INTRODUCTION

For a long time the managerial debate about public administration was about the boundaries and the scope of the state, the market and civil society, the reform schemes, and the new managerial tools we needed to introduce. Hede (1992) suggests three separated reform periods: the merit reforms (begun in the mid-eighteenth century), focused on abolishing political patronage; the equity reforms (1950s–1970s), aimed at guaranteeing equal opportunities for all citizens to be employed in the public sector; and the managerial reforms, aimed at introducing managerial instruments in the public sector. Hood (2001) and Rhodes (2000) add the market reform period, and Vigoda (2002) and Wettenhall...
(2003) suggest the community involvement period in which state and civil society mix together. Keast and Brown (2003) consider the managerial reform (the third period) more oriented to restructuring the internal operational framework of the public sector, while they consider the market and community reforms (the fourth and fifth wave) more related to stakeholders’ and users’ expectations.

Since we discovered that the reform process goes at an unsatisfactory speed, researchers started to look at possible systemic drivers able to improve change and to increase the innovation rate (Osborne and Gaebler, 1992; Joyce, 2000; Pettigrew et al., 1992; Borgonovi, 2004; Osborne and Brown, 2005). There was general agreement that the reforms designed were good, and the problem was simply that public organizations were reluctant to introduce them. “Most large public sector organisations seem to manage the tasks of writing mission statements and identifying who their clients and service users are. [...] Implementation activities are more challenging” (Joyce, 2000, p. 1).

So the debate started to focus on how to encourage public administrations to innovate, breaking down the barriers of their resistance. New Public Management (NPM) scholars suggested that this could be guaranteed by a good external pressure and incentive system, like public competition, quasi-market, public accountability, external financial incentives, marketization (Hood and Scott, 1996), etc. But this seems not to be enough. Of course the external pressure can try to push the public organization to introduce something that has never been done before, but if the organization is simply not able to do it (because of their lack of culture, knowledge, experience, competence, and trust in innovations), there will be no chance of success.

That’s why the literature has now begun to look more intensively inside the public organization.

There is in fact a general agreement that we need to have a clear and balanced scheme for public reforms, that we need to
introduce effective external incentives and accountability for innovation; but thorough and far-reaching reforms need first of all to change the organizational culture, structure and strategy of public organizations to be successfully implemented. Reforms depend mainly on the change management attitude in the system. Change management is an internal function which requires specific skills pertaining to the organizational sphere.

Since organizations change constantly, we can suggest that the skill for managing change pertains to the more general abilities we expect to find in managers. Managing complex organizations in a dynamic environment means, in fact, to be constantly managing change.

That’s why managers not only need to be able to design new strategies, new organizational structures, new managerial tools to face reforms but, above all, they must be able to introduce and to develop them. This means creating consensus and working on organizational culture, training people, creating knowledge management, selecting people internally, involving process reengineering, etc. (Doyle et al., 2000).

There is a linear and continuous process from designing change through to implementing and evaluating it which, put together, is simply management. Deficiencies and failings in any one of these phases disrupt the others.

To sum up we assume that:

- the effectiveness of reforms depends on many elements, but one of the most important is the management’s abilities;
- management mainly means change management;
- design, implementation and evaluation are just the different steps of the integrated change management process.

Since we want to discuss an effective framework for managing public reform, we should first classify reforms in order to have a clear definition of what we are dealing with.
A CLASSIFICATION OF PUBLIC REFORMS
AND CHANGE MANAGEMENT

Public reforms relate to the general structure of a public sector or policy, or a business function of all the public organizations (like performance measuring, human resources management, etc.). They have a broad scope and are usually designed by an external authority through a significant political process. Change management deals with the internal implementation of organizational development or transformations. Changes can derive from internal decisions or processes or external pressure. They can involve political decisions or be more of a civil servant task.

The impact of every public reform depends on the effectiveness of the change management process in every single public organization involved and in their networks.

We can make various assumptions to classify public reforms.

Looking at the purpose of reform, different kinds of innovation in the public sector can be seen. They can relate to:

- the role of public administrations and the boundaries between state, market and civil society;
- the reshaping of public administration and the allocation of public functions (e.g. decentralization and centralization);
- the introduction of administrative rules and proceedings;
- the identification of failings in public policies defining which actions have to be taken to contribute to a public interest, having a cultural and value background;
- the introduction of managerial tools, such as organizational structures, stakeholders’ control or evaluation systems, new marketing or finance solutions, etc.
The first two types of reform deal more with institutional building and have their implementation problems more in the political environment, but they still have to be prepared and achieved within the public organization. New administrative rules and proceedings can be begun by a legislative start-up driver, but then they have to become known and applied throughout the organization, so this change needs to be managed. The typical problems of public policies are in the implementation arena. Managerial tools need to be implemented too, after they have been tailored to the organization undergoing innovation, and this is the most difficult part of the work. For instance, the difficulty is not in choosing what should be the indicators for a performance evaluation system, but to apply the evaluation system.

These other dimensions are crucial in many ways, but less important strictly for our purposes.

As can be seen, public reforms are very diversified in their aims, but they all have a relevant implementation dimension, which makes change management fundamental. The ability to manage change often influences the real impact of reforms or, alternatively, the attention reforms have for an implementation approach determines their success rate.

Internal organizational development processes differ in intensity. We can have *changes* or *innovations* in the public environment. “Change is a broad phenomenon that involves the growth and/or development of one or more of a number of elements in public services. [...] By contrast, innovation is discontinuous change” (Osborne and Brown, 2005, p. 4). In the former we innovate existing organizations by developing services and skills, in the latter we radically change structures, social targets, and service content. Of course change and innovation overlap.

Lynn (2001, p. 196) divides change into five different levels: cultural environment (national and global), institutional (public choice), managerial, technical (primary work) and political
assessment. This classification helps to illustrate that change creates a dynamic set of relationships that operates not only internally within each level, but also between the different layers. It also demonstrates how these broad global cultural changes influence the operation and management of public service organizations, but that national culture and public service institutions have mediated the type of change that occurred. Also, Pollitt (2003) considers that, to understand public change, we need to consider both general influences and the organizational context, divided into different dimensions contained in a multi-layered governance framework.

Change can be planned or emergent. Change is planned when it is “the result of a systematic process of scanning the environment and determining the ways in which an organization must change” (Osborne and Brown, 2005, p. 25). Change emerges in an organization when it is brought about by “changes in its environment that are outside of its control” (Osborne and Brown, 2005, p. 25). Planned approaches suggest that it is possible to assess the environment and the organizational change needs, and to plan and implement them rationally. However, approaches that are emerging consider environment and organization too complex and dynamic to be rapidly and cheaply analysed; so the only managerial chance to steer change is to encourage and control the changes that occur autonomously, trying to lead them to the desired goals.

Looking further into public reforms and change processes, what are their main features?

FEATURES OF PUBLIC REFORMS AND CHANGE PROCESSES

Does change and innovation in the public sector result primarily from global pressure or do they depend on domestic, political, economic and social forces and drivers?
Global forces have a direct impact on national public services and affect the domestic political, economic and social trends. Welch and Wong (1998) suggest that there are global trends for public reforms.

The domestic environment, the political agenda and landscape, the administrative paradigm and tradition, and national culture all have an important role with change and innovation. We have to look at the cross-fertilization of global and domestic cultural dimensions.

But there is another element that could act as a key dimension for framing change: the contingent history and structure of each single organization. From a managerial point of view, outside influences and drivers are very important, and internal structure, culture and dynamics are the key elements we have to look at in order to design, manage and evaluate change.

We have to assume a multidimensional model of organizational change including managerial, technical and cultural aspects in order to understand the different organizational dimensions in which change occurs (Patrickson and Bamber, 1995). Public organizations differ extensively from each other: they differ in their “geography”, size, mission, in the sector they belong to, and in their institutional level (supranational, national, regional, local, sublocal). They differ in their institutional history. They differ in their accountability systems and relations. They differ in their internal managerial and operational development rate. We have to learn to classify and analyse their contingent characteristics in order to assess their needs and possibilities of change.

By comparison with private companies, what really makes change management different in the public sector is its multi-stakeholder perspective. In the public sector, each public stakeholder has its own legitimate expectations, which can differ from each other or can even be opposing.

Some stakeholders have the perspective of customers or users of public services, others have the perspective of citizens, who
are interested in public value. There are points of view expressed by both politicians, mainly interested in quickly achieving public consensus, and public managers, who are expected to be more interested in the long-term organizational and financial sustainability. There is also a contrast between the points of view of both public managers, whose standpoint on their organization is more generalized, and public professionals, whose stance is more related to specific and technical aspects.

Every stakeholder has some power over changes and is able to influence the implementation rate and the reform’s shifts. It is not easy to summarize all these legitimate assumptions and to create a shared change design, able to acquire sufficient consensus to be really implemented, since each stakeholder often has enough power to veto the entire reform process.

All these different dimensions also reveal to us the difficulties in evaluating public reforms. The institutional, administrative, political and managerial dimensions are all comprehensively present in public administration and each of them influences the outcome of reforms. Since they are constantly in a flux with each other it is very difficult to evaluate their specific contribution to innovation and change, and what really brings about socially important outcomes. For instance, if we have introduced a new system for evaluating the performance of public managers in a new institutional framework with slightly different policies, how can we separate these different contributions?

Since there is no opportunity to define the exact relationship between these different public dimensions and outcome modifications, the evaluation remains internal to the dimension we are analysing, for example, we can only assess if the performance evaluation system has been well designed and implemented, but we cannot exactly find out its external impact since this depends on many other factors.

This is the uncompromising complexity of the public sector, and is the reason why it is such an interesting area to work in.
In this scenario what is the role of the organizational structure and the managerial tools for effectively implementing reforms and managing changes and innovations?

**THE ROLE OF THE ORGANIZATIONAL STRUCTURE AND THE MANAGERIAL TOOLS IN REFORMS AND CHANGE PROCESS**

To design reforms or changes and to implement them effectively we first have to assess our organization to evaluate what are its skills, key areas and weaknesses. This reasoning brings some authors to suggest that the evaluation of the organization’s skills should come first, followed by innovations.

From this point of view changes seem just a consequence of the organizational potentialities.

In fact there are two different approaches to this issue.

The planned change approach assumes that it is possible to assess the change need, to define strategic priorities in terms of social target outcomes, and to design the change process and lead the organizations to innovate.

The learning approach suggests that the former framework has many weaknesses:

- some unexpected innovations can come from the environment, from politics, from higher institutions, and these cannot be precisely predicted;
- the decision process is too top down and not sufficiently motivating for the “street-level bureaucrats” who actually do the job.

Senge (1990) suggests that learning is the key to organizational survival and development: effective organizations should be creative
entities that are skilled at obtaining information, processing it, and modifying their behaviour as a result of such information. Salaman (1995) thinks that learning organizations build a circular learning process into their organizational and operational behaviour.

We think that it is not only possible but also necessary to integrate these two approaches. It is possible to plan for change in the public organization and to manage this process. But it is also important that the organization learns from this process, supports it and circulates it among all its sections. The learning organization can then produce, in a more bottom up and spreading process, a new plan for innovation or change.

From this perspective, what do we need to assess in a public organization in order to prepare change and innovation, to make it possible and effective, to develop it into a continuous learning organization?

There are many different dimensions and items which must be considered in order to understand an organization, its strength and weakness. First, we have to assess the institutional and political framework in which the organization is set. We have to analyse whether the organization is close or far away from the next election or from a major political inversion or instability. We have also to look at the political priorities and major suggestions that have been politically deliberated.

We have also to evaluate the structural scheme, the quality and quantity of employees, the capabilities of the human resource, the organizational climate and history.

We need then to assess the performance, recording all its dimensions: productivity, effectiveness, equity, efficiency, quality. What do we actually evaluate? We are looking for the potential to change, trying to understand which elements are structural in the organization, which others are dormant but can be developed, and which must be reinvented and innovated.

Not everything can be innovated. We can only introduce the changes which the organization could expect and which can be
financed. The organization’s acceptance is crucial in order not to lose the collaboration and productivity of the traditional part of the staff and stakeholders. The financial balance is often lost when innovation is just put on the top of an unmodified organization. Resources must be found, making savings in the rest of the organization or planning innovation connected to a good rate of financial return.

To change an organizational structure we have to work simultaneously on different drivers: managerial development of internal forces, introduction of new competence in an acceptable percentage and employment of external consultants. None of these drivers is able to be effective alone. Internal development needs some external stimulus to be sufficiently thorough and consistent. It is impossible to introduce change simply with new forces brought in from outside: this is financially impossible and unacceptable in the rest of the organization; consultants are expensive and at a certain point they leave. The difficulty consists of finding the right mix between these different change drivers, so that they match the specific features of the individual organization.

What makes it even more difficult is the necessity to have a dynamic perspective – some changes that are not possible in the short term, but may reasonably become realistic and effective in the longer term.

Under this strategic and organizational perspective how can we frame change management in the public sector?

**A COMPREHENSIVE STRATEGIC APPROACH TO DESIGNING AND IMPLEMENTING REFORMS AND MANAGING CHANGE**

To design and effectively implement reforms and changes we need to balance many contradictory dimensions.
First, we need to merge all the strengths of the approach planned to steer changes in the direction wanted with the emergent positive dynamics of the organization.

Then we need to combine the environmental influences and forces together with the internal organizational features, weaknesses and strengths. Goals of change must have a high correlation with the external pressures and the organization’s capabilities.

Third, we have to work simultaneously on different dimensions: the organizational structure and operations, the mission and the strategy, the internal and external culture.

Fourth, the objectives have to fit with the different stakeholder perspectives, with the available resources, with the mission and the institutional and political legitimacy of the organization.

Fifth, implementation needs a good balance between leadership, commitment from the middle management and involvement from the lower levels. We need participation but also decision, emerging processes and guiding leadership.

Sixth, we need a sufficient level of consensus, but without demolishing the barriers of resistance, there is no way to change.

Last, we need to set a direction, to indicate a path and to define goals and targets, but we also need to be able to adapt to the environment and to the internal emerging dynamics, in a continuous learning process.

To sum up, to design and effectively implement reforms and changes we need a comprehensive strategic approach, as strategy can be defined as the position of a given organization in its environment, due to its culture, behaviour and relations.

Strategy depends on the target and the services/products which are delivered (depending also on what is the relationship to the competitors), on the service providing model, on the financial portfolio, on the social relationships with the closest society and stakeholders, and on the inter-institutional gover-
nance. “The central challenge of strategy is to make desirable goals, external support, and organisational capacity fit together” (Heymann, 1987, p. 15).

Every organization has a strategy, since every organization has its position in its environment: the strategy can be known or latent, deliberated or emerging.

Strategic decisions have high returns because, according to Wilkison and Monkhouse (1994, p. 16) “strategic planning is a means to an end, a method used to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time”.

How much room is there for strategic management in public organizations?

The institutional goals of public organizations are so wide that it is impossible to reach all of them at the same time. For example, if we consider a local government, its task is to bring social, economic, cultural and environmental development to the community, but obviously with a fixed amount of resources. There is such a gap between what should or could be done and the resources available that every local government has to define its strategy, choosing priorities in targets and services, providing models and tax policies.

The scale of changes in the public sector since 1980 is very wide, with very diverse solutions applied by similar public administrations.

Introducing a strategic approach sets the mission, the goals, and an evaluation system focused on the measurement of performance gaps. This makes public managers more accountable to politicians: this theoretically gives more freedom to managers regarding the organizational structure, the allocation of resources, and the managerial tools to implement.

When thinking about strategic planning, there are different areas to focus on (Ducan et al., 1995):
• the decision process;
• the content of the decision which expresses the desired future position of the organization;
• the planning tools.

In the first case we focus on the cultural and organizational processes which have been brought to the deliberated or emerging strategy. It can be more a top down or bottom up process. It can be more an internal process or an inclusive process involving most stakeholders, or even the population through community consultation.

In the second case (content of different strategies) we discuss the effectiveness of different strategic decisions for reaching the institutional goals that public administrations set.

In the third case (planning tools) we analyse the tools and techniques which have been used for the formal strategic decisions: to analyse the environment and the internal structure, to compare different potential futures of the organization, to evaluate the ability to implement the strategic plans. They can be more like social auditing or community consultations, more like SWOT analysis, or they can come from a marketing approach adapted to the public sector.

The strategic goals set by an organization influence the actions, the organizational structure, the operations and the managerial tools we have to introduce and to develop to reach the future position wanted in the environment. Indeed, to reach a specific position in an environment (social target for the designed service portfolio, providing schemes, financial mix) we need to work around all the internal functions which influence the selection of citizens/users/clients, the design and the provision of services, and the financial returns. This allows us to concentrate on the organization in order to implement the strategy wanted.
Starting from this strategic framework how can we design and manage a change management process for public organizations?

**HOW TO DESIGN AND MANAGE A PROCESS OF CHANGE**

We are focusing on the internal change management process of single public organizations and not on the reforms in a public system. The issue we are dealing with is how to implement successful change in a single organization, looking at the managerial perspective and managerial tools.

The first step is to analyse and to find the border between what has to be retained and what can be changed in the organization. To be effective, the cultural, organizational and institutional power of the innovator must be stronger than the resistance. The resistance is not stable in the organization, but it is something that emerges depending on what is actually going to be changed. So it is a strategic choice to identify what is going to be innovated, since this determines the emergence of resistance. A good manager is one who defines a wide range of changes in order to deeply innovate his organization, without being so ambitious as to be stopped in the change process by the forces that are against his projects. The border between what can be changed and what must be accepted can only be defined with a contingency approach, depending on the history, the culture, the relationship, and the personal perspective of all the actors involved. In order to maximize the innovation rate we need to assume a dynamic perspective, because something that cannot be changed today could perhaps be changed in a few years’ time, thanks to the previous steps of the innovation process. For example, the natural turnover rate of employees makes it possible to change 20–30%
of the human resources within a period of 5–7 years, while if we only consider next year, we cannot hope for more than a 5% turnover.

Which components should be considered to design a change management process?

There are different components to be considered in the change management design:

- the choice and design of the managerial or policy innovations;
- the organizational incentives and obstacles;
- the actors’ relations and cultural framework;
- the process steps.

First of all, we have to decide which innovation we want to introduce in the managerial structure or tools, or in the policy for public services. This depends on our strategic analysis and decision. Obviously, making a good decision about what innovation is needed is essential for having a good implementation rate.

We then have to introduce incentives in the organization for the ones who actively implement change and modify their organizational behaviour to be more coherent with the new organizational strategy. The incentives can be more resources (personnel, buildings, technologies, etc.) for the units which best succeed in innovation, or even higher salaries. The incentives can be symbolic by giving organizational awards or external visibility, or they can be connected to more organizational power. We can also use political or institutional visibility, correlated to shared cultural and social values.

We also have to remove (if possible) cultural or organizational obstacles to change. For example, if there are no incentives for outstanding performance, but strong penalties for mistakes, this doesn’t help experiments and innovation. If there are resistant
managers in positions that are key to the innovation process, we need to move them to another unit, or to push changes through other organizational units.

This brings us to analysing precisely all the players involved and to classifying them into relevant categories: the powerful ones and less relevant on one side; the enthusiastic and the resistant to change on the other. We have to build an organizational alliance with the powerful players, particularly involving the ones enthusiastic in innovations, and trying not to clash with the powerful resistant, in order not to block the innovation process.

At the end we have to design the steps of the change process, having at least a mid-term perspective. “There are four key processes in public sector strategic change: preparing, leading, changing, partnering” (Joyce, 2000, p. 9) which need enough time to be implemented.

The planned steps of the change process have to guarantee some immediate results, coordinated with long-term results. We need some immediate positive effects to increase consensus, to enrich enthusiasm for change and to show the advantages of our innovations to those who are resistant. But we have also to look for radical changes which certainly need a long-term perspective. We have to balance these two perspectives.

When we first introduce change we have to choose whether we prefer to start in few experimental units in which we can try and maybe succeed with more radical changes, or if we prefer to start with a more superficial change but encompassing the whole organization.

In any case we have to design the change process for the long term, trying to define all the relevant steps. In the complex public sector, it is hard to find cases in which we could implement a complete organizational change in less than 2–3 years. For example, a change process could be built on these steps:
conferences or workshops to spread awareness of the topics we are going to deal with;
• evaluation researches to analyse the situation we are in;
• building professional, managerial and political alliances on the issues that are going to be changed;
• political setting of the goals in the change process;
• technical design of the changes and innovations;
• training and coaching for the new scheme;
• first experimental implementation;
• first evaluations and generous applications of incentives for innovators;
• spread and growth of the implementation rate (wider or deeper);
• evaluation and rethinking of change needs.

Last but not least we have to understand that, when we start to design a reform, we are already in the middle of the change process. The announcement of an innovation, the beginning of an organizational analysis, for example by means of interviews, immediately strongly influences the work climate and the possibility to create consensus for the change. The content of innovation, of course, directly influences the potential implementation rate, depending on how far it is from the organizational story, from the in-house skills and from the impressions that will flow to the employees and their unions.

Adopting this theoretical framework is the methodological background of the cases in the book.

REFERENCES


