* (RP).
This MU implemented the BI, which is recognized as a valuable support for a dynamic response to the information requirements. *"BI is capable of dynamically feeding the different information needs requested both by the apical positions of the sectors but also and especially by their administrators [. . .] this process has led to unify information purposes, tools and time phases"* (SG). *"The PMS was initially supported with self-made IT tools, which was refined over time to reach the current configuration based on the BI, which is a very flexible system that responds to differentiated needs highlighted by the various beneficiaries"* (controller).
The respondents claimed that the PMS is capable of fostering transparency and supporting decision making, with a *"wide use in organizational analysis, programming and operational management of services"* (controller);
"It allows the correlation between measurability, effective measurement, external transparency and retractable indications" (President);
"With the refinement of the system over time, today many of the operating decisions are guided by the analysis of the informative reports [. . .] the reporting has allowed a gradual growth of all directors and personnel in general" (SG).
"Decisions are frequently made after reflecting on the findings of the reports. The use of the latter has grown over time and has also become a necessary trading tool with the respective political counterparty" (RP); *"the PMS makes it possible to quickly use of relevant measurement of variables and,*

consequently, to determine the efficiency and effectiveness of individual interventions and actions to be taken" (RSS).
It has been argued that internal and external actor involvement, performance culture, quality management and performance management tools' uniformity, as well as a timeframe alignment are crucial elements for PMS effectiveness in the MU. For example, *"both the political and managerial involvement in PMS design allow the enhancement of the awareness about the usefulness deriving from the system"* (RPC).
"Thanks to the high organizational culture, also found in the political components of the MU, today performance measures are increasingly used to support the MU decision-making processes" (President).
All the interviewees have underlined how fully satisfied the actors are with respect to the PMS, since it helps to meet the users' expectations despite recalling future challenges in terms of customer satisfaction and community involvement. With regard to the political part, the PMS: *"fully meets the needs of the administrators and facilitates the respective relationship with the service managers of reference [...] It facilitates the engagement between the political and technical parties [...] over time there has been an increase in the level of professionalism by managers and service managers"* (President).
Also, other interviewees have corroborated the aforementioned. For example, *"the system allows to reconstruct the causes that have determined certain effects [...] there is full perception of the informative utility of the system"* (SG), *"the current system considers the needs of both the administrators and the technical part"* (RPC).
They also define customer quality as the future challenge to address: *"greater inclusion of community"* (RSS), *"the necessary increase and consistency of measurement and valorization of customer satisfaction"* (RP).
Another topic that was highlighted by the SG was the internal competitiveness among municipal actors: *"competitive paths within the Union must be encouraged"*.

Table 5.7: PMS Results of the MU G per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• new system has been implemented (internally developed) • performance involvement of internal actors which include both managerial and political side • management control association with a new dedicated organizational unit • joint PMS system definition (standardized tools among MU and municipal partners) • high correlation between strategy and measurement
PI incorporation and use	• reporting process considers both internal and external actors • wide use of reports
PMS influencing factors	• involvement of internal and external actors • performance culture • performance management tools' uniformity and timeframe alignment referred to the all municipal members • quality management
PMS satisfaction and suggestions	• high satisfaction • customer satisfaction included but with substantial improvements • need for higher internal competitivity

Source: Author's elaboration.

The MU H case

The Unione della Romagna Faentina, for now on MU H, began its start-up phase in 2009, when the municipal council agreed to take part in a LG network. The MU H is composed by 6 municipalities, has a population of 88.639 inhabitants and a surface of 597 km2. The workforce accounts for about 482 employees, approximately the 16091,67% of the total public personnel of the MU. Officially, the number of functions and departments shared in the MU by the majority of the members are 12. In 2022 the president of the MU was Massimo Isola, mayor of Faenza and its vice president is Luca della Godenza, mayor of Castel Bolognese. The governance of the MU has not change significantly in the last years, being all but one mayor elected in continuity with the last party or mayor in charge. The MU H is the LG network that holds all the municipal functions. In the period 2012-2016 the planning and control organizational unit of the municipality of Faenza provided services also for the MU and since 2016 also for all the municipal partners. A fundamental support in PMS design was given by the evaluation body: *"the fact that the evaluation body was one person from the 2012 to the 2021 has been important given we had the same reference person for the development of the PMS. Since 2012 the body was in the municipality of Faenza and then at the service of the MU and its members"*. The definition of PMS was created in the field using what already existed in the municipality of Faenza. Thus, *" [. . .] contextual adaptation and continuous improvement have been made"* (controller), where, the actors involved in this process were *"the evaluation body, the financial service manager, the planning and control office with one person fully dedicated and one part-time. Moreover, the secretary-general for the coordination among administrators and the integration of the performance system with the control system, the performance committee with an evaluation role on the set of performance indicators are involved. The current configuration of the system is the result of a gradual and progressive process of discussion between many actors, with a clear involvement of managers and organizational units"* (SC). *"[. . .] This involvement now and in the future will necessarily have to be greater because of the many projects that have been financed by the PNRR"* (President). With reference to the PMS effectiveness, the president states: *"there is often also dissatisfaction because there are sophisticated systems with many indicators that are sometimes not considered functional or useful to respond to the needs expressed by politicians and sometimes there is a disconnection"*. Currently the system accounts for the following indicators, subdivided in 4 dashboard areas (strategic; improvement of the services; comparisons and civic monitoring):

- 38 strategic multiannual indicators;
- 126 annual strategic indicators;

- 564 management indicators;
- 22 civic monitoring indicators.

The set of indicators includes indicators of effectiveness, efficiency, output, budget accounting, benchmarking and quality indicators. However, there is a necessity to focus the attention on a valuable small set of indicators and the incentive to implement a shared database in the LG network: *"There is a need to consider the most appropriate indicators both for the DUP and the PEG. Moreover, we should encourage the creation of a shared database within the MU"* (controller). Regarding incorporating and use: *"[. . .] indicators are used primarily to be included in programming and reporting documents. Over time, the distinction between the DUP and the PEG is becoming clearer. The DUP has a more external value with communicative purposes, directed to council members and external stakeholders with indicators on strategic interventions and indicators of civic monitoring derived from policy lines and the strategic plan. The PEG has more internal value with operational purposes for directors and managers, with indicators relating to institutional activities"* (controller).
With reference to the reporting system: *"We need to improve the reporting quality and use. Now we elaborate PEG report, variations of PEG, performance report, management control report, but we certainly need to increase the use of indicators and reports also in organizational and reprogramming processes"* (ibidem).
The political commitment, actor's involvement and performance culture were considered as PMS influencing factors. Although the long experience on performance of the leading MU's municipality, the MU senior coordinator stated: *"[. . .] we are aware that reporting on performance indicators is still seen as a further fulfilment and we must really work on performance culture in the future, even with reference to the MU improving its use also in terms of perspective decision-making and monitoring while ensuring a differentiated application of the system according to the needs and characteristics of the territories involved"* (SC). From a political point of view, the need to be supported by adequate reporting for strategic decisions is still very low, despite it has proved political involvement several times: *"It is certainly quite easy to involve policy in defining and formulating the broad objectives, while what is difficult to obtain from them is the effort to transform the mandate's objectives into operational ones"* (ibidem). However, regarding quality measurement: the president is soliciting (having also obtained ad hoc financial resources) for the constitution of a small organizational nucleus for the design and management of customer satisfaction measurement systems.
In terms of satisfaction, there is a dual mood: *"while we are satisfied, we are always looking for different solutions in terms of improving the information coverage of the system itself [. . .] In recent years the system has been very dynamic for the internal evolution of the MU associated function, for the normative evolutions, and because we have always tried to improve the system"* (controller). The political commitment is seen as a future challenge for PMS effectiveness: *"we should make administrators understand the importance of identifying specific shared programming moments: concerted action must be taken between management and administrators to consolidate strategies and operations"* (ibidem). He continues stating: *"there are problems with coordination even within the executive municipal committees and also among technicians of different sectors. From the political point of view, the MU dimension is represented when an indicator is the same for all*

municipalities and the target is either unique, or it is present for all municipalities. Territoriality must also be preserved by the performance system, but undoubtedly it can create tensions within the structure where there are too many requests or they are misaligned. The role of the MU's council is therefore fundamental in ensuring a balance between the various tensions. Fundamental but also difficult, even when the councils are of the same political color" (ibidem). Coherently, the senior coordinator highlights the need for higher political awareness on organizational and managerial complexity of the MU: *"We must look for new, more effective ways of governance in the MU, so that we can also protect the MU's leading municipality, which is otherwise often surrounded by the remaining (obviously smaller) MU's municipal partners. In this sense, awareness around the high managerial and organizational complexity is still neglected by administrators and this ends up weighing heavily on the Municipality of Faenza, which among other things has full time aldermen unlike the mayors of smaller municipalities".*

Table 5.8: PMS Results of the MU G per thematic areas.

Theme	Interviewees' insights
Performance measurement characteristics	• no new system has been implemented (imported from the lead organization) • performance involvement of internal actors which include both managerial and political side • management control association with a new dedicated organizational unit • joint PMS system definition (standardized tools among MU and municipal partners) • not high correlation between strategy and measurement
PI incorporation and use	• reporting process considers both internal and external actors • discrete use of reports

Continue on the next page.

Table 5.8: PMS Results of the MU G per thematic areas (cont.).

Theme	Interviewees' insights
PMS influencing factors	• involvement of internal and external actors • consolidated performance culture of the lead organization • performance management tools' uniformity and timeframe alignment referred to the all municipal members
PMS satisfaction and suggestions	• good satisfaction • customer satisfaction to be included • need for higher internal competitivity

Source: Author's elaboration.

The document analysis

Incorporating the two models outlined in the conceptual framework (Bouckaert and Halligan, 2007; Ferreira and Otley, 2009), the document analysis shows the weight that each *structural* PMS component has in the performance documents analyzed.
Vision and mission statement are usually neither identified nor developed in respective programming and reporting documents, with consequent strategic and operational decoupling both in performance measurement and incorporation processes. Instead, concerning performance measurement and incorporation of *KSFs*, MUs are aligned in focalizing their planning with what the respective executive committee has identified as mandate strategic direction. All the MUs reported *organizational structure* characteristics in performance documents. This appears to highlight the importance of defining the organizational structure for supporting and allowing, over time, the strategy development and the consequent strategic objective achievement, consistent with the importance given by the relationship strategy-organizational configurations (Mintzberg et al., 1994). Indeed, MU A started its start-up process in 2014 through a simplistic transformation of the previous mountain community. This was the sudden result desired by the directors of that time, neglecting the importance of considering a new organizational structure for

the constituent MU, as well as neglecting the initial necessary involvement from the bottom at various staff levels (Nisio et al., 2013). Similar criticality can be found in MU C which underestimated the organizational configuration already in the start-up phase. Another PMS element largely available in the performance documents of the analyzed MUs (with the exception of MU A, given the aforementioned reason) is the reference to the *strategies and plans* of the executive committee in programming documents. The spread of *key performance measures* is still rather scarce and therefore perfectible in half of the MUs. Even worse is the recognition of the ability by institutions to predict and endow themselves with specific performance *targets* to be achieved in programming. This last difficulty has been constant for a good part of the Italian LGs (Mazzara, 2003). The connection between performance variables and the *evaluation activity*, and consequent *rewarding* appears rather strong, also according to the LD 150/2009 (Brunetta), which expressly requires that the incentive process can be guaranteed only if the *"challenging"* objectives have been defined and reported (performance report). Only then will it be possible to proceed with the consequent economic and monetary appraisals for staff. In the context of the observed MUs, only MU C seems unanchored in performance measurement and management processes, denoting a clear difficulty in building measurement and management processes shared between all municipal partners. Giving a transversal reading to the table, all the PMS structural elements have been identified in MU G and MU H. However, it should be noted how this result could depend on the pioneering experience in the panorama of MUs of the former, and the peculiar centralized governance structure of the latter.
Overall, from the document analysis it is possible to highlight how MUs score high in formal performance tools due to mandatory imposition (Law no. 118/2011, 174/2012, 47/2017), but this does not seem to motivate performance culture in these LG network contexts. Nevertheless, the document analysis reveals how some realities elaborate strategic planning (MU B and MU E), with a more external stakeholder orientation which, however, is not being pursued in terms of co-designing, co-deciding, co-producing and co-evaluation processes (Bartocci, 2012). Indeed, no MU did systemic quality customer analysis despite an initial implementation and the high awareness of the related importance.

5.2 Discussion

The information derived from the analysis shows how the PMS is designed and used in the MUs (RQ1), also highlighting political and managerial perceptions on how the PMS should be designed and used (RQ2). Moreover, contextual, and organizational factors which influence PMS effectiveness are examined (RQ3). With reference to the actual PMS design of the analyzed

MUs, it should be noted how in 2021, out of 8 MUs, there is one (MU C) that does not associate management control function and does not have a specific organizational unit. However, this function has not been associated by all municipal partners in other MUs, with no organizational unit dedicated (MU A, MU B), where the absence of a proper organizational unit was motivated by scarce and unqualified human resources. In 5 out of 8 the function is associated by all municipal partners (MU D, MU E, MU F, MU G, MU H)[1]. Out of these five MUs, only one has a joint PMS (MU G), which implies a centralized organizational model of management control and methodological standardization. This MU also has standardized tools among the MU and municipal partners, meaning that not every municipality has to employ identical managerial tools, but they share the same language. A specific attention is paid to this organizational model also by other respondents, while the MU E is on the path for achieving this objective. However, it is highlighted how this situation is difficult to achieve due to political constraints. Indeed, MU G was also supported by past and consolidated associative experience which positively influenced network structuration (Jacobsen & Kiland, 2017). The LG network PMS design has been implemented starting from the ones developed within the respective leading MU's municipality (Cesena for MU D, Casalecchio for MU E, Carpi for MU F and Faenza for MU H). Coherently to the idea of collaborative decision-making, where performance measures imply an agreement among network partners (Agranoff & McGuire, 2001), the system was imported for these MUs and then internally developed considering each municipalities' peculiarities. The importing process of the PMS was also involved in the MU A (Forlì), MU B (Imola) and MU C (Sassuolo), although in these cases the process was not followed by internal development and adaptation. In contrast, the MU G only designed a new PMS within the network, conceiving the MU as a network *"service hub"*. This means that the management control is not an extension of the leading organization PMS, instead, it is an autonomous function of the MU with structured personnel and a service department. In general, where the management control function is completely associated, there is higher attention towards PMS adaptation to the network context instead of those with partial association (MU A, MU B) or none (MU C). In the latter ones respondents highlighted red tape with no PMS value. This means that the preemptive analysis of the association function could play an important role. This is true since where PMS adaptations have been carried out, there were more positive perceptions on PMS usefulness both by political and managerial sides.
However, with reference to how the PMS should be designed, the common line was to start from what has already been developed and to exploit the know-how of the leading MU's municipality for creating value at the net-

[1]With respect to the Appendix 11 where data was retrieved in 2020, the MU D and MU E interviewees reported to have management control function associated since 2021.

work level. Sometimes this process was imported without participation of the other partner municipalities (MU A, MU B and MU C), and with consequent difficulties of implementation. Thus, the PMS's design in LG networks require a vital pre-emptive coordination for the PMS effectiveness, which should involve municipal partners. This coordination should be assigned to a single person, specifically, not the general-secretary (MU A, MU B, MU C). However, it has been stated how the support of apical positions has been determinant for the implementation of the PMS (MU D and MU E). Concerning the MUs which have logically aligned the initial PMS setting with the network realities, despite initial complexity for deriving peculiarities of the different realities (i.e. difference in the municipal nature where some municipalities come from a mountain community, difference in size), this step has positively influenced the incorporation and use of performance information. On the other hand, when the performance measurement step has not been properly considered (MU A, MU B and MU C), performance measurement design models may be perceived as too sophisticated and reports are merely used as a rewards system and not for supporting decision-making (Mussari, 2017) and accountability processes (Steccolini, 2004, Zarone and Lazzini, 2012). However, both heterogeneous appraisal systems and secondary personnel (%) within the MUs do not properly incentivize employees, who are more engaged in achieving municipal objectives (MU C, MU F). This leads to an ineffective formal control, unsupported by the informal one. Network standardization has been mentioned regarding the time-frame (MU F, MU G). For example, an additional non-mandatory document has been elaborated by MU E for homogeneous performance measure agreements and unique programming deadlines among MUs and partner municipalities. During the PMS design, the lead organization can play an important role (MU A, MU D, MU E), despite it not being sufficient due to some contextual factors, such as that of the mountain area for which the leading organization could not have a proper know-how (MU D). The opposite situation happened in MU A, with the PMS of the municipality of Forlì which was the only LG partner that does not associate management control function and does not support other municipalities with PMS implementation and where no delegation of objectives was allocated to elected officials.
Also, the political commitment is fundamental for the PMS, the absence of which precludes its effectiveness. For example, in MU A the President was that of the municipality of Forlì which did not have the management control function associated. At the same time, Forlì has now revealed to be the municipality which exited from the MU, not allowing for a long-term vision. Thus, regardless of the fact that the PMS are internally designed (new), or externally provided (by a lead organization), the adaptation of the system should be critical for the PMS effectiveness, and adaptation should involve all partner municipalities. To this regard, it has been highlighted how actors' involvement can smooth coordination. If this is not considered,

the perception will be that of a red-tape task.
Reporting is presented to maximize the usefulness of the target group (internal and external) (MU D, MU E, MU F, MU G and MU H) while sometimes a gap between data that is produced, usable and used arises (MU D and MU F). The demand for PI use by decision-makers and politicians is low in MU A, MU B, MU C and MU H. This is true since, on the one hand, it is not considered for resource allocation, competencies, responsibilities, for controlling and redirecting implementation, behavior and result evaluation (Pavan & Reginato, 2012). On the other hand, PI is not considered for designing policies and programs or to support political accountability (Steccolini, 2004). Whereas, the managerial demand for PI is high in MU D, MU E, MU F, MU G, MU H. However, in MU D it has been claimed how this is true for specific departments and less for others, despite report attention on general issues and gaps between produced and used data. Moreover, in MU E this does not seem to be constant since the report is usually demanded when a problem arises. Despite this managerial interest, the political demand for PI is quite low in all these MUs. However, as reported by MU E and MU F, proper detailed studies have been done during the executive committee meetings through the support of specific reports.
Regarding PMS effectiveness, the intent is to derive some considerations in terms of the dynamic PMS components (Table 4.3), as well as the preconditions which influence the PMS effectiveness and suggestions for its achievement. As previously highlighted, performance culture seems to be rather scarce in MUs and this impedes the vertical integration among different levels (micro, meso, macro), and horizontal integration among strategic and operative activities (Ospina et al., 2004; Bouckaert and Halligan, 2007), while precluding a wide *performance span* (economy, efficiency, effectiveness and trust). Analysis is mostly retrospective with a single loop learning process underlining the system: employees' evaluation through target setting achievement. Alternatively, indicators are used as a financial alert (focus on financial accountability). However, there is a tendency to also include double-loop learning processes, in terms of readjustment of objectives and goals of the structure (MU D, MU E, MU F, MU G). Thus, no meta-loop learning processes (policy turnarounds) have been achieved yet. Concerning the *hyper dynamic* dimension, interviewees have advanced the use of technologies in government as conditional on the presence of highly dynamic contexts. MU G shows how the employment of digital technologies may lead to a more efficient and effective network relationship and can lead to a shared strategy, enhancing the diagnostic analysis necessary to define priorities and solutions aimed at solving specific problems. Specifically, this MU, with the employment of the Business Intelligence, dynamically addresses environmental changes, redesigning internal procedures and the establishment of common standards with regards to performance indicators. The implementation of advanced technology has not been possible in other MUs since, as

highlighted, problems of coordination and training arise. With reference to coordination, municipal partners are reluctant to change their software and do not understand the value of guaranteeing the automatic knowledge sharing among the MU and municipal partners (MU F). Thus, despite possible training initiatives that could be carried out, coordination issues represent the higher obstacle, given possible future changes in terms of network dissolution or municipal exit, based on a relationship of *"prudence"*. Paradoxically, the municipalities do not invest in network relationships for possible future changes such as that of being then out of the network. Thus, this logic of future change prevents present change, so that MUs remain in the commitments network stage without reaching the necessary trust for achieving network goals (Ring & Van de Ven, 1994). Indeed, this situation not only prevents technological implementation and integration of data, but also the assessment of the effective PMS implementation and the consequent network evaluation as a *whole* (Provan et al., 2007).
The *PI* use is mentioned in terms of red tape or in terms of managerial and political perspectives, therefore lacking a consideration of the societal dimension. As highlighted in the document analysis, two MUs (MU B and MU E) implemented a strategic orientation towards citizens, but they are then not involved in the entire planning and control process. Indeed, the actor's involvement is considered for internal stakeholders (both for MUs that already started a participation process and for those that see this as a future challenge). Thus individual collaboration is considered, but it is not coherent with literature that claims the necessity to achieve a broader stakeholder involvement (Bryson and Alston, 2005; Poister and Streib, 2005). Moreover, no MU did *systemic quality customer analysis*, despite an initial implementation and the high awareness of the related importance. In terms of *strengths and coherence*, horizontal integration is achieved for some MUs (MU D, MU E, MU G) implying coherence within the PMS in terms of strategy and measurement (Bouckaert, 1993). However, vertical integration, in terms of the stakeholder expectation alignment at different levels (micro, meso and macro), represents a challenge to be addressed. In these terms, the MU E has implemented an *"integrated DUP"* which contains all the programming deadlines and performance sheets to be used and shared within the MU. This MU also started a strategic plan strongly connected to supra-municipal areas while strengthening a horizontal integration in terms of coordination between planning and control systems. However, the majority of the MUs adopted a normative process often decoupled from the operative programs (Mintzberg et al., 1994; Del Bene, 2008; Castellani and Mazzara, 2018). Vertical integration would require the management of a range of collaboration and imply the involvement of more internal and external stakeholders and the importance for the system to be inclusive. Drawing on these dimensions, it is possible to state how the PMSs of the analyzed MUs cannot be identified in the PG ideal-type, defined as suitable for LG network contexts. However,

it has been noted that among the analyzed MUs, MU G resulted as the network with a PMS that includes the higher required elements. Specifically, this MU shows:

- broad span of indicators focused on effectiveness;
- single and double-loop learning processes;
- high horizontal and vertical integration;
- high PMS flexibility and evolution in response to internal and external changes of the network.

Thus, the presence of these elements suggests a potential orientation of MU G towards the PG model. In addition, the presence of these elements can be linked to several factors. First, the MU employs a new PMS system, which is internally developed and based on a bottom-up approach. Moreover, the NAO has its own organizational model with a growing association of municipal functions, employing a role of *"service hub"*. In addition, there are common plans and regulations within the strategic plans among participating municipalities, and advanced technology implementation allowed data integration and optimization in terms of managerial flexibility. Also, the situation was supported by the full political commitment for establishing a NAO with its organizational structure. This has implied the identification and transfer of skilled municipal personnel to the MU. Other influencing factors are identified in performance culture of both administrators and politicians, previous association experience, and consequent higher contractual power also with reference to other governmental institutions (i.e. region). These considerations highlight how influencing factors of PMS effectiveness are strictly connected to the LG network antecedents highlighted in the literature (i.e. past collaborative experiences (Jacobsen & Kiland, 2017)). However, extensive performance span, focusing on linking trust to input, or output, or outcome, systemic customer quality, as well as external and societal incorporation and interaction are identified as future challenges to be addressed. Contextual and organizational conditions highlighted in MU G can be considered as needed for achieving an effective PMS in MU contexts and LG networks in general (RQ3). Moreover, other frequent MU challenges highlighted by the interviewees can be identified in terms of:

- municipality differences (mountain community and size);
- scarce humane resources;
- desultory presence of senior coordinator in the MU;

- duality of the director, who was also secretary.

Yet, it has been identified how over-intense law amendments and pressures on

the performance documents and, therefore, on formal control, may have negative effects and may lead to bureaucratic controls limiting effectiveness. Indeed, there is a threat of rigidity of the process which also precludes necessary informal control. This corroborates the literature (i.e. Ouchi, 1979), since in uncertain contexts with high variability of the activity and low output measurements, formal control can be sometimes insufficient or non-applicable, therefore also informal control instruments should be embraced.

Emerging issues and future research

The results of the analysis offer insights into the theoretical conceptualization of the MU, contextualizing it in an international context. In particular, it corroborates and enhances the definition of the MU provided by literature in terms of *LG networks*, discussing the issues on network governance and network management (Milward & Provan, 2006). Moreover, with reference to network performance literature (Provan & Milward, 2001), this essay provides a conceptual framework drawing on previous studies and performance management models (Ferreira and Otley, 2009; Bouckaert and Halligan, 2007), describing them with reference to LG networks, and particularly, to MU peculiarities. Table 5.9 provides an overview of the main themes explored in this essay while researching particular topics from several sources.

Table 5.9: Key themes explored - Source: Author's elaboration.

Theme	Focus	Source
Public sector cooperation	Inter-municipal cooperation	Hulst and Van Montfort (2007)
Public sector governance and management	Forms of network governance and management	Milward and Provan (2006)
Public ideal-type of managing performance	Performance measurement, incorporation and use	Bouckaert and Halligan (2007)
PMS framework	PMS central issues	Ferreira and Otley (2009)

The outline of these main features of MUs and their PMSs could provide useful information for both scholars and practitioners, driving towards performance management improvement projects. The aim is to provide empirical evidence on the design and use of PMSs, while identifying which conditions would enable PMS effectiveness in order to support senior coor-

dinators and public service managers (Arnaboldi et al., 2015). Thus, the aim is not only to provide technical and neutral instruments, but to suggest a process for influencing collaboration between the network actors (Bryson et al., 2006; Kettl, 2006).

In terms of practical implications, the multiple case study analyzed and discussed highlighted areas that need attention for the PMS design, incorporation and use. Through this analysis it will be possible to demonstrate that PMSs should be properly designed and applied considering specific organizational and contextual characteristics of the analyzed intergovernmental cooperation. In particular, the paper identifies the fundamentals for a PMS design that is methodologically correct for a specific context and structure, while supporting proper MU monitoring, decision-making, and accountability. Moreover, this essay highlights how these results should also be considered at a policy level. Indeed, provision of performance amendments do not consider any network peculiarity. Thus, there is no distinction between municipalities and MUs, confirming the vision given by Art. no. 32 of the TUEL where MUs are mentioned as LGs. This situation does not incentivize networking processes, leaving joint performance management to the discretion of each MU. Indeed, MU performance measures are usually not implemented and used for achieving desired network outcomes (Provan and Milward, 2001; Kenis and Provan, 2009; Turrini et al., 2010), but, they are often designed and used to monitor MUs as a NAO, meant as a single LG. The legal obligation to implement performance management thus results in a bureaucratic response producing isomorphic processes despite the awareness on the joint PMS value. Overall, it is possible to state how PMSs are mostly configured for individual organizations and the performance management role is scarce in network literature. Among the analyzed MUs just one experience provides a joint PMS while further analysis could be developed with respect to this experience. Moreover, this is also revealed by the SLR as being an important gap, corroborating what has already been highlighted in literature (Meneguzzo & Cepiku, 2008). Future research should investigate growing information needs for LG networks and how PI, generated also by technology, satisfies these needs. Finally, it seems reasonable to outline that, although the analysis focuses attention on a particular Italian intermunicipal cooperation model, these results would also be useful for networks with similar structure and context configurations.

Appendix

Table 10: The four "pure" ideal-type of managing performance

PMS step	Category	Critical issues	MODELS			
			Performance Administration (A)	**Managements of Performances (B)**	**Performance Management (C)**	**Performance Governance (D)**
Measurement	Type	Type of measurement	Mechanistic and closed	Internally interactive and closed	Internally interactive and open	Internally and externally interactive
	Design	Design of measurement system	Ad hoc schemes by internals with sophisticated rules for registering and admenistering performance	Organised per management function: standard schemes by staff and consultants. Variety of management function-based specialised measument systems	Imported standard models (benchmarking) by staff and consultants	Designed standard models (benchmarking) by stakeholders, staff and consultants
		Criteria of indicators	Technical (valid and reliable)	Technical and functional	Technical, functional and internally legitimate	Technical, functional, internally and externally legitimate
		Specific dimension of measurement	Quality is considered as costant	Quality requires seperate focus	Quality gets an integrated focus	Quality is systemic
	Scope	Span of measurement	Limited and selective	**Organisationally** determined	Organisation and **policy based**	Full span
			Efficiency and productivity	Economy, efficiency and **effectiveness**	Economy, efficiency and effectiveness	Economy, efficiency, effectiveness and **trust:** Input, activity, output, effect/outcome, trust
			Input, activity, output	Input, activity, output, **effect/outcome**	Input, activity, output, effect/outcome	
		Depth of measurement	Micro	Micro and meso	Micro and meso	Full depth: micro, meso and macro
	Costs	Dysfunctionalities of measuring	No pathologies awareness	Starting concern for pathologies	Systemic reactive focus on pathologies	Sistemic pro-active focus on pathologies
Incorporation	Level of incorporation	Level of incorporation	Static	Comparatively static	Dynamic	Hyper dynamic
	Degree of incorporation	Degree of incorporation	Disconnected, isolated	Connected per management function, not consolidated	Internally consolidated	Externally consolidated
Use	General use	General use	Limited and technical	Disconnected policy and management cycles	Integrated policy and management cycles	Societal use
	Specific use	Main reporting focus	Internal hierarchy	Internal managerial functions	Internal managment, external political	Management, political and societal
		Learning by using (standards)	Single-loop learning	Single and separate double loops	Single, and integrated double loop	Single, double and meta
		Accountability for performance	Administrative	Managerial	Managerial and political	Managerial, political and societal
	Benefits	Potential value added of performance	Limited	Single improvement	Integrated improvement	Systemic
	Costs	Potential dysfunctions of performance	Unawareness of major dysfunctions	Incoherent and suboptimal use of information	Negative cost-benefit analysis	Uncontrollable and unmanageable system

Source: Author's adaptation from Bouckaert and Halligan (2007)

Table 11: Associated function key

#	FUNCTION	CODE FUNCTION	PRT FUCTION
1	ICT- Digital Agenda	ICT	YES
2	Personnel Management	Personnel_m	YES
3	Municipal Police	M_police	YES
4	Civil Protection	C_protection	YES
5	Social Services	Social_s	YES
6	Urban planning	Urban_p	YES
7	Housing, Productive and Seismic Offices	HPS_o	YES
8	Public Work - Environment - Energy	P_works_e	YES
9	Public Education	P_education	YES
10	Central Purchasing Body	CPB	YES
11	Financial Services	Financial_s	YES
12	Management Control	Man_Control	YES
13	Fiscal Management	Fiscal_m	YES
1*	Tourism	Tourism	NO
2*	Communication and Publicity	CoPu	NO
3*	Shares of stock	Shares of stock	NO
4*	European Policy	European Policy	NO
5*	Registration Office	Registration Office	NO
6*	Healthcare	Healthcare	NO
7*	Cadastre	Cadastre	NO
8*	Culture and Sport	Culture and Sport	NO
9*	Management of Real-Estate assets	M_RealEstate	NO
10*	Juridical Office	Juridical Office	NO
11*	Transparency	Transparency	NO
12*	Animal Conservation	Animal Conservation	NO
13*	General Expenses	General Expenses	NO

Source: Author's elaboration

Table 12: Associated functions of the analyzed MUs

		ICT	Personnel_m	Fiscal_m	M_police	C_protection	Social_s	Urban_p	HPS_o	P_works_e	P_education	CPB	Financial_s	Man_Control	Total MU associated functions	% of municipalities associating recommended functions to the MU	% recommended functions shared by the majority of the municipalities with the MU
MU A	UNIONE DI COMUNI DELLA ROMAGNA FORLIVESE	1	0,93	0,40	1	1	1	0,33	0,53	0,93	0,93	0,93	0	0,93	9,93	76%	77%
MU B	NUOVO CIRCONDARIO IMOLESE	1	1	1	0,70	0	1	1	0,33	0	0,90	1	0,40	0,40	8,73	67%	62%
MU C	UNIONE DEI COMUNI DEL DISTRETTO CERAMICO	1	0,88	0	0,38	1	1	0	0,81	0	0	1	0	0	6,06	47%	46%
MU D	VALLE DEL SAVIO	1	0,33	0,33	0,33	1	1	0,33	0,61	0,33	0,33	1	0,33	0,33	7,28	56%	38%
MU E	UNIONE DEI COMUNI VALLI DEL RENO, LAVINO E SAMOGGIA	1	1	0	0,6	1	1	1	1	0	0	1	0	0	7,60	58%	62%
MU F	UNIONE DELLE TERRE D'ARGINE	1	1	1	1	1	1	1	0,67	0,50	1	1	1	1	12,17	94%	92%
MU G	UNIONE DEI COMUNI DELLA BASSA ROMAGNA	1	1	1	1	1	1	1	1	1	1	1	1	1	13,00	100%	100%
MU H	UNIONE ROMAGNA FAENTINA	1	1	1	1	1	1	1	1	1	1	1	1	1	13,00	100%	100%
		8,00	7,14	4,73	6,01	7,00	8,00	5,67	5,96	3,77	5,17	7,93	3,73	4,67			
	% of municipalities associating functions to MU	100%	89%	59%	75%	88%	100%	71%	74%	47%	65%	99%	47%	58%			
	% functions shared by the majority of the municipalities with the MU	100%	88%	50%	75%	88%	100%	63%	88%	38%	63%	100%	38%	50%			

		Tourism	CoPu	Shares of stock	European Policy	Registration Office	Healthcare	Cadastre	Culture and Sport	M_RealEstate	Juridical Office	Transparency	Animal Conservation	General Expenses
MU A	UNIONE DI COMUNI DELLA ROMAGNA FORLIVESE	0	0	0	0	0	0	0	0	0	0	0	0	0
MU B	NUOVO CIRCONDARIO IMOLESE	0,9	0	0	0	0	0	0	0	0	0	0	0	0
MU C	UNIONE DEI COMUNI DEL DISTRETTO CERAMICO	0,6	1	0	0	0	0	0	0	0	0	0	0	0
MU D	VALLE DEL SAVIO	1	0	0	0	0,83	0	0,33	0	0	0	0	0	0
MU E	UNIONE DEI COMUNI VALLI DEL RENO, LAVINO E SAMOGGIA	0	0	0	0	0	0	0	0	0	0	0	0	0
MU F	UNIONE DELLE TERRE D'ARGINE	0	0	0	0	0	0	0	0	0	0	0	1	1
MU G	UNIONE DEI COMUNI DELLA BASSA ROMAGNA	1	0	0	0	1	0	0	1	0	0	0	0	1
MU H	UNIONE ROMAGNA FAENTINA	1	0	1	1	1	1	1	1	1	1	1	1	0
		4,50	1,00	1,00	1,00	2,83	1,00	1,33	2,00	1,00	1,00	1,00	2,00	2,00
	% of municipalities associating functions to MU	56%	13%	13%	13%	35%	13%	17%	25%	13%	13%	13%	25%	25%
	% functions shared by the majority of the municipalities with the MU	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

Source: Author's elaboration

Table 13: Financial resources of the analyzed MUs-cropped

		Total Revenue	Current Revenue	Capital Revenue	Current/Total Revenue	Capital/Total Revenue	Total Expenditure/ Total Revenue
MU A	UNIONE DI COMUNI DELLA ROMAGNA FORLIVESE	€ 21.921.565,51	€ 18.341.625,61	€ 1.352.902,80	83,67%	6,17%	112,01%
MU B	NUOVO CIRCONDARIO IMOLESE	€ 21.491.881,41	€ 15.112.797,63	€ 1.342.432,40	70,32%	6,25%	90,14%
MU C	UNIONE DEI COMUNI DEL DISTRETTO CERAMICO	€ 21.312.943,78	€ 17.994.906,80	€ 1.014.334,15	84,43%	4,76%	100,00%
MU D	VALLE DEL SAVIO	€ 30.141.147,84	€ 22.865.515,43	€ 2.459.940,63	75,86%	8,16%	87,93%
MU E	UNIONE DEI COMUNI VALLI DEL RENO, LAVINO E SAMOGGIA	€ 23.381.547,06	€ 19.658.216,53	€ 743.639,36	84,08%	3,18%	91,29%
MU F	UNIONE DELLE TERRE D'ARGINE	€ 64.976.495,05	€ 49.430.416,78	€ 982.982,69	76,07%	1,51%	82,27%
MU G	UNIONE DEI COMUNI DELLA BASSA ROMAGNA	€ 56.641.849,45	€ 46.546.564,30	€ 336.043,66	82,18%	0,59%	83,42%
MU H	UNIONE ROMAGNA FAENTINA	€ 58.764.336,00	€ 43.681.615,75	€ 2.851.656,65	74,33%	4,85%	86,91%

		Total Expenditure	Current Expenditure	Capital Expenditure	Personnel Expenditure	Current/ Total Expenditure	Capital/ Total Expenditure	Personnel/Total Expenditure
MU A	UNIONE DI COMUNI DELLA ROMAGNA FORLIVESE	€ 24.554.965,58	€ 14.623.853,07	€ 918.206,36	€ 6.505.646,96	60%	4%	26,49%
MU B	NUOVO CIRCONDARIO IMOLESE	€ 19.373.727,16	€ 14.638.524,56	€ 3.138.853,62	€ 5.213.198,84	76%	16%	26,91%
MU C	UNIONE DEI COMUNI DEL DISTRETTO CERAMICO	€ 21.312.943,78	€ 17.465.495,23	€ 1.085.855,11	€ 1.109.618,11	82%	5%	5,21%
MU D	VALLE DEL SAVIO	€ 26.504.234,68	€ 21.776.071,47	€ 2.564.843,19	€ 4.525.129,47	82%	10%	17,07%
MU E	UNIONE DEI COMUNI VALLI DEL RENO, LAVINO E SAMOGGIA	€ 21.345.804,56	€ 18.889.773,55	€ 958.469,03	€ 3.432.156,38	88%	4%	16,08%
MU F	UNIONE DELLE TERRE D'ARGINE	€ 53.454.322,07	€ 44.479.126,98	€ 2.517.556,87	€ 16.864.809,75	83%	5%	31,55%
MU G	UNIONE DEI COMUNI DELLA BASSA ROMAGNA	€ 47.248.644,69	€ 38.957.823,89	€ 928.125,64	€ 12.303.266,91	82%	2%	26,04%
MU H	UNIONE ROMAGNA FAENTINA	€ 51.075.003,77	€ 41.809.951,58	€ 2.465.755,51	€ 19.479.967,21	82%	5%	38,14%

Source: Author's elaboration

Table 14: MU dataset - Emilia-Romagna

PROVINCE	MUNICIPAL UNION (MU)	DATE OF CONSTITUTION (YEAR-MONTH-DAY)	SURFACE (km2)	MUNICIPALITIES PER MU	INHABITANTS PER MU (2020)	MUs PER PROVINCE	MUNICIPALITIES PER PROVINCE	MUNICIPALITIES WITHIN MUs PER PROVINCE	% MUNICIPALITIES WITHIN MUs OVER TOTAL MUNICIPALITIES PER PROVINCE	MEAN OF MUNICIPALITIES WITHIN MUs PER PROVINCE	INHABITANTS PER PROVINCE (2020)	MU INHABITANS PER PROVINCE (2020)	% MU INHABITANTS OVER PROVINCIAL INHABITANTS	MEAN OF MU INHABITANTS PER PROVINCE
BOLOGNA	NUOVO CIRCONDARIO IMOLESE	2004-03-24	787	10	133.777	7	55	51	93%	7,29	1.015.608	571.280	56%	81.611
	TERRE DI PIANURA	2011-01-01	333	6	71.786									
	UNIONE DEI COMUNI DELL'APPENNINO BOLOGNESE	2014-01-01	742	11	48.694									
	UNIONE DEI COMUNI VALLI DEL RENO, LAVINO E SAMOGGIA	2009-01-01	404	5	113.088									
	UNIONE MONTANA VALLI SAVENA E IDICE	2009-01-01	378	5	45.902									
	UNIONE RENO GALLIERA	2008-01-01	296	8	75.181									
	UNIONE TERRE D'ACQUA	2012-07-16	357	6	82.852									
FERRARA	DELTA DEL PO	2014-01-01	438	5	37.349	3	21	11	52%	3,67	342.061	107.124	31%	35.708
	TERRE E FIUMI	2010-01-01	332	3	30.849									
	UNIONE DEI COMUNI VALLI E DELIZIE	2013-04-03	612	3	38.926									
FORLI'-CESENA	UNIONE DEI COMUNI DEL RUBICONE	2006-01-01	306	9	92.745	3	30	30	100%	10,00	395.117	395.117	100%	131.706
	UNIONE DI COMUNI DELLA ROMAGNA FORLIVESE	2014-01-18	1.262	15	185.773									
	VALLE DEL SAVIO	2014-01-01	810	6	116.599									
MODENA	DEL SORBARA	2000-01-01	263	6	76.642	6	47	45	96%	7,50	703.696	518.216	74%	86.369
	TERRE DI CASTELLI	2001-01-01	314	8	88.220									
	UNIONE COMUNI MODENESI AREA NORD	2004-01-01	463	9	84.699									
	UNIONE DEI COMUNI DEL DISTRETTO CERAMICO	2011-01-01	425	8	120.175									
	UNIONE DEI COMUNI DEL FRIGNANO	2014-01-01	690	10	41.390									
	UNIONE DELLE TERRE D'ARGINE	2006-01-01	207	4	107.090									
PARMA	UNIONE MONTANA APPENNINI PARMA EST	2014-01-01	607	7	25.122	5	44	30	68%	6,00	449.628	199.994	44%	39.999
	UNIONE PEDEMONTANA PARMENSE	2009-01-01	231	5	50.342									
	UNIONE BASSA EST PARMENSE	2009-12-23	153	3	29.662									
	UNIONE TERRE VERDIANE	2006-01-01	457	8	79.914									
	VALLI DEL TARO E CENO	2014-01-01	631	7	14.954									
PIACENZA	BASSA VAL D'ARDA FIUME PO	2014-01-01	247	7	23.556	6	46	33	72%	5,50	283.742	113.931	40%	18.989
	UNIONE COMUNI MONTANI ALTA VAL D'ARDA	2015-02-21	264	4	11.483									
	UNIONE DEI COMUNI BASSA VAL TREBBIA E VAL LURETTA	2006-01-01	182	5	31.997									
	UNIONE MONTANA ALTA VAL NURE	2014-03-24	457	4	9.704									
	UNIONE MONTANA VALLI TREBBIA E LURETTA	2014-09-29	503	8	8.401									
	UNIONE VALNURE E VALCHERO	2008-01-01	255	5	28.790									
RAVENNA	UNIONE DEI COMUNI DELLA BASSA ROMAGNA	2008-01-01	480	9	101.987	2	18	15	83%	7,50	386.643	190.626	49%	95.313
	UNIONE ROMAGNA FAENTINA	2009-01-01	597	6	88.639									
REGGIO NELL' EMILIA	PIANURA REGGIANA	2008-01-01	185	6	56.025	7	42	41	98%	5,86	527.140	360.237	68%	51.462
	UNIONE COLLINE MATILDICHE	2009-01-01	128	3	26.355									
	UNIONE DEI COMUNI BASSA REGGIANA	2009-01-01	314	8	71.110									
	UNIONE MONTANA DEI COMUNI DELL'APPENNINO REGGIANO	2014-01-17	797	7	32.639									
	UNIONE TERRA DI MEZZO	2010-01-01	106	3	29.156									
	UNIONE VAL D'ENZA	2009-01-01	240	8	63.127									
	UNIONI DI COMUNI TRESINARO SECCHIA	2008-01-01	292	6	81.825									
RIMINI	UNIONE DEI COMUNI DELLA VALCONCA	1996-01-01	161	8	28.423	2	27	18	67%	9,00	337.777	83.058	25%	41.529
	UNIONE DI COMUNI VALMARECCHIA	2009-01-01	436	10	54.635									

Source: Author's elaboration

Table 15: MU dataset - Italy

GEOGRAPHICAL AREA	REGION	MUs PER REGION	MUNICIPALITIES PER REGION	MUNICIPALITIES WITHIN MUs PER REGION	% MUNICIPALITIES WITHIN MUs OVER TOTAL REGIONAL MUNICIPALITIES	MEAN OF MUNICIPALITIES WITHIN MUs PER REGION	INHABITANTS PER REGION (2020)	MU INHABITANTS PER REGION (2020)	% MUs INHABITANTS OVER REGIONAL INHABITANTS	MEAN OF MUs INHABITANTS PER REGION	MUs PER GEOGRAPHICAL AREA	MUNICIPALITIES PER GEOGRAPHICAL AREA	MUNICIPALITIES WITHIN MUs PER GEOGRAPHICAL AREA	% MUNICIPALITIES WITHIN MUs OVER TOTAL GEOGRAPHICAL AREA MUNICIPALITIES	MEAN OF MUNICIPALITIES WITHIN MUs PER GEOGHAFICAL AREA	INHABITANTS PER GEOGRAPHICAL AREA (2020)	MU INHABITANTS PER GEOGRAPHICAL AREA (2020)	% MU INHABITANTS OVER GEOGRAPHICAL AREA INHABITANTS	MEAN OF MU INHABITANTS PER GEOGRAPHICAL AREA
NORTH-WEST	LIGURIA	20	234	91	39%	4,55	1.518.495	128.114	8%	6.406	218	2.995	531	18%	5,26	15.899.083	2.077.328	13%	9.529
	LOMBARDIA	75	1.506	246	16%	3,28	9.981.554	608.148	6%	8.109									
	PIEMONTE	115	1181	121	10%	6,42	4.274.945	1.248.362	29%	10.855									
	VALLE D'AOSTA	8	74	73	99%	9,13	124.089	92.704	75%	11.588									
NORTH-EAST	EMILIA-ROMAGNA	41	330	274	83%	6,68	4.438.937	2.539.583	57%	61.941	105	1.390	626	45%	5,46	11.587.355	4.527.546	39%	34.986
	FRIULI-VENEZIA GIULIA	18	215	146	68%	8,11	1.201.510	945.499	79%	52.528									
	TRENTINO-ALTO ADIGE	2	282	5	2%	2,50	1.077.078	3.734	0%	1.867									
	VENETO	44	563	201	36%	4,57	4.869.830	1.038.730	21%	23.608									
CENTRAL	LAZIO	24	378	109	29%	4,95	5.730.399	232.671	4%	10.576	57	968	378	39%	5,73	11.786.952	1.743.602	15%	26.418
	MARCHE	20	225	120	53%	6,00	1.498.236	572.854	38%	28.643									
	TOSCANA	24	273	133	49%	6,05	3.692.865	841.341	23%	38.243									
	UMBRIA	2	92	16	17%	8,00	865.452	96.736	11%	48.368									
SOUTH	ABRUZZO	12	305	69	23%	5,75	1.281.012	313.935	25%	26.161	85	1.783	417	23%	5,15	13.539.074	2.112.307	16%	26.695
	BASILICATA	5	131	25	19%	6,25	545.130	76.725	14%	19.181									
	CALABRIA	15	404	63	16%	4,85	1.860.601	187.330	10%	14.410									
	CAMPANIA	19	550	90	16%	4,74	5.624.260	612.360	11%	32.229									
	MOLISE	10	136	59	43%	5,90	294.294	99.494	34%	9.949									
	PUGLIA	24	257	111	43%	4,83	3.933.777	872.463	22%	37.933									
ISLANDS	SARDEGNA	38	377	278	74%	7,32	1.590.044	669.198	42%	17.610	87	768	457	60%	5,25	6.423.749	1.504.445	23%	17.292
	SICILIA	49	391	179	46%	3,65	4.833.705	835.247	17%	17.046									
ITALY		565	7.904	2.409	30%	5,68	59.236.213	12.015.228	20%	23.863									

Source: Author's elaboration

Table 16: Municipalities and mayors of the analyzed MUs

MU	Municipality	Mayor	Party	Continuity of party	Mayor in charge since
MU A	Bertinoro	Fratto Gabriele Antonio	Civic List	YES	2016
	Castrocaro Terme e TdS	Tonellato Marianna	Civic List	NO	2017
	Civitella di Romagna	Milandri Claudio	Civic List	YES	2014
	Dovadola	Francesco Tassinari	Civic List	NO	2017
	Forlì	Zattini Gian Luca	Right Coalition	NO	2019
	Forlimpopoli	Garavini Milena	Civic List	NO	2019
	Galeata	Deo Elisa	Civic List	YES	2009
	Meldola	Cavallucci Roberto	Civic List	NO	2019
	Modigliana	Giancarlo Dardi	Civic List	NO	2019
	Portico e S. Benedetto	Monti Maurizio	Civic List	NO	2019
	Predappio	Canali Roberto	Civic List	NO	2019
	Premilcuore	Valmori Ursula	Civic List	NO	2019
	Rocca San Casciano	Lotti Pier Luigi	Civic List	NO	2019
	Santa Sofia	Valbonesi Daniele	Civic List	YES	2014
	Tredozio	Vietina Simona	Civic List	YES	2014
MU B	Borgo Tossignano	Mauro Ghini	Civic List	YES	2019
	Casalfiumanese	Beatrice Poli	Civic List	YES	2019
	Castel del Rio	Alberto Baldazzi	Civic List	YES	2011
	Castel Guelfo di Bologna	Claudio Franceschi	Civic List	YES	2019
	Castel San Pietro Terme	Fausto Tinti	Left Coalition	YES	2014
	Dozza	Luca Albertazzi	Civic List	YES	2014
	Fontanelice	Gabriele Meluzzi	Civic List	YES	2019
	Imola	Marco Panieri	Left Coalition	NO	2019
	Medicina	Matteo Montanari	Left Coalition	NO	2019
	Mordano	Nicola Tassinari	Civic List	YES	2019
MU C	Fiorano Modenese	Francesco Tosi	Left Coalition	YES	2014
	Formigine	Maria Costi	Left Coalition	YES	2014
	Frassinoro	Oreste Capelli	Civic List	NO	2019
	Maranello	Luigi Zironi	Left Coalition	YES	2019
	Montefiorino	Maurizio Paladini	Civic List	YES	2016
	Palagano	Fabio Braglia	Civic List	YES	2011
	Prignano sulla Secchia	Mauro Fantini	Civic List	YES	2019
	Sassuolo	Gian Francesco Menani	Right Coalition	NO	2019
MU D	Bagno di Romagna	Marco Baccini	Civic List	YES	2014
	Cesena	Enzo Lattuca	Left Coalition	YES	2019
	Mercato Saraceno	Monica Rossi	Civic List	YES	2014
	Montiano	Fabio Molari	Civic List	YES	2009
	Sarsina	Enrico Cangini	Civic List	YES	2018
	Verghereto	Enrico Salvi	Civic List	YES	2015
MU E	Casalecchio di Reno	Massimo Bosso	Left Coalition	YES	2014
	Monte San Pietro	Monica Cinti	Left Coalition	YES	2019
	Sasso Marconi	Roberto Parmeggiani	Left Coalition	YES	2019
	Valsamoggia	Daniele Ruscigno	Left Coalition	YES	2014
	Zola Pedrosa	Davide Dall'Omo	Left Coalition	YES	2019
MU F	Campogalliano	Paola Guerzoni	Left Coalition	YES	2014
	Carpi	Alberto Bellelli	Left Coalition	YES	2014
	Novi di Modena	Enrico Diacci	Civic List	NO	2017
	Soliera	Roberto Solomita	Left Coalition	YES	2014
MU G	Alfonsine	Riccardo Graziani	Civic List	NO	2019
	Bagnacavallo	Eleonora Proni	Left Coalition	YES	2014
	Bagnara di Romagna	Riccardo Francone	Civic List	YES	2013
	Conselice	Paola Pula	Civic List	YES	2014
	Cotignola	Luca Piovaccari	Civic List	YES	2014
	Fusignano	Nicola Pasi	Civic List	YES	2014
	Lugo	Davide Ranalli	Left Coalition	YES	2014
	Massa Lombarda	Daniele Bassi	Civic List	YES	2014
	Sant'Agata sul Santerno	Enea Emiliani	Civic List	YES	2014
MU H	Faenza	Massimo Isola	Left Coalition	YES	2020
	Brisighella	Massimiliano Pederzoli	Civic List	NO	2019
	Casola Valsenio	Giorgio Sagrini	Left Coalition	YES	2019
	Castel Bolognese	Luca Della Godenza	Civic List	YES	2019
	Riolo Terme	Alfonso Nicolardi	Left Coalition	YES	2012
	Solarolo	Stefano Briccolani	Civic List	YES	2019

Source: Author's elaboration

Table 17: Municipalities within the analyzed MUs

MU	Municipality	Surface (km2)	Inhabitants (2020)	Density (inh./km2)	Dimension	Mountain
MU A	Forlì	228,2	117.407	514,5	VERY BIG	NO
	Forlimpopoli	24,46	13.099	535,55	SMALL	NO
	Bertinoro	57,25	11.016	192,41	SMALL	NO
	Meldola	79,08	9.910	125,32	SMALL	YES
	Castrocaro Terme e TdS	160,82	6.264	38,95	SMALL	NO
	Predappio	91,39	6.183	67,66	SMALL	YES
	Modigliana	101,16	4.357	43,07	VERY SMALL	YES
	Santa Sofia	148,86	4.053	27,23	VERY SMALL	YES
	Civitella di Romagna	117,93	3.701	31,38	VERY SMALL	YES
	Galeata	63,13	2.385	37,78	VERY SMALL	YES
	Rocca San Casciano	50,56	1.766	34,93	VERY SMALL	YES
	Dovadola	38,97	1.567	40,21	VERY SMALL	YES
	Tredozio	62,2	1.142	18,36	VERY SMALL	YES
	Portico e S. Benedetto	61,05	745	12,2	TINY	YES
	Premilcuore	98,56	716	7,26	TINY	YES
MU B	Imola	205,02	69.855	340,72	BIG	NO
	Castel San Pietro Terme	148,41	20.786	140,05	MEDIUM	NO
	Medicina	159,11	16.599	104,33	SMALL	NO
	Dozza	24,23	6.609	272,74	SMALL	NO
	Casalfiumanese	82,03	3.373	41,12	VERY SMALL	YES
	Borgo Tossignano	29,27	3.228	110,27	VERY SMALL	YES
	Mordano	21,45	4.613	215,05	VERY SMALL	NO
	Castel Guelfo di Bologna	28,61	4.529	158,31	VERY SMALL	NO
	Fontanelice	36,56	1.945	53,2	VERY SMALL	YES
	Castel del Rio	52,59	1.189	22,61	VERY SMALL	YES
MU C	Sassuolo	38,4	40.722	1.060,38	MEDIUM	NO
	Formigine	46,76	34.541	738,71	MEDIUM	NO
	Fiorano Modenese	26,23	16.988	647,61	SMALL	NO
	Maranello	32,58	17.379	533,41	SMALL	NO
	Prignano sulla Secchia	79,67	3.753	47,11	VERY SMALL	YES
	Montefiorino	45,28	2.084	46,03	VERY SMALL	YES
	Palagano	60,41	2.073	34,31	VERY SMALL	YES
	Frassinoro	95,46	1.801	18,87	VERY SMALL	YES

MU	Municipality	Surface	Inhabitants (2020)	Density	Dimension	Mountain
MU D	Cesena	249,46	96.520	386,91	BIG	NO
	Mercato Saraceno	99,33	6.821	68,67	SMALL	YES
	Bagno di Romagna	233,5	5.621	24,07	SMALL	YES
	Sarsina	100,72	3.301	32,77	VERY SMALL	YES
	Verghereto	117,88	1.750	14,85	VERY SMALL	YES
	Montiano	9,26	1.704	184,07	VERY SMALL	NO
MU E	Casalecchio di Reno	17,33	36.052	2.079,92	MEDIUM	NO
	Valsamoggia	178,13	31.503	176,85	MEDIUM	YES
	Zola Predosa	37,75	19.113	506,34	SMALL	NO
	Sasso Marconi	96,45	14.761	153,05	SMALL	YES
	Monte San Pietro	74,69	10.695	143,2	SMALL	YES
MU F	Carpi	131,54	71.730	545,31	BIG	NO
	Soliera	50,93	15.474	303,84	SMALL	NO
	Novi di Modena	51,81	9.983	192,69	SMALL	NO
	Campogalliano	35,69	8.605	241,11	SMALL	NO
MU G	Lugo	117	31.934	272,81	MEDIUM	NO
	Bagnacavallo	79,58	16.402	206,11	SMALL	NO
	Alfonsine	106,79	11.626	108,87	SMALL	NO
	Massa Lombarda	37,25	10.501	281,92	SMALL	NO
	Conselice	60,2	9.554	158,71	SMALL	NO
	Fusignano	24,55	8.082	329,21	SMALL	NO
	Cotignola	35,14	7.329	208,57	SMALL	NO
	Sant'Agata sul Santerno	9,37	2.898	309,26	VERY SMALL	NO
	Bagnara di Romagna	2.414	2.414	242,42	VERY SMALL	NO
MU H	Faenza	215,76	59.063	273,75	BIG	NO
	Castel Bolognese	32,37	9.549	294,96	SMALL	NO
	Brisighella	194,32	7.244	37,28	SMALL	YES
	Riolo Terme	44,26	5.699	128,77	SMALL	YES
	Solarolo	26,04	4.473	171,79	VERY SMALL	NO
	Casola Valsenio	84,41	2.502	29,64	VERY SMALL	YES

	VERY BIG	BIG	MEDIUM	SMALL	VERY SMALL	TINY
	>100.000	99.999-50.000	49.999-20.000	19.999-5.000	4.999-1.000	<999
Total	1	4	6	26	24	2
Mountain	-	-	1	8	18	2

Source: Author's elaboration

Table 18: Documental analysis

Ferreira and Otley (2009)	Bouckaert and Halligan (2008)	MU A	MU B	MU C	MU D	MU E	MU F	MU G	MU H
Vision and mission	Measurement and incorporation	0%	50%	0%	0%	50%	50%	0%	50%
Key success factors	Measurement and incorporation	25%	50%	75%	75%	75%	100%	100%	100%
Organization structure	Measurement and incorporation	25%	100%	50%	100%	75%	88%	100%	100%
Strategies and plans	Measurement and incorporation	0%	100%	50%	50%	100%	50%	100%	100%
Key performance measures	Measurement and incorporation	33%	100%	33%	100%	67%	100%	100%	100%
Target setting	Measurement	25%	75%	25%	75%	50%	50%	63%	50%
Performance evaluation	Measurement	50%	0%	100%	50%	100%	100%	100%	100%
Reward systems	Measurement	50%	0%	100%	50%	100%	100%	100%	100%

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