Organizational Development in Public Administration

The Italian Way

Edited by
Maurizio Decastri · Stefano Battini
Filomena Buonocore · Francesca Gagliarducci

Organizational Development in Public Administration

"This book tackles face up a major challenge met by public leaders and managers all over the world: the management of people and competences in the public sector. By providing insights into the Italian experience in improving human resources management over the past years and decades, and highlighting the key role of the national school of administration in it, this book offers a vast range of ideas and experiences greatly valuable to everybody with an interest in these topics. A key reader in public management for scholars and practitioners alike."

—Edoardo Ongaro, *Full Professor of Public Management, The Open University, UK*

"This book provides an insightful journey from theory to practice from international to national, from intrinsic public motivation to explicit performance evaluation, from reform to change process, from competences development to actual behaviour. A terrific challenge for intellectual curiosity."

—Elio Borgonovi, *Distinguished Professor of Public Management, Bocconi University, Italy*

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Preface

Over recent years there have been significant changes in the cultural, economic, and political global environment, leading to a new contextual framework for public managers and contributing to the sense of needing new managerial competencies for public governance and administration.

Information technology, in particular, has deeply affected the way we work and organizational practices, contributing to new models of flatter organizations, based on teamwork and project management. At a level of macro analysis, the fluidity of the communication processes allowed by technologies has increased the interdependence among public organizations, making structures more permeable and creating more opportunities to interact and cooperate across organizational boundaries (Agranoff & McGuire, 2003; Koppell, 2010; Lindsay, Pearson, Batty, Cullen, & Eadson, 2017).

Other relevant changes concern the globalization that has deeply affected the nature of work, in the public as in the private sector. As organizations operate more globally, they face an environment that is less predictable and as a result they need to be able to respond much more quickly to environmental changes (Lawler III, 1994). On the other hand, globalization increases integration in the world, allowing people to interact easily across the globe and between different governments and economies, all integrated into a "global community" (Farazmand, 2009). As a consequence, immigration, terrorism, international finance, and reforms, the latter rapidly migrating around the world and all too frequently being adopted even where not wholly suitable, have become common issues

among countries requiring a particular effort from governments in finding global solutions (Van Wart, 2013).

The effects of these changes on the way we work are evident. In public organizations traditional administrative capacities are not going to disappear, but awareness is spreading that they are not enough to meet the new challenges ahead. There is an increasing need for new sets of knowledge, skills, cultures, and designs in public organization and management that can meet the challenge of this historical period and its rapid changes (Farazmand, 2009; Handy, 1990; Morgan, 2006). Moreover, as is commonly pointed out in both the management and leadership literatures (Van Wart, 2013), the effects of these changes on public employees are more significant when they carry out managerial roles, which require leaders to take the tasks of teaching, coaching, and mentoring seriously. The expectation of new roles and competencies for public managers is a recurring issue in Public Administration research and a central theme in the ideas of contemporary reformers on enhancing and modernizing administrative capacities.

These changes and their related needs are captured in the literature on "soft skills" to inform and empower managers and staff to deal with changes, to encourage people in continuously learning, and to support learning organizations to foster continuous improvement (Beard, Schwieger, & Surendran, 2008). Communication, problem-solving, teamworking, and the ability to improve professional (e.g., learning attitude and performance, motivation, judgement, and leadership) and personal (e.g., flexibility, resilience, and creativity) traits (Hennessey & Amabile, 1998) nowadays represent relevant competences in public management, in line with Grugulis and Vincent (2009), who explained how in recent years there has been a dramatic shift from technical to soft skills, especially in the Public Sector.

The increased focus on individual capabilities calls for different approaches to organizational design, work design, and human resource management. Because organizations need to be much more adaptable and to compete on the basis of their competences and skills, it is evident that the old scientific management and bureaucratic approach to organization was not effective. The development of a more competency-focused approach, in which the capabilities of individuals are the primary focus, may turn out to be a key breakthrough in allowing new and more flexible approaches to organizing, leading to improved performance (Lawler III, 1994).

Relevant implications of moving to a competencies-based approach to management also concerns human resources management, in the areas of selection, training and career development, and competency assessment. Traditional recruitment and selection activities focus on finding individuals who fit particular job openings, while selection according to a competencies-based approach will include an assessment of whether individuals will fit the culture of an organization and learn the types of skills needed by the organization. Relevant effects are also evident for training and development. Particularly, training is much discussed in public management because of its key role in facilitating the implementation of new policies and reform by providing information about the policies, justifying why they are needed, and giving employees the capacity to put the new policies in place (Kroll & Moynihan, 2015). Effective training in public organizations requires an understanding of the specific capacities needed and how to create them. This means that organizations need to have a well-developed system for providing training to individuals and to make time available, so that individuals can take advantages of the training. Perhaps the most relevant implications of a competencies approach to management in public organizations concern assessment methods.

Public management literature is not familiar with the concept of job assessment, evaluation, and appraisal and few techniques have been investigated so far. However, assessment methodologies also raise a number of issues. According to McMullan and colleagues (2003), assessment contributes to the maintenance of professional standards (Rowntree, 2015) and "facilitates judgements about employees' qualities, abilities and knowledge against predetermined criteria" (p. 167). Despite the acknowledged relevance of the skills assessment process, there is still no agreement on the most effective methodologies. Competences are an integrated construct, resulting from the combination of many dimensions; although professional psychology does have tools for evaluating knowledge and skills, there are currently no available methods to readily or reliably assess the integration of knowledge, skills, and attitudes within the domain of competence.

Competency frameworks, designed to improve the capabilities and skills of public managers, have been applied in the US since 1979 and have more recently appeared in several other developed countries, including Japan, the UK, Germany, Sweden, and Italy. Since then there has been a need for rethinking skills and competencies for public managers in order to improve their performance at all levels (Gunz, 1983). One of the main

reasons that led to the adoption of a model based on skills was the introduction of New Public Management Principles and Values (Horton, 2006) and its related managerial innovations, such as performance management, the focus on human resource strategies, and the need to keep public expenditure down without having a negative impact on efficiency, effectiveness, and performance. Driven by these needs, Italy has made several attempts to reform work in the Public Sector over the last few years. In 2009 with Legislative Decree N. 150 (27/10/2009), the concept of performance in Public Administration was introduced into the Italian legislative system. Subsequently, other amendments (Legislative Decree N. 150/2009, law N. 124/2015) took measures aimed at valorizing meritocracy in the Public Sector and rationalizing management evaluation systems. These amendments pursue the general objective of improving performance in the Public Sector and ensuring efficiency and transparency in the civil service.

This book is structured as follows.

Chapter 1 is inspired by the observation that new trends are changing how public organizations are organized, making them increasingly complex and effective in challenging problems that cannot be successfully addressed through traditional bureaucracies. These changes are aimed at influencing the behaviour of public employees through the introduction of managerial and professional logics and other tools from the private sector. Efficiency, flexibility, and problem-solving have emerged as new standards for employees working in public organizations, who are now in search of new means of anchoring their identity and motivation.

The main goal of Chap. 2 is to analyse the managerial competencies in the Public Sector. The reform process in Western countries has profoundly affected the way Public Administrations are managed, in terms of governance, responsibility, and culture. Reforms in recent years have established a "management culture", emphasizing the primacy of management above all other activities and the key role of managers above all other employees in the organizations. In many Western countries public organizations are trying to identify the core competencies for being a public manager, moving from leadership competencies, to managing people or achieving results. At the same time, a more recent literature has shown how competencies are changing, so while managers in public organizations are increasingly concerned with performance, they are also influenced by unique factors such as their need to be accountable to elected officials, the public at large, and special interest groups. In coherence with this picture,

we will present the main contributions on the competency model in the Public Sector. Through their knowledge, know-how, and skills, people are at the heart of the reform processes in Public Sector, since it is people who provide services, promote innovation, and carry out reforms. As a consequence, in recent years people management has received increasing prominence and there have been many calls for the Human Resource (HR) function to play a strategic role. Developing Human Resource Management (HRM) facilitates the recruitment and retention of valued staff, enhancing organizational effectiveness and promulgating a performance-driven culture.

Starting from these premises, Chap. 3 aims to answer some relevant questions within the research of Public Administration: Why and how does HRM matter to good government? Why is HRM in public organizations central to achieving effectiveness? HRM is widely recognized as a key function contributing to democracy, transparency, meritocracy, and performance in Public Administration. However, a number of characteristics make the Public Sector particularly distinctive with respect to HRM. In the Public Sector, activities are regulated by laws, regulations, and procedures; decisions are influenced by political and informal procedures; objectives are often multiple, vague, and politicized and, consequently, difficult to measure; the employment process, specifically in the case of top managers, is based on appointment rather than selection; the organizational structure is often centralized. All these variables have hampered the development of HRM in the Public Sector, raising an intense debate among Public Sector scholars. First, a prominent question is to what extent public managers can influence employee performance given the constraints on managerial autonomy and the prevalence of red tape, which has fostered a compliance culture with managers viewed as "guardians" of established rules and procedures. Second, a related question is what mechanisms link HRM practices with organizational performance? Finally, empirical evidence shows that not all HR practices are suitable for application in Public Sector organizations, given the nature of services provided, the characteristics of Public Sector employees, and the fact that public organizations are accountable for the ways in which they spend public funds.

Chapter 4 investigates the evolution of the public manager role in a given historical and local context: the Italian Public Administration undergoing a wave of reforms since the early 1990s. Italy represents an illustrative case of organizational development. In line with the major trends in other European countries, the reform path started in the early '90s is

recognized as the moment of a strong break with the past, leading to a complete redesign of the organizational structure of central and local government, a re-organization of managerial planning and control systems, and an emphasis on transparency. In other words, the last 20–30 years of administrative reforms put a stronger emphasis on the improvement of the efficiency, effectiveness, and sustainability of Public Administrations, creating the conditions for the development and consolidation of a performance and risk management model in the Italian Public Administration. Political agendas were inspired by the "New Public Management" (NPM) model from the early 1990s to the late 2000s. Although no comprehensive evaluation has ever been conducted, the literature agrees that reforms have been generally unsuccessful. Organizational change has been cosmetic, failing to produce quality or reduced costs, while managerial techniques and tools have been adopted only formally. From a theoretical prospective it is perhaps more appropriate refer to "New Weberian" model that identifies a coexistence between the basic rules of the classic bureaucratic model with measures aimed at increasing the capacity for managing complexity. An additional element of criticality is given by the fact that the political system in Italy has been subject over the years to frequent government turnovers, making the average government institutional life very short. Consequently, this evolution has also affected the hierarchical stratification in public management, in which the development of the role and the related competencies and professional skills of the top management has had trajectories (and attentions) different from that of mid-level management.

Developing an effective, competent, and forward-looking public service is one of the greatest challenges public organizations face today. Chapter 5 explains the role that central administrations play in promoting organizational and skills development. Particularly, we focus on the education and research institutions with a key role in leading to a relevant organizational change and we propose the case of the Italian National School of Administration (SNA) as a representative example. Over the last few years, the SNA has supported the Italian Public Administration in successfully tackling the organizational change resulting from recent reforms, contributing to the development and dissemination of a competency approach for public employees. Its mission is to carry out training activities of excellence for civil servants, with the support of research activities, in order to promote effectiveness and a culture of efficiency in Public Administration, to disseminate methods of management control and

economic accounting, to implement technological and innovation processes in services provided by the central Public Administration. The SNA ensures a constant and highly competitive channel of recruitment for public management and pays attention to the development of training methods that are increasingly adequate both for the context and for people.

Chapter 6 describes an experimental project jointly launched by the Italian Prime Minister's Office and the Italian SNA, with the aim to propose and test a competency approach for the Italian public organization system. It is an action-research project entitled "Analysis, Evaluation and Strengthening of Managerial Skills" that involved 51 volunteer senior managers of the Presidency of Council of Ministers (PCM). The PCM is an important administrative structure which supports the Italian President of the Council of Ministers, who makes use of it for the exercise of both the functions of political orientation and coordination regarding other administrations (Legislative Decree 303/1999), both for the definition and for the implementation of determined public policies. The establishment of the PCM is quite recent (Law N. 400/1988): it is a singular branch of the Public Administration regulated by specific legislation regarding its organization and functioning. The goal of this project is threefold: (a) to identify the job descriptions and the role profiles of public managers in order to represent and describe the intellectual, professional, and human capital of PCM public management, (b) to create the conditions for differentiated and targeted career and training paths, and (c) to promote a process of constant development of managerial skills in a strategic perspective. Therefore, the project has been aimed at identifying the role profile of top management levels of the PCM, by assessing the skills and defining a learning environment suitable for strengthening the "weaker" competencies.

Finally, Chap. 7 summarizes the contents of the various chapters of the book and provides a complete overview of new training delivery strategies implemented by national schools for Public Administrations. The peculiarity and characteristics of the Public Sector suggest a necessary focus on the reforms that are generating a constant organizational change. The role of public managers, above all, has changed considerably over the years—from a bureaucratic model to that of New Public Management and beyond—and, within this framework, the competencies and managerial skills required for working in the Public Sector have changed. In Italy, more than in other countries, the reform of Public Administration has been a distinctive and constant feature of every government, since the

foundation of its state in 1861. Personnel management, evaluation, and, above all, human resource development are factors that should not be underestimated and that need to be redesigned in light of the peculiarities of the Public Sector and the constant changes which, particularly over the last few years, are conditioning and affecting it.

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Rethinking Organization and Human Resource Management in Public Sector

Organizing Public Administration

Maurizio Decastri and Filomena Buonocore

1.1 Introduction

Reforms possibly represent the most important driver in the process of change in public organizations. The trend of administrative reforms involving European bureaucracies in the last decades mainly concerned the civil service sectors through the adoption of company-like management styles (Emery, 2019). An increased flexibility in public service employment contracts, a greater mobility both within and outside the administration, a strengthening of political appointments, a decentralization of recruitment and training, and an extension of collective bargaining represented the common traits of the reform trends in the UK, Italy, France, Spain, and Germany during the 1980s and 1990s (Gualmini, 2008). Consequently, public employees have begun to face managerial logics based on efficiency, quality of service, openness, flexibility, and speed of execution.

All these changes have produced two relevant effects on the Public Sector.

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Firstly, public organizations have become more complex in organizational terms, because of new logics that have not ousted the traditional logics of the Public Administration, based on the criterion of compliance with the law and administrative rules for public officials, but have been added to them. This is congruent with the view of Olsen (2008), who talks about a sedimentation process of reforms, that implies that new reforms complement or supplement, rather than replace, old ones, leading to the coexistence of old and new institutions, even if founded on partly inconsistent principles (Christensen & Lægreid, 2011). In contrast to the either-or reform approaches, assuming a linear or cyclic development where one reform replaces the previous one (Verhoest & Lægreid, 2010), Olsen (2008) proposed that reforms are conceived as a compound, based on the idea that previous reforms are modified through the addition of new, different reform measures, leaving certain elements of the structure and culture relatively stable, but strengthening some and weakening others (Christensen & Lægreid, 2011; Røvik, 1996).

Verhoest and Lægreid (2010) talk about a combination of "robustness and flexibility" in the way public organizations change, where robustness is associated with the concepts of stability, continuity, reliability, predictability, low variance, and regularity, while flexibility is associated with change, variation, adaptability, new knowledge, flexibility, and innovation (Farjoun, 2010).[1]

Secondly, public and private organizations are minimizing their gaps and overcoming their traditional structural differences in terms of values, culture, and organizational asset. The New Public Management (NPM) movement (Barzelay, 2001; Osborne & Gaebler, 1992) significantly influenced the new trend, assuming that public and private sectors are convergent, according to the principle that management is management, regardless of sector (Lyons, Duxbury, & Higgins, 2006). The primary objective of NPM is to give Public Sector organizations a new orientation by changing the way of working, focusing on performance, effectiveness, and productivity. Consequently, after a long period when much scientific

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[1] As a recurring theme in organizational studies, this dualistic view has inspired numerous models of learning, design, and organizational change that implicitly recognize that stability and change jointly contribute to organizational effectiveness. The common theoretical principle is represented by the model of March (1991) and Levinthal and March (1993), which explains how the success of an organization depends on the delicate balance between exploitation and exploration, that is, the ability to explore new roads through change and experimentation and, at the same time, the ability to exploit existing resources and knowledge consolidated in the organization.