

# Public sector reform trajectories: a complexity-embracing perspective

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## IMPACT

Making the context and trajectory of reforms more comprehensible is essential for public decision makers when it comes to assessing programmes' robustness and strengthening future efforts. The article argues for a shift from 'reducing complexity' to 'embracing complexity' to be adopted by local decision makers to develop a more pragmatic implementation strategy.

## ABSTRACT

To understand the divergent outcomes of the same centrally-defined reform programme means addressing the complexity of implementation. Italy's local government reform programme highlights the shaping role of contextual elements in the rollout of programmes within multi-level systems. The authors emphasize the need for a pragmatic approach to the 'implementation puzzle'—one that leverages the local variables and that enables self-organized responses. Decision-makers should strategically engage with the complexity of multi-level institutional systems.

## Keywords:

Complexity; local government reform; inter-municipal **co-operation (IMC)**; multi-level governance; pragmatic municipalism

## Introduction

Central challenges in contemporary local governments include how the adverse effects of administrative fragmentation can be reduced and how the efficiency, effectiveness and quality of services delivered to the local communities can be improved. To achieve these goals, inter-municipal **co-operation (IMC)** is a common practice among European countries (Hulst, van

Montfort, Haveri, Airaksinen, & Kelly, 2009; Morçöl, 2012; Swianiewicz & Teles, 2018; Teles, 2016).

In Italy, for example, territorial reforms have taken place in different waves over the past 30 years and have pushed for the establishment of stable forms of collaboration to integrate a significant number of municipal tasks into a single upper-scale entity: the *Unione di Comuni* (UC). By 2020, 3,292 out of 7,914 municipalities had set up 550 UCs. Almost 42% of Italy's municipalities are currently involved in a UC, although there are variations across regions. This raises a key question for those who study or practice public management:

How can we understand divergent outcomes driven by the same centrally-defined reform programme for reorganization of the local government?

To answer this question means addressing the 'perennial puzzle of implementation' (Sandfort & Moulton, 2020) and the reasons behind the uneven results of efforts to translate political intentions into local action. Additionally, it means uncovering and understanding the difficulty of reform programmes 'introduced into complex social systems' (Pawson, 2013, p. 33), which is essential for public managers, evaluators and policy-makers when it comes to assessing reform robustness and strengthening future efforts.

This article develops a conceptual research design and uses Italy's 30-year territorial reform programme as an example of a national intervention in a multi-layer system. The aim is to explain the variation of the outcomes across and within regions; and to illuminate the inner workings and behaviour of local administrations when it comes to implementing central reform programmes. Drawing on an examination of structural-instrumental, cultural-institutional and environmental forces (Christensen & Lægreid, 2013), our longitudinal analysis (1990–2020) indicates that mixed dynamics in collaborative practices depends on two mutually-reinforcing elements of complexity. First, the top-down, 'planned' and intrinsically rationalist 'innovation by law' approach to reforms that tries to 'steer' the alignment of the strategic views of individuals and organizations through mechanisms (legal obligation, persuasion and economic incentivization) that have proved to be ineffective. Second, the interaction of contextual elements at the macro (central government); meso (regional governments); and micro (local) levels that have led to the emergence of non-aligned (and sometimes even conflicting) strategic views on territorial reorganization.

To illuminate the inner workings and behaviour at the local level, the article takes on a complexity-based lens as a heuristic device (Butler & Allen, 2008; Castelnovo & Sorrentino, 2018; Eppel, 2017; Eppel & Rhodes, 2018; Haveri, 2006; Haynes, 2015; Teisman & Klijn, 2008; Klijn, 2008). In so doing, the proposed conceptualization connects institutional change to the micro behaviour of

actors (Haveri, 2006). Essentially, the article adopts a theoretical stance based on Morçöl (2012) who linked complexity thinking to public policy-making.

Drawing on Italy's experience, the article suggests the need for a more pragmatic approach to public reforms, for example based on regulation rather than prescription, leveraging local varieties rather than reducing them and increasing the freedom of relevant decision-makers to learn and adapt to their local environment. Such an approach is what Cairney & Geyer (2017) associate with a perspective that challenges the quest for certainty and also prompts discussion about the role of pragmatism in policy-making.

The article proposes a threefold contribution to the research literature. First, factoring complexity concepts into the analysis of the implementation of the territorial reform programme sheds new light on the problematic interaction between the different tiers of government. Second, the pragmatic response suggested here as a possible operationalization of the 'complexity-embracing' approach recognizes that differentiated measures are needed to take a municipality's capacity to comply with government legislation into consideration. Third, the article advances the knowledge of organizational change in Napoleonic administrative systems given that, as noted by (Cairney & Geyer, 2015), studies on complexity thinking applied to the public sector predominantly address the Anglo-Saxon countries. Overall, the article makes the referential context and effects of reforms more comprehensible, helping with the comparison of policy-making across locations and time, and enabling successful policy learning.

### **Theoretical framework**

In general, converting policy intention into action depends on two factors: getting those responsible for carrying out the mandate to execute its dictates, and then ensuring that the effects of those actions are the ones that were wanted. While the success of a policy depends on the accomplishment of *both* factors, this article focuses on the former. With reference to a multi-level system, the only way to address our key question was to investigate how the local (municipal) level translated the policies of the central and regional governments into action.

To develop a basic understanding of the case, it is essential to look holistically at the case. This means factoring in such contextual features as the strategic role of the state, the ongoing debate on how to allocate the needed resources, the multiple layers typical of administrative systems, citizen involvement and the private sector's role.

'Context' can be defined as 'a complex mixture of environmental pressure, historical-institutional context and polity features' (Christensen & Lægheid, 2013, p. 136) that describes a policy-maker's environment and plays an active part in reform processes (Cairney, 2015). Therefore, a context-

based analysis of the ‘course and outcome’ (Christensen et al., 2007) of public policies needs to capture three key aspects: the political mentality with its constraints and influences; the institutional history and culture; and the role of external forces (Christensen & Lægreid, 2011).

The threefold framework developed by Christensen and Lægreid (2013) is of considerable value to making the referential context and the effects of public decision-making and reforms more understandable. Each category of elements captures meaningful aspects of the broad dynamics that occur in this fragmented ecology of public bodies, actors and practices.

However, if, on the one hand, the framework allows for the formulation of ‘middle-level generalizations’ (Pollitt, 2013, p. 416), on the other, it is of limited use when seeking to identify variations at the micro (local) level. In other words, when faced with ‘case-specific circumstances’ (Pierre, 2013), the mere ‘continuity’ argument (i.e. what usually relates to path dependencies or historical ties that impose constraints on present decisions) reveals a limited explanatory power, especially for what concerns the role of agents.

To better decipher the intricacy of the real-world occurrences, we need to integrate a context-aware approach (Castelnovo & Sorrentino, 2018) with an interpretive lens that takes into account the complexity of public policies as vehicles to achieve policy outcomes. The common view of complexity interprets the public policies as ‘emergent, self-organizational, and dynamic complex systems’ (Morçöl, 2012, p. 9). In essence, this means acknowledging that the design and implementation of public policies is the result of interactions among a variety of actors who often resist external command and control pressures (Morçöl, 2012, pp. 10–11).

During the interactions, the agents adapt to each other, self-organize and coevolve through processes that can lead to the emergence of entirely new and unpredictable results tailored specifically to the peculiarities of the relevant local contexts.

The most general implication of the complexity-based view of policy systems is that there is no direct and linear causal link between governmental policy action and outcomes. In other words, emergence, self-organization and coevolution are context-dependent (Morçöl, 2012, p. 89).

The contingency and context-aware view and the complexity perspective can thus offer complementary analytical lenses on policy-making and management practice by focusing on the behaviour of actors ‘within complex dynamics, self-organizing landscapes’ (Teisman & Klijn, 2008, p. 289). Contexts are multiple and do not operate as a ‘passive backdrop’ but as factors ‘constitutive of action’ (Pollitt, 2013). However, as Pollitt (2013) explained, although contexts influence ‘events and action’, there is always room for purposeful actors to upset or modify the status quo. It is the context-specific and socially-constructed behaviour of the agents and their

relations that leads to uncertainty in the implementation of a public programme (Morçöl, 2012, p. 22).

### **Methodological approach**

To empirically unravel the implementation path of reforms, we analysed the case of Lombardy, which is the most populated and developed region in Italy but also has the highest level of administrative fragmentation. We discuss the case here as a ‘vignette’ (Straussman, 2018) to highlight the problems that need to be considered and concepts that need to be developed. By assuming an interpretative, inductive lens (Yin, 2016), which is wide enough to capture the relevant ‘structural-instrumental, cultural and environmental’ aspects (Christensen & Lægreid, 2011), this article explains the policy content, the implementation process and the backdrop against which the reform programme unfolds. We expected the mixed outcomes of reforms to depend on the interplay between contextual factors and the emergence of self-organizing processes at local level.

To map the UC dynamics (1990–2020), we combined a configurational approach (Bezes, Fimreite, Lidec, & Lægreid, 2013) with a narrative process-tracing method (George & Bennett, 2005):

- First, we looked at the multi-year journey towards local government reorganization in Italy as a sequence of stylized facts or reform episodes.
- Second, for each episode, we identified the contextual conditions that have most affected the establishment of UCs.
- Third, we looked at the way the local outcomes of each episode related to the specific configuration of the polycentric/monocentric view of governance (Klok, Denters, Boogers, & Sanders, 2018).
- Fourth, we deciphered the course and outcomes of the real-world occurrences using a complexity lens and came up with implications for management going forward.

We triangulated empirical evidence from various official sources (including Lombardy Region, PoliS Lombardia, the Italian Ministry of the Interior, and Istat) and verified their consistencies (data triangulation). To collect converging evidence, the two authors discussed and resolved divergent data based on their knowledge in the field of IMCs (investigator triangulation) (Yin, 2017, p. 87). Additional information, including expert viewpoints and academic literature (primarily public management studies and policy studies), was further analysed and reviewed.

### **Monocentric and polycentric views in multi-level governance systems**

In Europe, the municipal level has undergone many reforms since the 1950s, mainly in the context of territorial re-scaling programmes. **In most** northern countries, including the UK, Sweden and Denmark, municipal-level reforms have generally aimed to create larger local government units by implementing an ‘up-scaling’ strategy. In contrast, in the southern countries, most notably Italy, France and Spain, where the small-scale and fragmented structure of local government dates back to the 18th century, the reform effort has led to a ‘trans-scaling’ pattern (Kuhlmann & Wollmann, 2014), such as the establishment of new inter-municipal bodies.

Trans-scaling strategies are one way of overcoming the difficulty of implementing municipal mergers and amalgamations. However, trans-scaling, which usually involves the compulsory consolidation of municipalities, is difficult to achieve due to the opposition from local policy-makers who face losing some or all of their decision-making powers, the hostility of municipal employees fearing the loss of their jobs, and the resistance of the local communities worried about losing their identities (Garlatti, Fedele, & Iacuzzi, 2020).

Extant literature emphasizes the patterns of similarities and differences. For example, Wollmann (2010) characterizes type **I** and type **II** models of IMC and local governance. Type I and type II arrangements are premised on two basic organizational logics: ‘the territoriality-based general purpose elected local government form’ (type I) and the ‘institutionalized functionality-based single-purpose nonelected inter-municipal co-operation’ (type II) (Wollmann, 2010, p. 263).

Based on the distinction between the monocentric and the polycentric view of regional governance, Klok et al. (2018) introduced a similar classification of IMC models. The former can be defined as an ‘arrangement in which a single decision centre has ultimate authority over all important decisions related to the governance of that group or community’ (Stephan, Marshall, & McGinnis, 2019, p. 25). Accordingly, monocentrists have a preference for concentrating regional governance in one authority and also have a preference for uniformity of design to reduce uncertainties, lower transaction costs and increase the chances for successful collaboration (Klok et al., 2018, p. 527).

In contrast, polycentric governance systems are based on the co-existence of multiple decision centres that can engage ‘in regularized forms of interaction, which might take the form of competition, co-ordination, contractual relationships, consolidation and other instruments for collective action’ (Stephan et al., 2019, p. 33). Hence, polycentrists ‘prefer a ‘fragmented’ system in which independent municipalities are more or less free to enter collaborative arrangements’ and also favour ‘multiformity in institutional arrangements’ (Klok et al., 2018, p. 527).

Applied to the Italian administrative landscape, type **I** arrangements, based on a monocentric view of local governance, are typical of UCs. However, type II, or polycentric, arrangements are less

institutionalized forms of IMC, including *Convenzioni* (collaborative associations); *Accordi* (agreements); *Patti territoriali* (territorial pacts); *Piani di Zona* (zone plans); and *Consorzi* (consortia).

Based on a configurational approach, we assumed that the contingent interaction of environmental pressures, political factors and domestic historical-institutional legacies will push decision-makers towards a monocentric or polycentric view of local government reform. In the Italian institutional system, characterized by the devolution of competencies to subnational levels, three actors are crucial: the central government that delineates the reform policies; the regional governments that are required to define measures to support policy implementation; and the municipalities that have to carry out the reform. Since the monocentric/polycentric dynamic can emerge at any institutional level, it gives rise to various configurations (see Table 1).

**Table 1.** Possible configurations of polycentrism and monocentrism in local government reform programmes.

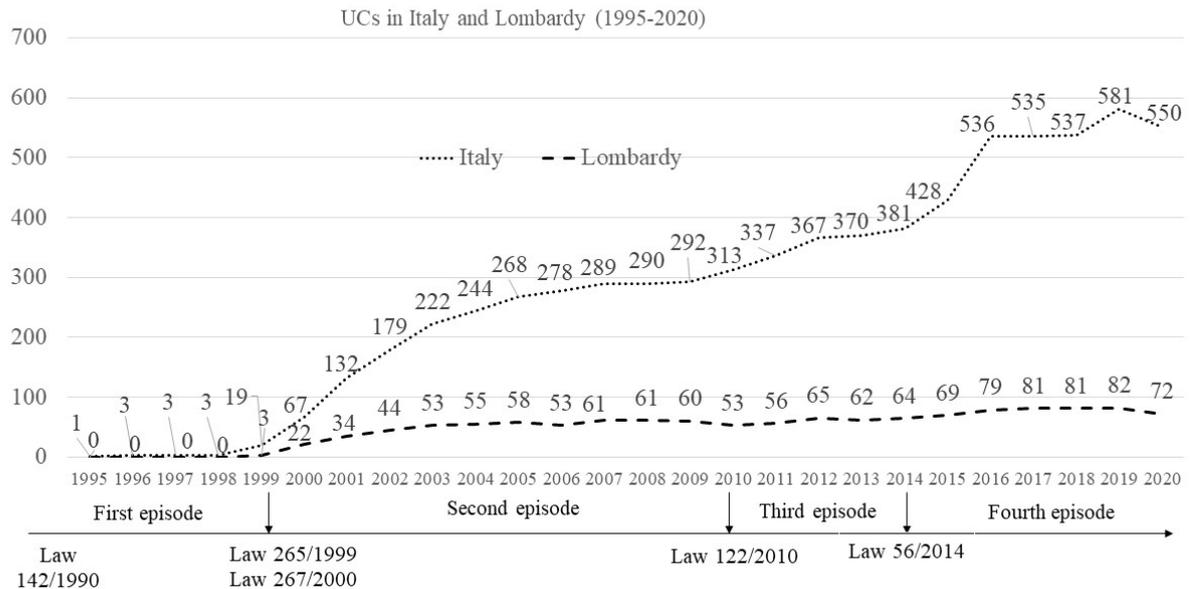
Configuration	Dominant orientation		
	Central level	Regional level	Local level
A	Polycentric	Polycentric	Polycentric
B	Polycentric	Polycentric	Monocentric
C	Polycentric	Monocentric	Polycentric
D	Polycentric	Monocentric	Monocentric
E	Monocentric	Polycentric	Polycentric
F	Monocentric	Polycentric	Monocentric
G	Monocentric	Monocentric	Polycentric
H	Monocentric	Monocentric	Monocentric

We used an analytical lens, which is based on the configurations outlined in Table 1, to map four reform episodes that characterized the Italian journey towards territorial government reorganization. In each episode, we identified the prevailing strategic visions at the macro and meso levels (the latter exemplified by Lombardy region), along with the contextual elements that shaped them. Finally, we connected the local outcomes to the specific configuration of the polycentric/monocentric view emerging in each episode.

### **Illustrating the Italian journey towards local government reorganization**

Plotting the timeline of Italy’s territorial reorganization shows four distinct reform episodes in the 1990–2020 review period. Each episode started with the issuance of mid-level legislative measures

that aimed to reduce administrative fragmentation, outlined in Figure 1, which frames the episodes and tracks UCs in Italy and Lombardy.



**Figure 1.** Temporal distribution of UCs across Italy’s four reform episodes (source: ANCI, Ministry of the Interior, Lombardy Region).

*First episode (1990–1999): reducing administrative fragmentation*

The long process of Italian administrative reform kicked off with the introduction of Law 142/1990. This first reform episode set about reducing the fragmentation of the local government system by establishing the UCs as a form of IMC for the first time, giving the municipalities broader competencies and self-administration powers. In 1990, Italy counted 8,100 municipalities, of which 5,903 (some 73%) were considered too small (<5,000 inhabitants) to ensure the efficiency and adequacy of the service offering.

Following a general trend in the developed countries to spur administrative consolidation (OECD, 2017) through local government reforms and under the economic pressure of the 1991 exchange rate crisis, Italy used Law 142/1990 to establish a new second-level local authority: the UC. The goal was to further simplify the country’s administrative structure by reducing the number of municipalities and inducing economies of scale and scope through the joint delivery of services. This entailed a 10-year process that started with the establishment of a UC and ended in the mandatory fusion of the member municipalities. This reform approach is typical of the Italian government’s strong tendency to look at everything through a monocentric lens.

This period (1990–1999) saw the regional governments play only a marginal support role in the establishment of UCs. For example, Lombardy took only limited measures to incentivize their creation, notably the definition of a standard model of the constitutive act of the union (1996) and special (but limited) UC funding (1997) set out in Law 142/90. Interestingly, however, the regional government also provided extensive support for the setting up of type II mono-functional aggregations of municipalities, underscoring the dominant polycentric view of the region's executive in direct contrast to the monocentric one of the central government.

At the local level, two elements helped to shape the outcomes of the reform. In the 1990s, municipalities had had to undergo complex processes of internal reorganization to keep up with continuous sectorial reforms. An acute lack of financial, human and instrumental resources, especially in small municipalities, led many in Lombardy, but also other regions, to incentivize type II mono-functional IMCs, which they considered a more feasible route to implement the requirements of national law. Furthermore, the municipalities' historical tradition and constitutionally-granted autonomy prevented most Lombard municipalities from joining a UC, which, according to Law 142/90, would have led to an amalgamation within 10 years.

We conclude from the above observations that the dominant perspective at the local level in Lombardy in 1990–1999 was generally polycentric.

### *Second episode (1999–2010): maximizing local government efficiency and adequacy*

Laws 265/1999 and 267/2000 marked the beginning of the second reform episode. In short, these laws quashed the mandated fusion of the municipalities within 10 years from the date of UC constitution, making the UC just one, albeit the preferred, option available to Italy's municipalities to implement IMC for service delivery. This significantly weakened the strong monocentric perspective taken by the central government in the first reform period (1990–1999).

By introducing more targeted IMC laws, with a particular focus on UCs, the second reform episode pushed the Italian regional administrations to play a more active role. The regions, however, adopted quite disparate measures, depending on whether they took an interventionist or a *laissez-faire* approach (Casula, 2016). The Lombard regional government promoted the establishment of UCs through economic incentives, but also supported non-UC models of IMC. This resulted in a somewhat mixed bag that, in 2003-2009, saw 40 voluntary aggregations (type II IMC) and only 27 UCs in receipt of funding. The picture drawn here is that Lombardy maintained a dominant polycentric stance.

Highlighting the non-alignment of the national and regional legislations, Regional Law 19/2008 remained under the UC umbrella but established its own form of the concept by instituting the

'Lombard Union of Communes' (UCL), applying different criteria to those of the UCs defined by national law and limiting regional funding solely to UCLs. When the law came into effect in Lombardy, the nine UCs that did not fit the definition of a UCL were denied regional funding. While this second reform phase saw the number of UCs/UCLs in Lombardy increase from six to 53, by 2010, only 207 municipalities out of 1,546 were members of a UC. Moreover, considering the municipality propensity index towards UCs defined by (Baldini, Bolgherini, Dallara, & Mosca, 2009), Lombardy scored relatively low in the ranking of the Italian regions. This indicates that the polycentric perspective continued to dominate at the local level. First, the UC-participating municipalities were small with 76.1% having less than 2,000 inhabitants. Second, the UCs were concentrated in those few territories with a high prevalence of small (and even 'dust') municipalities where the scarcity of resources made it hard to ensure a full range of quality services. Hence, when put into context, the increased number of Lombard UCs seems related more to necessity than to strategic vision.

### *Third episode (2009–2014): cost-containment through mandatory IMC*

Following the 2008 financial crisis, the radical change in central government policy opened a window of intense legislative activity in terms of Italian local government reform, emphasizing the trend towards intermunicipal co-operation and municipal aggregation. In 2010, the central government introduced Law 122/2010, which primarily centred on obliging those municipalities with up to 5,000 inhabitants (3,000 for municipalities in mountain areas) to use IMC to manage 10 fundamental municipal functions. This novel aspect of the new policy turned the model of voluntary IMC established by Law 267/2000 completely on its head, and was mainly motivated by the need to contain costs.

To implement mandatory IMC, Law 122/2010 offered the small municipalities two options: the UC model or the *Convenzioni* (collaborative association) model. In 2013, additional legislation introduced a new condition for the *Convenzioni* model whereby if this latter failed to achieve significant improvements in efficiency and effectiveness after three years of activity, the member municipalities had to move to a UC.

The original provisions of Law 122/2010 underwent repeated modification, especially in terms of the number of basic IMC functions managed, preserving the centrality of the UC model and thus keeping within the overall lines of the national government's monocentric policies.

Lombardy's Regional Law 19/2008, rolled out at the beginning of this third phase, incentivized the establishment of stable forms of co-operation, such as UCLs and the *Comunità Montane* (Mountain

Communities). The difference between the regional law and the national law is that Law 122/2010 offered the municipalities the *Convenzioni* option to implement mandatory co-operation. While both laws developed a monocentric perspective, the lack of **coordination** meant that Lombardy had *both* UCLs and UCs.

The high number of Lombard municipalities that opted for the *Convenzioni* model (75.5%) versus the low percentage that opted for the UC model (13.4%) (CSCAL, 2015) highlights the polycentric perspective that prevailed at the local level throughout the entire period. This result, which reflects the national trend, can be attributed to the higher flexibility offered by *Convenzioni* than UCs.

Indeed, the UC model was the preferred solution only in those areas that had already established UCs.

#### *Fourth episode (2014–2020): from mandatory to voluntary IMCs*

In 2014, existing UC legislation underwent substantial change with the introduction of national Law 56/2014. While the obligation for small municipalities to implement IMC through UCs or *Convenzioni* remained, it considerably simplified the establishment of UCs and the merger of municipalities.

Unlike prior legislation, Law 56 gave the municipalities far more discretion in defining the organization and functioning of the UC. It also introduced governance arrangements that guarantee the representativeness of the local communities within UCs.

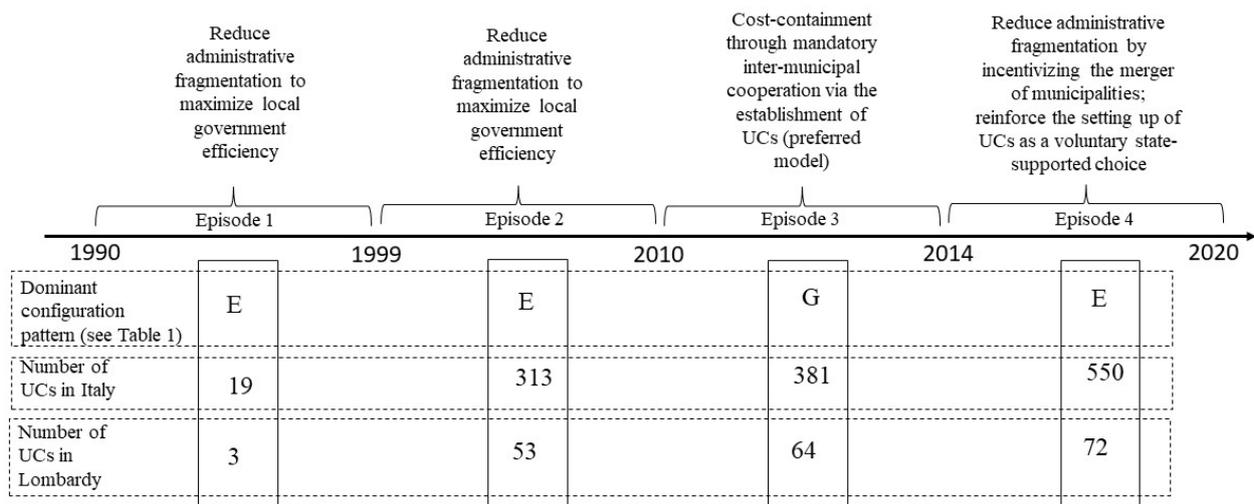
The new law provides for national and regional funding and support for both UCs and *Convenzioni* on condition that (mirroring the 2013 law) the *Convenzioni* significantly improve efficiency and effectiveness after three years of activity or move the member municipalities to a UC. The law's strong support for the merging of municipalities indicates that the national government(s) of this period favoured a form of reinforced monocentrism. However, that monocentric view was somewhat dented by the fact that the law continues to allow the municipalities to co-operate through *Convenzioni* and the UC to establish a *Convenzione*-based **cooperative** endeavour with other UCs and single municipalities.

In 2014–2020, the regional administration decided to limit financial support exclusively to UCLs, indicating a shift to a more monocentric perspective. However, claiming territorial peculiarities, it gave 70 municipalities a waiver from the mandatory IMC called for by the national law. Moreover, in 2019, Lombardy issued Regional Law 15/2019 to allow municipalities to exit UCs without penalties, thus eliminating one of the most effective conditions for the stability and survival of UCs over time. What we can conclude therefore is that the measures adopted by the regional government

in 2014-2020, while staying within the confines of the monocentric design of national law, reflect the Region’s more polycentric view.

The positive effect of Law 56/2014 at the local level was the emergence of new UCs, pushing the number of UCs in Lombardy to 82 in 2019, the highest yet. Nevertheless, that increase was restricted to those areas of the region that had already set up UCs in earlier periods. Moreover, the fact that many of the early-bird UCs had been closed is indirect evidence that the Lombard municipalities continued to favour the polycentric perspective. Only seven of the 118 UCs established in Lombardy since 1990 ended in a merger of municipalities whereas 35 UCs are no longer active (RL, 2020).

The four reform episodes are summarized in Figure 2.



**Figure 2.** Local government reorganization in Italy (1992–2020).

### Reading the case: contextual forces at work

Territorial reform is an example of a programme that crosses the ‘central–local government divide’ (Christensen & Lægreid, 2013, p. 149) and, therefore, presents greater difficulties than programmes that address one administrative level only. In fact, goal congruence, meant as ‘the extent of agreement between the official or formal policy goals of political officials and the operative goals of the organizations or networks charged with delivering that policy’ (Meyers, Riccucci, & Lurie, 2001, p. 170), is difficult to achieve in multi-level contexts.

Italy’s approach to major reforms has been strongly rationalist in the past 30 years, based on the dominant NPM and post-NPM doctrines where reforms are seen as an optimal way to address

technical problems. UC legislation with its goal of ‘making efficiency’ by reducing the fragmentation of councils and the proliferation of unstable collaborative forms followed the same path.

### *Rationalist view*

The implementation and outcomes of the territorial reforms in Italy were the result of dynamic tension between two opposing visions. The central government’s ‘planned’, intrinsically rationalist and prescriptive ‘innovation by law’ method (Capano, 2003), consisting of continual adjustments to increase its control of the results throughout, and the local councils’ more contingent and pragmatic approach, oriented to the real-life constraints and opportunities of complying with the law. The regional institutional level interposed between the two generates further variations on the ground (see Table 1).

Clearly, two forms of ‘political rationality’ are at work:

- The first is based on ‘non-partisan considerations’ (Dollery, Garcea, & LeSage, 2008, p. 192) that result in the central government using ‘coercive and persuasive narratives’ (Haveri, Nyholm, Røiseland, & Vabo, 2009, p. 552) and financial incentives to impose and induce specific patterns of behaviour—namely institutionalized inter-organizational relations. Such a universalistic vision, which tends to privilege a predefined implementation path, emphasizes the importance of legislative alignment between central and regional administrations in achieving the desired outcomes at local level.
- The second form is based on ‘partisan political considerations’ (Dollery et al., 2008, p. 193) and refers to the decision of the Lombard regional government to strengthen its institutional role and take a different position to that of central government.

The regional policies remained distinct from the national policies even when they converged with the central government’s monocentric view (in the third reform episode), as evidenced by the only case in Italy where the setting up of a new supra-local institutional actor (UCL) was not imposed by national but regional legislation.

It is clear from the empirical data that three of the four reform episodes align at regional and local level but partly diverge from the central government’s stance (see the E **configuration** in Table 1).

In the third reform episode, the alignment between the central and the regional governments (G **configuration**) was not sufficient to mitigate local resistance to the monocentric view that informed national policy. This sets Lombardy apart from other Italian regions where the institutional levels

are more strongly aligned (H **configuration**), as in the exemplary case of Emilia-Romagna (Casula, 2016) where 82% of municipalities are attached to a UC (compared with just 17% in Lombardy). This variation in UC take-up points firmly in the direction of contextual elements.

### *Dissonance with dominant values at a local level*

A cultural view argues that local administrations are selectively sensitive to signals that are compatible with their knowledge, experience and practices. Thus, local misalignments are far from surprising, especially where reform ideas and historical traditions clash. In this sense, continuity is evident in Lombardy's reluctance to adopt programmes that would reduce the number of municipalities.

Research has demonstrated that the elected officials' recognition of local community values and opinion is essential in territorial reforms 'beyond mere efficiency concerns' (Warner & Hebdon, 2001, pp. 332–333). In the Italian case, this seems to be the main explanation for the local asymmetries of the reform programme—despite the attempts by central government to force the UC model by law or induce through incentives. A recent study (Strebel & Kübler, 2021) validates that citizens' attitudes towards local autonomy and IMC are shaped by their behavioural, emotional and ideological connection to the locality. Also, citizens' preferences for territorial reforms are a function of their overall political stance on the 'politics of scale'.

The almost flat curve in Figure 1 during the period of political stability (Lombardy had centre-right governments for 30+ years) **indicates** that the dominant values of the local communities contributed to patterns of replicated behaviour. In the same period, the fragmentation of the Lombard landscape remained unchanged. In other words, local community's values acted as 'system stabilizers' (Haynes, 2015).

### *Dispersed decision-making*

From a structural point of view, Italy's territorial redesign attempts have followed a top-down and essentially prescriptive approach over the years.

The Italian administrative system **reveals a** 'hierarchy of decisions' at various levels, for instance: 'each step downward in the hierarchy consisting in an implementation of the goals set forth in the step immediately above' (Simon, 1997, p. 4), which does not exclude the emergence of different courses of action. Moreover, the managerial choice of whether and when to attach to a UC, as opposed to using the municipality's limited resources to implement policies unilaterally, stems from interaction with another regulatory source at the micro-level: the local decision-makers and public managers purposefully **interpreting** and **prioritizing** rules, regulations and procedures (Haynes,

2015, p. 30). This regulatory level can only be autonomous, where local actors ‘interact with the policy to modify its impact and try to give themselves a more advantageous future within the new policy environment’ (Haynes, 2015, p. xiv).

In summary, in the Italian landscape, a dispersed and fragmented decision-making system deeply influenced by different contextual forces at work locally, explains the divergent outcomes of a national programme, based on a ‘rational strategic alignment’ assumption, that failed to account for the complexity of interactions taking place in the implementation process.

### **Embracing complexity: a pragmatic view of reform processes**

The difficulties encountered in 30 years of reform attempts corroborate the view that complexity is a systemic feature of public organizations that ‘needs to be taken into consideration when reorganizing the administrative apparatus, rather than regarding it as a disease that must be eliminated’ (Christensen & Lægreid, 2012, p. 580). Thus, programme implementation needs a more realistic policy-making strategy (Cairney, 2015) to rewrite the rules to engage with complexity rather than to try to reduce it (Rhodes, Murphy, Muir, & Murray, 2011).

An important implication of the complexity worldview—as (Morçöl, 2012, p. 268) puts it—is that uncertainties are inevitable. Systems are uncontrollable ‘partly because of the multitude of actors...and partly because of the nonlinear (uneven, disproportional) nature of the relations among them’.

Complex policy problems—as Daviter (2019) points out—cannot be tamed by use of instrumental rationality, their preferred solutions ‘are frequently either untenable or initially unknown.

Knowledge about what is achievable and desirable typically coevolves under conditions of complexity’ (Daviter, 2019, p. 74); therefore, ‘policy analysis needs to...find ways to upgrade its capacity to cope with complexity’ (p. 78). The same point is made by research that applies the lens of complexity when analysing the outcomes of public sector reforms (Boulton, Allen, & Bowman, 2015; Eppel, 2017; Eppel & Rhodes, 2018; Haynes, 2015; Rhodes et al., 2011) that frequently concludes by urging decision-makers to ‘embrace complexity’. But what, exactly, are the implications of that for policy-makers and public managers?

The pragmatic response that we suggest here as a possible operationalization of the ‘complexity-embracing’ approach recognizes that differentiated measures are needed to factor in municipalities’ capacity to comply with government legislation. One way out is to *leverage* local variations instead of reducing them to ‘the one best way of dealing with a given problem’ (Alford & Hughes, 2008, p. 138).

At a practical level, the first step in this direction would be to improve the self-steering capacity of policy recipients. Complex issues require an equally complex approach. Therefore: first, instead of trying to reduce complexity through prescriptions, expanding (through *complexification*—see Heylighen, 1999) the variety of the implementation options would enable those in top government to leverage the self-organization capacities of the local implementers to support the reform efforts. Second, governments need to assume a context-aware attitude in the design and implementation of reforms—an approach ‘in which the organization is open to the utilization of any of a variety of means to achieve programme purposes, with the choice of these means focused on what is most appropriate to the circumstances, consistent with the important values at stake’ (Alford & Hughes, 2008, p. 131). As observed by (Brodkin, 2011, p. i255), this adaptive capacity is implicitly recognized in the literature from Merton’s analyses of ‘goal displacement’ to Lipsky’s analyses of ‘coping mechanisms’. In other words, a nation-wide policy should be limited to ‘clearly establish[ing] the direction of change; set boundaries that cannot be crossed by any implementation strategy; allocate resources, but without specifying how they should be used’ (Chapman, 2004, p. 22).

Third, policy-makers need to factor in the distinctive perspective of pragmatic municipalism. In the case of territorial reconfiguration, this means that, when confronted with alternatives (for example adhering to a UC or entering in more flexible collaborative forms), public leaders and managers will choose the one that ‘fits best’ the local context. Due to their proximity to the community’s needs, mayors are sensitive to a plurality of contextually relevant considerations. In doing so, they help shape (not simply *apply*) public policies (Kim & Warner, 2016), especially when mayors are empowered by direct election. Enabling and facilitating emergent and self-organized responses, rather than emphasizing implementers attempt to control their context (Sandfort & Moulton, 2020), capitalizes on the effectiveness of lower levels in addressing complex problems in a multi-level, co-evolving system (Jones, 2011).

Overall, what the Italian case teaches us is that we need ‘a far more nuanced, “pragmatic” localism where “models” of change are replaced by “ingredients”, “menus” and “frameworks” of alternative methods of service delivery and community capacity building, which are selected according to local circumstances of place and not **centrally** prescribed targets’ (Coaffee & Johnston, 2005, p. 174).

Such a transformation is not easy to achieve in a ‘legalistic’ country, however, and, after decades of ineffective attempts at reform, there is now a pressing need for a new approach.

## Conclusions and contribution

A recent article reminds us that ‘policy learning—if it is to be successful—is at least as much about the analysis of the *circumstances* in which particular innovations succeed (or fail) as about the innovations themselves’ (Haque, van der Wal, & van den Berg, 2021, p. 344, original emphasis). Based on the threefold theoretical framework developed by (Christensen & Lægreid, 2013), the present study makes the referential context and effects of reforms more comprehensible, thus aiding the comparison of policy-making across locations and time and better assist the processes of policy design, implementation evaluation and learning.

In response to our research question, we believe that the Italian case can help us understand cross-level variations in multi-level systems in a more analytic way. The case made here has been that the asymmetry of the collaborative arrangements in Italy can be explained by the failure of an approach that ‘can be situated in the modernist paradigm of reason...within which rationality is a matter of correct procedure or incentive’ (Haveri, 2006, p. 37). This puts forward a critical reflection on whether the ‘rational strategic alignment’ between institutional levels to reduce systemic complexity is always the right path towards the successful implementation.

The article enriches the scant literature on organizational change in Napoleonic administrative systems. In addition to using a context-aware lens to analyse Italy’s multi-year journey, the main conceptual contribution is the proposed combination of the ‘context-aware’, ‘complexity-embracing’ and ‘pragmatic municipalism’ perspectives. In doing so, the article reveals the potential for researchers of an integrated approach that consider programmes as embedded in monocentric and polycentric system dynamics.

The study develops a perspective on policy implementation as a self-organizing, emerging system in which local decision-makers and public managers may pursue divergent policy options. In particular, factoring complexity concepts into the analysis of the implementation of the territorial reforms sheds new light on the problematic interaction between the different tiers of government. The pragmatic response proposed here as a possible operationalization of the ‘complexity-embracing’ approach recognizes the need for differentiated provisions to take into consideration pre-existing peculiarities and the municipalities’ capacity to comply with government legislation. For public decision-makers it appears that switching from ‘reducing complexity’ to ‘embracing complexity’ offers a more effective implementation strategy for fragmented administrative systems. Our analysis puts forward a new and, we believe, more robust way to understand mayors as pivotal players in the making of local reform policies. More agency and discretion may facilitate local tailoring. From this perspective, our results support the ‘pragmatic municipalism’ view (Kim &

Warner, 2021) as a viable alternative to the rationalist ‘innovation by law’ approach mainstreamed in Italy.

The analysis has shown the need for large-scale policy programmes designed to permit implementation flexibility, thus enabling relevant actors to leverage local conditions that help rather than hinder national reform programmes. Of course, getting into this new logic is neither easy nor immediate, without forgetting that complex systems are only partly knowable and predictable. The study has several limitations that require more in-depth reflection that we plan to explore in the near future. The most obvious limitation is that the reconstruction of the illustrative case does not necessarily lead to any new generalization. We also realize that the dichotomy between convergence and divergence in a polycentric-monocentric view (Table 1) cannot exhaust all the **configurations** observed in practice. Indeed, while the scheme is a useful tool for acquiring a general overview (macro), it fails to capture the multidimensionality of local variations. Moreover, other key conceptualizations from complexity thinking not covered in this discussion, including coevolution (Morçöl, 2012) and the Human Learning Systems view of complexity (Lowe, French, Hawkins, Hesselgreaves, & Wilson, 2021), could be equally helpful. Finally, getting to grips with the real essence of pragmatic municipalism requires further research into the outcomes at the micro (organizational) level.

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