Abstract

Over the last few decades, the Italian public administration has undergone significant reform, which aimed to rectify the structural defects in the system, leading to inefficiency in public management and an improper allocation and utilization of resources. The Italian legislator, following the New Public Management (NPM) guidelines, introduced private principles and instruments in the public field to improve the efficiency, effectiveness and financial stability of state enterprise. In particular, one of the main innovations introduced in this field regarded the recognition of the principle of distinction between politics and administration and the transfer from a bureaucratic model based on norms to a managerial model based on performance. The reform has the aim of changing the traditional “weberian bureaucratic” approach of the Italian public administration, in accordance with the NPM principles. This reform process regarded also other European countries that have undergone profound changes. As well as Italy, the reform process in these countries was based on the principles of NPM which proclaims: an increased focus on results in terms of efficiency, effectiveness and quality of service by setting standards of productivity; an orientation towards citizens-consumers in terms of service quality and customer satisfaction; the introduction of market mechanisms; a more strategic focus on the reinforcement of strategic capacity.

This paper is underpinned by an analysis of the regulation introduced by the reform of the Italian public administration to observe whether its main objectives have been really achieved. It is also based on a comparative analysis of the effects produced by reforms in Italy and in other European Countries. Lastly this work aims to verify if it is possible to individuate a framework of convergence based on the principles of new public management.
1. Introduction

This paper deals with Italian public administration reform, carried out over the past decades on the basis of “new public management” principles. This innovation is geared towards the introduction into the public sector of private management instruments, with a view to improving efficiency, effectiveness and financial stability. These efforts aim to correct the structural deficiencies in the Italian system, which have generated inefficiency in public management and an improper allocation and use of resources. In particular, these innovations have affected several aspects of the public administration system, changing governance rules, introducing deregulation and a new perspective on the citizen’s roles and rights, implementing privatization and externalization, making provision for institutional decentralization, changing decisional processes and organizational models and reforming accounting systems.

These innovations also have the aim of prompting a shift from a bureaucratic model based on norms to a managerial model based on performance. This reform process in public administrations involved many other European Countries that have undergone profound changes; in these countries the reform process was also based on the principles of “New Public Management”. This does not mean that a complete uniformity of application has been found; on the contrary, in this regard, it is possible to highlight differences between one country and another.

This paper is based on an analysis of the reform process carried out in the Italian public sector to verify the results achieved. It also analyzes the administrative evolution in European countries to see whether it is possible to single out a convergence, in the various European public administrations, towards certain common principles inspired by New Public Management ideas.

2. New Public Management and the modernization of public administration

The public administration, in the last twenty years, has undergone profound changes linked to the altered socio-economic context of modern post-industrial societies. Previously, public organizations had an organizational and managerial structure on the lines of a bureaucratic model and did not possess the necessary capacity to deal with the new needs of the citizens. The rising complexity, the lack of financial resources and European politico-economic integration required a process of modernization in public administration.

This process has affected:

a) the managerial perspective, taking public systems in the direction of new principles and instruments to be used in the process of organizational, managerial and information system innovation;

b) the political perspective, leading the public sector towards new forms of legitimization; and

c) the juridical perspective, prompting the public sector to acknowledge the social-economic changes in society by introducing a new legal framework to suit the new conditions.
The above-mentioned reform process was especially based on the principles of New Public Management.

2.1 New Public Management principles

The arrival of New Public Management has represented, over the last twenty years, one of the most significant events for the study and practice of public administration in most industrialized countries. This could be seen as an epochal evolution in the way the public sector is conceived, although doubts still exist regarding the components, the central characteristics and the definition itself.

In fact, the initials NPM represent a “wide-scale formula”, to which various meanings are attributed. These range from the general idea of “modernization of the public sector” to the narrower meaning of rationalization of the public administration. The NPM makes claims to being universal; in fact, initiatives of the NPM type are common enough throughout the OCSE countries and have reached most Commonwealth countries, not to mention the ex-communist countries (Borins, 1998; Hood, 1991; 1995a, pp. 166-170). This does not mean that a complete uniformity of application has been found. On the contrary, in this regard it is possible to highlight differences between one country and another, since the profiles for modernization range from complete openness towards market forces and privatization (Great Britain), to a radical re-planning of the public sector in line with the model of the private sector (New Zealand); from cases of rapid advance towards managerial running, to cases of co-existence with residual links with more traditional forms of bureaucratic government in accordance with pre-defined rules (Japan, Germany, Austria) (Naschold, 1996, p. 19). A greater impact of NPM-type ideas has also been noted in Anglo-Saxon contexts (though with internal differences) when compared to eastern regions of continental Europe (Ferlie et al., 1996, pp. 15-20). This could quite reasonably be due to the long tradition based on the predominance, in most European countries, of a school of thought of a juridical nature with regard to the public administration.

NPM should not be understood as a continual, uniform push towards a common public sector model; if anything it might be seen as a global change permitting differentiated local solutions, i.e. a widespread shift, as regards convergence, towards a limited variety of new and more uniform ways of government by the public administration.

In other words, the “global” movement is rendered compatible with a certain number of differentiated models, which, in their individual cases, reflect the way in which the following variables combine and interact:

• specific components introduced within each model and the order of priorities assigned to them;
• the speed of the reform movement (which depends on the vitality and degree of convergence of the guiding forces);
• the internal and external conditions determining the context in which the process of modernization has to develop; and
• the approach taken in order to complete each model.
In spite of the above-mentioned observations, which aim to mitigate assumptions about the universality or globalization of NPM, it is, at the same time, possible to try to extrapolate a table for general reference.

The basic features of the NPM ideas might be synthesized into three fundamental elements (Osborne and Gaebler, 1993, p. 277):

1. Re-definition of the boundaries between State and market through privatization and externalization.
2. Re-formulation of the macro-structure of the public sector by delegating state functions (at the lower organizational level) within the macro-structure (this phenomenon could be denominated institutional decentralization or external decentralization).
3. Re-definition of operational rules characterizing the way in which the public sector carries out its functions and achieves its goals. This third component might be considered as characterized by seven main sub-components:
   a. Toning down of the ties conditioning the public sector as compared to the private sector. This phenomenon includes the transformation of state economic bodies into limited companies and might, generally speaking, be called formal privatization;
   b. Re-structuring of activities/businesses in the public administration, so that they are operating “on a commercial basis”, i.e. in a state of equilibrium between costs and revenue (corporatization);
   c. State competition (internal market);
   d. Devolution of functions and competences from the centre towards outermost units or the lowest organizational levels within every entity in the public sector (this phenomenon might be called internal decentralization);
   e. Re-definition of the administrative machinery replacing the bureaucratic model with the managerial one, shifting from the organization formally structured and law-oriented, to management and efficient breakdown of public resources, according to the new economic role of the state’s functions (Matei, 2009b, p. 146);
   f. Deregulation of the functioning of economic and social systems; and
   g. Re-definition of citizens’ roles and rights.

3. The modernization process in the Italian public sector

Modernization of the public sector in Italy started later and at a slower pace than in other countries (such as the United Kingdom, Australia and New Zealand) and has only started to speed up in the last decade. In particular, it has impinged on several aspects of the public administration system, mainly by:

• changing the governance rules, through a redistribution of powers between the different levels of government;
• reforming the political system through the adoption of the majority system and, finally, considering the third sector as a relevant social actor; and
• introducing deregulation and a new perspective on citizens’ roles and rights.
Deregulation initiatives have only been activated on a wide scale in the last few years. In terms of deregulation the idea is to carry out a swift thinning-out of existing legislation (notable for its size, detail and confusion). The process, which has only just been activated, is based principally on the following elements:

- It aims to involve the various levels of government (state, regions, local enterprise);
- The parliament must establish areas of activity, where the greatest priority needs to be given to deregulation;
- The parliament retains its function of approving certain basic norms, which it is thought might be better decreed at the national level;
- The remaining activity of deregulation (assuming it is necessary) and its implementation will be delegated to state administration, to independent supervising and regulating authorities, to the Regions and local bodies, in relation to their respective institutional competences; and
- A great number of proceedings, pertaining to a vast range of branches of activity, were instigated following the initiation of simplification and thinning-out procedures.

Particular emphasis is given to structural reform of administrative procedures, so that these are guaranteed to businesses, organizations or individual citizens:

- Swiftness and certainty of reply in answer to requests for information or supply of services;
- Greater responsibility on the part of public employees (to whom pecuniary sanctions might be applied, so that in the event of a delayed or unmotivated execution of a procedure the citizen might be compensated); and
- Transparency of administrative operations.

The juridical problems of deregulation are contiguous to measures in which issues of an essentially operational/managerial nature are made evident. Here we are referring, on the one hand, to the wholesale adoption of service-charters geared towards facilitating access to services and information and stimulating social control of public management and its performance. On the other hand, the reforms we are taking into consideration are openly aiming to boost the citizen’s participation in the defining processes of these charters and in monitoring the results. Again, so that these arrangements might be effective, it is necessary to introduce well-devised operative mechanisms and adopt managerial tools aiming to foster quality of service, involvement of the client and achievement of results. A primary initiative in the reformulation of regulations relating to administrative procedures, in terms of better information, opportunity for access to services and transparency, was carried forward through Law no. 241/1990.

3.1 Implementing privatization and externalization

The privatization process started at the beginning of the 1990s, with the formal privatization of the “Casse di Risparmio” and all other public banks (Law no. 218/1990).
The privatization process proceeded slowly, in spite of the critical importance for the nation of its two major goals, i.e.:

- Contributing to the development of the financial system and the stock market;
- Contributing to the re-balancing of public financing, whose deficit was already a very serious problem in the early 1990s. Naturally, the process was (and continues to be) accompanied by a heated debate over the “classic” questions of more convenient ways of launching the said privatization (Anselmi, 1994; Berti, 1998; Bianchi, 1994; Clarich, 1994):
  - The options between a model resembling either that of the public company (British experience) or the “noyau dur” (French experience);
  - Recourse to the golden-share model with the objective of the State’s maintaining special rights of control of privatized public services;
  - The decision to institute supervising and regulating authorities for public services.

The law regarding privatization (no. 474/1994) chose to favor the public company model (although in several important instances the alternative “noyau dur” was applied). The golden-share solution was eventually adopted and was followed by the decision to institute independent supervising and regulating authorities for public services.

As opposed to privatization, the externalization (which consist on the delegation of public services supply to private market) came about, and continues to be verified, without any explicit legislative reform. Above all, this is affecting local bodies (including local health units – “aziende sanitarie locali”) as it is indirectly demonstrated by the gradual reduction in expenditure on personnel as compared to that on purchasing goods and services. This evolution is, moreover, partly and more specifically caused by the recurring restrictions on taking on personnel imposed on local authorities by decisions at the intermediate level.

### 3.2 Decentralization

Decree no. 59/1997 and the constitutional reform in 2001 introduced a sort of “administrative federalism”, in other words, the most wide-ranging delegating by the state, of functions, to the regions and local administration. The principle of subsidiarity was affirmed as a basic criterion regulating relations between the various levels of government. Only a very limited number of functions were to remain under the direction of state administration. In their turn, regional administrations were forced to delegate to local bodies all those functions that might be better exercised at the local level, in line with the same principle of subsidiarity. This fundamental decision was supported by the ordaining of a certain number of operational criteria as guidelines for the delegation of functions (globality, efficiency, economy). Together with substantial privatization and externalization, institutional decentralization aims to guide public administration towards the idea of a “light-weight” state.
3.3 Public accounting system

Reforming accounting systems, ranging from legitimacy preventive controls to controls based on the evaluation of management performance. The 1990s witnessed important changes in the structure of public sector accounting. The fundamental stages were:

- Reform of the health system, approved in 1992, entailing the adoption of economic accountancy on the part of local health units (“aziende sanitarie locali”) and the abandoning of financial accountancy (Marcon and Panozzo, 1998);
- Wide-ranging reform of the local authorities carried forward in successive phases starting in the early 1990s, led to important changes in the accounting system of local bodies, including the introduction of a performance budget (denominated executive management plan) based around certain objectives, programs and resources (Marcon, 1996; 1997). Another aspect was the adoption of “economic” (= economic/patrimonial or general) accountancy, side-by-side with, and backed up by traditional financial accountancy;
- Reform of State Accounting System (1997). Among other things, this deals with re-planning the budget structure in accordance with the organizational structure, which is organized in such a way as to open the way towards a budget crafted for centers of responsibility. Another cardinal aspect is the differentiation between content and structure in the balance, in agreement with the informational needs of the principal actors (Parliament, on the one hand, ministers and managers on the other), analogically with the balances of local bodies. The framework is completed by the introduction of instruments of managerial control (as a system of analytic accountancy on the part of the cost-centers) and a link between resources/results and the management's budget goals.

Taken as a whole, the above-mentioned series of accounting reforms reflects the strategic change that is characterizing the public sector's decision-making processes. In fact, the acceptance of a new relationship between politics and administration and the principle of managing for results, requires a transformation in accounting information. In the previous set-up the decision-making processes were of a centralized type and controls were of a legal-formal type, whereas the basic function of the budget was one of authorization. On the contrary, the new set-up is characterized by decentralized responsibility, wide-ranging delegation of authority to management and the adoption of efficiency-effectiveness checks.

On the other hand, as regards control-system initiatives the synthesis of the most significant initiatives of an NPM type taking place in Italy over the last twenty years has greatly emphasized the emergence of new instruments and mechanisms of government (among the various aspects). First of all, the entire Italian public administration was hit by a change in the philosophy and functions of checking. Under these labels the elements can be grouped as follows:
• Shift from preventive checks of legitimacy to subsequent checks for results;
• The adoption of the principle, on the basis of which, results of the assessment process should influence the allocation of public resources, in accordance with a system of prizes and sanctions based on merit.

Consequently, a change in checking objectives was introduced, as well as a change in the actual nature of the checking instruments utilized. The shift from traditional monitoring of expenditure to monitoring of costs, output and outcome, belongs within this category, as do adopting a system of assessing performance and adopting periodic reports on efficiency, effectiveness and economizing.

3.4 Decision-making processes

Changing decisional mechanisms and organizational models, through the introduction of those operating mechanisms needed to bring about more performance-oriented management in public administration (Bianchi, 2004). The main innovation introduced in this field regarded the transfer from a bureaucratic model based on norms to a managerial model based on performance, the privatization of the employee relationship in the public sector, and, lastly, the recognition of the principle of distinguishing between politics and administration.

In particular, greater autonomy was provided to the executive body in contrast to the political sphere. At the same time, it grants politicians the power to carry out timely and regular evaluations regarding the efficiency, efficacy - effectiveness and financial stability of management action. Lastly, it would like managers to be involved in proposing strategic objectives.

The reform, therefore, has the aim of creating a system which combines the principles of function separation and strategic interaction. The new relationship between politics and administration necessitated providing politicians with orientation skills and public executives with managerial skills in order to avoid political interference and to fully achieve managerial accountability in the sphere of management (Marcon, 1996; 1997; Mussari, 1994).

In fact, one of the main goals of the reform was to give public managers the same powers as to private company managers. Consequently, it was necessary to ensure that the management group had greater managerial autonomy from the political bodies, bearing in mind that before the reform politicians had the power to influence managerial action considerably. This often occurred because power was officially sanctioned to the political authorities so that they had the authority to substitute managers during the execution of their managerial functions. With regard to this, the new regulation has eliminated this power and aimed to recognize greater managerial autonomy. This is the principal element which distinguishes the old conception of public administration from the new. In fact, the previous decision-making process was plainly managed by politicians, while executives could not be rendered accountable for their activities. The new model, on the other hand, envisages public executives
with greater managerial autonomy, and at the same it implies that managers have full responsibility for results achieved in the execution of their duties.

The innovation was first implemented through legislative decree no. 29/1993, which stipulated a clear distribution of skills between politicians (orientation competencies) and executives (management competencies) and modified the hierarchical relationship between them through the elimination of powers which allowed politicians to influence managerial activity. The objectives of the reform were finally implemented by the legislative decree no. 80/1998, which extended the innovations to all managerial positions, and by the legislative decree no. 165/2001, which coordinated and regulated all provisions concerning public employees. The reform, therefore, introduced the principle of functional separation to regulate the relationship between politicians and public managers.

4. The current state of the reform in Italy

Everything described in the previous paragraph justifies our affirmation that during the last twenty years the Italian path to modernization of the public sector has been taking advantage of the entire “system of instruments” of an NPM type. The various elements making up the whole NPM structure have entered the Italian context in a more or less wholesale fashion and at several levels. Certain aspects regarding the motivations, temporal development, range and impact of the various initiatives have already been dealt with, but ulterior consideration does now seem appropriate.

Firstly, privatization entered the picture at a later date and more gradually when compared to other components; in fact, it is seen as a controversial issue, since it gives rise to political conflict in both left and right-wing parties, because of internal philosophies favoring the type of public sector with a significant position in the economy; this is without counting political movements inspired by Catholic solidarity, and which strongly support state intervention. The need to streamline the public sector is widespread, because of enormous state expenditure and public debt (Messori, Padoan and Rossi, 1998, p. 118).

Secondly, a toned-down version of corporatization was introduced (Borgonovi, 2005). In most cases the costs incurred by those utilizing the services do not reflect the principle of total cost, as postulated by the expression “management on a commercial basis”, which defines the concept of corporatization in rigorous fashion. This means that most “corporatized” public bodies continue to be widely financed by taxpayers and this also continues to hold true, though in decreasing mode, in sub-sectors (such as health units and local bodies) where the process of corporatization has advanced on a wider scale.

Thirdly, competition is still in its initial stages and only makes its presence felt in particular cases, such as certain partly-privatized public services and health organizations (following the introduction of the principle of patient mobility compensation).
Fourthly, a fresh surge of institutional decentralization is now breaking ground under the previously-mentioned label of “administrative federalism”; but there are still great expectations of further development, witnessed by the on-going debate regarding fiscal federalism and federalism plain and simple. In fact, it is constitutional reforms that occupy end-of-century prime time in political debate. It is difficult to foresee the final outcome and implementation times, since these reform schedules group together not only the theme of institutional decentralization, but also particularly complex questions, such as: overhaul of the electoral system in a more decidedly majority-based direction; overhaul of form of government (adoption of a presidential system is one of the fundamental options); modification of norms governing judiciary power and the functioning of justice.

The same considerations with regard to privatization and institutional decentralization are applied to initiatives such as: deregulation, re-definition of the role of citizens’ rights and accountancy reform at the state level. In all these cases: a) the reform process has only recently begun; b) the impact is therefore still limited; c) and there is strong pressure for further development.

Fifthly, the reform did not completely accomplish the principle of functional separation between politicians and public managers. This principle was formally adopted in Italian legislative reform (art. 4 decree no. 165/2001, expressly entrusts public managers with all managerial competences; art. 14 prohibits politicians from interfering in a manager’s activities), but the new regulation also contains rather vague aspects, which might contribute to preventing the actual application of the above-described principle (Marino, 2009). In particular, it introduces a complex series of instruments that could provide political authorities with the power to influence an executive’s actions, these are:

- **Regulation of the managerial role**: the first influencing element is represented by the power of nomination of top managers and general managers, a power which the law (art. 19 par. 3 and 4) grants to political authorities. These powers can directly affect the managers in their activities, considering that the politicians can, at their discretion, assign and confirm managerial posts. In this hypothesis managers could be influenced in their managerial choices by politicians who have the power to confer the role on them. The regulation provides a further influencing aspect, which is represented by the term of duration of the appointment (art. 19 par. 2). The limited duration of the position might prevent managers from remaining impartial from political bodies. In fact, managers with a short-term appointment might be subject to severe pressure from politicians having the power to re-confirm their appointment.

- **Career progression of professional executives**: the normative (art. 23, par. 1 leg. decree no. 165/2001) states that only managers who have held a general managerial position or equivalent duties for at least three years, may be incorporated on the higher managerial level. When management is organized on
two levels (as in the case of the Ministries) it may exercise a political influence, because the choices made by the political bodies might affect an executive’s career development. A position conferred by politicians (who have the power to confer top manager and general manager positions) might have direct consequences on the manager’s career progression (Merloni, 2006).

- **The spoils system**: the spoils system is a mechanism that allows politicians who have won elections to choose which persons to assign to top managerial posts (e.g. General Secretary or Head of Ministry Department). More specifically, the normative (art. 19 par. 8 leg. decree no. 165/2001) states that the top management appointments (general secretary and head of department) will terminate 90 days after the new government has taken office, without any need for justification because of the new government. When managers are linked to politicians in this way, it is very unlikely that administrative action will respect the principle of impartiality (art. 97).

- **The improper use of external management**: the vague formulation of art. 19, par. 6 have allowed politicians to widely use this opportunity to boost the number of fiduciary positions. External management represents an instrument for introducing the spoils system in the public sector, and it has permitted executives to join the upper managerial level as a result of their personal affiliation to political bodies.

- **Organization restructuring**: the leg. decree 300/1999 assigns the adopting of organization restructuring to public sources, such as government regulations and ministerial decrees. This possibility is often exploited by political authorities to operate the systematic removal of managers, the phenomenon being called a “disguised” spoils system (Merloni, 2007).

The new regulation introduced by the reform, therefore, has not fully accomplished its aim, because it has provided instruments that may be used in the public administration to reduce managerial autonomy and to allow politicians to gain influencing powers over a manager’s activities.

Lastly, a few initiatives are distinguished by more significant advances. These include: formal privatization, re-definition of the administrative machinery and internal decentralization. In fact, almost all public economic bodies have been transformed into limited companies. The intervention in the administrative machinery is distinguished by the wholesale adoption of the principle of budget delegation: from the political organizational level to the managerial level (and further down the scale the organizational level as far as local public bodies). Moreover, the internal decentralization issue is distinguished by the wholesale adoption of operational mechanisms for planning and checking; these aim to ensure that managerial operations connected with acquisition and employment of resources are carried out in the light of the principle of economic rationality (pursuit of efficiency and effectiveness). In the light of the above considerations it is possible to affirm that New Public Management
principles have strongly affected the reform process in Italy leading the Italian public sector towards the modernization of its previous structure. This is certainly a profound change, probably destined not to find its equal in other countries in the NPM movement, and above all, in countries of western-central Europe.

5. Administrative evolution in European countries

The United Kingdom is seen as the progenitor of New Public Management in Europe. During the 80s Margaret Thatcher shifted power from the intermediate centers of power, which had been created by the political powers and the administrative body as a whole (unions, local bodies, professional groups), moving the responsibility for state-reform towards the centre. The white-collar unions were sized down considerably and top managers with permanent contracts were placed in charge of administrative agencies (Rhodes, 1997). The previously-nationalized industries and public services were nearly all privatized. Even more emphasis was placed on the characteristics of pragmatism and managerial ability, which were however already present in Britain’s administrative organization. With the change of government from Conservative to New Labor in 1997, the role of market rules in the public services went from offering discipline and guaranteeing the monetization of the effects of competition, to being the source of innovation and renewal in the public services. Public contracts and public procedures of supplying money were inspired more by collaborative methods than strictly competitive ones.

In many respects Scandinavian countries can be treated as a whole, with Holland often being grouped together with them (Torres, 2004; Preforms, 1998). Scandinavia and Holland are linked by the fact that their administrations place great care on the needs of their citizens and there is a continuing tradition of consultation and negotiation between public and private authorities (Torres, 2004, p. 101). The direction of administrative reform in these Nordic countries is one of radical political decentralization and administration, in the context of a public sector that remains pervasive and a state that is committed to providing welfare (which has only been sized down to a slight extent). However, Scandinavian public administration remains strongly legalistic (Jorgensen, 1996). Sweden has several public agencies, whose independence is guaranteed by the Constitution. The ministries do not have direct responsibility in the agencies’ decisions and therefore they cannot oppose their decisions. Checks are carried out by administrative jurisdiction and the Ombudsman. In Denmark and Norway, on the contrary, public agencies are subject to direct ministerial control. Norway and Sweden differ from Denmark in that they have politically nominated secretaries of state and elections every four years. In Denmark, the prime minister can decide when to call general political elections. These differences bring about different relationships between politicians and civil servants. In Norway and Denmark, during the 1980s, a system of management was introduced based on the definition of goals and verification of results (Christensen and Laegreid, 1998). All the Nordic countries adopted excellent initiatives for verifying administrative performance. Among Scandinavian countries
Denmark is often seen to be in the vanguard of decentralization (Preforms, 1998). Compared with Sweden, Denmark has a more pragmatic and liberal style, whereas Sweden has a long tradition of official policy analysis and diagnosis of administrative problems, with strong ties between academia and actual practice. In the Netherlands, institutional tradition has always aimed to involve civil society in the supply of services and local-level decision-making (Kickert, 1995). Norway and Finland lag behind Denmark, Sweden and the Netherlands, but the reform dynamics are similar.

In the German-speaking world (Austria, Germany and Switzerland), the administrative model is still the classic Weberian one (Torres, 2004). The public sector has a distinct profile that clearly places it outside the social and economic sphere. Administrative practice is linked to the Rechtsstaat doctrine and is strongly legalistic. Relationships between offices function through detailed directives, organized in line with a strict hierarchy. The public employer-employee relationship is characterized by permanent contracts, job security and non-transferability of post of work. The parties recruit their managerial class from the actual ranks of public administration (Torres, 2004, p. 101).

New Public Management philosophy, based on contracting and managerialism runs into institutional, cognitive and normative obstacles in the German administrative tradition. An overall reform-bill is further complicated by the federal structure of these countries, where each region holds the reins of its own administrative policies and there is a strong tradition of local autonomy (Wollmann, 2001, p. 167). In Germany and Austria there has not yet been an extensive application of the instruments for checking accrual-accounting balances and performance indicators. The introduction of contractual instruments of common law as a normal method for managing public activity is still in the embryonic state.

In Switzerland the status of civil servant is open and the interchange with the private sector is quite good (Schedler, 1997). However the salary levels and the rigid salary scheme make it difficult to attract certain specific types of worker (e.g. programmers and financial managers). At intermediate or regional levels of public administration, the influence of consultants from the private sector has been decisive in the introduction of typical New Public Management solutions.

The countries of southern and eastern Europe are influenced by the French administrative model, founded on the centrality of administrative law and the supply of services at the same level throughout the country, through the workings of the central apparatus of the state. The management of public finances is still mainly centralized, in spite of a recent tendency towards federalism or fiscal regionalism (Torres, 2004, p. 104).

In Romania, for example, the reform process has followed two directions. On one side, the Romanian system has been characterized by a conservationism that aimed at avoiding changes founded on modern principles that could address the needs of the present Romanian society (Androniceanu, 2006, p. 95). On the other side, a series of changes took place in the Romanian administrative system during the last years.
They concerned: the reform of civil service, which aims to improve the management of civil service and to develop the life long learning of civil servants (Andrei et al., 2009, p. 2); the decentralization process and the reform of local public administration; the improvement of public policy formulation process; the simplification and improvement of the decision making process. Moreover, the reform has provided a series of changes at local level that reflect the NPM influences and it has established a new model of civil servant, that must become a “change agent” and bring a new mentality in the Romanian public administration. However, the full adoption of the NPM principles and values in a country like Romania has to be preceded by a systematic process of preparation and adjustment of the public administration that adapt them to the social, economical, political and cultural environment.

In France the public sector has been affected by competition. Market principles and the individual assessment of performance are difficult to impose in a context of heavily unionized public employment (Guyomarch, 1999, pp. 177-185). Spain represents a particularly interesting example for other reasons. Until 1975 the country was governed by an authoritarian regime, which, on the contrary to the rest of Europe, greatly limited the spread of the welfare state and administrative structures. With the fall of Francoism the democratic regime tried to close the gap, and between 1975 and 1995, public sector expenditure went from 24.4% to 45.5% of GNP. Therefore, Spain found itself combating a rapidly expanding public sector, whilst throughout Europe, New Public Management called for a containing or reduction of public spending. In more recent times, the Spanish government has introduced many of the New Public Management instruments, but with no great results (Torres and Pina, 2004, p. 446). Wide-scale administrative decentralization and greatly reinforced unions have, without doubt, made the road to change more complicated. Adopting occasional measures, without the introduction of a complete reform packet, has been another cause of the reformers’ significant failure. In Spain too, privatization has not been accompanied by incentives to be competitive. Managerialism has advanced slowly, and responsibility for actual management has not been clearly defined. The public finance system is still centered exclusively on correctness and formal ties in management, rather than on checking the results. Administrative management is strictly separated and it is difficult to establish retribution systems based on individual performance, just as it is difficult to attribute responsibility functions to external personnel recruited ad hoc (Torres and Pina, 2004, pp. 453-456).

To conclude this brief summary it should be noted that the rush for reform that has involved the public administration set-up throughout Europe is multiform. So far the road to reform has been laid down by the intervention philosophies of New Public Management. The reforms carried out in Nordic countries and Holland might represent an alternative to the model for modernizing the public sector based exclusively on the actual character of the market, accessible above all to German-influenced countries and the Mediterranean area, where a certain bureaucratic spirit has been
maintained in the recruitment and training of civil servants. In these countries the civil servants are, and will remain, professionals in law and are by nature reluctant to take decisions. In Nordic Europe and the Netherlands the predominance of jurists was greatly reduced in the second half of the 20th century. Southern European countries introduced various measures aimed at raising the quality of public services. For this reason they have based themselves on directives of the European Foundation for Quality Management (EFQM), which lays down goals regarding leadership, attention towards employees and citizens, collaboration with other bodies and institutions, development of performance indicators and checking of results.

As regards the other elements in New Public Management, more closely linked to competition (such as the providing of public services based on competitive bargaining and emphasis on the private management style), the three great continental-European models (Nordic-Scandinavian, Germanic, southern European) need to question the role of the public sector in society, and therefore strong resistance or refusal will presumably be encountered. Only Sweden, and to a certain extent Finland and Holland, seem to have embarked on concrete initiatives in this sense.

6. Directions of convergence

In spite of the different ways in which NPM principles have been received in various European countries it should be noted that, from the analysis of the administrative reforms carried out over the last few years it is possible to single out convergence in the various European public administrations towards certain common principles inspired by NPM ideas. By convergence we mean specifically the introduction of guidelines laid down by NPM into the public administration of various nations.

International convergence of public administrations is also favored by the increasing importance of the international arena, and therefore by the diminished capacity of governments to isolate themselves economically and politically from global pressures. These pressures manifest themselves through international markets and organizations such as the European Union. Convergence and internationalization of national public sectors develop in certain principal directions inspired by the actual principles of NPM (Peters and Pierre, 1998).

• **Thinking up new instruments for checking and allocating responsibility.** Changes the role of elected representatives, something which is usually downsized. Political leadership is less strongly-linked to an elective public office and begins to be more dependent on political entrepreneurship. Political leaders take on key responsibility in developing networks and “consortiums” of public and private resources. The only role of a traditional type left to politics is that of establishing goals and priorities.

• **Streamlining of the separation between public and private.** It is necessary to close the gap that has been created between the state and the rest of society. Anybody operating on the market, under strong pressure, has developed sophisticated models of management and allocation of resources. Public bureaucracies have
long remained cut off from any type of pressure. This has resulted in disorganization and neglect, inefficiency, obsession with procedure, indifference towards the needs of the consumer. New Public Management theories maintain that efficient management techniques are the same in every sector, and should not therefore be differentiated in accordance with the public or private nature of the organization (Peters, 1996).

- **Greater emphasis on competition.** The idea of exploiting competition to create greater efficiency and more attention to the client in the public sector is a clear demonstration of the penetration of the principles of company-oriented derivation. The introduction of competition has had important consequences: it requires a loosening of political control over functioning of services and the attribution of wide-ranging decisional discretion at all levels of the organization. Thanks to the creation of an internal market for all services, the competition consents each organizational unit to evaluate its costs in a much more accurate way.

- **Greater emphasis on checking results.** The checking of results was introduced through the use of indicators such as customer-satisfaction, or introducing private actors or volunteers in the production and supply of public services, in order to boost adherence to the rules of good administration and adaptation to citizens' demands.

- **Creation of new management tools and techniques.** According to the theories of New Public Management managing by pointing in a certain direction is the key task for the public sector (Rhodes, 1997, p. 49). This entails establishing priorities and setting goals.

The lowest common denominator of these intervention policies is a state that, if not yet minimal, is certainly more streamlined, less costly and potentially more efficient than the Weberian state.

The intervention policies can be translated into specific reform measures in three categories:

A) market-based;
B) participative; and
C) deregulation-based.

**A) Market reforms**

Market reforms include: introduction of the agency model, which attempts to keep administration away from political decisions; payments linked to merit for public employees; the creation of an internal quasi-market, separating suppliers from purchasers in the public sector; bargaining based on achieving goals, especially in recruiting other managers; adoption of accrual accounting instead of cash-based accounting, emphasizing the importance of disposable capital and costs of future outlay; revision of every administrative program on the basis of cost-benefit analysis;
creation of “single desks” in all cases where it is possible to eliminate duplication of competences (Merusi, 2002).

A.1. The agency model in the European Countries

Agencies are executive units that operate at arms’ length from the national government (ministries). They are in charge of policy implementation, for example the payment of benefits, regulation and inspection, doing research and/or offering training, registration, licensing, and so on (Pollitt et al., 2004). Because they are part of the central government, they can operate in a more business-like fashion: for instance with respect to financial management (e.g. using an accruals accounting system) and in personnel decisions.

Agencies are found in many countries, including Norway, Denmark, Netherlands, Finland, Sweden, Belgium, Italy and the UK (Pollitt et al., 2004). Despite the similarities in the label, there are big differences in practice. For example if we compare the Next Steps Agencies in the United Kingdom and the agencies in The Netherlands we find that the preference for the agency model in these two countries has different origins: in the UK agencies were the answer to insufficient managerial autonomy, while in The Netherlands they were seen as a less controversial alternative for another, highly autonomous type of executive body. This difference in origin is reflected in significant differences in the timing and pace of agency creation, their numbers and their design. The Dutch copied the English agency model – which explains why Dutch agencies are from a later date – but adapted it to the Dutch legal administrative system and rules of ministerial accountability. For example, in the UK the government can establish Next Steps agencies without new legislation, but Dutch agencies need the approval of parliament. Nevertheless, there are interesting similarities, for example in the way in which agencies are controlled by their parent departments, through quasi-contracts, performance measurement and liaison officers. However, it would be an overstatement to conclude that executive agencies in these two countries are the same.

Furthermore, if we compare the agency model working in Scandinavian Countries we find that Sweden is endowed of several public agencies whit a great independency granted by the Constitution. Ministries do not have direct responsibilities in the decision of the agencies and, therefore, the political bodies cannot affect their decisions. Control is carried out by administrative court and by the Ombudsman as well. In Denmark and Norway, on the contrary, the agencies are submitted to a direct ministerial control.

In the light of the above considerations it is possible to affirm that the agency model has found different forms of application in these countries, even if it is regulated in the different countries by some common principles inspired to New Public Management idea.

B) Deregulation

Deregulation is based on the assumption that many of the rules laid down within public bodies for managing personnel and the budget are useless and should be
eliminated. There are various similarities with market reform, but the central element in this case is different. Deregulation can predict: a change in the rules of financial management, so as to consent agencies to decide in greater autonomy; the attribution of greater autonomy to single administrative units with regard to supply agreements and contracts; the elimination of rigid controls over employment, promotion and dismissal of public employees (Peters, 1997).

C) Reforms of a participative nature

Reforms of a participative nature aim to improve the quality of services by involving workers from the sector and consumers (often called “clients”) in decision-making. Participation reforms include: citizens’ procedural rights in dealings with institutions; quality management; decentralization, which devolves responsibility for projects to outside bodies; citizens’ charters or service charters, which stipulate the minimum quality levels to be expected from the services provided. We shall now analyze several of these reforms of a participative nature in more detail, and with the aid of examples.

C.1. The Ombudsman and the defense of good administration

Among the tools for fostering quality in administrative activity, the Ombudsman stands out in the latter part of the last century as the institution with the greatest capacity for international diffusion (Mortati, 1974). Today there is an Ombudsman or an analogous authority at the national level in more than 100 countries throughout the world, without counting the Ombudsman instituted at the local level. The institution of the Ombudsman, better known in Italy under the title “difensore civico” (civic defender), originated in Sweden in 1809, and after more than a year's incubating period started to spread throughout Scandinavia and subsequently the rest of the world. The basic characteristics of the Ombudsman are today those of a “complaints office” for the citizen dissatisfied with the treatment of the public administration. Through informal powers and the moral persuasion that it possesses (recommendations to public administration, official relations with Parliament, faculty of proposing reforms) the Ombudsman can often resolve controversies through negotiation between administration and private parties (Cominelli, 2005), and can put itself forward as an institution to reform other institutions. The limited costs and reduced operational times have turned the Ombudsman into a practical alternative to administrative jurisdiction (Leino, 2004, p. 364).

Although the Ombudsman exists at regional and local levels, only Italy and Germany of the 25 members of the European Union do not have an Ombudsman at the national level. In 1995 the European Union nominated the first EU Ombudsman (named “Mediatore europeo”, i.e. European mediator, in the Italian versions of the treaties), which could officially deal with complaints made by EU citizens about EU institutions. In the first ten years of activity the EU Ombudsman has seen the number of complaints quadruple and has had many decisions overturned, as well as administrative practices that do not fully respond to the canons of good administration.
The institution of the Ombudsman has had considerable success in state organizations and its reach is today also spreading to international organizations. It is a flexible tool and a permanent source of administrative reform proposals. The EU Ombudsman has managed to put so much pressure on the Charter of Nice and the Constitution that the right to good administration has been incorporated, and various institutions have been compelled to take into consideration the possibility of a binding “good administration code” for their employees. The best road for the Ombudsman to take consists in keeping an eye over quality in administration, not from a legalistic point of view, but fostering a culture of service in the administrational sector (Tomkins, 2000). While this might not present a problem for the Nordic administrative culture, difficulties arise with the German, French and Southern European administrative models. The Ombudsman adapts to whichever institutional and cultural context it might find itself in, and modulates its operations by following the central idea of change and good administration. Specifications as to what constitutes “good administration” crop up ever more frequently in national regulations and paradoxically stem from a compilation of cases of poor administration.

C.2. Service charters for the citizen

Citizen’s Charters are an experiment arising out of a UK government initiative launched in 1991 with the aim of implementing a ten-year program to improve public services. The Citizen’s Charter proposed to set standards of quality in the providing of services, to assess the validity of performance and in the final analysis, to encourage improvements in quality through pressure applied by public opinion. The standards laid down in the Charter were of either a quantitative type (e.g. maximum waiting time) or qualitative type (e.g. respect for an individual’s privacy and dignity), and in cases of infringement compensation was envisaged. In subsequent years other countries followed the example of the Citizen’s Charter: among these there were France, Belgium, Portugal, Italy and Spain (Torres and Pina, 2004). The Italian initiative was launched in 1993 and the major difference from the UK model was that there was still no provision for a standard (as regards services) applicable at the national level, the faculty to fix its own minimum standards being left in the hands of the individual bodies.

Apart from this, very few Italians knew about the Service Charters, at least initially, because they were poorly advertised, and so adoption of the Charters was delayed by many months or even years. A survey carried out in 1998 by the Electricity and Gas Authority revealed that knowledge of the Charters on the part of the citizen varied from sector to sector, and even in the most virtuous sectors the figure never rose above 10%. In electrical services the quality standards had been set directly by the operators, with very ambitious goals. Compensation in the event of disservice was only awarded on request, and seeing the lack of information regarding standards, in the vast majority of cases compensation was never even claimed.
Little attention has been devoted to the launching phases and evaluation of the results of the Service Charters. In the United Kingdom, implementation of the project was entrusted to a permanently operational task force endowed with excellent resources. The committee responsible for supervising the Service Charters in Italy did not have a permanent staff and was made up of three part-time experts. However, the most significant element of differentiation when compared to other experiences was that in applying the standards of quality practically in Italy these were confused with a formalized right to a certain level of performance. On the other hand it was observed that the best way of rendering the Charters more effective was, rather than create binding obligations for the service-supplying body, to create moral obligations of responsibility and accessibility in dealings with citizens. One of the advantages of the Service Charters in the United Kingdom was to succeed in improving quality without being necessary to initiate great legislative reforms. The legislative provisions that set down new laws risk constituting an obstacle to development of the most flexible and responsive public services. In the United Kingdom, the results of the assessment did not only serve to impose sanctions, but also, and principally, to create higher expectations.

The differences in the link between “rights” and “action” are often related to the cultural context. In the common law profile, the service Charter represents a verifiable tool inspired by New Public Management. Goals to be reached, rather than juridical aspects, are indicated; these objectives are laid down from above in order to maximize public attention of consumers and managers. In the public law profile, the service Charter tends to confuse standards of quality with rights, and ends up creating additional guarantees, which often actually turn out to be rather ineffective in the administrative system (Lo Schiavo, 2002, p. 695).

6. The application of the Ombudsman and citizens charters in the European countries: profile of convergence

The Ombudsman and citizens charter have found different forms of application in the European countries. In Sweden the main assignment of the Ombudsman is to contribute to remedying deficiencies in legislation. If, during the course of their supervisory activities, reason is given to raise the question of amending legislation or of some other measure by the state, the Ombudsmen may then make such representations to the Parliament or the Government.

The general framework is that the holder of the office is appointed by the legislator. He is independent of both executive and judiciary and is empowered to inquire into administrative and executive acts. His normative function is to safeguard the interests of citizens by ensuring administration according to law, discovering instances of maladministration and eliminating defects in administration.

In Finland, Denmark and Norway the Ombudsman has little formal power towards public authorities other than the rights to investigate, inspect and to demand adequate information. Compensating for the lack of binding and formal powers, the interaction
between the Ombudsman and the national Parliament has proved a dynamic tool in
Denmark in the transformation of Ombudsman opinions into action and compliance.

In Spain, whenever the Ombudsman receives any complaints regarding the
operations of the Justice Administration, it shall forward them to the citizen’s rights
ministry in order to investigate its veracity and adopt necessary measures in accordance
with the law, or pass it on to the General Council of the Judiciary. The Spanish
Ombudsman is also authorized to interpose any unconstitutionality and protection
appeals. It may also initiate habeas corpus proceedings.

In Romania through its recommendations, the Ombudsman notifies the public
administration authorities with respect to the illegality of the administrative acts or
deeds (including silence) or the late issuing of the acts. The Ombudsman is entitled
to perform its own investigations, to request the public administration authorities any
information or documents necessary for the investigation, to hear and take statements
from the leaders of the public administration authorities.

The above description shows the different features and assignments that the
Ombudsman has in each European country, although the principles and goals which
inspire this tool are the same for all countries and consist in the protection of the
citizens against the abuses of public administration.

Regarding citizen’s charters it is necessary to highlight that in the European Union
almost all member states are doing considerable work in the policy area of improving
service quality. In Belgium, for instance, in 1992 was published the Public Sector
Customer Charter. The aim of this charter is to improve the legitimacy of the state
and the common good. The ultimate goal of the Belgian Charter is the improvement
of public interest.

In the same year France introduced the Public Service Charters as well. The strategic
goal of this policy was the improvement of the relationships between administrative
services and the users of such services. In Portugal the approval of the Quality Charter
in 1993 marked the consolidation of quality in the Portuguese public administration.
This was a deliberate attempt by government to generate confidence in a system of
public administration that enjoyed little public support. In 1997 Ireland introduced
the Initiative of Quality Customer Service in order to improve the service standards.

Italy adopted the Service Charter in 1994 in response to the need to improve service
quality and the relationships between the citizens and administration. In the same
direction Greece introduced the Citizen’s Charter, which is a specific action with
similar operational purposes as the above mention policies or initiatives. Also, the
Service Charter logic was introduced into Finish public policy based on a customer-
centered approach to develop the quality of public services.

From the above brief description we may conclude that the decade of 1990 is
the period of the growth of Citizen’s Charters. Most of the member states of the
European Union designed and implemented policies focused on the improvement of
public services delivery. Although there are differences between them either on their
institutional basis, the strategic goal is the same between all of them. The European Citizen’s Charter shares a common idea – that is to specify in advance service targets which must be met.

The objective of the public services is to serve the citizen – customer. With the adoption of Citizen’s Charter the citizen is considered as a customer with demands and expectations.

Citizen’s Charters are a clear trend towards a cross-system policy convergence. Individual administrative systems, at least in the dimension of the relationships between citizens and public services, are looking to resemble one another. Actually, the idea of Citizen’s Charters has been transferred among the member states of European Union, although there are some differences between the Citizen’s Charters.

Under this profile we may argue that a policy learning approach is a realistic one consideration of the expansion and widespread diffusion of Citizen’s Charters within the framework of European Union. At this point we have to underline that such super-national configuration contribute to the learning process. It is unavoidable that policy makers in one country seeks to learn lessons from policies that are designed, implemented and appeared to be successful elsewhere. Besides, it is well know that European Union has not a common policy on how to deliver public services or on how to structure the relationships between citizens and public services. Instead, European Union looks like a forum, which facilitates the exchange of policy ideas. In accordance with the above considerations we can conclude Citizen’s Charters are examples of policy convergence given that they have been established across a range of European countries.

7. Conclusions

In the light of all the above we might conclude that the principles of NPM have had a great influence on the processes of reform and modernization in the Italian public administration. In particular, from a comparative analysis with other European countries it emerges that Italy is one of the countries that has been most stimulated by the NPM guidelines. However, it should be stressed that the NPM principles have influenced reform movements in most of the world. This does not mean that a complete uniformity of application has been found. In fact, to this end it is possible to highlight differences between one country and another.

In particular, every administrative tradition has reacted differently in accepting or refusing the various types of reform. Changes in the public sector certainly depend on differing cultural variables that impinge on the circulation of ideas and policies. For example, a greater impact of NPM-type ideas was also discerned in Anglo-Saxon contexts when compared with Eastern regions of continental Europe. This can be reasonably put down to a long tradition based on the predominance in most European countries of a juridical-type school of thought in public administration.

Anglo-American culture has shown itself to be particularly inclined towards market reform, whereas German culture has opposed it forcibly. On the other hand
Scandinavian administrative tradition has proved to be receptive towards injections of managerial quality. Deregulation reform has been carried out more frequently in Australia and the USA than in Europe. The most common reforms have been those of a participative nature, followed by internal deregulation in public bodies. Nevertheless, in the light of what has been documented here, it is also possible to identify (in spite of national differences) an administrative convergence of reform movements carried out in the various European states on the road to adopting several common principles, clearly inspired by the NPM, which have facilitated the birth and implementation of the process of modernization of European public administrations.

References: