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# Governance and Performance of Water Utility Firms



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# Chapter 1

## Introduction

The definition of public services varies with the point of view that is chosen for the analysis. Traditionally, in fact, both legal studies and those business and economic have emphasized different profiles.

In the business and economic perspective, the focus concerns the nature of the need which the activity tends to satisfy and, therefore, public service companies are those which underlie the company's mission to meet the public needs, which are widespread, cherished by all citizens of a community.

In the legal sphere, however, the focus is on the nature of the entity that provides the service and so are the public services operated by public entities, specifically created by the state in the general interest.

Finally, the economic vision is addressed to the characteristics of the provided service, linked to the public good, by its nature indivisible, free of unit pricing and rivalry, which cannot be traded on the market or provide an exclusive consumption and an individual application. This leads us to different theories on the need for regulation, most recently revised in light of the general process of deregulation being put on the field.

The defining aspect does not seem to be a pointless exercise in this case, since the management and the "social" wealth creation procedures, carried by the regulations at the head of these companies, depend on the role and nature identification of the conducted operations.

At the same time we should not underestimate the contingent and historicized extent of the concept of public service, which, from the beginning of the last century, has seen more times a configuration change.

So, nowadays, if the law confirms as well the possibility for private companies to carry out activities geared to the collective, the general economy, instead, focuses on convenience in service provision, reserving to privates the ones with the profit possibility and to the state the ones mainly focused on social aims, deemed essential or which cannot be delegated.

The public services Companies observation, the chosen perspective, is in fact directed, being bound to the needs, to check how a real transformation of the operational and management methods, and especially the basic guidelines that characterize these institutions are related to the evolution of the needs. Therefore,