

# CONCEPTUAL MODELS AND OPERATIVE TOOLS FOR IMPROVING CUSTOMER SATISFACTION IN THE PUBLIC SECTOR *REFLECTIONS ON ITALIAN EXPERIENCES*

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### **Abstract**

Quality in delivering public services has been recognised as a major issue challenging performance in the public sector, as well as the ability to operate effectively and within budget constraints. However, still today, this issue portrays many unresolved criticalities, particularly concerning the methodological approaches and operational tools to adopt in order to integrate 'customer satisfaction' programs with the organisational control system in each public administration and the wider institutional system to which it belongs.

One of the major limitations of the approaches currently adopted in public sector 'customer satisfaction' programs refers to the bounded level of sustainability in both *time* (i.e. short vs. long-run) and *space* (i.e. inter-institutional coordination). In fact, conventional approaches mainly aim to gather data from public sector users' perceptions, which are captured through different methods (interviews, focus groups, etc.), and then treated through statistical techniques. Though such data can be very useful in knowing possible improvement areas and achieved results in the delivery public services, they represent only a partial input to decision makers in order to design sustainable public service delivery systems. In fact, they often do not primarily take into account: 1) *how* a given set of provided services is delivered (i.e. the process view); 2) *who* is accountable for the achievement of results directly and indirectly associated to provided services (i.e. the responsibility view); 3) *what* is the system ruling the distribution of roles, duties and competences differently impacting on the provision of a given public service (i.e. the institutional view). A missing link between conventional 'customer satisfaction' programs to the above three aspects, and a focus on only front-line activities performed by those institutions operating in the 'last mile' segment of the overall public sector 'value chain' runs the risk of adopting a too bounded and limited viewpoint, and therefore to hamper the effectiveness and long-term sustainability of 'customer satisfaction' programs in the public sector.

This paper adopts a non-conventional view of 'customer satisfaction'. An *inter-institutional* perspective is proposed with a view to map the overall 'value chain' leading to the *final product* delivered to the 'customer'. Inside this *chain*, tracking the underlying administrative products delivered by back-office units to their 'internal clients' in the public

administration, and the associated constraints and possible delays, is recommended as a fundamental step to understand how to improve performance in satisfying citizens' needs.

**Key-words:**

*Performance improvement; Customer Satisfaction; Planning & Control*

## 1. The use of Planning & Control Systems in the Public Sector to foster accountability and improve performance: the need of a learning-oriented perspective.

In the last decade there has been a growing interest towards the improvement of public service quality, effectiveness, and operational efficiency. This rising concern has its roots into a wider shift that, since the '80s, across many countries of the world, has been characterizing a gradual and deep change in conceiving the role of the public ruler and decision maker, and the criteria for evaluating performance. Such a view is commonly referred as *new public management*.

New approaches have been adopted in order to foster political and managerial accountability, and to support decision making. Growing efforts have been produced to provide Public Administrations with formal Planning & Control (P&C) systems, aimed to support performance measurement and benchmarking, as well as a better resource allocation.

Although there have been positive experiences in the world in this area, quite often the introduction of formal P&C systems has not met expectations or has been producing unintended side-effects, particularly with regard to:

- an increase of *bureaucratization*, due to:
  - a focus on data, rather than on information;
  - a focus on only formal issues, such as compliance with deadlines for the delivery of reports and other documents prescribed by laws and rules, rather than on the preliminary analysis of information needs to satisfy;
  - an excessive orientation only towards electronic data processing, rather than also on the organizational and behavioral implications associated to the introduction of P&C systems;
- a poor definition and alignment of *goals, activities, and performance indicators*, and a low level of coherence between them;
- a *missing connection between the political and managerial level* (leading to lack of consistency between strategic, managerial and operational goals);
- a *lack of coordination between policies* undertaken by several institutions playing different roles in the delivery of a given pool of services to citizens and the wider community. Such phenomenon has been a primary cause of a growing need of joined-up government (Boyle, 1999; Johnson, 2005; Pollit, 2003);
- *overlapping objectives and competences* and a lack of coordination between different Ministries in a same administration in a given territorial area;
- a *static and bounded view* of the relevant system for public policies and management decisions, leading to schizophrenic behavior;
- an *unfocussed communication* to the community of the outcomes associated to undertaken policies.

This mechanistic approach to P&C systems design and implementation is likely to generate an *illusion of control*. It also implies a high risk of manipulation in goal setting and performance evaluation.

The shortcomings of the described perspective are particularly relevant due to the increasing complexity and unpredictability of the systems in which public policies are implemented<sup>1</sup>.

To avoid that a misleading effort is produced towards the use of formal P&C systems in the public sector, a *non-mechanistic* and learning-oriented view is needed. Such a view is claimed to prevent the above said *illusion of control*. It implies that decision makers, operating at different levels in a given political and managerial context, may learn and practice an aptitude to communicate each other and to be aware of the causes underlying the phenomena on which they are expected to intervene.

Such a different perspective implies the need of a deep cultural change by different players in the public sector: it is needed to focus the real impact of services on citizens and the wider community, rather than considering actions only in a traditional *weberian* perspective, i.e. through the lenses of the 'bureaucrat'. According to such lenses, Public Administration's performance can be considered as 'good' if choices are made in compliance to the laws, rules and procedures providing the framework where politicians and managers operate. Today, because of resource scarcity and the proliferation of citizens' needs and expectations towards the public sector, what it is crucial is not only the compliance of public actors with regulatory frameworks, but also their promptness and selectiveness, as well as the capability to foster networking and joined-up government. In such a new context the P&C process cannot be bounded to the consideration of 'input' factors only. It should be, rather, broadened and more focused on the search for continuous process improvement, leading to the measurement of outputs and outcomes which could better respond to the various instances converging towards the public sector.

In such a framework, outlined by the *new public management* philosophy, the roles of both politicians and managers are dramatically changing.

On the one hand, political decision making cannot be focused on an incremental view, which pursues a perspective of gradual and simply tactical change in planning and goal setting. Today, political decision making requires a higher capability than in the past to frame the dynamic complexity characterizing the systems where decisions will be made. It also requires a crucial capability to create synergies, communication, and synchronization of strategies between different, public and private, actors involved in the systems where politicians are expected to act. This needs the adoption of new approaches and tools that may foster a *common shared view* of the *relevant system* among different involved actors. It also needs a new approach to planning: incremental and formal or structured approaches should be replaced by more systemic and *learning-oriented* perspectives. A strong effort should be produced at the political level to outline the conceptual framework and main causal linkages related to policies embodied in the sketched plans.

On the other hand, managers are expected to outline proper objectives and better acquire and allocate resources to pursue them over time. Such a role significantly differentiates the public manager today from the traditional bureaucrat. Responsibility is still at the core of the managerial function. But it is now linked to the results produced by managers, rather than only or mainly to their capability to act in compliance to the existing legal framework. Therefore, setting proper objectives and measuring over different time horizons achieved results – e.g. in terms of volume, efficiency, outcome, and productivity (Ammons, 2001, chpt. 1) – is a crucial function that the P&C system must properly support.

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<sup>1</sup> On this concern, one may consider the dynamic complex issues that policy makers are expected to face when decision affect fields such as: public works, health care, industry, tourism, energy, environment.

## 2. Main levers and areas of intervention in pursuing change in the public sector according to a learning-oriented perspective.

In order to describe such a fundamental change – which is still in progress, at a different speed and with multiple shapes in different countries of the world – David Osborne (Osborne – Gaebler, 1992; Osborne – Plastrik, 1997; Osborne, 2007) has adopted a stimulating figurative expression, which has recently also been borrowed by the United Nations: *Reinventing Government*. Such an expression aims to remark how a radical change in the perspective adopted in the public sector must necessarily be focused on a synergic action towards a mix of *levers*, which can make a change in the ‘DNA’ of the public sector.

Osborne refers the *levers of change* to the following issues: 1) the *core strategy* (i.e. the steering function of government); 2) the *consequences strategy* (i.e. performance evaluation and incentives); 3) the *customer strategy* (i.e. the system through which a public organization delivers services – for which it must be accountable – to citizens); 4) the *control strategy* (i.e., the system of decision areas who have the power to affect performance); 5) the *culture strategy* (i.e., the system of values, norms, attitudes, and expectations of people in a public sector organization).

Osborne remarks that failures in adopting a *results* – rather than only *activity* – oriented perspective in public administrations is not due to specific deficiencies in people capabilities, but rather to a mechanistic view of change, implying the undertaking of isolated policies, in time and space.

So, for instance, it is simplistic to hypothesize that such change can be successfully undertaken only through the use of accounting and measurement techniques. Likewise, it looks simplistic to foster a decentralization process of decision areas (often through the constitution of private agencies) without changing decision processes<sup>2</sup>, performance evaluation methods, and the prevailing cultural values. Such factors can be, respectively, referred to the *core strategy*, the *consequences strategy*, and the *culture strategy*.

Therefore, the use of a *learning-oriented* view in P&C implies that public sector organizations are able to link a short to a medium-long time horizon, and to adopt a systems approach. Such a perspective may support decision makers to detect relevant factors and explore their mutual relationships in affecting performance. This is particularly remarked by Osborne, with reference to developing countries and those nations characterized by a pervasive corruption<sup>3</sup>.

The above problems are – *mutatis mutandis* – relevant also to the Italian context. The ‘cultural gap’ (i.e. a bureaucratic or formalistic, rather than outcome-oriented view) that still today characterizes most public sector organizations is combined with an institutional complexity (Borgonovi, 2002: p. 38-39): a multitude of public institutions often operates at different levels in the delivery of services to citizens and the community. Though activities performed by such institutions are linked each other, the autonomy of each player (e.g. operating at a State, Region, or Municipal level) it makes often difficult to coordinate public policies towards the improvement of service to the users. This makes Public Administration a *loosely coupled system* (Rebora – Meneguzzo, 1990: chpt. 1)

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<sup>2</sup> Namely, the relationships between central and peripheral levels.

<sup>3</sup> On this concern, Osborne (2007: p. 18) remarks that the use of proper information systems to support managerial and strategic control, to better evaluate the compliance of public services to users’ expectations, and to foster a results orientation, as well as a higher level of transparency in public administration, is a crucial path to undertake.

characterized by a long chain of decision makers, which may either generate or destroy value (Moore, 1995).

Supposing that a performance improvement towards citizens' and other public service users' expectations could result from only efforts produced by those institutions operating in the bottom and front-line level is often misleading. In fact, such institutions are, in turn, 'clients' of other public institutions which operate (with various roles ranging from policy orientation, coordination, support, supervision or control), on a higher territorial level (e.g. regional or national with respect to a municipality). In such contexts, an effective change should properly adopt an *inter-institutional* perspective.

Such a perspective should have, firstly, to imply the identification of the 'user-client', to whom the final products emerging from the fulfilment of administrative tasks are addressed (Holzer – Kloby, 2005). Starting from such 'clients' and final 'products' – by moving backwards through the "value chain" (Bouckaert *et al*, 2005; Heintzman R. – Marson R., 2006; Mechling, 2001, p.7) linking different loosely coupled institutions – one should identify different *internal* clients into the public administration system. *Internal* clients are those (public) institutions which receive from other units in the public sector a given range of 'products' from the fulfilment of their own administrative processes. They deliver, in turn, the products arising from the execution of their own administrative tasks to the benefit of downwards public institutions, with a view to reaching citizens, i.e. the final products' users.

In such perspective, a *sustainable customer strategy*, i.e. pursuing an improvement in users' satisfaction levels (or keeping satisfaction stable around a desired level), depends not only by public sector decision makers' ability to detect and assess factors mostly affecting provided services, but also by their *capability* to affect them towards a desired direction. This capability is often related to both the possibility to have an impact on the administrative processes carried out by the institutions located in the bottom line of the *value chain*, and to properly link such processes to the wider (political, inter-institutional, and interdepartmental) system. In particular, it is necessary to detect in such system different 'key-actors' who have a direct involvement in the fulfilment of administrative processes in different institutions operating backwards in the "value chain", likewise back-office units supporting with different roles the activities of bottom-line institutions which deliver the final products to the citizen or the wider community.

Therefore, pursuing a customer satisfaction strategy that focuses responsibility and accountability levers on only the bottom line of the "value chain", runs the risk of failing to produce its expected outcomes. A customer satisfaction program in the public sector could play a major role if a broad enough perspective of analysis and action (also implying a medium-long time horizon) is adopted. This should allow decision makers to synergistically act on the above mentioned *five levers of change*. Such an approach should look beyond the boundaries of each single institution operating as a final step in the value chain linking the public administration system to the end-customer. It should, rather, encompass the several *loosely coupled* organizations acting with different roles in the provision of the considered services.

As a consequence of this, undertaking policies and strategies aimed to improve performance in delivered services in the public sector, according to a 'customer satisfaction' approach, requires the use of conceptual models and operative tools, which may provide policy makers with proper *lenses* through which real contexts can be framed and explored. This would substantially improve the sustainability of 'customer satisfaction' programs in the public sector.

Such programs often run the risk to be too ambitious – and therefore *unsustainable* (at least in the long run) – if only bounded to the decision areas in a given institution, which are located in a front line position towards the user. Though conventional customer satisfaction programs and surveys (only limited to the ‘office-user’ relationship) are likely to generate improvements in the short term, both in the public sector human resource motivation and the user, if not properly linked to the other four levers of change they are likely to fail in the long run. In fact, if the institutions acting as back office units towards those ones directly providing services to the users may significantly influence the final ‘customer satisfaction’ levels, such programs may prove to be unsustainable in the long term, or however, their achieved outcomes could be substantially improved if a more systemic and learning-oriented approach would be adopted.

The goal of this paper is to contribute to the scientific and practitioners’ discussion to those issues.

### **3. On the limitations of statistical techniques as main tools to foster performance evaluation and improvement in a ‘customer satisfaction’ perspective.**

An important consequence of the above arguments is that the use of only those tools which are based on statistical techniques – e.g. the so called *Servqual*, *Kano*, *ECSI2000* models (Zeithaml – Parasuraman – Berry L., 1991) – is likely to marginally contribute to foster a real improvement in the quality and efficiency of services provided to citizens and the community. Such methodological approaches generally use sampling and data processing techniques, with the aim to provide decision makers information to support action to affect those processes where the ‘customer’ directly interacts with a public sector organization.

For instance, in Italy, such an approach has been adopted by the so called ‘Cantieri’ program, under the patronage of the Head of Cabinet’s Public Function department. Such a program aims to accelerate the implementation of innovation processes in public administrations. ‘Cantieri’ has been working as a laboratory for 92 Italian public sector organizations (only for the customer satisfaction program), encompassing Municipalities, Provinces, health care, social security, and welfare institutions (Tanese – Negro – Gramigna, 2003).

This program has defined customer satisfaction as a “system aiming at listening to citizens and interacting with them through the proper use of different tools (e.g. interviews, focus groups, ...), and especially as the rigorous and careful management of all the stages before and after data collection (Tanese – Negro – Gramigna, 2003: p. 28). The ‘Cantieri’ laboratory has been working through four teams, focused on outlining a methodological approach to measure and assess customer satisfaction related to front office, health care, and elderly people support services <sup>4</sup>.

The concern towards customer satisfaction in public sector services and the search for methods and tools which may enable one to measure and improve performance is not a new phenomenon in Italy. In the early ’93 the Act n. 29 prescribed that each institution in the public sector would establish its own *customer relationship* desk. Later, the Prime Minister’s Act dated Jan. 27<sup>th</sup> 1994, outlined a number of fundamental principles (such as: fairness, impartiality, continuity, right to make a choice, participation, efficiency and effectiveness) underlying the delivery of public services. It also required that public institutions could make all the necessary efforts to detect the factors from which service

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<sup>4</sup> Though the program has been focused on front office activities, the above working teams have also implied the involvement of back office services..

quality depends, and that – based on them – they would adopt and publish proper standards to comply with.

Furthermore, in the year 1997, the Law n. 59 – which delegated the National Government the mission to start a devolution process implying a progressive decentralization of functions towards Regions and local authorities – prescribed for such institutions the use of proper “systems aimed to evaluate ... results from the fulfilment of administrative tasks and the delivery of public services, so to further encourage the establishment of service charters and to always make provision for penalties in case of their violation”.

More recently, the Act issued by the Minister for Public Function on March 24<sup>th</sup> 2004 has prescribed a coherent system of initiatives aimed to “promote, diffuse and develop in the public sector the introduction of proper methods aimed to systematically record citizens’ perceived quality; i.e., methods based on listening to citizens, and on their participation to the delivery of public services, with a view to design service systems which are actually based on the real needs of people”. This act has properly broadened what it is prescribed about the evaluation of the ‘external customer’ satisfaction, to the so called ‘internal customer’. Meeting *internal* customers’ needs is indeed the normal condition for a wide variety of public institutions which do not directly deliver any service to citizens, since they fulfil a role of planning and ruling <sup>5</sup>.

The crucial role of citizens’ satisfaction and Public Sector transparency has been further reinforced by the Law n. 15/2009 (art. 4), where the need to “ensure quality and economic standards for the *overall process through which services are delivered to users*” <sup>6</sup> has been remarked. To this end, the Italian Parliament has delegated the Government to issue specific laws that could reinforce the jurisdictional protection of public service users towards poor performing administrators.

More generally, public sector’s current practice considers customer satisfaction as an important factor for the implementation of the so called ‘customer relationship management’ or *CzRM* (Larsen – Milakovich, 2005), and – broadly speaking – of e-government. The resort to e-government techniques has become very popular in the last decade to foster the implementation of New Public Management.

The goal of *CzRM* <sup>7</sup> is to deliver citizens a prompt and coherent access to information on government activities and provided services. This is possible through an integrated system of communication channels (e.g. e-mail, web sites, ‘customer relationship’ desks) which may increase the level of transparency of Public Administrations. E-government, *CzRM* and customer satisfaction can be considered as interrelated factors, sequentially ordered from a general to a specific purpose, with the goal to lead the public sector out of the self-referential behavior that has been characterizing its action for several decades <sup>8</sup>.

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<sup>5</sup> In Italy, this is the case of Regions and Provinces. For instance, at the beginning of 2007 the Region of Sicily has prescribed the undertaking of a working method aimed to embody the recommendations of the above said Ministry Act, through: *a)* the settlement of proper standards of quality and volume, related to the service delivered by its own departments, *b)* the start of a sample survey in each department, aimed to assess – through proper questionnaires – the users’ perception and expectations about service quality; *c)* the analysis and periodical summary of collected data through proper reports, aimed to outline by means of proper performance indicators, the satisfaction levels and associated strengths and weaknesses for each delivered ‘service/product’, as well as suggestions for performance improvement.

<sup>6</sup> Emphasis added by the author.

<sup>7</sup> This concept is borrowed from that of CRM – i.e. Customer Relationship Management, which has been adopted since a long time ago in the private sector.

<sup>8</sup> The use of e-government by European countries as a goal and a means to enhance customer satisfaction is significantly stressed by the “Mid-term programme 2004-2005 for co-operation in public administrations”, prepared by Greece, Ireland, The Netherlands, and Italy, discussed with the directors

To emphasize such tight relationships, the strategic goals outlined on March 2007 by the Italian Minister for Reforms and Innovation in Public Administration (Head of Cabinet Office, 2007), explicitly mention the need to adopt a systems approach to foster growth and measuring quality and efficiency of Public Administration processes. More particularly, on this regard, such document emphasizes the need to put citizens at the core of service delivery systems. Furthermore, to promote new initiatives in public administrations, aimed to measure and assess customer satisfaction, the 'CNIPA' (National Centre for Informatics in Public Administration, 2007) has recently started a competence centre concerning on-line service quality.

Also the crucial role of customer satisfaction for the social balance sheet in the public sector has been emphasized in the Act issued by the Italian Minister for Public Function on February 17<sup>th</sup> 2006, based on the above mentioned 'Cantieri' program (Tanese, 2004: p. 184-186).

More generally, empirical analyses on customer satisfaction in the public sector – in the Italian experience – have been mostly focussed on those units which are immediately in contact with the citizen (Cristofaretti – Malanca, 2001; Leone, 2003). Even in a same public organization, broadening the perspective of analysis towards a higher coordination with back-office units, often implies major problems. Difficulties significantly increase if one aims to coordinate the policies and management of those organizations located downwards with those operating backwards in the *value chain* leading to the delivery of service to the final users.

Such difficulties cannot be solved by only using statistical methods and techniques, since they do not allow decision makers to detect:

- ✓ “products” and underlying processes which are the *backbone* of the service delivery system;
- ✓ performance drivers and outcome indicators, to keep track of improvements done in service delivery (on both the qualitative and efficiency point of view), and to settle proper incentive mechanisms;
- ✓ responsibility areas and policy levers to affect results;
- ✓ the frequency according to which performance should be measured, also with the aim to trigger the P&C feed-forward mechanisms;
- ✓ the institutional and political setting underlying different 'loosely coupled' public sector organizations playing a direct or indirect role in fulfilling a given public function.

A managerial perspective, aimed to systemically outline the above factors, is likely to enable a better coordination between customer satisfaction measurement and P&C or (more widely) organization control systems (Ouchi, 1979).

The above arguments do not pretend to argue that the Italian experiences in customer satisfaction improvement in the public sector (most of which are focused on only 'front-office' institutions and based on a significant use of statistical tools) should be considered *per se* as unsuccessful or useless. In fact, for instance, in most cases where 'front-office' (or peripheral) institutions can rely on a significant autonomy in delivering their services to

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general of the European Union, and approved in Rome on December 1<sup>st</sup> 2003, as an annex to the resolutions of the European Ministers responsible for Public Administration. Such a document is strictly related to the implementation of the Lisbon Agenda. In particular, this document states: “Different public organizations should more cooperate in order to improve the delivery of services, customer satisfaction, and increase efficacy of the public sector” (Public Function Department, 2003: p. 10).

the community, it is likely that any local initiative based on the enthusiasm and the “entrepreneurial spirit” of single politicians or managers is potentially able to produce positive – though bounded – outcomes. On this regard, we agree on the argument according to which “the administration of the future we desire cannot exist if every single organization, which is part of it, does not change and that will never happen without autonomy and entrepreneurship in every ministry, every city hall, every office (Dente, 2007, p. 3).

However, it is also true that any change based on customer satisfaction projects which are bounded to only the *last mile* segment of a much longer service delivery system, and to only a statistical analysis – rather than also to the redesign of P&C systems and organization mechanisms – runs the risk to generate a feel of disappointment, and lack of motivation in employees. Such feelings are often associated, for instance, to higher constraints due to: lack of coordination with upward public sector institutions; inconsistencies in the ‘roles/responsibilities’ system, or in process design and management, or even in results orientation – particularly in the ‘back office’ units.

For the above reasons, major limitations of the approaches currently adopted in many ‘customer satisfaction’ programs in the public sector refer to their bounded level of sustainability in both *time* (i.e. short vs. long-run) and *space* (i.e. inter-institutional coordination and consensus building towards policies to adopt).

Conventional approaches mainly aim to gather data from public sector users’ perceptions, which are captured through different methods (i.e. interviews, focus groups, etc.), and then treated through statistical techniques. Though such data can be very useful in knowing possible improvement areas and achieved results in the delivery public services (as perceived by the interviewees), they represent only a partial input to decision makers in order to design sustainable public service delivery systems. In fact, they often do not primarily take into account:

- 1) *how* a given set of provided services is delivered (i.e. the process view);
- 2) *who* is accountable for the achievement of results directly and indirectly associated to provided services (i.e. the responsibility view);
- 3) *what* is the system ruling the distribution of roles, duties and competences differently impacting on the provision of a given public service (i.e. the institutional view).

A missing link between conventional ‘customer satisfaction’ programs to the above three aspects, and a focus on only front-line activities performed by those institutions operating in the ‘last mile’ segment of the overall public sector ‘value chain’ runs the risk of adopting a too bounded and limited viewpoint, and therefore to hamper the effectiveness and long-term sustainability of ‘customer satisfaction’ programs in the public sector.

The above risks are significant for many public services, particularly for those which are provided on a territorial basis: this is the case, for instance, of the structural difficulties found in Italy in implementing strategic change and improving waste collection and treatment.

#### 4. Outlining “products”, “clients”, processes, and performance measures along the *value chain*.

##### 4.1. *The need to properly define the relevant system’s boundaries.*

The above analysis suggests that, if one considers that a “product-service” is an outcome of a value chain encompassing different institutions (all of which are loosely coupled each other) the formulation of customer satisfaction policies requires to broaden system boundaries and adopt an inter-institutional perspective<sup>9</sup>.

This is the case, for instance, of performance improvement policies in the execution of public works funded by the European Union “Regional Operational Program”<sup>10</sup>. On this regard, each municipal administration operates as the last segment of a long value chain, which is made up by several units operating in different institutions, with ruling and monitoring roles, most of them are inside a Regional ‘Public Works’ Councillorship<sup>11</sup>.

Likewise, concerning immigration policies, social and family assistance services in the fields of popular housing, or school education, or employment support are mutually linked and significantly affected by European, national and regional policies. In particular, concerning the theme of illegal immigration, with the related effects on crime, a relevant relationship exists between such policies and those associated to public security and order.

Similar thoughts can be also referred to the policies undertaken by a Regional Councillorship for labor, concerning services like ‘Employment Exchange’<sup>12</sup> or training, both aimed to reduce the entry time in the labor market for young people getting a University degree.

Both the above mentioned issues provide good examples of the strong interdependencies between different (public and private) institutions and several (National, Regional, Provincial) public administration levels. More particularly, concerning education policies aimed to reduce the entry time in the labor market, many important interdependencies exist between the national Ministry and the Regional Councillorship of labor. Other interdependencies are between the Regional Councillorship of labor and various ‘brokers’ such as: private training centers (which deliver training courses subsidized by Regions), enterprises asking for qualified manpower, and graduates searching for an employment, and receiving training. In such a ‘service delivery’ system, unemployed graduates are the *final clients*, while private training centers are *internal clients*<sup>13</sup>.

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<sup>9</sup> Such a perspective fosters a better link between the managerial and political view. In fact, management problems in a given institution are often associated to constraints and inconsistencies related to another institution. Therefore, they can be fixed through a better coordination of policies, rather than a marginal improvement of management techniques.

<sup>10</sup> [http://ec.europa.eu/regional\\_policy/country/prordn/details\\_new.cfm?gv\\_PAY=IT&gv\\_reg=ALL&gv\\_PGM=1044&LAN=7&gv\\_PER=2&gv\\_defL=7](http://ec.europa.eu/regional_policy/country/prordn/details_new.cfm?gv_PAY=IT&gv_reg=ALL&gv_PGM=1044&LAN=7&gv_PER=2&gv_defL=7)

<sup>11</sup> The concrete case on this theme will be analyzed in the last section of this paper.

<sup>12</sup> In Italian system, the ‘Employment exchange’ (according to the Law 30/03, and the Act 276/03 – i.e. the so called ‘Biagi Reform’) provides a national on-line data transmission system, aimed to facilitate the free match between demand and supply of labour. It is an open, transparent, free, and always updated system, made up by a net of regional nodes, through which citizens, enterprises, public administrations, and authorized ‘brokers’ can have access to share resources, information, enquiries on labour.

<sup>13</sup> The above analysis suggests the need to foster coordination of strategies and communication between the Regional administration and various private institutions, such as enterprises, training schools, young unemployed people and their own families. Such policies should be outlined into four main areas on intervention, i.e.: 1) analysis of training needs, 2) selection and certification of training centers; 3)

Similar arguments can be related to public policies on: water, waste, territory, energy, etc. On this last concern, in Italy, the Act n. 387/03 (art. 12), according to the European Directive n. 77/01, has delegated Regions the role to deliver a single authorization to applicants (e.g. enterprises) for the construction of renewable energy production plants. Since such authorization can be delivered according to laws ruling various issues (ranging from: environment and landscape, to historical and artistic heritage) the “Industry” department of the Sicilian Region must call a summit Conference of Services for each received application, within 30 days from its receipt. It must also conclude the single authorization process within 180 days. The range of institutions potentially involved in such conference of services is significantly broad. It covers different regional councillorships (such as ‘Territory & Environment’ and ‘Public Works’), Cultural Heritage Superintendencies, Forest Inspectorate departments, Municipalities, Industrial Development Areas, Local Health Agencies, and other various institutions, like: the Italian Company for Air Navigation Services (ENAV), the Civil Aviation Authority (ENAC), Provinces, the State Property Agency, the Air Force, other State Ministries (e.g. Communication, Defence), etc. In such a complex and multifaceted domain, the “Mines & Energy” Service of the above said Industry department of Sicily must operate as a *unified desk*. On this regard, the capability of such Service to detect criticalities and inform and address the ‘client’ (e.g., concerning the identification of needed or missing documents in the application), is a first important factor affecting performance. Another important factor is the prompt and right identification of institutions to call in the summit Conference of Services. This particularly requires a deep knowledge of relevant laws and a capability to analyse and diagnose problems, based on which it is possible to detect the criticalities of each application, and to correctly bring them back to legislative frameworks, rules, and related current interpretations. Even the Service capability to outline a reliable time schedule of the needed conference of services calls is critical. Last, but not the least, the capability to deal with ‘political-cultural’ problems related to change resistance by different involved public administration ‘actors’, plays a significant role in affecting performance<sup>14</sup>. Such resistance – often leading to delays and unpredictable events in the process led by the ‘Mines & Energy’ Service – is sometimes due to the defensive routines associated to a fear of losing power that some decision makers feel. In other cases, defensive routines can be due to lack of information about proper interpretation and application of relevant legislation.

#### **4.2. Identifying “products” and “clients”.**

In all the examples mentioned above, the identification of “products” and “clients” provides an important key to start a program aimed to affect performance in a customer satisfaction perspective<sup>15</sup>.

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communication to unemployed people, about the courses that are offered by the Region; 4) placement of trained people.

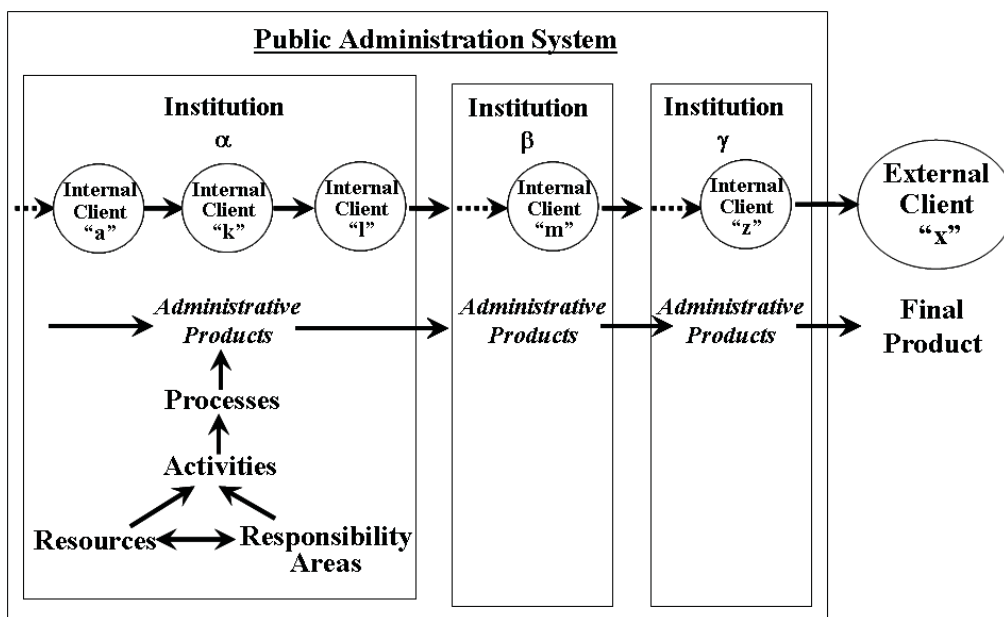
<sup>14</sup> On this regard, from the year 2005 to now, there have been many disputes and conflicts of competence in Sicily between the Regional Councillorship for Industry and various other institutions, like: the Regional Councillorship for Cultural Heritage, the Councillorship for Territory and Environment, different Municipalities. Such critical issues have often given rise to the issue of sentences by the State Advocacy and Administrative Court, as well as to many advices provided by the Legal Affairs office of Sicily.

<sup>15</sup> It is worth remarking that, if one refers to public services, by “product” it is possible to mean a result generated by the fulfilment of a process or a combination of processes, in favour of a given subject (“client”). By “client” we mean, instead, a subject (either an individual, or group of people, or a firm) who benefits from a given “product” delivered by administrative processes.

An administrative “product” may take a different connotation as a function of the “client” to whom it is delivered. In fact, if we refer to the *external client* (i.e. to the subject operating outside the public administration, and receiving the outcome of processes fulfilled by different public sector institutions in the *value chain*), then it is possible to identify a *final* “product” or, more frequently, a *package of final products* <sup>16</sup>.

As previously remarked, not all the “products” delivered by the fulfilment of administrative tasks can be directly associated to the *external* “clients”. In fact, many activities carried out in the public sector result into the delivery of “products” to the benefit of units operating *inside* the same institution or in other public institutions. The framework depicted in fig. 1 shows how – if one refers to a given *final* “product” – it is possible to identify, by moving backwards, a *system of products* resulting from the fulfilment of administrative processes by each decision unit whose only “clients” are *internal* to the public sector.

For both “products” which are delivered to the benefit of *external* and *internal* “clients”, the identification of factors impacting on performance and customer satisfaction requires an analysis of: 1) underlying processes and activities; 2) involved responsibility areas; 3) related available policy levers, and allocated resources; 4) performance indicators.



**Figure 1:** Identifying “clients”, “products”, processes, responsibility areas, and resources as a fundamental step for improving performance in public sector, in a ‘customer satisfaction’ perspective’.

<sup>16</sup> For instance, in a University a bachelor degree is a *final* product, whose logical premise is related to the delivery – to the benefit of the student (i.e. the “client”) – of a package of final products which are logically and sequentially related each other, such as: the issue of an identification number e the related certificate; the issue of a certificate of enrolment to a new year or of the approved syllabus, or even of the marks received in passed exams; the provision of internships or a period of studies in a foreign University.

#### **4.3. Identifying processes, responsibility areas and performance measures: 'final', 'individual', and 'intermediate' products.**

With the goal to gradually move from synthesis to analysis, it is necessary – for each institution – to firstly outline main homogenous processes (i.e. *macro processes*) fulfilled by responsibility areas.

For each group of *macro processes* underlying the delivery of a given output, at least an *individual* “product” must be identified. Such “product” is an autonomous result (i.e. an outcome) of administrative tasks fulfilled by ‘back office’ units to the benefit of an *internal* “client”. Performance in delivering an *individual* product will affect the performance of the *internal* “client” who will receive it, and will – in turn – influence the performance of other internal clients who are sequentially located along the *value chain* leading to the delivery of the *final* “product”.

In order to make such analysis selective, it is worth focussing attention on the top-middle management areas in each institution, i.e. on the *second level* units in a department. They provide a crucial area for performance improvement. Decisions made by managers having the responsibility of such units are a good compromise between the need of synthesis and coordination of the detailed activities accomplished by *third level* units, and the need to focus the specific processes behind the acquisition and deployment of strategic resources, needed to affect performance. The focus on such level is an important requirement for effective implementation of a *customer satisfaction* program in the public sector. In fact, it is likely to foster the empowerment and accountability of managers operating under the supervision of their department’s director. A missing analysis of variables and criticalities affecting results achieved by such ‘back office’ areas, would not allow a proper identification of the *levers* on which managers may act to affect the *drivers* impacting on the outcomes generated by fulfilled administrative tasks in an institution, and in the overall *value chain* to which it belongs. In addition, it would not support the evaluation of the resources needed by such units to affect performance drivers, and therefore would hamper goal setting and negotiation, budgeting, assessment of results, reward and career systems, and in general an improvement program underlying a strategic change.

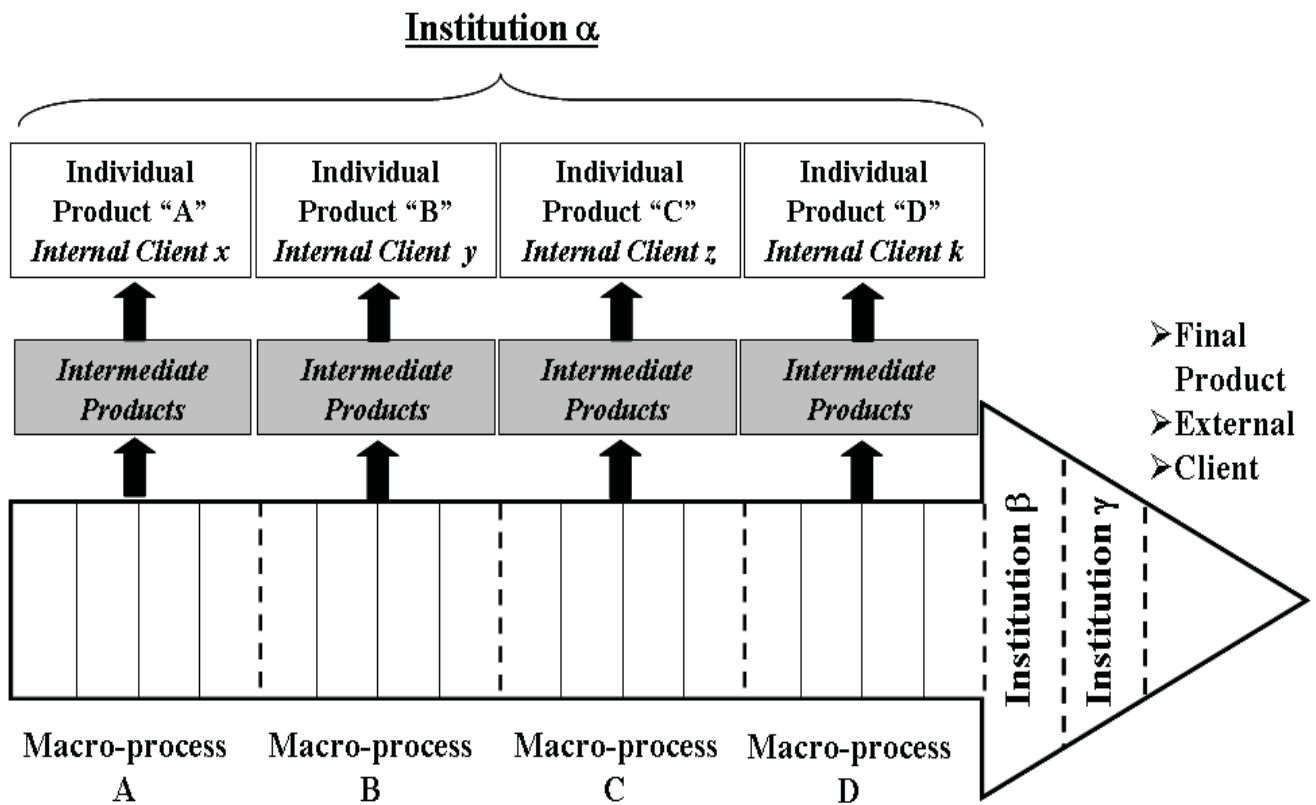
The identification of *macro processes*, of related *individual* products to the benefit of *internal* customers, and performance measures, strategic resources and policy levers on which decision makers must focus their attention, provides the first step for implementing our model to improve customer satisfaction in the public sector.

A second step requires that – for each *macro process* – different single processes are made explicit. The result of each single process is an *output* of administrative tasks. This output can be referred as an *intermediate* product, i.e. a result which is an instrument – often together with other *intermediate* products – for the attainment of an *individual* product, as previously defined.

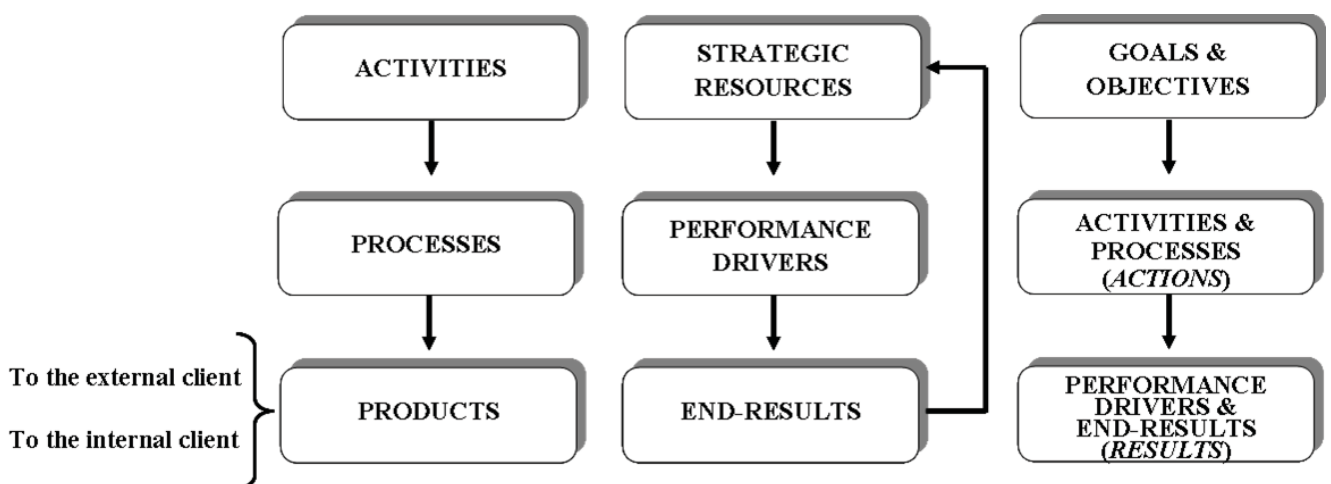
Figure 2 depicts *intermediate* products as outputs of administrative tasks fulfilled by *second level* units in a department of a public sector institution. Such products are an instrument to attain an *individual* product, which is an outcome of each *macro-process*.

#### **4.4. Three views for evaluating the contribution of responsibility areas to performance improvement in a customer satisfaction perspective.**

Based on the above analysis, if we adopt a “learning-oriented” approach to P&C, to support the contribution of each responsibility area to performance improvement in a customer satisfaction perspective, three views are relevant: 1) an “objective” view; 2) an “instrumental” view; 3) a “subjective” view (fig. 3-a).



**Figure 2:** Identifying the *final* product and *external* client, as a first step for the analysis of products and processes generated by the fulfilment of administrative tasks in back office units inside an institution " $\alpha$ " in the *value chain* for public service delivery.



**Figure 3-a:** The "objective", "instrumental", and "subjective" views to support, in a planning and control setting, the contribution of each responsibility area to performance improvement, according to a customer satisfaction perspective.

The “objective” view implies that products generated by administrative tasks – and the underlying processes and activities – are made explicit. As remarked, such an approach implies that one moves backwards from *final* to *individual* and *intermediate* products, as a result of processes and activities carried out by responsibility areas in the fulfillment of their own tasks.

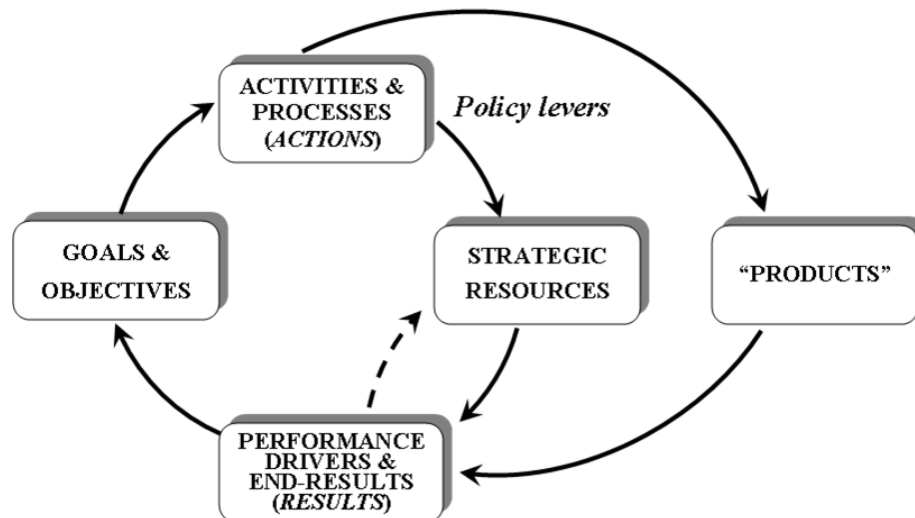
The “instrumental” view implies that alternative means to improve performance, in relation to a specific “product” (both referred to internal or external clients), are made explicit. On this regard, it is necessary to identify performance measures related to both end-results and respective drivers. The first ones are efficiency or effectiveness (e.g. volume or outcome) measures of results generated by the fulfillment of administrative tasks, for the attainment of *final* or *individual* products. The second ones are the drivers through which decision makers can affect end-results according to the expected direction and time span. Performance measures associated to the drivers are often related to processes from which the attainment of *intermediate* products is possible. In order to affect such drivers, each responsibility area is expected to build up, preserve and deploy a proper endowment of strategic resources, systemically linked each other. Both the quantitative and qualitative profile of such an endowment should be appropriated, in relation to the characteristics of the workload to accomplish and the results to achieve<sup>17</sup>.

Finally, the “subjective” view provides a synthesis of the previous two perspectives, since it makes explicit, as a function of the pursued results, the activities to undertake, related objectives (and performance targets) to include in budgets for each decision area.

Fig. 3-b provides a synthetic picture of the three above perspectives. It shows how, in a budgeting context, once defined the “products” originated by the fulfilment of administrative tasks, it is needed to move *backwards*, i.e. to outline the underlying processes and activities (actions), and then to define goals and objectives for each responsibility area. Such objectives must correspond to the performance indicators (results) that will be achieved through actions aimed to manage a given strategic resource system. Both performance drivers and end-results should describe whether an organization (or part of it) is able to meet the various expectations (e.g. in terms of volumes, defects, time, cost) coming from internal and external “clients”, concerning delivered “products”.

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<sup>17</sup> Fig. 3-a also illustrates how the end-results provide an endogenous source in an organization to the accumulation and depletion processes affecting strategic resources. In fact, they can be modelled as *in* or *out*-flows, which change over a given time span the corresponding stocks of strategic resources, as result of actions implemented by decision makers. For instance, liquidity (strategic resource) changes as an effect of cash flows (end-result); image and credibility of an organization towards citizens (strategic resource) change as an effect of their satisfaction (end-result).



**Figure 3-b:** A synthetic picture of the “objective, “instrumental” and “subjective” view.

**4.5. Moving from the evaluation of performance of a single decision area to that of the overall “value chain” comprising different public sector institutions involved in the delivery of a final “product” to external clients.**

To summarize the above analysis, it is possible to identify the following steps for implementing a performance improvement program, according to the approach here described, i.e.:

1. *final* “products” and *external* “clients” are made explicit;
2. different institutions involved in delivering such “products” are outlined;
3. *individual* products and corresponding *internal* clients are identified as a result of the mapping of *macro-processes* fulfilled by *second level* units in a department inside a given institution;
4. *intermediate* products corresponding to an *individual* product are identified as a result of the mapping of single *processes* comprised inside each *macro-process*;
5. *performance measures* (drivers and end-results) are identified in relation to each “product”; objectives, available resources and decision levers are made explicit for each unit in a P&C setting, in order to affect results.

We have also outlined a number of logical causalities in performance levels, i.e.

- a) performance in delivering a final product affects the *external client’s* satisfaction levels;
- b) performance in delivering an *individual* product to an *internal client* affects his performance too <sup>18</sup>;
- c) performance in delivering an *intermediate* product affects performance in delivering the corresponding *individual product* to the *internal client*.

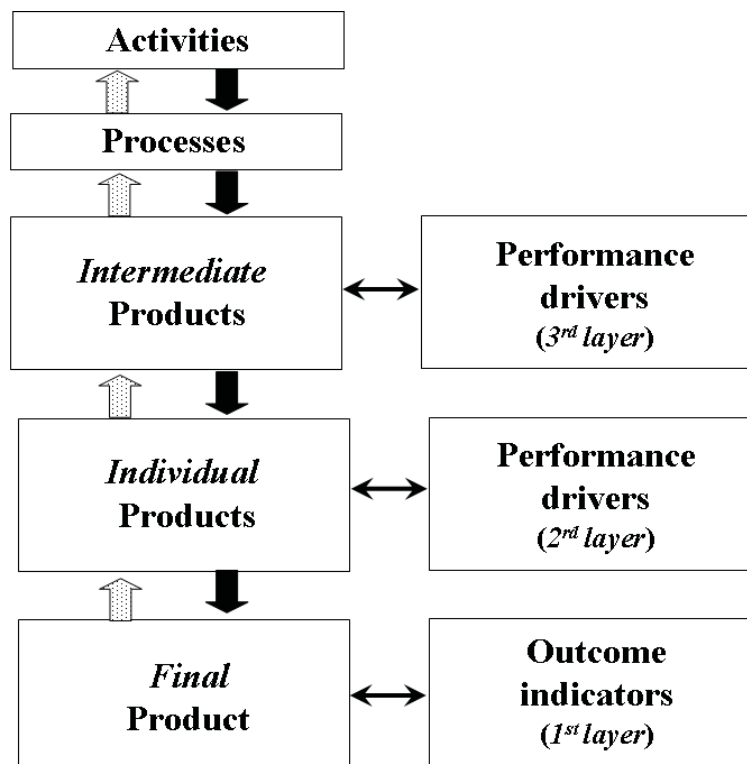
<sup>18</sup> For instance, lower volumes of dispatched work or a higher incidence of errors in fulfilled activities will, in turn, reduce – other things being equal – the potential performance of other internal clients who are sequentially located downwards the *value chain* leading to the delivery of a *final* “product”.

Therefore, in order to improve results referred to the overall *value chain* underlying the delivery of a *final product* to the *external client*, it is necessary to consider the net of causal links relating different institutions, decision units, products, clients and processes each other.

If we consider the overall *value chain*, we must take into account three sequential areas for improvement, i.e.:

1. an area that can be referred to the *final* “product”. It underlies *outcome indicators*, related to the overall value chain, i.e. to the performance of several institutions, involved with different roles in the delivery of the considered service to citizens;
2. an area that can be referred to *individual* “products”. It underlies performance drivers, which could be named as *second layer indicators*;
3. an area that can be referred to the *intermediate* “products”. It underlies performance drivers, which could be named as *third layer indicators*.

Figure 4 shows how outlining activities, processes, “products” and related performance indicators is a consequence of a P&C analysis performed around two opposite flows, i.e.: an *information* and a *physical* flow. The first one allows the planner to map the above said *value chain*, by moving backwards from the final “product” to processes, and – from them – to activities. The second one describes how the public administration system generates or destroys value, in delivering a given service. Therefore, it supports the identification and calibration of performance indicators, and related intervention fields, in a customer satisfaction perspective.



**Figure 4:** Activities, processes, “products” and related performance measures

#### **4.6. Designing and implementing a program to assess and improve performance in the public sector, in a customer satisfaction perspective.**

Implementing the approach described in the previous sections requires a selective field analysis, to map the institutions which play a role in the *value chain* underlying the delivery of a given “product” (or a group of related “products”) to citizens or the wider community. Such an analysis should also detect the competences of each institution, and their actual *modus operandi*.

Since the administrative activity of any public institution is – to a significant extent – disciplined by law, such analysis needs to firstly outline the legislative framework and the formal system of rules and procedures which build up the relevant institutional system.

In designing and implementing a performance improvement and customer satisfaction program, according to the previously described conceptual model, the formal rules providing the backbone of such system can be considered either as a constraint or a *lever* to foster change and performance improvement. In the first case, one sees law as an external and unchangeable factor, that a customer satisfaction program must comply with; in the second case, one takes a longer sight and wider perspective, implying the possibility to revise the legislative framework in order to redesign the institutional system and the rules which discipline it, with a view to better empower decision makers and foster their accountability to internal and external ‘clients’.

It is crucial that such field analysis is conducted according by following the *value chain* in a backwards order. In fact, the different involved institutions, and the legislative framework providing the context where processes and activities fulfilled by their own decision units are carried out, should be mapped on the basis of the previous identification of the specific ‘products’ and external ‘clients’ to which the performance improvement and customer satisfaction program refers.

A reverse perspective, rather, implies a previous detailed analysis aimed to build a database of activities, roles and tasks fulfilled by each unit operating in an institution, to cover the *universe* of heterogeneous competences and duties attributed by law and administrative rules. According to such an approach, a massive collection of data is often done through interviews and questionnaires delivered to the employees working in each unit at all the organizational levels, with the intent to know how they spend their working time. This analysis – though detailed and, perhaps, exhaustive – usually results in a collection of data which are barely consistent and symmetric each other, if compared from a unit to another. Therefore, this approach runs the serious risk to be unfocussed and too vague and useless to implement a performance improvement program. It would maybe provide a complete picture of what each single unit in a given institution actually does, but it might not be very helpful in detecting delivered ‘products’ and related ‘clients’, as well as the processes through which they are delivered, and the proper performance measures to adopt in order to improve performance.

As previously remarked, a fragmented and bureaucratic view of public administration does not help one to reconstruct and, possibly, to improve the *value chain* from which a ‘product’ delivered to the citizen originates.

Many Italian experiences suggest that the second perspective is more widely adopted than the first one. It is not unusual that ambitious programs – characterized by only a strong statistical and computer-based approach – after the acquisition of massive data

may result into a useless work, due to the difficulty to transform such data into relevant and selective information to the benefit of decision makers (Bianchi, 2007: par. 6)<sup>19</sup>.

A *top-down* approach, rather implies a more selective detection of the needed data to feed information needs. Moving backwards in such analysis, i.e. from the *final* “products” delivered to *external* “clients” at the end of the relevant *value chain*, firstly focuses the analysts’ attention over the *macro-processes* through which *individual* products are delivered to *internal* “clients”, inside or outside a public sector institution. Such analysis can be done through semi-structured interviews firstly addressed to department directors, then (more extensively) to managers leading the *second level* units, under their supervision.

The above interviews should be focussed on the factors embodied by the five sequential logical steps to follow for implementing the methodological approach here suggested. In particular, interviews should gather useful data about: 1) available resources in each responsibility area; 2) the flexibility in their use; 3) possible constraints in the acquisition of further resources (in addition to the available ones); 4) bottlenecks and rigidity factors for performance improvement due to the activity of other units, located backwards in the same or other institutions; 5) different factors (e.g. waiting time, number of faults, allocated working time) about which it could be possible to improve the efficiency and effectiveness of management processes and the quality of delivered “products”, etc. The above data are also useful to calibrate performance standards in a budgeting setting, and to support periodical analysis of variances between actual and budget data, on which the control system feedback mechanism is based.

When possible, such interviews should also be supported by periodic workshops – involving different decision areas, operating in the adjacent processes or even in macro-process different each other. They could also involve decision makers from different institutions – from the private sector and representatives of *final* ‘clients’ too – belonging to the *value chain*. Participation to a same workshop by people from different institutions (and, more generally, different decision areas) can stimulate dialogue, a better knowledge of respective goals, constraints and mindsets, the identification of problems and related possible solutions, and the search for continuous improvement. To this end, it is, however, needed that such workshops are designed and implemented as proper working sessions whose purpose is knowledge and strategic organizational learning. Therefore, they should be led by a *learning facilitator* (that must be the performance improvement program leader). He or she would have to use a scientific method to provoke and manage *tension* in the participants group towards the detection of crucial issues underlying the delivery of the “product” or the group of products taken into account. Concerning this, the process of analysis should be focussed on the investigation of the causal factors impacting on performance, moving backwards from end-results to performance drivers and strategic resources, and the policy levers to adopt to regulate their acquisition and draining processes over time. Analysis should also be focused on the identification of possible management “formulas” to adopt, in order to systemically coordinate and deploy such resources to properly affect performance. It should also focus attention on delays between causes and effects, on possible inconsistencies between the objectives

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<sup>19</sup> The bottom-up perspective is well shown by the idea (emphasized by Prof. G. Azzone, former component of the State Scientific Committee for Strategic Control in Italy), according to which the design on a P&C system in public administration should be done according to the following phases: 1) detecting the units in relation to which specific objectives are to be measured; 2) analyzing activities carried out by each of them, and detecting corresponding performance indicators; 3) defining the administration activity products. Azzone, 1999: p. 30.

attributed to different involved decision areas (leading to unintended effects on managers' behaviour). Also possible anomalies in the existing legislative setting and regulation system should be made explicit (e.g. *grey* or even overlapping areas of power, ambiguities in the distribution of authority, excessive rigidity of procedures leading to unjustifiable delays and errors in fulfilling administrative tasks, etc.). The identification and analysis of the above items would be extremely helpful to systemically explore alternative patterns of strategy, leading to performance improvement to the benefit of all the involved stakeholders in the observed *value chain*.

It is worth remarking that the field analysis above described cannot leave out of consideration an evaluation of the dominant culture in the different involved organizational settings, and the possible resistances to change that could tackle – or even hamper – the implementation of any performance improvement project oriented to foster change <sup>20</sup>.

In the next section of this paper a case-study, where a first application of the methodological approach for performance improvement in a customer satisfaction perspective, will be illustrated.

## **5. Outlining “products”, “customers”, processes, and performance measures (continued): an application to the measure n. 5.02 of the European Union “Regional Operation Program” in the perspective of the Public Works Councillorship of Sicily.**

The case-study that will be illustrated concerns the funding of public works through the European Union resources, for the improvement of urban structures and infrastructures and the quality of life.

The following analysis summarizes the outcomes of a project that has been started by the author of this paper with a group of managers of the Public Works Councillorship of Sicily, concerning the Regional Operation Program for the years 2000-2006. The aim of this project has been to define the main ‘products’ generated by the fulfillment of administrative tasks, the underlying *macro-processes*, and main involved responsibility areas, by taking into consideration the *value chain* leading to the *final* ‘product’ to the benefit of the *external* ‘client’.

Such analysis will allow us to move to a next stage of the project, aiming to outline the activities underlying single processes and to detect possible improvements to foster a better coordination between different units (both inside and outside the Councillorship) involved in the *value chain*.

The measure n. 5.02 of the Regional Operation Program concerns the EU support framework for the so called *objective 1* Regions. In order to take advantage of the benefits provided by such a funding system to perspective beneficiaries, Italy has developed a national operation plan and 14 related regional plans, which have been coordinated by the Ministry of Economy and Finance. The EU *objective 1* – which embodies the regions of the so called *Mezzogiorno* (i.e. South) of Italy – aims to promote economic growth and increase long-term competitiveness in the beneficiary geographical areas.

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<sup>20</sup> For this reason, based on the logical premises developed in the section 2 of this paper, it is crucial that the perspective adopted to implement a performance assessment and improvement program in the public sector, according to a customer satisfaction view, is wide enough to embody the five levers of change emphasized by Osborne.

Regarding the management of such program in Sicily, a crucial problem has been recently remarked by the Audit Court, in the “Official recognition of the annual statement of accounts of the Sicilian Region Report”. In such document, substantial delays in expenditure rates for funded projects at the end of 2006 have been outlined. According to the above report, over the seven years financed by the EU through the Regional Operation Program, while Sicily was able to make expenditures only up to 50.9% of the total funded projects’ value, the region of Molise has been able to spend up to the 71.2 % of total funding. Although the above figures are – *per se* – symptomatic of a low capacity of Sicily to manage the implementation of such EU projects, the Audit Court has considered that such indicator is even over-optimistic (Audit Court, 2007: p. 156-160). In fact, the 50.9% figure is inflated by those payments made on other projects, previously funded by the State. Concerning such payments, at the end of the EU Regional Operation Program, in order to avoid penalties on the reported unexploited funding, the Sicilian Public Administration has adopted a – though legal – merely accounting technique. Provided that the domain of most State funded projects is consistent with the EU Regional Operation Program, the funding of such expenses was transferred to the EU. Though this accounting *subterfuge* may allow Sicily to reduce penalties for the inefficiency of its public works *value chain*, it does not fix the root of the problem. In fact, the *spending capacity* provides only an intermediate and synthetic indicator, which does not measure the outcome (e.g. quality, volume, location, typology of implemented public works, and their level of consistency with the community needs) – the above said problems are a very important warning signal of the low aptitude of the regional public sector to deliver proper infrastructures and services.

Such remarks provide the conceptual background for the project.

As above said, the goal of the measure n. 5.02 of the Regional Operation Program is the restructuring and renewal of declining and poor areas, where it is aimed to tackle social marginality, and to undertake actions of integrated recovery of historical urban centers, e.g. through the construction or the modernization of parks, buildings, roads, schools. The beneficiary institutions of this measure are mainly: Municipalities, Provinces, and firms operating under the supervision of the Region or a Municipality. The end-users (i.e. the *external* ‘clients’) of such projects are citizens, enterprises, and – more widely – the community, who will benefit of the public works <sup>21</sup>.

The main decision units that have been taken into account, in this stage of analysis have been the following:

- ✓ the Regional Department for “Public Works”, which operates inside the Councillorship for “Public Works”, through two main *second level* units, i.e.: the Service 2 and the Area 2;
- ✓ the Technical Inspectorate, which also operates as a department of the regional Councillorship for “Public Works”, through its “Regional Tender Offices”, which supervise the execution of tenders whose value is higher than (or equal to) € 1.25 millions;

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<sup>21</sup> Among other institutions that are differently involved in the execution of the above public works are: the Regional Councillorships for: Cabinet (Planning Department), Territory & Environment, Tourism, health Care, Local Authorities, Cultural Heritage, Civil Protection, Finance, as well as the Municipal Treasuries, and building enterprises entrusted for the execution of the public works.

- ✓ a project manager, who is nominated by the funded administration (e.g. a Municipality). Such manager must follow the implementation of the project on a technical, financial and administrative point of view<sup>22</sup>.

Main *macro-processes* that have been defined are the following:

- Group A: *Signature and issue of the departmental decree*: a call for tenders is launched to ask Municipalities or other local public administrations to submit proposals. Depending upon the case, calls are issued by the “Planning unit” operating as a staff department supporting the Governor’s Cabinet, or by the “Public Works” department<sup>23</sup>;
- Group B: *Signature of the contract*: the Municipality and the construction firm sign the contract;
- Group C: *Signature and issue of the funding decree*: the first payment to the Municipality is done;
- Group D: *Monitoring and Reporting* about the progress of the project to the authorities.

For each of the above *macro-processes*, a number of specific processes, products and internal ‘clients’, and related performance indicators, have been detected.

The results of the conducted analysis are reported as follows:

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<sup>22</sup> In relation to this very crucial role, a weakness has been recognized by different decision makers in the field, particularly for those people who are responsible of projects in small Municipalities, where the availability of (skilled) human resources and of many other relevant factors in project management are very often lacking. Therefore, the need that regional offices properly support such peripheral managers is strongly perceived, for the successful implementation of the public works projects.

<sup>23</sup> About 85% of the tenders is issued by the ‘Planning’ Department of the Cabinet.

### **Macro-process Group A – Departmental Decree**

1. A call for tenders is launched
  2. Proposals are received and selected.
  3. A decree approving the list of admitted projects is issued.
  4. If the call for tenders has been issued by the “Planning unit”, a copy of the decree is sent to the Service 2 in the “Public Works” department.
  5. The Service 2 in the Public Works department may ask each Municipality that will benefit from funding, to forward supplementary documents. In the meanwhile, a project manager is nominated by each Municipal administration.
  6. The director of the department signs the *decree*. This authorizes the Municipality to launch its call for tenders.
- *Individual* product: Decree authorizing the call for tenders issue.
  - *Intermediate* products: Call for tenders issued by the Regional Administration and addressed to potentially funded administrations; Decree approving financed projects list.
  - *Objective*: Reducing time to issue decrees.
  - *Performance indicator*: “Actual time/Budgeted time” to issue a decree.

### **Macro-process Group B – Contract Signature**

7. the Municipal project manager outlines the call for proposals. If the value of the call is higher than € 1,250,000, the “Tenders Regional office”, operating in the Technical Inspectorate Department of the Public Works Ministry, must carry out the administrative steps leading to this result. This should also imply a technical support to the local administration project manager for a correct and prompt drawing up of the call;
  8. Once the local administration has issued the call, the “Tenders regional office” will receive all the necessary documents from the project manager, and will forward them a committee that will evaluate the tenders. The members of such committee are selected by the above regional office;
  9. The “Tenders regional office” also provides administrative support to the committee.
  10. After the selected company has been chosen by the committee, the “Tenders regional office must draw up the minutes of the selection process and send them to the local administration project manager.
  11. The Municipal or other local administration and the selected construction firm sign the contract.
- *Individual* product: Signature of the contract between the funded institution (e.g. a Municipality) and the Construction firm.
  - *Intermediate* products: Call for Tenders issued by the Municipality; Documents forwarded by the “regional Tender office” to the committee; Minutes and documents to the Municipal project manager.
  - *Objectives*: Standardizing committees’ procedures; Reducing the number of claims.
  - *Performance indicators*: Average updating time for databases on tenders and sentences; number of claims.

### **Macro-process Group C – Funding Decree**

12. The Service 2 prepares all the necessary documents leading to the issue of the funding decree.
  13. The Municipal project manager forwards to the Service 2 a documentation called “technical certification of expenditure”, summarizing the budgeted costs that should be financed by a first payment to the construction company.
  14. The documentation is examined by the Service 2 and solution for possible problems are searched by supporting the Municipal project manager.
  15. The Public Works department manager issues the funding decree, and the first payment is done to the Municipal or other local administration.
- *Individual* product: Funding Decree.
  - *Intermediate* products: Technical Certification of Expenditure.
  - *Objectives*: Increasing Expense Flows.
  - *Performance indicators*: “Task force meetings done/Task force meetings planned; “Visits done/Visits planned”; “Actual Time for Accreditation Order issue/Planned Time”.

#### **Macro-process Group D – Monitoring**

16. The Municipal project manager periodically forwards to the Area 2 of the Public Works department the documents proving the financed expenses (i.e. Statements of account, Monitoring summaries, Certificates of payment)
17. The Area 2, after documents validation, forwards every two months a report to the “planning unit” supporting the Governors’ Cabinet. It also updates expected expenditures, if needed.
18. At the same time, the Area 2 forwards the same documents to the Service 2 of its department, in order to enable it to undertake the necessary steps – if needed – to accelerate the execution of the tender (e.g. through meetings with Municipal project managers, aimed to detect and fix emerged problems).

- *Individual* product: Monitoring.
- *Intermediate* products: Statements of account, Monitoring summaries, Certificates of payment.
- *Objectives*: Expense monitoring & control.
- *Performance indicator*: Timeliness in reporting and forwarding documents to third monitoring institutions.

The above analysis has supported the drawing up of the action plans for the Department of Public Works and the Technical Inspectorate, that have been later included in the Strategic Plan of the Regional Councillorship for the year 2007.

#### **6. Conclusions.**

This paper has outlined some methodological issues on the implementation of projects to assess and improve performance in delivering public services, according to a ‘customer satisfaction’ perspective.

The research questions on which the analysis has been based are:

- What are the possible application areas for outlining and implementing programs aimed to assess and improve performance in public sector service delivery, according to a customer satisfaction perspective?
- To what extent the current organizational culture and management systems in the Italian Public sector are a constraint, to adopt a longitudinal perspective of the processes underlying the delivery of services to the *internal* ‘client’? How can such ‘client’ be recognized by the players in the public sector? How to detect the effects of a back office unit’s performance on *internal* clients, who will in turn affect the further clients operating downwards in the *supply chain*, and the quality and cost of the service provided to the citizen?
- What is the risk that a bureaucratic view of the administrative tasks may focus the attention of decision makers on a formal compliance of single qualitative standards (e.g. those included in a service charter), without considering the outputs and outcomes of their actions, which are related to the ‘products’ delivered to internal and external ‘clients’?
- How to define the factors according to which the quality of a ‘product’, delivered by the public sector to the community, can be assessed? To what extent performance indicators regarding the ‘products’ delivered by public sector’s back-office and front-office units, are likely to drive decision makers’ behavior? What conceptual models and operative tools could better support decision makers on this regard?

- To what extent the evaluation of customer satisfaction levels is able – as a ‘stand alone’ tool – to supply public sector decision makers sufficient information to assess the efficiency and effectiveness of fulfilled administration tasks and to support corrective action – if needed – to improve performance? What is the role that information delivered by P&C systems can play, particular concerning the availability of non monetary indicators regarding administrative processes and ‘products’?
- How to link results delivered by statistical systems adopted for assessing perceived quality related to delivered ‘products’ with the wider organization control system, and particularly with P&C, performance evaluation, incentive and career systems?

In particular, this paper has remarked how this last – and wider – research question underlies specific critical issues. In fact, a missing, partial or inconsistent link between the statistical tools with strategic and management control systems, runs the risk to only marginally and superficially implement performance improvement programs. On this regard, the need of an inter-institutional perspective – aimed to map and involve in the project all the institutions playing a role in the *value chain* leading to deliver the *final* product to the citizen, has been emphasized.

More specifically, the paper has remarked how proper conceptual models and operative tools for improving customer satisfaction in the public sector should be based on an *inter-institutional* perspective, focusing the *value chain* which leads to the delivery of *final* products to *external* clients. To this end, the identification of processes, *internal* clients and related products, available resources, policy levers, and responsibility areas, provide the *backbone* for effective implementation of customer satisfaction programs in the public sector.

With the aim to outline a possible conclusion on the above issues, a final question can be raised: *is it possible to concretely undertake effective citizen or community satisfaction programs characterized by the systemic and inter-institutional approach here suggested?*

If one would consider the difficulties of public (and private) sector institutions to coordinate each other and to adopt a learning-oriented approach in P&C systems to foster accountability and improve performance, the answer would be, evidently: *no, that’s just utopia.*

However, if one would rather observe the strong difficulties the public sector finds to add value to the resources invested in the provision of services to the society, and the problems generated by an extremely sectoral view to public administration/management, then the answer might go towards a possible ‘yes’.

Obviously, this is not an easy task, since it requires a symmetric and coordinated action in analysis, diagnosis, decision making and performance evaluation in – and across – main involved sectors in the system delivering services.

Therefore, extensive field analysis will be needed to implement and, possibly, improve the methodological approach here described. Further research will be also necessary to compare the analysed cases to the experiences developed in different countries.

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