

# Managing a public sector project: the case of the Italian Treasury Ministry

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## Abstract

Project management strategy in the public sector has attracted the interest of many scholars since the late 1980s, following the growing pressure on governments to abandon bureaucratic organisations in favour of leaner structures. Though Italy is considered a late developer in this movement, its scope, speed and consistency of reforms is considered remarkable [OECD, (2001), *Reviews of Regulatory Reform in Italy*]. Within this context many projects have been undertaken trying to implement the ideas of New Public Management (NPM) [Public Administration (1991) 69:3; Accounting, Organizations and Society (1995) 20:93]. This paper reports on a reengineering project carried out at the Italian Ministry of Treasury which tested a methodology drawn from the literature of process engineering. Multiple dimensions and actions proved to be crucial in managing the project: the paper discusses them and their relative importance over the life of the reengineering project.

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## 1. Introduction

Since the beginning of the 1980s many countries have been trying to change public organisations, responding to the mounting pressure to reduce budgets and increase the quality of services provided. This widespread movement is often labelled as new public management (NPM) [2,3] and many scholars (see for example [4–6]) attribute its origin to the British initiatives of Thatcher's reforming conservative government in the UK from 1979 on. The movement has been a driving force for governments for downsizing and elimination of waste, and it has led many public organisations to revise their procedures and structures for complying with the principles of economy, efficiency and effectiveness. The application of business techniques is one of the more significant elements which has led many public institutions to undertake major, modernising *projects*.

This trend has attracted the attention of many scholars who are interested in different issues. First of all, a

general concern has been shown for the difficulties of managing a project in the public sector: are business methodologies appropriate to these organisations? Which are the critical success factors? Second, a recent trend in public sector research has focused the attention on the “reality” of this change; some authors [7,8] suggest that projects and more generally the use of business techniques is a way for adapting to the external environment in an isomorphic way [9]. This means that organisations use projects as a façade for legitimation and for picturing themselves as modern to the external environment. According to this perspective after the completion of the project, public entities continue to use old practices and present the new one in the façade emerging, which is their formal structure. Third, after 2 decades since the first attempts, an emergent field of research poses the question whether the rise of different projects, at different levels, at different times is an answer to the reforms or are they elements of a failure to achieve the comprehensive change claimed by governments.

The present paper addresses the overall problem of implementing a project within the public sector, presenting the analysis of a reengineering carried out in the

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Italian state administration as an action research intervention.

The idea of the research is to first draw on the existing literature to identify the main issues of managing a project, and in particular a reengineering intervention, in the public sector. The theoretical framework used refers to three streams of research: (1) NPM, business process reengineering (BPR) and project management. The NPM literature helped in pointing out and analysing the most relevant issues implied in the change of public sector institutions; (2) business process reengineering offers both theoretical and empirical studies, which have been the basis for developing a methodology suitable for state administrations; and finally (3) the project management literature which integrated the definition of the “action” approach.

The combined approach to the analysis highlighted the major problems and the main instruments in undertaking such a project. This led to the definition of the methodology which was subsequently applied in a public organisation, the Ministry of Treasury. This organisation represents the ideal field for such an application. Its critical role as a change agent, the dynamic legislative context in which it is embedded, and the increasing pressures from different stakeholders, reflect the typical situations discussed by NPM researchers which all make the Ministry of Treasury a relevant example for testing the methodology. Furthermore, the intervention addressed a process, the management of European Structural Funds, which is under scrutiny itself and contributes to the creation of the complex situation in which many public institutions operates.

The paper starts with an introduction to the Italian situation to provide an understanding of the context in which the research was conducted. The second part is an outline of business process reengineering that has served as a background in the definition of the methodology and for preparing the empirical application. The central part of the article is devoted to the findings. Finally the last section sets out the conclusions of this study.

## 2. The Italian context

Italian central government started its reforming process at the beginning of the 90s, following the example of many OECD countries. Though Italy is considered a follower of the ‘higher reformers’, such as the UK, New Zealand and US [4], its actions are remarkable both for its speed and its scope. The initial struggles of central government were directed towards state-citizen relationships. Following the NPM principles and policies of other countries, an administrative procedure law of 1990 (Law 241/90) was approved for simplifying procedures. It focussed on improving procedures, and

adopting mechanisms which reduced the administration’s capacity to delay and stop action. A second step was made in 1993 (Law 537/93), where attention was directed to reducing the duplication of functions among ministries and governmental bodies and improving customer relationships.

In 1997, the government launched a third phase under the so-called ‘Bassanini laws’, which are considered a real breakthrough within Italian management reform [1,10,11]. These laws aim at re-balancing powers between the centre and subnational governments, and re-launching the administrative simplification policy based on processes of continuing accountability and an aggressive reorganisation of government to improve coherency and efficiency. Decentralisation accelerated, the legal system was reorganised, and horizontal central units were created to promote and monitor reform.

This context has been a fertile field for the implementation of NPM techniques; particular attention has been paid by government to business process reengineering (BPR), as a change technology. An example of this, which stems from technology, comes from the Authority for the Informatization in the Italian Public Administration (AIPA):

The AIPA interest in process reengineering issues rises from the observation of the widespread difficulty within the public administration in defining, starting and realizing information technology projects able to obtain evident and tangible results in terms of improvements in the services offered to citizens and in expensiveness in the operations [12].

This indirect pressure and the promotion of ‘Reinventing Government’ experiences [13] have driven institutions to make several attempts to revise the processes. The next paragraph gives an overview of BPR and its evolution, which is the basis for the empirical application at the Ministry of Treasury.

### 2.1. Business process reengineering

The original idea of BPR came from Hammer [14], who defined reengineering as the ‘radical redesign of business process to achieve dramatic improvements in critical contemporary measures of performance performances’. Since this first concept BPR has evolved and a number of approaches have been developed during the years. Though it is not possible to identify a completely uniform methodology, reengineering can be divided into six phases, which contain the essential elements for definition, design, implementation and consolidation. The phases are: (1) the reengineering strategic definition, (2) the “as is” process analysis, (3) the “to be” process definition, (4) improvement interventions design, (5) implementation, and (6) monitoring and continuous improvement.

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