

The Entrepreneurial State

In this chapter, I will discuss the early days of the transformative changes that have impacted public administration systems and the delivery of public services in order to conceptualize the involvement of citizens as customers. The purpose is to compare the ideologies of managerialism in the 1980s, driven by NPM, with the New Public Governance framework sustaining ‘citizen science’ since the 2000s. Toward the end of the 1970s and with greater intensity from the mid-1980s, many developed countries under the pressure of budget deficits began to develop new thinking on the public sector and its management, with a growing emphasis on output legitimacy and performance (Pollitt and Bouckaert, 2011). Beginning in the Anglo-Saxon world (Hood, 1991), a radical process of government transformation has spread to other countries, including those with different administrative cultures and traditions (Laegreid and Christensen, 2013). Among politicians, practitioners and researchers of public administration it has acquired the general identity known loosely as NPM. This chapter aims at explaining the context of citizens’ involvement in this market-based and choice-based environment, with a view to demarcate this from the contemporary participatory turn and civic turn which we will discuss in the [next chapter](#).

Public engagement practices and citizen initiatives have scaled up in the last three decades from localized pilot experiments, oriented towards local communities and specific target groups, to fully fledged large-population projects, not least for the development of information and communications technologies and the big data society. This move from contextualized activities to national

government agendas required the creation of new and dedicated government offices, and dedicated bureaucrats within public organizations (the so-called ‘public engagement offices’). The institutional change that has occurred on a global scale and across different policy domains has revolutionized the traditional public administration model in ways that are transformative and possibly irreversible. In order to capture the transformative potential of the institutionalization of public engagement, one needs to explore first the origins of the ‘entrepreneurial’ state and the contractualization of the relationship between the state and citizens in the 1980s. In other words, to capture the innovative impact of the participatory turn since the 2000s we need first and foremost to reflect upon the ‘old’ legacies in a historical-institutionalist approach.

NPM is not a single theory but, rather, a blend of normative ideas and recommendations borrowed from economics literature on public choice¹ and the most recent wave of business managerialism, and introduced into the public sector by management consultants. In the early 1980s, several analysts produced similar accounts of NPM, but one ‘caught the public imagination’ (Foster and Plowden, 1996: 43), namely Osborne and Gaebler’s *Reinventing Government*.²

Administrative reform has been carried out in many West European countries. But in all of them at different times and at different rates NPM ideas have become the standard for reform of the public sector (Hood, 1991; Hood and Dixon, 2015). Guy Peters argued that there is a widespread diffusion of administrative innovations (Peters, 1997). In particular, he identified Britain as the major ‘exporter’ in Western Europe of ideas on administrative reform, such as the Financial Management Initiative and ‘Next Steps’.

This chapter defines the key principles of the NPM model of *entrepreneurial government* in order to provide the necessary basis for understanding the institutional and contextual conditions that favoured the adoption and spread of public engagement practices and strategies centred around the interaction of the state with the external environment (Hupe, 2022). A critique of these principles will also be included in the discussion in order to avoid an over-enthusiastic approach towards NPM solutions to the inefficiency of the public sector. The concepts engendered by ideas of consumerism, the development of ‘government by contract’,

performance management, and the emergence of internal markets, all generate serious analytical challenges. Many of the problems confronted by NPM result from the attempt to apply private-sector approaches to the public domain regardless of the differences between the sectors.

The second part of this chapter discusses the case of the reception of NPM ideas in Italy, a country outside the Anglo-Saxon environment and whereby the traditional welfarist state has been predominant in education. The reform of education in Italy in the 1990s adheres to NPM recommendations in its participatory mechanisms and citizens' engagement. Enhanced involvement of students and families through empowered 'collegial boards' will help schools to understand the needs of families and of communities in general; education must be linked to social needs and must respond to societal actors and their demands. The NPM approach was an attempt to 'get closer' to citizens by means of decentralization, customer complaints, satisfaction of their demands and so on. In this vein, the adoption of the Charter for Education Service puts citizens at the centre of the policy change. The rights to education, equality, participation and efficiency are all mentioned in that document.

The New Public Management

The need for a new approach to public administration derived from the economic imperative to reduce the public deficit. Fiscal crises, in particular, have triggered the process of administrative reform in the public sector.³ These have arisen in most advanced economies because, from 1945 until the late 1970s, and in many cases until the mid-1980s, public expenditure and taxation tended to rise more quickly than income as a proportion of gross domestic product (GDP). Foster and Plowden consider that the relative growth of the public sector (that is, the change in public expenditure as a proportion of GDP), from 1950 to 1975, in the UK showed an increase of 7 per cent, in Sweden of 15 per cent and in Italy of 6 per cent (Foster and Plowden, 1996: 3). By the mid-1990s, public expenditure/GDP ratios expressed as percentages were 44 per cent in the UK and 50 per cent in Italy.⁴

Reducing the public deficit has proved a difficult task in many countries, and certainly in Italy, because an important component

of the political legitimacy of the government lies in its support for social welfare programmes. In order to retain public confidence and electoral support, therefore, national governments have sought to secure improved efficiency of services as an alternative to expenditure increases, or to offset the effects of cuts.

When discussing the impact of NPM and its scope, one must keep in mind the political purposes behind ostensibly technical and administrative measures. Not surprisingly, the immediate response to fiscal crisis came in the form of short-term expedients, allowing politicians to pass the problem on to their successors in order to allow their own re-election (Foster and Plowden, 1996: 18). Cuts in capital expenditure, such as in transport investment, especially roads, were the most common economic measure taken. However, where cuts were more difficult, the only genuine way to reduce the budget deficit, while maintaining the same level of quality, was through improved efficiency.

At the heart of the arguments in favour of NPM lies the belief in the market principle as the most effective model for any public sector organization. The model is said to facilitate policy change and innovation and has been seen by some politicians to have 'revolutionary' potential.⁵ While NPM certainly constitutes a powerful source of change, however, its difficulties and controversies should warn against over-enthusiastic expectations.

The prescriptions of NPM, as articulated in *Reinventing Government* by Osborne and Gaebler (1992), include: the separation of the purchaser role of public services from the provider role; the growth of contractual or semi-contractual arrangements; accountability for performance; flexibility of pay and conditions; the separation of the political process from the management process; the creation of internal markets or quasi-markets; an emphasis on the public as customer; the reconsideration of the regulatory role of the state; and a change in the general intellectual climate. Each of these prescriptions will be discussed individually in terms of its implications and problems.

The new approach separates policy making, in the hands of politicians and the higher echelons of the public administration, from the delivery and production of public services, which can be devolved to independent agencies or even the private sector. This assumes that such a separation allows civil servants to become

defenders of the public service rather than of the interests of providers. In other words, the role of the public administration becomes not to manage the daily provision of public services but to provide general guidelines and standards in the interest of the citizens or 'clients' and civil society.

One of the most important consequences of this distinction between 'steering' and 'rowing' is the extension of privatization and the growth of contractual arrangements with NGOs or private industry (Osborne and Gaebler, 1992). In opposition to the traditional hierarchical control of public organizations, internal contracts or semi-contractual arrangements are established. Civil servants or ministers act as agents for the ultimate client, the public, in a hierarchical mode of coordination. They regulate the providers of services by setting standards and requirements. For example, as Stewart and Walsh explain, similar contractual arrangements are being used to manage relations between social services departments and voluntary and private sector providers (Stewart and Walsh, 1992).

Yet what is meant by 'separation' is ambiguous, for the term does not specify the nature of the relationship between the civil servant and the provider of the service. It could be one of customer and supplier, principal-agent or command. It also leaves unclear whether these contracts have features distinct from those of ordinary commercial contracts. That would depend on the extent of competition and the absence of monopolies. Another problem with the separation of provision from production of public services is the pre-existing government structure, which partially determines the reaction of national institutions to policy change.

Another important principle of NPM is the emphasis on setting clear targets, meeting objectives and performance assessment. Once responsibility for service provision has been devolved to agencies or private managers, the resulting arrangements require accountability for performance. For example, schools will be held accountable for achieving the national curriculum. Decision-making in the public sector should be directed not only by objectives but also by outputs. In order to assess and evaluate outputs, indicators of efficiency and precise means of measurement are required. In particular, client satisfaction is one of the most valuable measures of output.

The separation of policy making and politics from the management process is another theme of NPM. We have mentioned

the importance of contracting out. That measure aims in part to 'lighten the burden' on the public administration. Where NPM has been applied, the central departments, the ministries and the local authorities no longer engage in either policy making or service provision (Butler, 1994). For example, they now buy legal services from outside suppliers and have outside entities to handle staff recruitment. An example of this separation of functions is the reorganization of the British National Health Service into two separate bodies: the Policy Board and the Management Board. The former has responsibility for strategy, the latter for all operational matters.

It is important to notice, at this point, that NPM is not an anti-government philosophy. Even in the most advanced forms of managerialism, policy making and control remain the responsibility of the political institutions. NPM emphasizes that management should be devolved to private and public entities on a competitive basis.

From these considerations it follows that one of the effects of NPM implementation has been to replace a single provider with a plurality of potential providers. The expectation of the advocates of NPM is that the efficiency of the public sector will improve with the introduction of competitive tendering. In education emphasis is placed on the financial and organizational autonomy of individual schools from local authorities through 'opting out'.⁶ Parents and students, the 'consumers', have a greater choice as a result of greater autonomy of schools.

The introduction of market logic is probably the most controversial prescription of NPM. Stewart and Walsh argue that what are being created are not markets but quasi-markets (Stewart and Walsh, 1992: 507). In fact, the markets are not consumer-led but provider-led, in the sense that public authorities make choices on behalf of the public. Moreover, even where consumers have a choice, as in education, the situation is not a pure market situation because no question of direct payment exists and only a limited number of places are available.

A precondition of the 'marketization' of public services is a transformation in the relationship between the state and the users, from one based on the rights of citizens to one based on the choices of consumers. The emphasis is on individual consumer rights to

choice and to quality, with little reference to individual duties as citizens.⁷ Accountability is seen as market-based. The public has acquired rights to services through the payment of taxes. However, it is difficult to assess what consumers really want. In the United States, the politicians representing their constituencies and various interest groups are assumed to be the most reliable interpreters of consumer wishes. However, their interpretation is unlikely to be impartial or objective. As Foster and Plowden correctly argue, ‘without some effective method of deciding what consumers want, one cannot simulate consumers’ sovereignty as in a competitive market’ (1996: 48).

NPM claims that to make the public sector more efficient, flexible and motivated requires the decentralization of decision-making and the granting of operational independence to local authorities. That claim assumes that a faraway central agency or department is less likely to give customers the services they want than a local agency, ‘owned’ by the community, and thus able to know and serve their needs better. Decentralization is thus closely linked to the principle of community engagement. The danger of this prescription lies in the assumption that ‘local’ always works better than ‘central’, for inefficiency can in fact be reproduced at the local level.

A critique of New Public Management

In general, we can assert that, if management changes are based on an uncritical adoption of approaches developed in the private sector, problems arise. Ranson and Stewart identify the different conditions and purposes of the public and private domains (1988). Certain characteristics distinguish the public sector model: collective choice in the polity; a need for resources; openness in public action; the equity of need; the search for justice; and citizenship. The distinguishing characteristics of the private sector are quite different: individual choice in the market; supply and demand; closure for private action; the equity of the market; the search for market satisfaction; customer sovereignty; competition as an instrument of the market; and exit as its stimulus. Ranson and Stewart argue that activities are placed in the public sector in order to realize distinct collective values, which are established out of differing interests. Moreover, citizenship needs to be established

through political processes, although these are perceived by the advocates of NPM as a possible obstacle to effective management. Stewart and Walsh succinctly summarize this line of criticism: 'one of the dangers of the emerging patterns of public management is that approaches that have value in particular situations are assumed to have universal application' (Stewart and Walsh, 1992: 512).

Hood and Scott develop a different type of criticism in their analysis of bureaucratic regulation (1996). Their central hypothesis is that the apparent 'deregulation' of public sector bureaucracies has been accompanied by an opposite set of movements which, in terms of institutional and policy development, may be characterized as 're-regulation'. They argue that, if NPM is further pursued, bureaucratic re-regulation will move 'up-group' and 'up-grid'.⁸ The fragmentation of monolithic entities into multiple units with separate budgets, the encouragement of entrepreneurial behaviour, the decentralization of authority and the relaxation of rigid pay and conditions all work to reduce the regulatory power of central agencies. Moreover, the move towards a contractual style of service provision weakens the traditional public-law mechanisms. The unexpected effect of deregulation is that 'governments are increasingly worried about the danger of "chaotic competition", which destabilises markets' (Wright, 1993: 251). Wright comes to a similar conclusion, that most countries undergoing deregulation eventually experience a tightening of the regulatory framework and strengthening of regulatory agencies. Therefore, NPM is expected not to eliminate but to alter regulation, from a traditional, informal system to one marked by increasing reliance on formal contracts, imposition of more complex accounting structures and an 'audit explosion' (Hood and Scott, 1996: 337).

Hood and Scott discuss three major relationships between NPM and re-regulation: a causal relationship; a common 'bureau-shaping' relationship;⁹ and a compensation relationship. The first one could be a valid explanation of the direct relationship between NPM and re-regulation because the organizational disaggregation integral to NPM is also, although perhaps unintentionally, a precondition for more juridified arrangements for handling disputes. As Wright observes, administrative regulators belong to a fragmented world in which decisions taken by one agency have a negative spill-over effect on other agencies. This leads to conflicts of interest among the

regulators that can be solved by juridification. Such a development, however, seems paradoxical, given the ineffectiveness of externally imposed formal rules.

The [Dunleavy \(1991\)](#) explanation suggests that top civil servants wish to shift the regulatory role to specialized units because that role is no more attractive to them than is the direct management of operations. As already observed, regulation is not attractive because it involves much conflict. Top bureaucrats apparently prefer the more glamorous world of politics. However, passing bureaucratic regulation to an agency at arm's-length carries with it the risk of losing control in areas of essential importance.

The third explanation, built upon Dunsire's claim, is that the two developments – the NPM deregulation and re-regulation – represent a compensating adjustment in bureaucratic control: 'incompatible pressures internalised in the bureaucracy may be being replaced by incompatible pressures institutionalised in outgroup regulatory units' ([Hood and Scott, 1996: 340](#)). If this conclusion were correct, NPM would not be able to change the traditional structure of bureaucratic control. Rather, it would simply shift control to another level.

In addition to Hood and Scott, Grant Jordan has been particularly critical of *Reinventing Government* by Osborne and Gaebler (1994). Jordan's basic criticism is that the study lacks any semblance of scientific analysis. It is simply 'a body of empirical knowledge, short of an established discipline' ([Kay, 1993: 358](#)). Jordan also claims that the book is pseudo-practical: it appears to give practical advice to civil servants, but there is no guidance on how to put its recommendations into practice. He observes that Osborne and Gaebler take a simplistic view; they have a 'see no problems attitude' ([Jordan, 1994](#)). They do not take into account the conditions of and the need for the traditional model of bureaucratic control, which is to inhibit corruption and mismanagement. Inconsistency abounds in the book. For example, the authors claim that merit pay for individual teachers merely sets teacher against teacher and undermines morale. But they recommend merit pay for schools.

Jordan concludes that Osborne and Gaebler's claim that the public sector can be entrepreneurial is not consistent with their claim that 'private' is always more desirable than 'public'. They assume that public is bad in any case. The issue should not be whether and why one system (that is, the public) is a total failure but under

what circumstances, if any, the system failed to produce acceptable results. In his closing remarks Jordan is particularly severe: ‘in “cherry picking” success stories the book is unrealistic; this approach describes successes but does not explain them’ (1994: 2010). Reality is indeed more complex than Osborne and Gaebler depict, for the real world involves trade-offs among desirable goals, which require hard decisions.

The case of the adoption of New Public Management in the 1990s in Italy

Many NPM prescriptions can be understood as ideological attempts to change the predominant political and administrative culture of public services, dominated by the traditions of centralization and hierarchy. The models of the market and commercial and private culture are influential: ‘if we were to select one word ... to capture the essence of the changing behavior of utility management, particularly in Britain, it would be customer’ (Richardson, 1993). However, change in culture is slower and more difficult to implement than change in procedural and formal mechanisms. The government encounters resistance from the trade unions, for instance, and associations as defenders of that tradition and the status quo. The process of policy learning and cultural change will be discussed in this part of the chapter, where we take the case study of adoption of NPM in the Italian education system.

This case study of the reform of education primarily analyses high school education. This section does not illustrate the technical aspects of the reform, most of which are juridical minutiae. Rather, it focuses upon those aspects of the reform that relate to NPM ideas, mainly participatory mechanism. While those are few in number, they have a significant impact on education governance. The purpose of this section is to determine the extent of the adoption of NPM in the education policy domain outside the Anglo-Saxon environment. In addition to discussing the general guidelines of reform along NPM lines, we will focus on its specific objectives and on the policy instruments chosen to implement them.

The major theme of the reform of education in the 1990s in Italy has been the autonomy of schools. By ‘autonomy’, the reform refers to devolved responsibility for the organizational, educational and

budgetary management of individual high schools from the central administration of the Ministry of Education and its field services, the ‘Provveditorati agli Studi’, to individual schools. This process is in line with NPM ideas of decentralization of responsibilities.

We have discussed the importance of the autonomy for schools as a precondition for implementing educational initiatives and local community public engagement elsewhere (Mattei, 2018). This policy instrument is meant to improve quality and efficiency by freeing headmasters to manage schools in accordance with the real needs of families and communities. Autonomy in general is consistent with the NPM literature on the ‘hollowing out of the state’ (Rhodes, 1994) or ‘lightening the burden’. The state is no longer involved in daily decisions or the direct management of service provision. The NPM principle of disaggregation into smaller and independent units is reflected in the allocation of responsibilities to schools. Such decentralized mode of governance is coherent with a bottom-up governance style.

Policy legacy: the old system of education

The concept of an ‘educating state’ emerged with the political unification of Italy. Evidence of the concept can be found in the words of the famous historian and Minister of Education, Francesco De Sanctis: ‘the state does not have to remain neutral and indifferent. The state does more than give the general guidelines of education. Its mission is to be the head and guide of education and knowledge for the country’ (cited in Cassese, 1991). From this conceptual basis derive the major laws regarding the centralization of education: the Casati Law of 1859 and the Gentile Law of 1923. Since the first years of the Italian Republic, the state has not only organized and managed the educational system but also been an educator itself. However, in the years of fascism, dissenting voices arose against the extreme dirigiste approach to education. These were the same voices that called for more private participation in the school system, such as religious private schools.¹⁰ Nevertheless, they were a minority.

Throughout the postwar period, the centralized and highly hierarchical model remained in place, although some significant changes occurred. The 1948 constitution introduced the right of freedom of teaching and of establishing private schools.¹¹ There

are two sets of freedoms in the constitution: freedom of schools and freedom in schools (Cassese, 1991). The former refers to the freedom of schools to organize and manage their responsibilities; the latter refers to the freedom of teachers in their activities. In this second stage in education, the minister remained primarily in control, but a clear distinction developed between the management of schools and teaching.

Therefore, since the unification of Italy, education has been dominated by an extremely centralized system of public administration, 'even more centralised than the French' (Cassese, 1990). During the fascist period, the Ministry of Education, like most of the central administration, was strengthened. Its size was huge, with 300,000 employees in the middle of the century (Cassese, 1990). Only during the 1970s did the Ministry of Education begin to transfer some administrative responsibilities to the local offices of the 'Provveditorati'. These field services were given responsibility over monitoring, personnel management of primary schools, and the general organization of the school system in local areas. In the 1970s, a few responsibilities, such as professional training, were transferred to the newly created regions. The state bureaucracy of the ministry also began to worry about the transfer of a wider range of responsibilities to newly created ministries, such as the Ministry of the University and Research and the Ministry of Culture.

The reform of education in the 1990s was inspired by a different approach, considering the state as regulator. According to this model, the state does not need to directly organize and manage the daily activities of individual schools in different local areas. Instead, the main state responsibility is to regulate relationships between teachers, on the one hand, and students and families, on the other. The centre sets the national standards but leaves the management of decision-making to schools. The state-regulator concept has been promoted in other policy areas, such as the National Health Service.

Some argue that the state as regulator, instead of direct manager, does not guarantee equality in education. It would be impossible to ensure the same level of service in regions with educational systems of differing qualities. The poor areas of the South would be penalized by the 'loosening' of state control. However, statistical data confirm that state control is not a guarantee of equal distribution in quality; rather, the opposite appears true.¹² Cassese argues that 'it is

not with a Napoleonic bureaucracy that equality is guaranteed, but with a more competitive system' (Cassese, 1990: 216).

The approach to education as a service, akin to one provided by a private firm, is in line with NPM. Cassese complains about the gap that exists in Italy between demand and supply, that is, between social and economic needs and Italian teachers' emphasis on the 'development of conscience'. This results in little interaction between the real world and the educational system. To close the gap, the educational system must work in accordance with the demands of society. Therefore, Cassese stresses the need to consider education as a service and concludes that, as a service, it could be provided for a fee.

Traditionally, various factors have been proposed to explain the impossibility of devising adequate parameters to guide management policies, including the large size of the workforce and its structure, the dense distribution of its operational units, and the nature of the service delivered (Romei, 1993). In Italian schools, according to Romei, two conceptions persist: the first addresses education in terms of the unique relationship between pupils and teachers, while the second regards the school as part of the public administration and thus subject to formal controls. The problem is that these two approaches coexist without interaction between them. In practice, this means that teachers are not easily controlled by the administration or accountable for their activities. It is extremely difficult in such a system to set parameters for performance and assess the quality of teaching. Teachers appeal to their constitutional prerogative when refusing to be subject to performance assessment: 'As pure art, teaching cannot respond to the logic of performance and to the responsibility for it' (Romei, 1993: 332). The school as art approach leaves great discretion to individual teachers, whereas the school as bureaucracy invokes respect for formal rules imposed by the Ministry of Education. Both conceptions have been part of the traditional model of education.

From hyper-constrained to autonomistic governance

Decentralization in Italy has transferred important powers to the regions, provinces and municipalities, including powers in the area

of education. Regions have responsibilities for rationalizing the network of schools, including the power to abolish or aggregate schools. The municipalities have responsibility for the safety and maintenance of buildings and the use of machinery. Nonetheless, the reform of education hardly represents a retreat of the state.

The Ministry of Education has retained the responsibility for distributing financial and personnel resources to schools, in direct contradiction of the NPM principle. Therefore, the government's motivation for decentralization does not conform to that of NPM. Indeed, in the Italian case, decentralizing means duplicating. It implies reinforcing bureaucratic control over schools. The system of two parallel administrations – regional offices and state field services in the ministry – limits school autonomy even further.

A real process of decentralization would be a positive change for schools because the local authorities are in a better position to understand the needs of the local communities. Moreover, the regions have more money available to spend on infrastructure. However, decentralization, as it has been pursued in Italy, has a different rationale from autonomy.

In the process of transfer of state powers, whether the individual school or the region receives the new responsibilities makes a huge difference. Law 112 of 1998 (Bassanini Two) has decentralized a wide range of responsibilities to the regions and local authorities at the expense of schools. For example, Article 138 has given the regions the power to organize and rationalize the distribution of schools and responsibility for professional training. Article 139 confers on the municipal authorities responsibility over the use of facilities and control over the 'collegial boards', the education of professionals and other activities, all of which would seem better served by individual schools. The allocation of powers to the local authorities is likely to create ambiguity and confusion at the implementation stage, when schools are supposed to realize their autonomy.

The confusion of responsibilities and lack of co-ordination between different levels of administration does not originate solely from the Italian educational system or its reform effort. It seems to be the result of the NPM idea of disaggregating state functions into smaller units with specific responsibilities. In the Italian case, however, the ambiguities and inconsistencies are

exacerbated. To delay granting autonomy to schools by devolving the same function to local authorities first defeated the reform from its inception.

We are therefore led to conclude that, in Italy, the autonomy of individual schools had limited impact on public engagement and the involvement of local communities. On the contrary, decentralization has created a duplication of state control over what were supposed to be emerging autonomous schools. Italian decentralization has distorted the rationale of decentralization of responsibilities to smaller and independent units or executive agencies as advanced by NPM. The processes of granting autonomy and decentralization could have been mutually reinforcing. In the Italian case, they were allowed to oppose each other.

Another inconsistency with NPM can be revealed in the reform of the headteacher's role, initiated by Law 59 (Bassanini) of 15 March 1997. The headmaster was granted managerial responsibilities and greater discretion over the budget and administration. However, the Bassanini reform was not bold enough. As the 'manager' of a public service, the headmaster is responsible for the achievement of specific targets and operates under the logic of private sector management, the maximization of profits and cost-benefit assessments. However, even though the headmaster of an Italian school has acquired new responsibilities, both organizational and administrative, she remains a civil servant. She is selected through a public competition (*Concorso*) and has a guaranteed job, regardless of her achievements. The contract of employment is the one established by Law 29 of 1993 regarding the *dirigenza pubblica* (public sector managerial group of senior civil servants). Another implication of this type of contract is the inability of the headmaster to hire and fire people according to the needs of the school or to their performance. The idea of managerialism, borrowed from NPM, is entrapped in the rigidly determined and legally bound Italian system of pay and conditions of employment.

The logic of the private sector, based on competition and efficiency, is not an integral part of the education reform. The Italian interpretation of NPM ideas excludes the possibility of such an interpretation of personnel policy. There is no mention of the involvement of private actors in the field of education. There is no provision in the legislation, official documents and

public speeches of the Minister of Education for the creation of an internal competitive market for education, which would entail greater choice for students and families.

Unlike NPM, the Bassanini reform has not solved the problem of incentive structure. On the contrary, when a school is performing better than others, the principle of equality precludes rewards and incentives. Inefficiency is not widespread. There are ‘good’ schools where the standards of infrastructure and teaching are better. The problem is that these schools and the teachers do not receive incentives. The distribution of incentives – a ‘fund of incentives’ already exists in the present system – is based on the principle of equality. This is paradoxical but reflects the strong bias against competition and market-oriented administrative features, such as pay for performance.

The principle of equality is not abandoned but reinforced by the reform of education.¹³ Accordingly, the public financing of education has to level the playing field by avoiding unequal allocation of funds, including through the reward of good schools. Competition among schools is thus not permitted. It is difficult to imagine how the government is going to pursue the aim of improved quality if even a semblance of competition is opposed *a priori*. This resistance to the logic of rationalization of resources and efficiency is one of the greatest differences between NPM ideas and those underlying the Italian education reform.

Reform of the head of school as manager

Most of the administrative reforms regarding education in Italy are participatory, and not market-oriented, to use Guy Peters’ classification (1997). There are three sets of participatory reform: quality management, decentralization and citizens’ charters. The market-oriented reforms are pay for performance, internal markets, programme review, performance contracts and agency creation. The only market-oriented reform introduced in Italy is programme review, which was adopted in September 1997, with the creation of the Comitato Nazionale Tecnico-Scientifico di Valutazione (National Technical-Scientific Board of Evaluation). Minister Berlinguer expressed his enthusiasm for the establishment of this new institution.¹⁴

The most significant instrument of reform is the new role assigned to the headmaster. In the past, the headmaster was an employee of the state, as teachers are, with no effective power of decision-making. Article 21, sub-section 16, of Law 59, 1997, declares that, ‘in respect of the constitutionally guaranteed freedom of teaching, the qualification of “public sector manager” (“*dirigenza pubblica*”) is conferred upon the headmaster only after autonomy has been granted to individual schools’.¹⁵ The law elaborates the powers of financial and human resource management, along with the headmaster’s new responsibility for setting and achieving clear targets. In practice, the headmaster is no longer required to seek authorization from the Ministry of Education for every single decision affecting the school.¹⁶ Importantly, the new managerial role will be granted only upon the realization of school’s autonomy. Until then, it will not be operational. The role of manager is inspired by the public management literature reviewed in the first chapter. The manager operates under budget constraints and is responsible for the achievement of specific objectives of quality and efficiency. Most importantly, the headmaster-manager has the power to use factors of production at his discretion. This implies hiring and firing teachers and administrative personnel according to the demand and to their performance.

The managerial role of the headmaster is accomplished not only through the implementation of technical and organizational measures but also through a ‘new culture’. The traditional instrument of state control was the ‘*circolare*’, a paper with the value of law formulated by the Ministry of Education and ‘circulated’ all over the country, regardless of local differences. The new culture is based on the headmaster’s freedom to interpret the law. Accordingly, she is free to take initiatives and given the means to pursue them. To prepare headmasters for their new role, training and professional courses would be organized on a national basis. For that purpose, the Ministry of Education provided additional funds.

The provision for the new role for headmasters is contained in Law 59, a framework law and not a detailed and operative law. In fact, thousands of headmasters are, at present, still awaiting the executive decrees implementing Law 59. Meanwhile, Minister Berlinguer decided to allow those schools wishing to experiment with autonomy to do so, without official authorization from the

ministry.¹⁷ The ministerial decree regarding the right to experiment with autonomy, Decree 765, provided for the freedom of schools to make their own choices concerning the academic year calendar, the flexibility of the class schedules and the organization of extracurricular activities. The initiative was warmly welcomed and particularly praised by the press for offering diversified educational possibilities. Moreover, it encouraged ‘contracting out’, which involves agencies external to the schools.¹⁸

The public reacted positively to the reform because of its realism and pragmatism, usually difficult to achieve given the numerous legal minutiae. The reform undoubtedly suggested operational means of autonomy, such as the creation in each school of a board of control that will monitor the implementation of the reform. Moreover, the reform significantly gave a great deal of initiative in the hands of the collegial boards made up of teachers and students. These are representative bodies in each school that take decisions regarding a wide range of issues: ordering books for the library; purchasing equipment and instruments for the laboratories; and organizing extracurricular courses and activities. Representatives of students, parents and teachers sit on the bodies, yet parents have the most important role.

In the general enthusiasm for the experiment with autonomy, as a temporary measure awaiting the real one, not enough attention was paid to the concurrent development of the local offices of state administration. The ministerial decree creates a special unit to monitor and support the schools in their efforts. Article 3 of Decree 765 empowered the ‘*Provveditorati*’, which have traditionally served as the executive arm of the Ministry of Education in the local areas, by reinforcing their monitoring and controlling authority. It also gave them ‘consulting’ responsibilities and, most importantly, the power to rationalize the school system. Thus, they had only monitoring but also increased administrative responsibilities. In 2000, the *Provveditorati* were replaced by the *Uffici scolastici regionali* (regional school offices).

Citizens’ Charter of Education

The Charter of the Service of Education has been another element of the education reforms. Adopted in 1995, the Charter

instrument has not been limited to the area of education. Other public sectors, such as health and insurance services, transport and telecommunications, have adopted charters protecting the rights of customers. The model is the British Citizens' Charter, which is much more market-oriented than its Italian counterpart. In fact, the rights of Italian consumers are less akin to those of customers of a service than to those of citizens of a state. The reason is that deregulation and market-oriented reform in Italy have not been so advanced as in the UK. The market logic is extremely difficult to apply at the lower level of the civil service.

The Charter of the Service of Education is a heterogeneous document in terms of its content and structure. It provides the general guidelines to be implemented by each school. The Charter is composed of the Basic Principles and five additional parts: the educational aspect; the administrative services; the environmental conditions;¹⁹ the complaints procedures and evaluation of services; and the implementation of the Charter. The Basic Principles are inspired by Articles 3, 33 and 34 of the Constitution. They include: equality, impartiality and continuity of the service; involvement of students; right of choice of school; efficiency, transparency and participation; freedom of teaching; and continuous training of teachers. The Charter sets out the general guidelines and basic fundamental principles of education in Italy. It defines their regulatory framework, standards and performance criteria.

The most interesting aspect of the educational part of the Charter is the elaboration of the 'Progetto educativo di Istituto' (Educational Project of the School), which clearly goes hand-in-hand with the autonomy of schools. The project is the formulation of the educational and organizational decisions of individual schools. The schools have to set the criteria for the use of resources, cultural initiatives, organization of classes and discipline matters. However, the Charter was not specific on the role of the project, given that public law already regulates every single aspect of school administration and planning (Roccella, 1996).

The policy instruments used to achieve the stated aims of autonomy, quality and participation are full of contradictions and inconsistencies. On the one hand, the state gives organizational, administrative and didactic freedom to individual schools. On the other hand, the state retains the only autonomy that could

make a difference, in the distribution of financial and personnel resources. Moreover, the government accepts the principle of managerialism for headmasters but makes it conditional upon achieving autonomy of the school. The Ministry of Education, in an apparent ‘Copernican revolution’, authorized schools to take the leadership in gaining some degree of autonomy. Nevertheless, at the same time, the government decided to empower the regional school authorities (*Uffici scolastici regionali*, created in 2000) to control and monitor the compliance with national regulations.

Conclusions

The neoliberal ideologies underpinning some currents of NPM thinking (Minogue et al, 1998; Harvey, 2011) have initially entailed managed competition and the separation of the provision of public services from steering. In this process, society and citizens were kept at arm’s-length from public officials and, more generally, the state. The new model of public governance, on the contrary, has captured the need to establish a direct collaboration with citizens more widely and has coined the new paradigm of co-production. Public policy and organizational studies have identified in co-production a go-to solution for improving the legitimacy of decision-making and government actions. This indicates that citizens’ voice and inputs are again politically salient. Bureaucratization and re-regulation, and other limits of NPM discussed in this chapter, have been revisited and questioned by governments that since the 2000s have increasingly involved citizens in the delivery of services as partners and co-producers.

The findings related to the Italian case and presented in this chapter are relevant more generally. Whereas the market-based environments and economic arguments were a key component of the NPM approach to public service delivery, it remained highly contested outside the Anglo-Saxon countries. When NPM was transferred, or aspects of it, the participatory practices were often more attractive to non-Anglo Saxon countries and more resilient in the long run. Moving beyond centralized controls, by creating new organizational and hybrid arrangements with citizens or their associations, has been politically more acceptable and sustainable in the long run. The Italian version of NPM has

accepted the participatory aspects of administrative reform, but not the privatization ones (that is, private ownership, contracting out services, creation of internal markets). The former aspect of administrative reform has been more attractive to the government. For example, the reform of education in high schools has stressed the participation of students and parents in the decision-making process of pedagogic strategies and organizational management. More generally, the entire public administration has been made more accountable to citizens and less to regulations and legal procedures. The adoption of Citizen School Charters illustrates this point very clearly. The analysis of the case study leads us to conclude that the policy adoption of NPM in the early period has occurred partially and is void of one of its major tenets, namely privatization and market-based contexts.

The possibility of the overall success of administrative reforms cannot be concluded from this study. Whether reforms are likely to fail or succeed has not been the fundamental question of this chapter. However, the analysis of the reforms of education has underscored a problematic relationship between the formulation of a neoliberal ideological paradigm and its institutionalization. The administrative culture that characterizes national political and administrative systems has played also an important role. This does not suggest that the general intellectual climate has remained unchanged in the 1990s. In fact, public awareness of the inefficient public sector and the concern of the political elite for efficiency and performance of governments have grown. In the [next chapter](#), we will move beyond NPM's conceptualization of participation and look at changing ideas and practices about governance and citizens' participation.