

The changing organisation of public services and the performance of municipalities

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Abstract

The e-government role in improving the efficiency of public administrations has been largely emphasized by international institutions and scholars for about twenty years now. Indeed efficiency effects can be expected to stem from a variety of organizational changes associated with the introduction of digital network technologies. ICTs have been considered as tools which can enable efficiency improvements in processing tasks and public administration operations. Internet-based applications can generate savings on data collection and transmission, provision of information and communication with customers. Significant further efficiencies have been considered likely to take place through greater sharing of data within and between governments (OECD, 2003; European Commission, 2010; UN, 2012). However despite this potential, the evidence of its impact is still very limited and the promised productivity gains seem not having been achieved yet. This is particularly evident when looking at the stark contrast between the high level of investments in public e-services development made in the European Union, and the little impact produced and/or demonstrated so far. The lack of evidence on whether or not eGovernment has any real impact in terms of efficiency and effectiveness made emerge what some scholars define the 'eGovernment Paradox' (Bertot & Jaeger, 2008; Castelnovo, 2010; Misuraca, Codagnone and Rossel, 2012). Furthermore, the implementation of e-governance brought about the emergence of capability and organisational limits which have been often addressed with the use of outsourcing (Heeks, 2003; Holliday, 2002; Pacific Council on International Policy, 2002; Strejeek & Theil, 2002; Wescott, 2001). The main contribution of this paper is to measure the impact of public e-services implementation on the efficiency of Italian municipalities (more than 5000 have been considered) and to highlight the effect of outsourcing on expenditure. Two datasets are used and combined for this purpose: 'Italian municipalities account' dataset (2009 and 2010) supplied by the Italian Ministry of Interior, and the Istat 2009 survey on the development of ICT and e-government in Italian municipalities. The empirical analysis has been conducted both at the aggregate and single activity levels. The impacts, on expenditures and revenues change, of each e-service alone and in combination with the use of outsourcing activities and other control variables (territorial zone, population, etc.) are examined. Principal results show that expenditures in municipalities with a high level of eservices grow less than expenditures in municipalities with a low level of eservices. This result can be considered a proxy of higher efficiency of municipalities with a higher level of eservices. Outsourcing appears to have different impacts on municipalities' efficiency depending on the considered activities and expenditure items.



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