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Inter-municipal Co-operation: the Managerial Perspective of Local Authorities

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INTER-MUNICIPAL CO-OPERATION: THE MANAGERIAL PERSPECTIVE OF LOCAL AUTHORITIES

AUTHORS

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SUMMARY

1. Introduction.....	2
2. International state-of-the-art	3
3. Research questions	6
4. Framework	6
4.1 Start up: external elements.....	7
4.2 Start up: internal elements	8
4.3 Management.....	8
5. Research Methodology.....	9
5.1 Research focus.....	9
5.2 Geographical focus.....	10
5.3 Methodology description	10
6. Research results	11
7. Implications and conclusions.....	14
References	155

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1. Introduction

The Public Administration (PA) is going through a crisis, motivated by worldwide economy conditions and by the role played by public policies in determining the competitiveness of a country, as World Bank has asserted several times. In this already compromised context, in which it is possible to find both a chase for efficiency, view as a lever to recover competitiveness, and an increasing efficiency demand, it is becoming important to identify managerial and organizational models enabling the match of both the demands (Peters, Pierre and Randma-Liiv, 2011). Nowadays, people demand better public services, however, to win this competition, the case for public services needs to be made in terms of values and outcomes rather than particular forms of service delivery (Building Better Partnerships: IPPR, 2001, p. 15).

Therefore, the research is focused on PA, in particular on Local Public Administration (LPA). This choice is motivated, on the one hand, by the fact that already exists an extensive literature about Central Public Administration (CPA) and its policies, on the other hand, by the fact that LPA has a relevant impact from the point of view of public expenditure, (for example, in Italy, only talking about Municipalities, has a value of 52 billion Euro); in addition to that, LPA has more contacts with PA customers (citizens and firms) in general. For these reasons, in particular, the research is focused on LPA public services management.

Currently, there is a general increase of LPA needs, in terms of coping with lack of own resources (economic, human, etc.) and now access to not-own resources constituting one of the principal checks to development; bargaining power of the municipalities in *negotiations* with other institutions and suppliers and taking a *long-term view* in seeking right ones (Corbett & Smith, 2006; Gentry & Fernandez, 1997; Jefferies et al., 2002; Jefferies, 2006; Li et al., 2005; Qiao et al., 2001; Zhang, 2005), often all that puts LPAs in an unfavourable situation, where they could be victim of opportunistic behaviours on the part of private or public subjects; making *investments* otherwise not possible by individual municipalities (Bennett 1990; Hughes 2003); achieving innovation processes able to make the performance of activities *more effective and efficient* and enable the delivery of **new services** (Hulst and Van Montfort, 2007), coherently with customers' needs and in line with market standards.

Starting from this paradigm, outlined both in general terms of market and in distinctive terms of LPA needs, the research is aimed at investigating new managerial and organizational tools in managing public services supplied by LPA. So, as solution to cope with the present situation, it has been found the shared service management, through a structure called Inter-Local Public Administration Cooperation (ILPAC). According to Hulst and Montfort, (2007) it is "*a form of institutionalized interaction between LPA (that may extend to other public or private actors) concerning a common task or goal that does not result in a completely independent agency or corporation*". Far-back this phenomenon is widespread on several European countries. For example, in Italy, focus context of this research and symptomatic of European context, ILPAC is widespread for more than a decade, that is since Municipalities Unions has been introduced in the

body of law regulating Local Authorities (in Italian: "Testo unico delle leggi sull'ordinamento degli Enti Locali"¹) (Legislative Decree no. 267/2000). Widespread for a longer time, instead, are territorial associations in a mountain region (in Italian: Comunità Montane), ILPAC forms existing for over forty years. In addition, and in partial explanation of this spread, ILPAC different forms have been incentivized by public funding. By reason of recent normative evolutions, in Italy it is possible to notice that the setting is going to change, moving from a funded share service management to a compulsory one (Decree-Law no. 95/2012). Nowadays, in Italy 3,404 Municipalities, upon the total amount of 8,092 (and upon the whole of 5,693 talking about Municipalities with less than 5,000 inhabitants, that is those ones more involved in recent normative evolutions) manage functions together through 1,619 ILPACs (ANCITEL, 2012). Concretely, LPAs could interact among them, defining joint management modalities about their functions² lifecycle and identifying new organizational set-ups in terms of responsibilities and governance sharing among LPAs, as well as a joint employ of resources. So, the research is focused on studying cooperation among LPAs, as a managerial and organizational lever, in order to recover efficiency and increase efficacy in supplying LPA characterizing public services, but also an opportunity to access supply of new services. Moving from the study of factors enabling LPA co-operations, the research is aimed at identifying ILPAC adopted management models.

Finally, the paper is addressed to return information and instruments set useful to policy maker in order to make decisions about choosing LPA cooperation and its accomplishment operative modalities.

2. International state-of-the-art

According to the paradigm characterizing the LPA, it is possible to find in literature some elements useful to describe the international state-of-the-art. Talking about Europe, Hulst and Montfort (2007) suggest these four principal trends meeting LPA increasing needs:

1. In Northern Europe, different countries, engaged in large-scale merger projects, have created *municipalities of considerable size*. Basically, they are fusions among LPAs, so creating bigger LPAs that could have, for example, more bargaining power with other organizations, more means, more access to expertise etc.;
2. Different pressures, limiting the operational scope and autonomy of Local Government, have brought about *redistributing responsibilities among different government levels*, in particular a redistribution from lower government level to upper one, coherently with LPA shown difficulties;

¹ www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2000-08-18;267!vig=

² For the sake of argument, this is just a subset of fundamental functions of Italian Municipalities (D. L. 95/2012):

- a) Administration general organization, financial, account and control management;
- b) General interest public services management in council area, including public transports services;
- c) Civil defence planning and first aid coordination in council area;
- d) Local police and local administrative police.

For all the functions list, see: <http://www.governo.it/backoffice/allegati/68648-7830.pdf>

3. *Involvement of large privately and publicly owned companies* and organizations in the fulfilment of public tasks, in reference to Public Private Partnership (PPP) paradigm (Hood, 1991; 1995; Olson et al., 1998; Broadbent, Gill and Laughlin, 2003) that provides for private subjects' involvement. One form of this policy of liberalisation is in the way public services are produced and delivered to the public. PPPs open up the possibility for the provision of public services, not only to come exclusively from organisations owned and controlled by the public sector, but also from both public and private sectors in partnership, with the possibility of combining the investment capacities of public and private sectors, decreasing risks sharing out it among different subjects, accessing better services etc.;
4. *Inter-LPA cooperation* has been determined by rising scales of production and mobility and growing market pressures.

By the way, the first point could be configured as the last step of a shared service management lifecycle (Éupolis Lombardia, 2012), so it is interesting to study depth down which factors leading to shared service management and which are its management models. The second point concerns research areas that lend themselves to be read having recourse to the body of knowledge of sociological and historical institutionalism (Hulst, Van Montfort, Haveri, Airaksinen and Kelly, 2009). The third point concerns a research area intensively studied, both from the point of view of private and public sectors, but it is not so homogeneously diffused across Europe, in particular from PA point of view, for different reasons: regulatory (Baker, 2003), political (Newberry and Pallot, 2003) and fiscal (Heald, 2003) aspects. The fourth point concerns a rising phenomenon, in some cases mandatory (for example in Italy), poorly studied in literature and deserving of being deepened (Becker et al., 2009): so, as said, my research will be focused on it.

Nowadays, in ILPAC phenomenon it is possible to find some weak points in start-up phase and in management one, but neither the phenomenon nor its weak points have been deeply studied. The experiences of start-up of ILPAC have shown that the transition from one phase of general interest in the collaborative solutions to a specific activation of processes of institutional change and organizational structure is strongly influenced by the availability of a structured set of knowledge that enables to project and manage the establishment and operational launch of ILPAC and support the enlargement of the consent and involvement of those political actors and organizational responsibilities that strongly influence the paths of change. In addition, in several European countries, inter-LPA cooperation has been the result of persuasion and incentives to induce local government to co-operate, and legal requirements to facilitate the transfer of responsibilities to a joint body (Norton, 1994; Airaksinen and Haveri, 2003; Hulst and Van Montfort, 2007). These considerations about weak points and activation trigger of shared service management led to point out a vision which is not consistent with an LPA strategic vision, that is a short-mid-term perspective.

In brief, having analysed nine European countries (Belgium, Germany, Italy, Finland, France, the Netherlands, Spain, Switzerland and the United Kingdom), it stands to reason there is not an

international standard in terms of ILPAC models (administrative, organizational, managerial etc.); there are environmental and country-specific implications influencing shared function configurations; the regulation impacts on ILPAC, in terms of form, quality and sustainability of the shared services management and there are not decision making frameworks for the policy makers aimed at elaborating ILPAC strategies (Hulst, Van Montfort, Haveri, Airaksinen and Kelly, 2009; Lo Iacono, Giglio, Jachimowicz, Di Martino and Baroni, 2011).

In regard with ILPAC managerial and organizational aspects, it is possible to relate to the literature referring to Shared Service Centre (SSC) model: SSC is a particular type of sourcing arrangement where resources and services are retained in-house. Generally, a SSC is a separate and accountable semi-autonomous unit within an (inter)organizational entity, used to bundle activities and provide specific pre-defined services to the operational units within that (inter)organizational entity, on the basis of agreed conditions (Bergeron, 2003). SSC model originates in private sector, but it is suitable for the public sector, as in current practice each agency often develops and maintains its own systems and services (Grant, McKnight, Uruthirapathy and Brown, 2007). In literature this organizational model has been inquired contextualized to big organization, often within different Business Units of the same organization. So, there are not literature attestations about its application to LPA. SSC is a structure able to match suitably LPA needs, making operational an ILPAC by bundling the development, maintenance and use of services; the costs can be shared among the LPA, innovations out of reach might become feasible, and the saving obtained by this policy can be used to improve service levels without any of the agencies having to give up their autonomy (Joha and Janssen, 2011). The SSC can be seen as a particular kind of outsourcing arrangement among many clients and one vendor (Janssen and Wagenaar, 2004). It tries to combine the benefits from centralized and decentralized models of control and resources as well as the benefits from both in-house development and maintenance, and outsourcing (Janssen and Joha, 2004). After having described SSC characteristics, here there are the principal objectives leading to activate an SSC: (i) reduction of costs as a main goal (Quinn et al., 2000) in managing LPA services, constitution of an independent organization (Bergeron, 2003) that could be in charge of shared service management in behalf of different LPA, improvement of internal clients services level (Bergeron, 2003); (ii) alignment of the LPA service level to the private organizations one (Quinn et al., 2000); (iii) introduction of a business-oriented logic in PA (Schmidt, 1997). Obviously, this comes from a change management that is the result of consolidation of processes within an organization (Martín-Pérez and Berger, 2004; Wang and Wang, 2007).

Moving from the international paradigm to the Italian context, which is useful to study on the whole this phenomenon and identify which are the specific factors influencing ILPAC, it is necessary to provide some precise information about Italian ILPAC regulation (ANCITEL, 2012). In brief, the Decree-Law no. 95/2012 provides for Municipalities under 5,000 inhabitants (or under 3,000 inhabitants in some specific cases) having to manage shared service about their fundamental functions; if provided functions are about ICT, municipalities have to manage share services; each region picking out the optimal and homogeneous territorial dimension for each geographical area in

order to make municipalities compulsorily managing shared service about their fundamental functions according to effectiveness, cheapness, efficiency and expenditure reduction principles. Currently, in Italy it is possible to notice that the setting is going to change, moving from a funded share service management to a mandatory one.

There are different characteristics making the Italian territory the right context on which focus this research. In Italy there are 8,092 Municipalities and among those 5,693 have less than 5,000 inhabitants and these smaller ones are equally distributed on national territory, even if in Northern and in Southern Italy they are more numerous than in the central regions. In 40% cases, SSCs involve also municipalities having more than 5,000 inhabitants. In Italy that kind of LPA has an imminent obligation to manage at least three shared functions. Until now, without the obligation of shared services management, about 90% of the LPA that will comply is currently managing functions in a shared way. Today 95% of the ILPACs is focused on one function only. This phenomenon produces a high shared services management fragmentation: often municipalities participate to more than one ILPAC. Mainly, the collaborations concern few municipalities: half of these involve only two Municipalities and on average they involve about 19,000 inhabitants. In 80% cases, the SSC duration of the contractual formalization is of three years.

3. Research questions

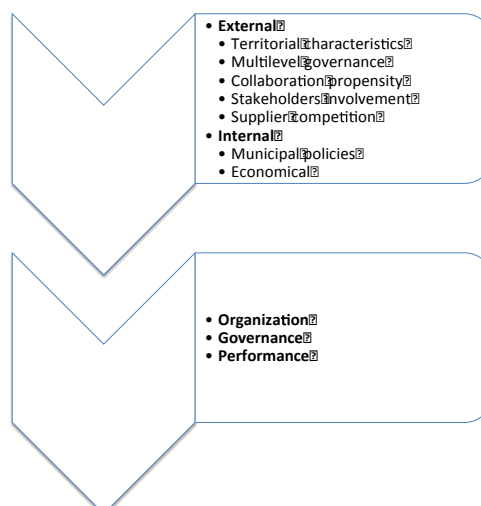
RQ1. What drivers can support or, on the contrary, prevent an ILPAC start-up?

RQ2. How the start-up features of the ILPAC can condition management drivers and co-operation performances?

4. Framework

In order to fulfil the study objectives, in the following chapter the research framework is detailed, primarily to cover the gaps described above. This framework is divided into two macro-areas: (i) factors conditioning the ILPACs start-up, which imply both internal and external elements; (ii) mechanisms of preferences and management inside ILPAC, including performances analysis.

Case studies and surveys have been implemented according to the research framework drawn below.



4.1 Start up: external elements

Territorial characteristics. Hulst and Van Montfort (2007) suggest these territorial variables influencing LPA cooperation: (i) society; (ii) economy; (iii) culture; (iv) demography and (v) technological development. As said in preliminary remarks, this research is focused on Italian context only, so no differential is considered for research objectives to analyse demography variable. In regard with society, economy and technological development variables, the model proposed by Kozma (2005) is used, crossing given different kind of development (Hulst and Van Montfort, 2007) and growth factors, which are measurable and so useful to quantify developments. The model and the survey instruments proposed by Tabellini (2010) is used to point out the territory culture. This author suggests four variables in order to measure the culture: (i) trust; (ii) control and (iii) respect, which have a positive meaning, and (iv) obedience, which has a negative meaning. Moving to *Upper level Government*, the impact of higher level Authorities policies on LPAs interest in managing shared service is analysed. In particular, these policies could be directed to: (i) ultimate LPA, that is the one subjected to shared service management (for example through direct funding, opportunity (for not received) funding and/or grant, employers incentive (e.g. efficiency dividend), training and awareness campaign, performance measurements (e.g. inter-LPA cooperation balance sheet...), guidelines and operative tools (e.g. scheme of: convention, resolution...)); (ii) intermediate LPA, so able to lead LPA to shared service management (for example through direct funding and training and awareness campaign); (iii) territory firms, so they could push into bringing out opportunities and benefits about shared service management (for example through funding to develop products and services meant for the inter-LPA cooperation market) and finally (iv) customers, influencing them in order to direct policy makers policies to shared service management (for example through awareness campaign in order to ask for better services and/or for services portfolio increase). In particular, this last strategy is used in Switzerland in order to promote municipalities fusions (Eupolis Lombardia, 2012). LPA **collaboration propensity** is useful to map the LPA collaboration history, as a proxy of the collaboration propensity in future occasions, but also is useful to understand if there is an ILPAC “typical” growth path, in terms of initial functions and growth plan of functions addition. LPA collaboration propensity will be analysed using a model coming from firms’ alliance literature (Colombo, 2003), applying it in a personalized way.

Stakeholders involvement. As described in literature review phase, it is one of the most ticklish and underrated (in start-up phase) elements of an ILPAC (Norton, 1994; Airaksinen and Haveri, 2003; Hulst and Van Montfort, 2007), therefore the following elements has been taken into account: (i) power, defined as the ability of those who possess power to bring about the outcomes they desire; (ii) legitimacy, that is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions. So, legitimacy depends largely on the perception of others, thus depends on the

perception of the other stakeholders. The pursuit of legitimacy requires power, consequently the stakeholders with power are likely to pursue their legitimate claims in public whereas the stakeholders with little power may fail to get their legitimate requirements public and (iii) urgency, that means that the demand of stakeholders are calling for immediate actions or are pressing (Mitchell et al., 1997; Uusitalo and Rönkä, 2004).

Supplier competition: the supplier market can be characterized by its degree of competitiveness, ranging from many potential suppliers (high competition) to few or perhaps only one potential supplier so as the number of potential suppliers decreases, the LPA's leverage in negotiating with them declines, and its ability to benchmark their performance becomes hampered (Padovani and Young, 2008). If there is an active market, with a great number of suppliers, single LPA bargaining power could be sufficient to operate alone with fulfilling results. Otherwise, LPA could increase its bargaining power through an ILPAC, getting together the demand coming from different Authorities.

4.2 Start up: internal elements

Municipal policies. The first one, strategic and organization, is referred to LPA strategic and organizational objectives (for example focus on core business, clear control and eliminate local and complicated control of functions, standardize processes, gain access to high quality services and skills, concentration of innovation and exploit new technology, share risks and disseminate and impose successful practices). The second one is referred to the political sphere, so it is about decision makers that could influence the choices (for example enhance credibility, solve internal conflicts and increase controllability). The last one is referred to *economic* aspects, directly or indirectly referred to monetary aspects (lower control and maintenance costs, accountability of control, control of costs (cost predictability), economies of scope and scale and reduction of overcapacity). If about the function under analysis the objectives above mentioned would be reached, the ILPAC choice seemed to be unavoidable.

4.3 Management

Organization is useful to point out the complexity of this structure and its work organization. It is measured in terms of: (i) size of the client organization is of importance, as an increased size will increase the complexity of the operation; (ii) complexity, defined as the variety of services and the multiplicity of exchanges between the business domain and SSC domain, influences the management structure and coordination efforts; (iii) vertical and occupational management structure, is about the different new and changed roles that should be allocated in order to optimize SSC organization respect the previous situation of single LPA and (iv) stability, is the coping strategy for the continuity of the relationship (Janssen and Joa, 2004). The third variable is referred to *governance*, that is ILPAC control configuration as for single LPA. According to Janssen and Joa (2011), there are three management models: (i) centralized, so-called when activities in an ILPAC are done by an LPA and by this provided on behalf of all the LPAs to customers (internal or external); (ii) decentralized: activities are shared out among different LPAs under the coordination

of one; (iii) federated, when one LPA make activities and provide the output to others LPAs. In the last resort, it is necessary to point out *SSC performance* because this is useful to verify the existence of real benefits about ILPAC compared to the single LPA management, both as useful elements to support the decision about configuration and definition of the policies. In addition, it is a lever to promote ILPAC diffusion thanks the monitoring results diffusion, also in a benchmarking logic. There are two different categories of performance. The first one, concerning the relationship between LPA and SSC, is measured in terms of: (i) transaction costs (Williamson, 1975); customization: the relationship produces advantages on customization level; (iii) uncertainty reduction: the risk sharing among LPA and the perception that an organization, having high expertise and knowledge levels, is taking care of the services of an LPA, contributes to the perception of having low uncertainty and (iv) satisfaction: in particular the relationships arrangements, like account managers, user groups, regular benchmarking and so on, produces an higher satisfaction (Janssen & Joa, 2004). The second, referred to provisioning, is measured in terms: (i) quality (Jamali, 2007); (ii) cost (Baldwin et al., 2001; Janssen and Wagenaar, 2004); (iii) new services and (iv) integrity, transparency and accountability (Armstrong, 2005).

5. Research Methodology

5.1 Research focus

This framework could be considered too wide, so it has been necessary to test the framework in a circumscribed field. There are a significant number of functions managed by an LPA and each one has a peculiar impact on a part of the framework. ICT function has been chosen firstly because it is clearly a crucial topic in the development of public sector competitiveness (Treasury Board of Canada, 1994; World Bank, 2003), and in addition to that it has become mandatory in some countries since a few years (e.g. in Italy: art. 19, D.L. 95/2012). Besides, it is a theme that could be transversal to many other functions. It might be defined “infrastructural”, that is it could be the foundation for any other service. LPAs, especially the smaller ones, have spread difficulties to access to adequate competences and have to demand support. Often, ICT field needs low investments and the investments done could be valued thanks to the possibility of investment conversion. It is quite easy to achieve economies of scale and scope in case of acquisition and utilization of ICT applications and infrastructures. Talking about my choice of ICT function, it is important to remember what Colombo (2003) suggests about firms alliance research field, since there are different presuppositions making it applicable to LPA alliance, that is that technological alliances have more success possibilities than other ones, also in terms of learning transfer. So, there are more possibilities to have more numbers of case studies, both failure and success cases. Hulst and Van Montfort (2007) suggest that a rapid introduction of ICT in LPA may both increase the need for cooperation (to create sufficient production scale) and improve the quality of service delivery. That makes possible to gap the weak points characterizing the framework and increase the

collaboration among LAPs: in this way it will be possible to increase all positive effects produced by inter-LPA cooperation.

5.2 Geographical focus

The research is focused on the Italian context. In Italy there are different forms of ILPAC: Municipalities Unions (Unioni di Comuni), Territorial Associations in a Mountain Region (Comunità Montane), Islands and Archipelago Communities (Comunità Isolane o di Archipelago), Consortiums (ConSORZI), Covenants (Convenzioni), Schedule Agreements (Accordi di Programma). In addition, there are two other particular forms, with different administrative and judicial characteristics, called Territorial Service Centre (Centro Servizi Territoriale - CST) and Innovation Local Alliance (Alleanze Locali per l'Innovazione - ALI), that are the Italian inter-municipal authorities dealing with the digitization and the innovation of the Public Sector.

5.3 Methodology description

The study has implied the use of several instruments in order to investigate the relationship between SCC and OSS. Two surveys were aimed at local authorities as part of the eGovernment Observatory 2013-14 led by the Politecnico di Milano university within the longitudinal Research called eGovernment Observatory: the first one regarded the One-Stop-Shop organization at municipal level and took place between December 2012 and June 2013, involving 1,122 municipalities (about 25% of OSS in Italy); the second one regarded the SCC management and took place between September and December 2013, involving 121 municipalities (about 23% of the Inter Local Public Administration Cooperation (ILPAC) in Italy). The respondents are quite equally redistributed between Mountain or Islander Communities (44%) and Inter-municipal Unions (49%); the remaining forms of associations are administrative districts (in the South Tirol only, 5%) and local agreements (2%), but their distribution is unequal in the national context.

The results of the questionnaires have been analysed using statistical methods, in order to come to light some peculiarities already pointed out by the descriptive examination. Particularly, the focus has concerned the two following issues: the level of simplification and digitation of OSS and the eventual positive outcomes that SCC can imply for OSS, instead of independent management of single touch points for enterprises.

Besides, a multiple linear regression model was chosen in order to both examine the underlying factors of any positive results and to detect relationship between SCC governance and OSS organizational development. To highlight possible multi-collinearity between variables the set of growth factors of variance (variance inflation factors - VIF) was used. A VIF has been calculated for each independent variable, whose values have confirmed the absence of problems of multi-collinearity among the variables. The output values considered are the not-standardized coefficients β and that the level of significance has been set at 0.1.

6. Research results

Driven by the brand new reform about local authorities, municipalities are under increasing pressure to prepare for the management of integrated forms and functions of municipal services: 55% of the respondents have shown the intention to change the current structure of the associated management, in most cases increasing the level of co-operation, going from local communities or conventions into the union of municipalities. Currently the far majority of the functions provided by inter-municipal co-operations seem to be civil protection, followed by the local police, land planning and social services. The reasons that have led to more stringent forms of collaboration among villages rest on two pillars: first, the lack of staff and their training, as well as difficulties in accessing new skills have reduced the capacity for small municipalities to innovate, since they are often not able to keep up with the needs of their citizens, creating disparities with bigger towns; on the other hand, associated managements have encouraged both a spending review and a systemic approach that now allow an increase in adequate skills and resources to invest.

As a support these considerations, more than half of the respondents have indicated that the associated management implies savings. In addition, about the 80% of them are satisfied about the simplification and standardization of procedures, resulting in an increase in the efficiency of the staff (86%). Furthermore, a large part of the inter-municipal co-operation have noticed an improvement in the transparency citizens (80%), thanks to an easier access to the services offered to the final users (42%) and reducing the time of bureaucracy (39%) to such an extent that, if the associated management included One-Stop-Shops, the time spent in the administrative proceedings would decrease five times lower than the autonomous municipalities. In addition, the ability to attract investment has improved (71% of respondents), especially due to the possibility to centralize public procurement (67%) and to increase capacity of civil servants to acquire products or services (49%).

The integrated management of functions also provide new opportunities to improve the current shape of the public administration to implement better solutions that are based on organizational and technological factors, in order to progress the quality of services provided to users, according to the eGovernment point of view. While about half of ILPACs have been delegated ICT policies to their association (which mainly regards to: land registry, social services, local police and civil protection) quite always ICT services have been improved, as they have reduced the risks related to the management of digitization. The 92% of respondents have also obtained savings in ICT expenditure, mainly due to economies of scale and more competent staff than those working in self-municipalities (85%). Although the number of activities related to outsourced ICT remain basically unchanged in 83% of cases, the service quality has improved and has achieved savings of at least one tenth (78% of the cases) with some excellence higher than one half (8% of the cases). Similarly, the relationship with the supplier companies has improved (83 % of the cases), and this has facilitated the outsourcing of certain services (69%), while leaving the core activities to the ILPACs (about two-thirds of respondents).

It is necessary to emphasize that the process of co-operation occurred hitherto almost exclusively as a result of regulatory burdens, therefore associations has been perceived as a law compliance instead of an opportunity to improve the inter-municipal management. In fact , the number of participating institutions are in most cases concentrated between four and ten municipalities and the year of ILPAC establishments is between 2001 and 2004 (37%) and between 2009 and 2012 (21%), a period coinciding with the changes in the law. Of the eleven minimum functions managed by the municipalities, only 22% of the ILPACs claimed to have been delegated for more than four functions. A key role in the establishment of current ILPACs has been played by provinces that will soon be substituted by regions. The 21% of the interviewed have received funding primarily from the regions, although the organizational support in three quarters of cases has been offered by the provinces.

The aggregation process should be carefully organized, indeed the survey has shown that ILPACs improve their performances in terms of time reduction of administrative proceedings only if the associated municipalities clearly define their objectives , if the extent of the ILPAC increases and if the decision-making autonomy of the civil servants improves. In addition, if the associated municipalities clearly define their goals, the ILPAC strengthens the internal co-operation over time, which in turn increases a vision close to the citizens' needs, and consequently improves the credibility of the decision makers and the benefits perceived by citizens.

Using the equations described above, sets of data representing the ILPACs have been distinguished according to homogeneous political and organizational decisions. To achieve this goal, cluster analysis has been used; at this stage three different clusters has been subdivided, using SPSS. The measure used to evaluate the quality of clustering is represented by the silhouette coefficient, which takes into account both cohesion (an indicator of homogeneity of the observations within each cluster) and separation (indicator of inconsistency between a pair of clusters).

$$silh(X_i) = \frac{(B - A)}{\max(A, B)}$$

where A is the observation distance from the centre of its related cluster and B is the observation distance from the centre of the nearest cluster to which it does not belong.

The value of the silhouette turned out positive, therefore the quality of clustering is good. Referring to the political-organizational field, three clusters has been defined as following: Cluster 1 represents the group of "best in class", i.e. those ILPACs who stand out by their high political commitment and managerial efforts; vice versa Cluster 2 represents the set of "worst in class", i.e. those ILPACs who revealed a scarce political commitment developed an inadequate organizational structure as a result of wrong organizational decisions in the past; lastly the Cluster 3 can be considered as the set of "work in progress", i.e. those ILPACs characterized by a lack of political

commitment (which means they have not yet developed a strategic vision), however at the same time, they fostered a good organizational structure.

Analysing the number of functions managed by ILPACs, 90% of "best in class" who took part to the survey share more than three functions; in all the clusters, "civil protection and first aid" function turns out to be the most prevalent:

	best in class	worst in class	work in progress
General services	17	5	4
Local utilities	11	9	2
Land register	22	15	20
Land planning	17	7	3
Civil protection	26	23	25
Waste management	19	9	14
Welfare services	22	13	20
School building	19	5	3
Local police	22	21	14
Civil registry	10	1	1
Statistical services	14	5	1

in the other two clusters municipalities have delegated some functions much more frequently than others. Even in this case, such evidence were predictable since the choice of the common functions is a political decision.

Considering the number of inhabitants administered by ILPACs, the cluster of "work in progress" is characterized by expansive municipalities: in fact, as much as 40% of those ILPACs administer more than 30,000 inhabitants. On the opposite side, small municipalities belong to the cluster of the "worst in class": 70% of those ILPACs have less than 20,000. Lastly, the cluster of "best in class" is characterized mainly by medium-sided municipalities (about half them administer a population between 10,000 and 30,000 citizens).

Using SPSS with a $p_value \leq 0.1$, the eventual correlation between the ILPACs' performance and the cluster membership has been verified. Results are shown in the following table:

"After the establishment of the ILPAC..."	Cluster 1	Cluster 2	Cluster 3
average costs has decreased			+
new investments have been simplified	+	-	
at least one work package has become more efficient	+		
time of administrative proceedings have decreased	+		
citizens have received better services from the ILPAC	+		
citizens have felt benefits thanks to the ILPA	+	-	
risks for innovation have decreased			-
expenditures for ICT have decreased		-	

Where:

- + : the cluster has implied better performances;
- - : the cluster has implied worse performances.

Regarding to the cluster of "best in class", the evidence shows that those ILPACs that belong to this cluster get positive impacts on their performances, especially on the organizational and political point of view. On the opposite side those ILPACs that belong to Cluster 2 reveal that their political and organizational decisions have implied negative impacts on performances. Lastly, despite statistical results are limited, in the cluster of "work in progress" alternating signs have affected the impacts on the ILPAC performances, therefore it is not possible to conclude that this cluster has influenced positively or negatively the outcomes of the corresponding ILPAC. Since the cluster "work in progress" is characterized by a good organizational structure but not by a political commitment, a trade-off between positive and negative aspects was predictable, unlike the other two clusters.

7. Implications and conclusions

Starting from the results of the analysis, it has been possible to divide ILPACs into three groups defined by their organizational political decision: "best in class", "worst in class" and "work in progress". In particular, data revealed a connection between ILPACs' performances and their cluster identity. The "best in class" cluster, consisting of those ILPACs that have adopted the best organizational and political decisions, has turned to be the better performing set of ILPACs. This cluster should be taken as a reference model by national wide policy makers, in order to incline those ILPACs which are currently belonging to the other clusters towards these practices. Therefore two actions should be encouraged: on the one hand, propel an adequate political commitment, in terms of developing a strategic vision to be endorsed as much as possible by the members of the ILPACs; on the other hand, choose the correct managerial decisions to optimize the organizational structure inside the ILPAC. It has also emerged that, when the number of the associate municipalities increase, it will imply benefits in terms of costs redistribution between municipalities and the improvement of personnel's skills: thus policy makers, in order to promote new investments, should encourage the growth of municipalities in ILPACs. As regards the management, in order to reduce average costs, the evidence have shown the importance for ILPACs managers to allow civil servants more organizational autonomy and to clearly define the objectives and the time available to succeed. Furthermore, in order to reduce the time necessary to conclude the administrative proceedings, managers should promote teamwork and inter-sectorial coordination within the public sector. Finally, ILPAC administrations should adapt their activities to citizen's needs, implementing participative policies and Open Government criteria.

The paper can be considered as a basis for possible future developments. Only two of the possible factors that can affect the ILPACs performances have been considered in this paper. A further development could therefore relate to the identification of new variables that can affect the ILPACs performances. Besides, the survey that was customized for ILPACs only could therefore relate to this the individual institutions belonging to ILPACs. Finally, this paper focuses on ILPACs in the Italian context only: it may therefore explore the evaluation of different forms of inter-municipal co-operation and their performances in the international context, including a comparison among European countries.

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