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EDITORIAL: Governance in transition: The intersection of transparency, accountability and artificial intelligence

Dear readers!

On behalf of the editorial team, I am pleased to present the second issue of volume 1 (2024) of the journal *Reporting and Accountability Review*. The current issue features a few scholarly articles investigating and highlighting nontrivial research topics like voluntary disclosure quality, the transformation path of public administration, with particular attention to local realities, and the adoption of artificial intelligence algorithms in various sectors of our society.

In today's rapidly evolving world, both public and private sector organizations face growing pressures to adapt and innovate in response to complex challenges. These challenges, whether arising from crises such as the COVID-19 pandemic, the increasing demand for efficient and transparent governance, or the need to modernize through technological advancements, require organizations to rethink traditional practices and embrace new approaches.

One crucial aspect of this transformation is the growing emphasis on transparency and accountability. In times of crisis, organizations are expected to provide clear, timely, and relevant information to stakeholders. High-quality voluntary disclosure has become an essential tool in maintaining trust and ensuring that stakeholders remain informed, even in the face of uncertainty. This requirement for openness, while often seen as a matter of corporate governance, extends far beyond the private sector. Governments, too, must evolve their communication and operational strategies to meet the needs of a public that demands greater insight into decision-making processes, especially during times of disruption.

Alongside the push for greater transparency, the public sector is undergoing a broader shift toward more efficient, results-oriented management. The move from traditional bureaucratic models to more dynamic, managerial approaches is at the heart of public sector reforms globally. As governments struggle with the complex challenges of modern societies, they are increasingly adopting frameworks that emphasize accountability and efficiency. This shift is not merely about improving operational performance but also about responding to the expectations of citizens who demand better outcomes, particularly in local governance where services are felt most directly.

Technology, particularly artificial intelligence, is playing an increasingly pivotal role in shaping these reforms. Artificial intelligence offers the potential to radically transform the functioning of both public and private organizations, improving service delivery, optimizing decision-making, and enhancing overall efficiency. As artificial intelligence becomes more integrated into public administration, it contributes to new opportunities for modernization. However, the integration of artificial intelligence also requires a thoughtful approach, balancing innovation with the potential challenges of ensuring ethical practices, data security, and equitable access.

These broader trends, i.e., transparency in times of crisis, modernization of governance structures, and the integration of technology, are not isolated; instead, they are interconnected and mutually reinforcing in an ongoing interaction. For instance, as governments and organizations adopt more advanced technologies, they must also ensure that their processes are transparent and accountable to build trust with the public. Similarly, the shift toward more efficient and results-oriented management requires leveraging technologies that can streamline operations and enhance decision-making.

In this context, organizations must continuously adapt to maintain relevance and fulfil their obligations to stakeholders. The evolving landscape demands

a commitment to not only improving operational efficiency but also embracing ethical governance and leveraging innovation to meet the needs of the public.

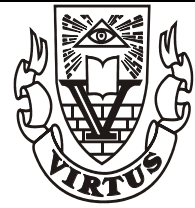
Whether in response to external pressures, technological advances, or the changing expectations of stakeholders, these efforts are essential for fostering trust, ensuring sustainability, and creating long-term value.

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INSIGHTS INTO VOLUNTARY DISCLOSURE QUALITY AND DETERMINANTS: EVIDENCE FROM VIETNAMESE LISTED COMPANIES DURING COVID-19

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Abstract

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This paper examines the voluntary disclosure quality of listed firms in Vietnam during the COVID-19 pandemic and identifies key determinants. Focusing on the top 100 listed firms by market capitalization on the Hanoi (HNX) and Ho Chi Minh (HOSE) as of December 31, 2021, the study uses a tailored reporting framework to evaluate COVID-19-related disclosures. Disclosure quality is measured by comparing each firm's score with the industry mean. A binary logistic regression model analyses the factors influencing disclosure quality, including corporate governance and firm characteristics such as size, age, industry, and the audit committee. The findings reveal that while voluntary disclosure quality in Vietnam is moderately fair, most firms do not demonstrate high-quality practices. A positive association is found between disclosure quality and firm size, age, industry, and the audit committee. This pioneering study provides empirical evidence on voluntary disclosure during the pandemic, offering valuable insights for corporate managers, stakeholders, and policymakers seeking to enhance disclosure standards in future crises. The results underscore the importance of strengthening disclosure practices to improve transparency and stakeholder trust during uncertain times.

Keywords: Corporate Governance, COVID-19-Related Disclosure, Influencing Factor, Vietnam, Voluntary Disclosure Quality

Authors' individual contribution: Conceptualization — H.C.N.; Methodology — T.T.T.H. and H.C.N.; Validation — H.C.N.; Formal Analysis — T.T.T.H.; Investigation — T.T.T.H.; Resources — H.C.N.; Data Curation — T.T.T.H. and H.C.N.; Writing — Original Draft — T.T.T.H.; Writing — Review & Editing — H.C.N.; Visualization — T.T.T.H.; Supervision — H.C.N.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

The global COVID-19 pandemic has presented unparalleled challenges for businesses worldwide, necessitating heightened transparency and robust

communication from corporate entities. In Vietnam, as the government grapples with these tumultuous times, listed firms assume a crucial role in shaping the nation's economic trajectory. This study aims to scrutinize the quality of voluntary disclosure among

listed firms in Vietnam during the COVID-19 pandemic, unveiling insights into the factors that drive these firms to proactively communicate better quality information to stakeholders.

Amidst a rapidly evolving and uncertain business environment induced by the pandemic, the quality of voluntary disclosure emerges as a linchpin for maintaining investor confidence, ensuring market stability, and cultivating accountability among corporate entities. Beyond these, transparent and comprehensive communication is pivotal for other stakeholders, such as employees, customers, and regulators, as they navigate the uncertainties brought forth by the crisis.

Vietnam, characterized by its unique economic and cultural landscape, offers a compelling backdrop for this investigation. Despite the pandemic's challenges, Vietnam's economy demonstrated resilience, registering a promising growth rate of 2.58% in 2021 compared to other countries in the region. This resilience prompts an exploration into how companies in Vietnam have adapted and coped with the pandemic, especially concerning their communication and disclosure practices.

Several previous studies have contributed significantly to understanding the landscape of voluntary disclosure quality. Huang and Watson (2015) highlighted the scarcity of research on the quality, as opposed to the quantity of corporate social responsibility (CSR) disclosure. Subsequently, scholars have endeavoured to bridge this gap by exploring various facets of CSR disclosure quality. Stuart et al. (2023) conducted an extensive review, outlining a comprehensive definition of CSR disclosure quality encompassing nine elements grouped into content, veracity, and usability categories. Such insights underscore the crucial role of quality disclosure in information provision, a notion reinforced by Blue et al. (2024). Their work emphasizes the primacy of quality over textual properties and quantity when assessing the effectiveness of information provision.

In diverse contexts spanning regions such as cross-national settings (Gerwanski et al., 2019; Raimo et al., 2021) and various continents including Asia (Omair Alotaibi & Hussainey, 2016), Europe (Gao et al., 2016; Al-Shaer & Zaman, 2018), and Africa (Agyei-Mensah, 2019; Malola & Maroun, 2019), prior studies have examined determinants influencing voluntary disclosure quality. Factors such as corporate governance structures (Gao et al., 2016), firm attributes (Malola and Maroun, 2019), and ownership structures (Omair Alotaibi & Hussainey, 2016; Ananzeh et al., 2023) have been recurrently investigated in these studies.

In the context of the pandemic, companies often rely on subjective assessments due to the absence or lack of specificity in disclosure frameworks, determining their COVID-19-related information provision based on perceived necessity and capacity. This distinct scenario underscores a novel research gap, highlighting the need to evaluate disclosure quality and its determinants in this unique context, which differs from prior studies on voluntary disclosure.

To address this research gap, the study is guided by two central questions:

RQ1: What is the quality of voluntary corporate disclosure among Vietnam-listed firms during the COVID-19 pandemic?

RQ2: What firm-specific factors, such as size, age, industry, and the presence of an audit committee, influence the quality of voluntary disclosure during this period?

Aligned with these questions, the study pursues two primary objectives:

1) to measure the quality of voluntary corporate disclosure among Vietnam-listed firms during the COVID-19 pandemic;

2) to investigate factors influencing voluntary disclosure quality and their impacts.

The study successfully addresses these objectives, revealing that Vietnamese listed firms generally exhibit relatively low disclosure quality, with only 45% surpassing the overall average level of voluntary disclosure. Factors associated with the firm profile, such as size, age, industry, and the presence of an audit committee in corporate governance, positively impact disclosure quality.

This research contributes to the literature by scrutinizing voluntary disclosure practices during the COVID-19 pandemic among Vietnam-listed firms. Additionally, it identifies and analyses factors shaping voluntary disclosure quality, offering valuable insights into corporate disclosures during a global crisis, with practical implications for regulators, investors, and corporate management.

The paper proceeds as follows: Section 2 reviews the literature on voluntary disclosure quality and formulates hypotheses. Section 3 outlines the research methodology. Section 4 presents the research results and discussion. Finally, conclusions are drawn in Section 5.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Theoretical framework

2.1.1. Agency theory

Agency theory (Jensen & Meckling, 1976) investigates potential conflicts of interest within a corporation involving various stakeholders, including shareholders, managers, and employees. According to this theory, shareholders serve as principals who delegate authority to managers as their agents to manage the company on their behalf. However, managers may not consistently act in the best interests of shareholders, leading to agency issues. Disclosure is identified as one strategy to alleviate these problems. By providing more effective information regarding the company's activities, financial performance, and risks, managers can narrow the information asymmetry and enhance shareholders' ability to monitor the company, consequently reducing the agency costs associated with managerial opportunism. Notably, agency theory is widely applied in studies of voluntary disclosure (Dragomir & Dumitru, 2023; Permatasari & Tjahjadi, 2024; Zamil et al., 2023). This study utilizes agency theory to predict and explain how factors such as firm size, the presence of an audit committee, and engagement with a Big 4 auditor influence the quality of voluntary disclosure.

2.1.2. Legitimacy theory

Legitimacy theory (Dowling & Pfeffer, 1975) suggests that organizations, particularly listed firms, must conform to societal expectations and norms to maintain their social license to operate. In the context of information disclosure, this theory posits that listed firms have an obligation to disclose a specific amount of information to stakeholders — such as investors, analysts, customers, and regulators — to be perceived as legitimate and uphold their social legitimacy. High-quality information disclosure, characterized by transparency and accountability, can bolster the legitimacy of listed firms. Conversely, inadequate information disclosure has the potential to undermine their legitimacy, resulting in adverse outcomes such as reduced investor trust, increased regulatory scrutiny, and reputational harm. Notably, legitimacy theory stands as a primary framework utilized in studies of voluntary disclosure (Permatasari & Tjahjadi, 2024). This study employs legitimacy theory to forecast and elucidate how factors such as firm age and industry influence the quality of voluntary disclosure.

2.2. The relation between a firm's profile and voluntary disclosure quality

2.2.1. Firm size

Expanding on the discussion rooted in agency theory, the size of a company emerges as a pivotal factor impacting the quality of voluntary disclosures. Prior studies consistently indicate a positive correlation between firm size and disclosure quality (Brammer & Pavelin, 2008; Barth et al., 2017; Iredele, 2019; Nguyen et al., 2022; Makri et al., 2024). Larger companies often prioritize sustainability concerns to address stakeholder interests and safeguard their reputations, potentially elevating their voluntary disclosure practices. Additionally, larger entities face amplified scrutiny from stakeholders and regulatory bodies due to their heightened social impact.

Moreover, the extent and detail of voluntary disclosures might also be influenced by the cost-benefit aspect, as highlighted by Nguyen (2023). Smaller-scale firms, constrained by resource limitations, may tend to disclose less comprehensive information. Conversely, a company's economic capability plays a vital role in establishing robust information systems to meet the escalating demands for transparency. Guided by agency theory and previous findings, we propose the following hypothesis:

H1: There is a positive association between firm size and voluntary disclosure quality.

2.2.2. Firm age

Legitimacy theory posits that listed firms must consistently disclose information to stakeholders to maintain legitimacy. Established top-listed companies often possess a track record of robust information disclosure, ensuring legal compliance and fostering growth. Consequently, these well-established older firms, equipped with mature

reporting practices and robust governance structures, are likely to adopt a more sophisticated and integrated approach to reporting (Erin & Adegboye, 2022; Nguyen & Phan, 2023; Nguyen et al., 2023). This inclination toward comprehensive reporting contributes to a higher quality of voluntary disclosures.

Conversely, younger companies may encounter challenges stemming from limited experience and resource constraints, potentially impacting the depth and completeness of their disclosures. These hurdles may lead to less comprehensive reporting practices among younger entities. Building upon legitimacy theory and existing research, we propose the following hypothesis:

H2: There is a positive association between firm age and voluntary disclosure quality.

2.2.3. Industry

The industry significantly shapes the quality of reporting (Rivera-Arrubla et al., 2017). Each industry possesses distinct characteristics that exert considerable influence on societal and environmental aspects, leading to stringent regulatory oversight by legal authorities (Hoang & Nguyen, 2023). Industries sensitive to environmental concerns often prioritize disclosing information related to their environmental impact. Consequently, companies operating in such environmentally sensitive sectors are inclined to initiate and report on efforts addressing global warming, water pollution, and related issues (Halme & Huse, 1997; Bowen, 2000; Brammer & Pavelin, 2008).

This industry-specific emphasis intersects with the legitimacy aspect as firms aim to exhibit transparency and accountability, particularly concerning industry-sensitive matters. Their concerted efforts aim to establish recognition as legitimate entities and sustain their legitimacy. Therefore, we propose the following hypothesis:

H3: There is a positive association between industry and voluntary disclosure quality.

2.3. The relation between corporate governance and voluntary disclosure quality

2.3.1. Internal governance — Audit committee

Corporate governance plays a pivotal role not only in enhancing the extent of disclosure but also in elevating the quality of disclosed information (Haniffa & Cooke, 2005; Dah & Jizi, 2018). According to agency theory, the establishment of an audit committee acts as a mechanism to mitigate information asymmetry, curb managerial opportunism, and augment the quality of disclosure (Chung et al., 2005).

In the realm of integrated reporting (IR) quality, specific characteristics of the audit committee, such as size, expertise, meeting frequency, and independence, consistently demonstrate a positive relationship with IR quality (Chariri & Januarti, 2017; Agyei-Mensah, 2019; Wang et al. 2020; Erin & Adegboye, 2022; Raimo et al., 2021). Notably, research by Al-Shaer and Zaman (2018) highlights the correlation between audit committees and enhanced credibility in CSR disclosure.

Moreover, Arjaliès and Mundy (2013) emphasize the importance of management control systems in supporting environmental strategies and policies for ensuring disclosure quality. Their findings suggest that effective management control systems facilitate communication of CSR vision, management of CSR strategy, and enactment of CSR performance and change.

In the context of Vietnam, the concept of an audit committee is relatively nascent, introduced with the implementation of the Vietnam Law on Enterprises in 2020¹ (Hoang & Nguyen, 2023). Consequently, the audit committee is an optional entity for listed firms in Vietnam. Consequently, the presence of an audit committee remains optional for listed firms in Vietnam. This study aims to explore the impact of the audit committee's presence in the governance structure, considering it as a proxy variable for the strength of corporate governance. Building on existing research and applying agency theory, we propose the following hypothesis:

H4: There is a positive association between firms that have an audit committee and voluntary disclosure quality.

2.3.2. External governance — Big 4 auditor

According to agency theory, independent and large audit firms have the potential to mitigate agency conflicts by furnishing more reliable and credible information (Jensen & Meckling, 1976). The audit function, in this context, serves as a mechanism to reduce information asymmetry and conflicts of interest between managers and shareholders (Arens et al., 2012). Consequently, the auditing process is presumed to act as a monitoring mechanism contributing to enhanced voluntary information disclosures (Agyei-Mensah, 2019; Dragomir & Dumitru, 2023).

The Big 4 auditing firms, including Deloitte, Ernst and Young, KPMG, and PricewaterhouseCoopers, are renowned for their expertise, reputation, and substantial resources. This reputation and expertise create a reasonable expectation that companies engaging a Big 4 auditor would be more inclined to deliver higher-quality voluntary disclosures, given the presumed assurance and credibility associated with these firms. Drawing from existing research and grounding the analysis in agency theory, we propose the following hypothesis:

H5: There is a positive association between firms that use a Big 4 auditor and voluntary disclosure quality.

3. METHODOLOGY

3.1. Sample and data description

The study analyses a sample of the top 100 firms with the highest market capitalization as of December 31, 2021, listed on both the Hanoi (HNX) and Ho Chi Minh (HOSE) Stock Exchanges. Collectively, these firms represent approximately 90% of the total market capitalization by the end of 2021, ensuring a high degree of representativeness within the sample. The sample spans various

industries, including 1) transportation and warehousing, 2) mining, 3) wholesale, 4) retail, 5) manufacturing, 6) technology and information, 7) finance and insurance, 8) construction and real estate, 9) agricultural production, and 10) utilities. The year 2021 was selected deliberately due to the significant pandemic-related challenges faced by Vietnamese firms, making it a critical period for analysing disclosure practices.

The relatively small sample size of 100 firms is a limitation due to the manual-based coding approach employed for data collection which has been commonly suggested as a disadvantage of the manual coding approach in the disclosure literature (Nguyen, 2023; Nguyen et al., 2022). However, this modest sample size aligns with recent disclosure studies and remains valuable in capturing trends and practices within the subset of top-performing firms (Rivera-Arrubla et al., 2017; Kılıç & Kuzey, 2018; Nguyen et al., 2022).

For data collection, this study combines information from various reports published by firms in 2021, including integrated reports, annual reports, financial statements, and corporate governance reports. The reporting framework developed by García-Sánchez et al. (2020) serves as a reference for manually scoring COVID-19-related disclosures. As IR regulations have limited adoption in Vietnam and are utilized by only a small number of companies, multiple sources from firms' websites, stock exchange platforms, and Vietstock platforms are utilized. These reports serve as valuable sources for assessing the extent and quality of COVID-19-related disclosures and calculating the values of the independent variables in the research model.

3.2. Research model and variable measurement

3.2.1. Research model

To examine the determinants influencing voluntary disclosure quality, the authors utilize a binary logistic regression model (Eq. (1)) in the following manner.

$$NVDQ_i = \beta_0 + \beta_1 SIZE + \beta_2 AGE + \beta_3 IND + \beta_4 AC + \beta_5 BIG4 + \beta_6 BSIZE + \beta_7 BGD + \beta_8 BIND + \beta_9 OC + \varepsilon \quad (1)$$

3.2.2. Dependent variable

In this study, focusing on the investigation of voluntary disclosure quality and its determinants, the dependent variable is defined as *voluntary disclosure quality*. Given the employment of a binary logistic regression model, the dependent variable necessitates a nominal nature with two outcomes, represented by dummy variables 0 and 1. The authors delineate nominal voluntary disclosure quality ($NVDQ_i$) through a sequential process involving three steps:

Step 1 involves content analysis as a tool to manually evaluate COVID-19-related disclosures within reports of listed companies. This analysis assesses the presence (coded as 1) or absence (coded as 0) of each information item (D_j) in alignment with a reporting framework developed by

¹ https://vbma.org.vn/storage/legal-documents/July2021/59_2020_QH14_451799.doc

García-Sánchez et al. (2020). The framework encompasses 60 indices and is briefly outlined in Table 1 and Table 2. Subsequently, the disclosure extent of each company (CRD_i) is determined using the equation:

$$CRD_i = \frac{\sum_{j=1}^{60} D_j}{60} \quad (2)$$

In Step 2, in line with the study's objectives, an additional methodology is incorporated to complement the assessment. The ratio of voluntary disclosure quality ($RVDQ_i$) is formulated to measure the proportion by which each company i 's disclosure extent (CRD_i) exceeds the industry's mean of CRD_i ($MEAN_i$). The ratio is derived using the following equation:

$$RVDQ_i = \frac{CRD_i - MEAN_i}{MEAN_i} \quad (3)$$

This computational approach serves as a supplementary tool to the earlier content analysis conducted in Step 1, offering an alternative lens for evaluating the quality of voluntary disclosures. A positive value of the ratio of voluntary disclosure quality ($RVDQ_i$) signifies a higher level of disclosure quality within the listed company i , while a value less than or equal to 0 indicates comparatively lower quality, as supported by findings in previous studies (Malola & Maroun, 2019).

In Step 3, the transformation of ratio of voluntary disclosure quality ($RVDQ_i$) from a ratio scale to a nominal scale is executed. $RVDQ_i$ values exceeding 0 are allocated a dummy value of 1, while values less than or equal to 0 are assigned a dummy value of 0. This transformation yields a new nominal variable termed nominal voluntary disclosure quality ($NVDQ_i$) aligning with the methodology used by prior studies, such as Nguyen and Phan (2023).

Table 1. Group of integrated reporting content elements following the pandemic

Group	Group name	Number of indexes	Value
OVE	Organizational overview and external environment	6	1/0
GOV	Governance	4	1/0
MOD	Business model	6	1/0
ROP	Risk and opportunities	6	1/0
SRA	Strategy and resource allocation	2	1/0
PER	Performance	3	1/0
OUT	Outlook	2	1/0
PRE	Basis of preparation and presentation	1	1/0
Total		30	

Source: Adapted from García-Sánchez et al. (2020).

Table 2. Group of integrated reporting capitals following the pandemic

Group	Group name	Number of indexes (including inputs and outputs)	Value
FIN	Financial capital	3	1/0
MAN	Manufactured capital	4	1/0
INT	Intellectual capital	6	1/0
HUM	Human capital	5	1/0
NAT	Natural capital	3	1/0
SOC	Social and relationship capital	9	1/0
Total		30	

Source: Adapted from García-Sánchez et al. (2020).

3.2.3. Independent variable

Table 3 below presents a comprehensive list of independent variables, encompassing both explanatory and control variables utilized in this study, along with their respective measurements.

Table 3. Definitions and measurements of explanatory and control variables

Variables	Acronym	Definition and measurement
Panel A: Explanatory variables		
<i>Firm's profile</i>		
Firm size	SIZE	Natural log market capitalisation
Firm age	AGE	Years of establishment of the enterprise
Industry	IND	Dummy / Categorical variable based on the North American Industry Classification System (NAICS): <ul style="list-style-type: none"> • "1" corresponds to construction and real estate; • "2" corresponds to finance and insurance; • "3" corresponds to manufacturing; • "4" corresponds to utilities; • "5" corresponds to retail; • "6" corresponds to technology and information; • "7" corresponds to transportation and warehousing; • "8" corresponds to wholesale; • "9" corresponds to agricultural production; • "10" corresponds to mining.
<i>Corporate governance</i>		
Audit committee	AC	Dummy variable: "1" if the firm has an audit committee and "0" otherwise
Big 4 auditor	BIG4	Dummy variable: "1" if a Big 4 auditor is engaged and "0" otherwise
Panel B: Control variables		
<i>Board characteristics</i>		
Board size	BSIZE	Number of directors on the board
Board gender diversity	BDG	Percentage of female directors on the board
Board independence	BIND	Percentage of independent directors on the board
<i>Ownership structure</i>		
Ownership concentration	OC	Percentage of outstanding ordinary shares held by shareholders who own 5% or more of the shares

Source: Created by the Authors.

Explanatory variables

Explanatory variables, derived from the hypotheses outlined in subsection 2.2 and subsection 2.3, encompass factors concerning the firm's profile (firm size, age, and industry) and corporate governance (audit committee and Big 4 auditor).

Control variables

In this research, we consider the cross-sectional effects of established determinants of voluntary disclosure quality by selecting specific control variables. As previously indicated, factors linked to corporate governance or ownership structure are commonly studied regarding their influence on disclosure quality. Therefore, we have incorporated some of these factors into our model. Specifically, our model encompasses corporate governance-related variables such as board characteristics including board size (Omair Alotaibi & Hussainey, 2016; Iredele, 2019; Vitolla et al., 2020; Fayad et al., 2022; Makri et al., 2024), board independence (Omair Alotaibi & Hussainey, 2016; Vitolla et al., 2020; Dragomir & Dumitru, 2023), and gender diversity (Gerwanski et al., 2019; Iredele, 2019; Fayad et al., 2022). Additionally, we also examine ownership concentration (Ananzeh et al., 2023). For detailed listings and measurements, refer to Table 3.

4. RESULTS AND DISCUSSION

4.1. Assessment of voluntary disclosure quality

Table 4 below provides a comprehensive overview of mean disclosure quality across various industries and the proportion of firms surpassing their industry's mean ratio of voluntary disclosure quality ($RVDQ_i$). Notably, these findings diverge significantly from earlier studies by Nguyen and Phan (2023) and Nguyen et al. (2023) due to variations in study scope.

It's discerned that solely firms in the *construction and real estate* sector exhibit lower voluntary disclosure quality, attributed to their below-average disclosure levels within the industry. In contrast, firms in other sectors display a disclosure quality rate surpassing 50%. However, caution is warranted when interpreting figures for certain industries, like *technology and information*, due to the limited representation of firms in the sample.

Overall, Vietnamese listed firms generally maintain a relatively fair level of disclosure quality, with only 45% of companies surpassing the overall average, indicating room for improvement in disclosure practices across industries.

Concerning the specifics of how firms disclose various indices, Hoang and Nguyen (2023) highlighted in their research on COVID-19-related disclosures that firms often concentrate on outlining the general impacts of the pandemic on their business operations. This inclination might explain the more prevalent disclosure of easily measurable impacts, such as performance metrics. However, this

selective focus might limit stakeholders' ability to make well-informed decisions, particularly in crisis situations. The emphasis on general impacts at the expense of detailed, substantive disclosures mirrors the findings of Malola and Maroun (2019) in their study on listed firms in South Africa, highlighting a tendency toward symbolic rather than substantive disclosures.

Table 4. The quality of voluntary disclosure across industries

Industry	N	Industry mean value	The percentage of firms with higher $RVDQ_i$ than the industry mean value
Construction and real estate	29	0.183	33.3%
Finance and insurance	30	0.263	53.3%
Manufacturing	22	0.291	59.1%
Utilities	6	0.158	66.7%
Retail	2	0.283	50.0%
Technology and information	1	0.367	100.0%
Transportation and warehousing	4	0.304	75.0%
Wholesale	2	0.317	50.0%
Agricultural production	2	0.617	50.0%
Mining	2	0.367	50.0%
Total	100	0.244	45.0%

Source: Created by the Authors.

4.2. Factors that impact voluntary disclosure quality

After ensuring the regression model's reliability by testing for multicollinearity and autocorrelation, the study employed binary logistic regression analysis to uncover the factors shaping voluntary disclosure quality among Vietnamese listed firms during the COVID-19 pandemic. Overall, the results of the binary logistic regression analysis revealed that factors from the firm's profile, including firm size ($SIZE$), age (AGE), and industry (IND), as well as the presence of an audit committee in corporate governance (AC), have a positive impact on the quality of voluntary disclosure ($NVDQ_i$). The findings are summarized in Table 5 below.

4.2.1. Firm's profile factors

The results demonstrate that several firm profile factors significantly impact voluntary disclosure quality ($NVDQ_i$). Specifically, firm size ($SIZE$) and firm age (AGE) align with prior research (Iredele, 2019; Erin & Adegboye, 2022; Makri et al., 2024; Nguyen et al., 2023; Nguyen & Phan, 2023). The findings confirm that larger and more established companies exhibit greater expertise in disclosure activities, maintaining robust information systems, and meeting stakeholders' demands for comprehensive information, even amid challenging circumstances.

Table 5. Logistic regression results

<i>Variable</i>	<i>Hypothesis</i>	<i>Predicted sign</i>	<i>B</i>	<i>S. E.</i>	<i>Wald</i>	<i>df</i>	<i>Sig.</i>	<i>Exp. (B)</i>
SIZE	H1	+	3.142	0.840	13.985	1	0.000	23.159
AGE	H2	+	0.042	0.018	5.576	1	0.018	1.043
IND	H3	+	0.301	0.132	5.192	1	0.023	1.352
AC	H4	+	1.785	0.686	6.770	1	0.009	5.961
BIG4	H5	+	0.577	0.726	0.631	1	0.427	1.781
BSIZE		+	0.207	0.187	1.227	1	0.268	1.231
BGD		+	-0.715	1.437	0.248	1	0.619	0.489
BIND		+	1.918	2.753	0.485	1	0.486	6.808
OC		-	-0.009	0.010	0.888	1	0.346	0.991

Source: Created by the Authors.

4.2.2. Industry impact factors

The influence of industry (IND) also emerges as a significant factor, consistent with findings from Brammer and Pavelin (2008) and supported by Elmarzouky et al. (2021) and Hoang and Nguyen (2023). Industries significantly affected by the pandemic tend to disclose more, reflecting changes following the pandemic. Notably, industries less affected by the pandemic might not score as high due to fewer related disclosures within the framework employed in this study.

4.2.3. Corporate governance factors

When an audit committee (AC) is part of a firm's corporate governance structure, its presence consistently shows a positive relationship with the quality of voluntary disclosure. This aligns with findings from Chariri and Januarti, (2017), Erin and Adegboye (2022), and Raimo et al. (2021). However, the relationship between the engagement of a Big 4 auditor (BIG4) and voluntary disclosure quality is not statistically significant. This suggests that during periods of restricted access to firms, internal processes may have a greater influence on reporting quality than external factors.

4.2.3. Other control variables

Control variables examined in this study did not show a significant influence on voluntary disclosure quality within this context.

5. CONCLUSION

This study investigates the quality of voluntary disclosure among listed firms in Vietnam during the COVID-19 pandemic and its influencing factors. The study contextualizes itself within the pandemic by using COVID-19-related disclosures as a proxy for the quality of voluntary disclosure. Utilizing a sample of the 100 largest market capitalization companies as of the end of 2021, this research offers valuable insights into the quality of voluntary disclosure amid the financial crisis posed by the COVID-19 pandemic in Vietnam. The findings indicate a relatively fair quality of voluntary disclosure, with an average of 45% of companies deemed to have high-quality disclosures. Notably, several factors positively influence the extent of voluntary disclosure quality, including company size, age, industry, and the presence of an audit committee in corporate governance. These findings substantially contribute to the literature on

voluntary disclosure and carry pertinent implications for business managers and government agencies, especially in referencing disclosure practices during future financial crises.

The study reinforces existing arguments about the significance of firms' scale, expertise, and operational history in establishing effective information management systems. Larger firms and those with a greater social impact encounter stricter disclosure demands from stakeholders and government entities, corroborating previous studies (Brammer & Pavelin, 2008; Iredele, 2019; Makri et al., 2024). Moreover, the pandemic's differential impact across industries shapes the quality of voluntary disclosure, with only companies significantly affected showing a higher focus on developing robust information systems for providing higher-quality information. The findings also suggest that in scenarios where external entities face challenges accessing firms' governance, internal processes gain more significance.

This study contributes significantly by offering empirical evidence previously lacking in the field of voluntary disclosure in Vietnam. It provides initial empirical evidence examining the quality of voluntary disclosure and its determinants during the pandemic, with implications for future research within pandemic and financial crisis contexts. Additionally, it sheds light on new settings for disclosure research while furnishing empirical evidence to inform policymakers' decisions during future financial crises.

By demonstrating the positive impact of firm size, age, industry, and the presence of an audit committee on voluntary disclosure, this study equips stakeholders with robust methods to assess a firm's disclosure quality, thereby enhancing decision-making regarding those firms. For companies, this research serves as a valuable resource to enhance their disclosure practices, particularly in identifying key items to prioritize during financial crises.

However, it's essential to acknowledge the study's limitations and delimitations. The study did not tailor the reporting framework precisely to the specific characteristics of Vietnamese companies, potentially impacting the measurement of COVID-19-related disclosure. Additionally, the relatively small sample size and potential omitted variables in the regression analysis warrant caution when generalizing the findings. The study's delimitation focuses exclusively on COVID-19 as the macroeconomic shock, excluding considerations of other potential financial crises or shocks.

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THE PROCESS OF CORPORATIZATION OF LOCAL AUTHORITIES: THE REFORM OF THE ITALIAN PUBLIC ADMINISTRATION IN THE NATIONAL RECOVERY AND RESILIENCE PLAN

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Abstract

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This paper examines the transformation path of public administration, with particular attention to local realities, exploring the transition from the traditional administrative model to a managerial type of management. The evolution of public administration started from the theories of new public management (NPM), which emphasized accountability, efficiency, and results orientation. Subsequently, the theories evolved into new public governance and network management, an approach that recognizes the increasing complexity of modern societies. The National Recovery and Resilience Plan (NRP) includes a new reform to modernize the public sector, streamline rules and procedures to make them more transparent, accessible and efficient.

Keywords: Management, Public Administration, Accountability, Reform

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1. INTRODUCTION

The late 1980s marked an important stage in the evolution of public administrations, driven by a growing awareness of the need to improve institutional functionality and service quality to meet citizens' needs. This change was supported by regulatory adjustments favouring the application of business principles to align administrative actions with effective public policies, resource efficiency, and managerial sustainability (Zangrandi, 199, pp. 60–65). Several economic, political, and social factors triggered this shift, revolutionizing the traditional approach of public administrations, in particular:

- increasing community needs and higher quality services;
- limitation of financial resources available to the entities, a consequence of the complex state fiscal crisis;
- technological innovation, especially in the field of information systems, has required

a radical overhaul of the way public services are organised, managed and delivered;

- adherence to the parameters set by the European Union (EU).

The concept of corporate management began to be seen as a solution to inefficiencies and poor service quality. Public services increasingly integrated business logic and methodologies, adopting decision-making and information systems to support innovation and a new corporate control model for efficient management (Padovani, 2004, p. 59). Consequently, the public sector's focus shifted to managerial logic aimed at generating value and improving performance efficiency and quality (Borgonovi, 2005, p. 91).

The article is presented in a way that facilitates a more thorough examination of the issue of enhancing the institutional functionality of public administration bodies and improving the quality of services provided to citizens.

2. NEW PUBLIC MANAGEMENT

This transformation of public administration found its ideological foundation in the new public management (NPM), a model of public administration that emerged in the 1970s and 1980s in the United Kingdom, New Zealand and Australia, which was based on the idea that public institutions should be regarded as service-producing and service-delivery companies. Therefore, in the management of public institutions, in addition to the legal-formal approach, an economic-business approach was introduced, aimed at meeting the needs of citizens with the same accuracy and rationality in the use of resources that are required to compete in the private sector (Hood, 1991).

The seven doctrinal components identified by Hood (1991, pp. 4-5; 1995, pp. 95-98) to describe the NPM are as follows:

- 1) empowerment of management;
- 2) use of performance indicators for a clear definition of efficiency and effectiveness targets;
- 3) greater emphasis on output control instead of procedure control;
- 4) productive decentralisation through the break-up of large public administrations into smaller, more easily manageable units and by separating the moment of planning from the moment of service production, using high public or private companies;
- 5) introduction of forms of competition to encourage lower costs and higher quality-quantity levels of services;
- 6) use of typical business management techniques that are more flexible and better suited to achieving objectives;
- 7) thrift and discipline in the use of public resources.

In Italy, the main objective of the reform was to move from a bureaucratic-administrative model, based on formal correctness and focused on compliance with procedures, to a managerial model of public action based on the evaluation of results and the optimization of the relationship between the resources used and the results obtained (Castellini & Ferrario, 2021, p. 96).

NPM theories have highlighted some critical issues in the Italian public context, pointing out that the differences with respect to the free market make an uncritical application of the principles and tools typical of managerial reforms difficult.

Consequently, there has been a gradual transition from an NPM-oriented approach to a broader model of public governance (Meneguzzo, 1997; Pollitt, 2003).

This new model is characterised by an increased focus on public governance, which integrates aspects of corporate efficiency with the protection of the public interest and democratic participation (Meneguzzo, 1997, p. 503).

In common parlance, governance refers to a managerial model of administration and control in which the relevant administrative functions of decision-making, planning and control are implemented in the interests of all "stakeholders". Such a model of corporate governance, in general, evokes the principles of fairness, transparency, economic efficiency, responsibility and autonomy recognized for bodies with appropriate powers and competences, entrusted with specific and limited areas of intervention.

But corporate governance, from a purely technical-operational point of view, also identifies all the administration and control procedures aimed at clearly and comprehensively defining: strategic orientation lines, long-term goals, objectives and behaviour to pursue these goals, and tools and methods for evaluating, monitoring and controlling activities and results. A broader model of public governance means, therefore, good management and public administration seen not only in an economic-corporate dimension aimed at maximising profitability (efficiency, effectiveness and economic efficiency, as the NPM would like), but also as a system of relations in which a balanced satisfaction of the expectations and interests of all the stakeholders that revolve around the administrative machine can finally be achieved (Mulazzani, 2005, p. 669).

The Italian reality is essentially characterized by a vision of public governance oriented towards the external environment, that is, towards all those subjects that condition and influence its decisions and choices. This approach is characterised by Meneguzzo (1997, p. 589):

- a) centrality of interactions with actors present at various levels in the political and social context;
- b) management and coordination of networks;
- c) outward orientation, in particular towards the economic and social environment.

In the perspective of public administration, in contrast to the NPM, the concept of modernisation shifts from the level of the individual public organisation ("micro") and the system of companies and public organisations ("meso") to management at the "macro" level, related to the overall socio-economic system, in which the public administrations is responsible for the performance of a complex system of organisations (Meneguzzo, 1997, p. 594).

In any case, the necessary condition to effectively contribute to the development and growth of the entire administered community is the ability to equip itself with the appropriate tools and culture to optimise its organisation and management (Ricci & Landi, 2009, p. 134).

Among the absolutely new elements of the modernisation process, more commonly known as the corporatisation or managerialization process, is the redefinition of the relationship between "politics" and "administration" (Mussari, 1994, p. 81).

The processes of political and economic empowerment are spreading, and management delegations are asserting themselves, moving from a centralized decision-making, monocentric vision to a polycentric vision, in which hierarchy is replaced by a concept of interaction between social actors in collective action. There is a shift from representative democracy, in which the citizen is the user of a service, to participatory or deliberative democracy (or, again, "dialogical") in which the citizen becomes an active participant in decision-making and evaluation processes (democratic accountability).

Other new elements concern the enlargement of the information system from the traditional financial dimension to the economic dimension, the rethinking of the budget as a budget, i.e., as an instrument of managerial responsibility and forecasting; the system of controls is profoundly modified and improved (from Legislative Decree No. 286/99¹ to Law 15/2009² and finally to

¹ <https://www.gazzettaufficiale.it/eli/id/1999/08/18/099G0363/sg>

Legislative Decree No. 174/2012²) in implementation of the ever-increasing need for accountability and a significant reorganisation of the governance models of companies and public administrations in line with the new logic of results-based management.

Therefore, great attention is paid to measuring and evaluating the results achieved: output, outcome and performance (Ricci & Serluca, 2013, p. 16).

Also in the area of internal control, preventive legitimacy control is de-prioritised, and the accompanying and subsequent control of management and results is strengthened. Management control, strategic control and evaluation of public administration managers and staff are introduced.

The new role of public administrations is no longer to directly guide or produce goods and services, but to “serve” and to help citizens articulate and satisfy their common interests through co-participation and collaboration (empowerment). The concept of public value is asserted as a fundamental principle of the new public administration reform process, looking at value no longer as what is quantifiable (output), but as aimed at increasing the positive impact on the community of reference (outcome), as a corrective action to the rigid forms proposed by the NPM paradigm. In fact, in a reforming approach inspired exclusively by the NPM model, there is a tendency to excessively exalt the privatist components of the corporate world, abandoning operational logics of a bureaucratic nature and exasperating the concepts of efficiency, effectiveness and economy (Parker et al., 2019, p. 288).

Managerial logic can only work if there are managers with properly selected and trained managerial skills and qualifications, otherwise, the risk of demotivation and disempowerment can be high (Pezzani, 2008, p. 43).

Excessive recourse to rules, laws and regulations to impose change leads one to think of reforms as a conscious exercise in the acquisition and use of power, not as the logical consequence of a process of assessing the actual needs for change. Today, reforms are effectively undertaken without due consideration of the conflicting interests and values at stake in the public administrations. Reforms often appear to be ends in themselves and lack the characteristics of social distribution and rationality (Ricci, 2012, p. 17).

In fact, it is not the NPM model that has not worked, rather it is necessary to consider a possible extended interpretation of its principles and values, in order to place them in the context of the Italian public administrations. Without suitable conditions of applicability and without a culture of change, reform measures are considered as “mere compliance” rather than overcoming the current status quo. According to the theory of social organisation, transformation and change are determined by the coincidence of four circumstances (Moor, 1995):

1) coherence/compatibility between reform programmes and the established values of the organisations affected by the change;

2) coherence/compatibility between reform projects and social evolution;

3) a high degree of consistency and clarity of the reformers’ intentions;

4) strong organisational support.

Responsible administrations should, therefore, question the existence of this alignment and take any accompanying measures that may still be necessary, especially through training and the dissemination of genuine best practices.

The reforms should in fact become an opportunity for a skilful combination of the institutional-legal approach and the managerial approach of the new Italian public administrations. According to the institutional approach, the reform can be understood as a general reorganisation of the powers and functions of the various levels of government and, at the same time, as a general adjustment of the framework of the systemic rules.

The vehicle for change in this case is represented by a modification of the rules that is intended to induce a transformation of the functions, formal responsibilities and administrative processes of the various public bodies (Borgonovi & Valotti, 2009, p. 404).

The managerial approach, on the other hand, sees the standard as a constraint or a contextual constraint to be respected and adhered to in the evolutionary processes, the latter strongly centred on the responsible exercise of autonomy by individual administrations. For public administrations to function well, it is necessary to find a balance between the principles of legality (administrative constitutional law), political legitimacy and authority (rethinking the forms of people’s participation), the balance of public finances (necessary to maintain the legitimacy and authority of the country at the international level and in relation to financial markets), autonomy and managerial responsibility of individual administrations (business or public management model) (Borgonovi, 2018, p. 26).

The “corporatization” process that has spread in Italy is very different from the more revolutionary and impetuous NPM movement that originated in countries of Anglo-Saxon origin and culture (common law) (Borgonovi et al., 2009, p. 87), precisely because it is not identified with the attribution of the corporate nature to public administrations but as the stimulus of an albeit slow transition from a bureaucratic to a managerial type of management approach, leaving ample space for the punctual and systematic performance of new activities, such as (Gianfelici, 2008):

1) strategic planning of the objectives to be achieved and the lines of action to be pursued;

2) planning of management activities corresponding to the goals defined at the planning stage;

3) strategic monitoring of the degree of achievement of set objectives;

4) management and operational control over the rationality of the actions taken, levels of efficiency, effectiveness and economy of management.

It seems quite impossible to think that the principles, techniques and tools of private enterprise can be directly and fruitlessly applied to state enterprises and administrations without due adaptation and contextualization.

Indeed, Ferrero (1987) points out: “*The acquisition of inputs ... their transformation into outputs ... the transfer of these to the outside world ... constitute*

² https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2009-03-05&atto.codiceRedazionale=09G0023&elenco30giorni=false

³ <https://www.gazzettaufficiale.it/eli/id/2012/10/10/012G0196/sg>

the characteristic moments of the economic activity of any enterprise, public or private [...]. This economic activity, perennially projected into the future, and, therefore, appropriately planned and programmed, also in terms of innovation and development, and accordingly endowed with the necessary information supports, defines management, as an administrative activity (in the fullest and most complete sense of the expression) proper to the enterprise itself" (p. 53).

This allows us to understand how having defined the institutional function of the public administration's system of acquiring requests and resources from the outside to transform them into services and performances in favour of the administered community, it is necessary to direct management towards models and patterns of behaviour increasingly oriented towards those proper to the economic-business discipline, the only ones capable of boosting the competitiveness of the public sector and of fostering the albeit slow overcoming of the economic, financial and even social crisis in which the Italian public administrations has been immersed for some time.

The parameters that must permeate the activity of public enterprises must refer to the "3Es" model (Comite, 2013):

- operational efficiency is understood as the ability to realise production, at due qualitative levels, with the least use of available resources;
- strategic effectiveness is understood as the ability to plan and realise objectives consistent with the overall expectations of the company's stakeholders;
- management economy is understood as the ability maintained over time to satisfy needs through a flow of resources that is economically and socially sustainable.

According to Cavalieri (2005), the constant pursuit of efficiency and effectiveness "does not lead in any case to the realisation of profit ... but to the creation of value and sets the necessary conditions to guarantee the survival of the organisation over time" (p. 58).

The modernisation of the public administrations and the recovery, in its organisation and activity, of efficiency and effectiveness (as well as, indirectly, of credibility), must, therefore, pass through a valorisation of the role, an increase in managerial capacities and a responsabilisation of the "top management" and of the "managerial class", that is, of those who administer and determine the concrete policies of administrative reform (Garofoli & Amato, 2009, p. 28).

3. NEW PUBLIC GOVERNANCE

Thus, two new approaches are emerging to overcome the NPM approach: a) new public governance; and b) network management.

New public governance, in response to the limitations and outcomes of NPM, aims to comprehensively evaluate the activities of public

entities, recognising that it goes beyond mere economic logic to embrace broader and more diverse objectives. Thus, the public administration reform process not only aims to improve effectiveness and efficiency, but also to promote accountability, control and empowerment, transparency and participation. Moreover, it strives to realise the concept of good governance, which incorporates principles of integrity, fairness and accountability (Martini & Serluca, 2023, p. 147).

To better understand the concept of governance, a useful scheme can be the one proposed by Borgonovi (2002, p. 40): *"the exercise of the functions and powers of public administration can be concretely implemented according to two logics and two modes defined respectively [...]:*

- of government, i.e. the exercise of decision-making power derived from the formal institutional system;

- of governance, i.e. the exercise of formal and/or informal powers with the aim of 'creating consensus' around certain choices".

The logic of government is associated with the concept of public administration, which exercises supreme powers and is characterized by the use of formal instruments (laws, decrees, regulations, etc.), by rigid decision-making content, and by the consequences *vis-à-vis* external parties that are obliged to comply with decisions regardless of their will.

The logic of governance, on the other hand, implies that the public administration exercises a regulatory function, favouring the principles of consensus, functionality and technical, organisational, economic and social feasibility.

The political administrator makes decisions based on the principle of consensus, while public management, on the other hand, carries out its activities with a view to managing, organising and creating the necessary conditions for policies to effectively and efficiently produce their effects.

The pursuit of consensus in a manner that differs from the pursuit of the more general public interest can lead to serious inefficiencies in the allocation of resources and it is, therefore, appropriate to set limits, through internal and external control systems, by giving public management the power to demarcate the boundaries of political action. The function of government is thus expressed in an orderly set of activities aimed, first, at defining the policies and objectives of the administration and, subsequently, at verifying, through concomitant and subsequent controls, the actual pursuit of the policies, the attainment of the objectives and the correspondence of the products and services to the needs of the community. From these statements, it can be concluded that the governance activities have a significant impact on the entire activity of the administration, from the phase of defining objectives to that of reviewing the status of their realisation.

Table 1. Differences between government and governance

<i>Criteria</i>	<i>Government</i>	<i>Governance</i>
Definition	Exercise of decision-making power derived from the formal institutional system.	Exercising formal and/or informal powers with the aim of creating consensus around certain choices.
Actors	A small number of participants, mainly public.	High number of public and private participants.
Focus	Organisational structures and institutions.	Processes, policies and outcomes.
Structure	Closed systems, territorial limits to competences, compulsory participation, hierarchy.	Open systems, functional boundaries, voluntary participation. Networks and partnerships.
Functions	Poor consultation, no cooperation in policy-making and implementation.	Greater consultation and opportunities for cooperation between actors in the formulation and implementation of sectoral policies.
Tools	Predominantly formal (laws, decrees, regulations, circulars).	Often informal, creating favourable conditions for the acceptance of formal instruments and acts.
Interaction modes	Hierarchical authority, conflictual relations and hostile interactions, informal contacts and secrecy. Command and control, direct service delivery.	Horizontal consultation, intermobility, collaborative relations and consensus on technocratic rules, highly informal contracts and openness to the outside world. Enabling role of public administration.
Decision-making content	Specific and rigid.	Indication of criteria for deciding and assessing the validity of decisions.
Consequences for external parties	Obligatory (legally or because there is strong conditioning), prohibitions or obligations to act even against one's own convenience.	Create for external actors the convenience of doing or not doing by obtaining convinced and substantial adherence to the objectives set by the public administration.

Source: Cepiku (2005).

Translating strategic objectives and policies into results is a very complex and articulated process, requiring high professionalism from public administration. The reform process focused on three aspects:

- 1) strengthening political control (understood as a set of ethical, moral and political values to ensure the impartiality of political action) in order to improve the conditions of governance;
- 2) increasing managerial autonomy in achieving desired results;
- 3) providing users with the ability to choose how certain services will be provided.

These elements, apparently in contradiction, can be balanced by a clear delineation of roles: a) the politician focuses on defining strategic lines and does not interfere with management; b) management focuses on the actions to be taken and the signals it receives as feedback from the referent community. Through the process of evaluation by the community served, the latter becomes an active part of the virtuous circle of planning-action-control.

In such a model, the systemic complementarity of politics and bureaucracy makes it possible to clearly distinguish between the functions of politics and control from those of management, encouraging each of them to perform its role with clarity, competence, professionalism and, above all, responsibility for its actions.

In short, the relationship between politics and administration is highly articulated, as the administrative apparatus, in the exercise of its activities and the function of government, cannot assume a perfectly neutral attitude because it is dependent on a constant and troubled dialectical relationship with the political bodies, with which it interacts to ensure the satisfaction of public interest demands.

It follows that, even if responsibility for government activity is identified, at least in the first instance, with the exercise of the political function, the actual execution of government activity is entrusted to an administrative department which cannot be regarded as a simple executor of decisions taken by the political body.

Managers are interested in measuring achieved results in addition to assessing performance, roles and potential in order to improve the quality of services offered and enhance professional skills through merit valorisation and rewards for achieved results (Ricci & Serluca, 2013, p. 17).

The politician, on the other hand, is concerned with monitoring the results achieved only if the logic according to which political consensus is correlated with the possibility of obtaining measurable economic results is dissipated, and given that the results are achieved by managers, politicians are interested in monitoring that they take action to achieve the expected results. It is, therefore, necessary to redefine relations and, above all, the culture of consensus by placing public administrations at the complete service of citizens and not as something instrumental to the pursuit of particular interests.

Governance aims to create consensus around certain choices and to overcome the discontent linked to the lack of agreement on certain objectives imposed by super-ordinate bodies. Thus, there is a need to determine the right level of interaction between politics and management, so that the decision-making process, exquisitely political in its extraction, is adequately supported from a technical-consultative point of view. In this sense, an institutional set-up that recognises the value of business principles must work towards striking a balance between the two levels, which should operate in symbiosis, in a climate of effective collaboration, to ensure that the conditions of equilibrium are also maintained in the public enterprise. Thus, taking governance as a perspective of analysis considerably broadens the concept of public administration governance (Mele & Storlazzi, 2006, p. 180).

4. NETWORK MANAGEMENT

Network management, developed in the late 1990s as an evolution of public governance, reflects an awareness of the complexity and dynamism of contemporary society. It recognises the need for interaction between different, autonomous, and specialised actors with the shared objective of promoting the public interest. In contrast to the NPM paradigm, network management does not perpetuate a dichotomy between the public and private sectors, but rather emphasizes cooperation and complementarity between them. Moreover, it understands the systemic and multidimensional character of the activities of public entities, continuing the path traced by public governance (Comite, 2013, p. 25).

In network management, both public and private sector actors are integrated into a network of relationships in which each pursues its own specific interests while finding satisfaction in achieving a common goal. These relationships are characterised by a mutual dependence, in which each actor controls critical resources for the achievement of the common goal and depends on the others for the resources it needs.

Network management is based on the public sector's ability to exercise governance of the system, aiming at the satisfaction of a public need that represents the collective objective for which relations are managed in such a way as to reconcile the interests of the actors and guide their behaviour. In this perspective, network management emphasises that the complexity of modern society requires synergetic collaboration between the public and private sectors to satisfy the needs of the community (Meneguzzo, 1995).

5. SOCIAL ACCOUNTABILITY

The concept of "accountability" encompasses two distinct elements: 1) the desire to be fully and comprehensively accountable to stakeholders for the proper use of resources and the production of results in line with institutional goals; and 2) the need to introduce logics and mechanisms for greater internal accountability for the use of resources and the consequent production of results (D'Alessio, 2005; Pezzani, 2003; Ricci, 2005).

Over the years, the concept of accountability has expanded and evolved, stemming from the consideration that whenever "non-own" resources are used to carry out certain activities, there is a need to be accountable for the choices made (Dunleavy & Hood, 1994; Laufer, 2003). Local governments can demonstrate to stakeholders their commitment to adhere to strict ethical standards and be held accountable for the decisions made, policies implemented, and goals pursued (Brinkerhoff & Wetterberg, 2016).

Recent regulatory developments, which have affected many public sector reform processes in different countries, have contributed greatly to strengthening the culture of accountability in companies and public administrations. In particular, they have facilitated the transition from a culture of compliance to a culture of results, from legitimacy based on compliance with regulatory requirements to legitimacy based on the effectiveness of actions taken, in other words, from simple accounting to accountability.

It is appropriate to speak of a concept of public accountability, applicable to any entity that is held accountable for its actions *vis-à-vis* the public, understanding it as the capacity of public administrations to be transparent, to guarantee the provision of information to citizens and, at the same time, to be able to listen to and evaluate requests coming from outside (<https://open.gov.it/>).

First of all, it is necessary to highlight the possible directions of action for reforming/innovating public administration in order to strengthen the principle of accountability could be (Borgonovi, 2018, pp. 26-28):

1) invest in training at all levels in order to spread a different attitude towards public administration;

2) promote and implement real and effective transparency;

3) give substance to the principle of simplifying and streamlining administrative procedures;

4) ensure continuity in the recruitment of young people in public administrations, which would allow the introduction of knowledge, ideas, behaviour, and innovative attitudes;

5) widespread introduction of evaluation systems at all levels;

6) implement, strengthen, and disseminate the methods and system of merit assessment for the purpose of economic and career growth also in public administrations;

7) strengthen communication at all levels;

8) enter the world of big data.

Accountability consists of at least three basic elements: 1) transparency, 2) participation, and 3) reporting. Transparency implies full accessibility of information by citizens and other stakeholders, including service users. This includes the publication of administrative decisions, actions, performance and results, as well as an extension of participation of local public bodies and services to citizen and consumer organisations (Visvizi & Troisi, 2022). Transparency is crucial for evaluating public services and the performance of entities engaged in their delivery (Cassano, 2017; Ciasullo & Troisi, 2013; Malena et al., 2004).

Participation represents the institution's commitment to open decision-making processes to the community, holding choices, behaviour and actions accountable and responding in a timely manner to issues raised by stakeholders (Tisdall, 2017). This implies that institutions must respond publicly, consistently and demonstrably to citizen-consumers demands, ensuring the traceability of administrative action and evaluating it from a civic perspective (Pereira & Roder Figueira, 2020). By placing the citizen at the centre of decision-making processes, their right to participation can be established, i.e., the right of every citizen-consumer to have clear, comprehensible and transparent information at every stage (Loia & Maione, 2022, p. 184).

Accountability involves verifying compliance with rules as a guarantee of the legitimacy of action and compliance with quality and appropriateness standards defined by laws, regulations or voluntary commitments through guidelines or codes of ethics (Alawattage & Azure, 2021). In an environment characterised by complexity and turbulence, such as that of the public sector in recent years, local governments are called upon to adapt to the growing need of citizens to be informed about how their interests are regulated and how those who are responsible for their well-being operate (Clune & O'Dwyer, 2020). It is essential that the actions of local governments aim to improve the effectiveness and efficiency of decision-making processes, satisfy stakeholders and comply with the existing regulatory framework, with the primary objective of being "accountable" to all stakeholders (Read & Atinc, 2017).

Expressions such as "public citizenship" have been developed, which emphasise to the maximum the ethical dimension of the activity of the public administration. In this context, local public administrations have a moral duty to be responsible in all aspects of their management, not only respecting the law, but also actively contributing to the achievement of public welfare.

In public management studies, peculiar interpretations have been observed regarding the relationship of the local public administration

with respect to sustainability, testifying to the evolution that characterises this issue. Public sustainability is conceived as a process that aims to integrate the systematic management of environmental and social aspects with economic aspects, to achieve sustainable development both for the local public administration and for society in general.

Therefore, a perception of sustainability progress in which economic performance is an integral part, rather than being opposed to environmental and social performance.

Interpreting sustainability in this way, it is stated that local public administrations have an ethical obligation to be responsible, integrating the environmental and social aspects of the complex public activity in the management and, therefore, in the strategy, in order to also improve economic performance financially (Comite, 2024).

6. THE REFORM PROCESSES OF PUBLIC ADMINISTRATIONS

The reforms generated by the evolutionary process of public administrations can be traced to three main models:

1. *Institutional reforms*. These concern changes to the institutional and political system (processes of decentralisation, autonomy, distribution of functions between the different levels of government, relations between the powers of the state, the composition of bodies, systems for balancing powers, political decentralisation and decision-making).

2. *Administrative reforms*. They refer to the evolution of organisational and management models of a legal (regulation) and technical (decisions and operations) nature.

3. *Management reforms*. They deal with the evolution of cultural models of governance in public administrations. They tend to equate public administrations with companies, introducing principles and instruments functional to the achievement of ends and the obtaining of results through the use of scarce resources in compliance with the principles of rationality and economic efficiency (Borgonovi et al., 2009, p. 45).

It is evident that, although distinctly listed, the quality and effectiveness of institutional and administrative reforms in the public sector are strongly influenced by the contribution and proposals of managerial ones, and this is evident at least in the following respects (Borgonovi & Valotti, 2009, p. 405):

a) the instances of decentralisation and subsidiarity inherent in institutional reforms find confirmation and inspiration in the principles of autonomy and empowerment, cooperation and integration, characteristic of the managerial approach (system of delegations in a 'principal-agent' logic);

b) the managerial approach goes beyond the pure planning and formalisation phase typical of complex systems change processes, favouring the implementation of the reform process by concretely defining its modalities, the timeframe for its implementation, and the verification and evaluation of the results produced;

c) last but not least, only through managerial action is it possible to guarantee the functionality and effectiveness of the management models

adopted so that institutional and administrative reforms translate into administrative processes and services capable of generating public value for citizens and the entire administered community.

The common denominator of the above-mentioned interventions can be clearly identified in the redefinition of the macrostructure and organisational positions of public institutions, the introduction of short-term programming and control systems as well as medium/long-term planning, new accounting systems (such as general ledger accounting of an economic/financial nature, analytical cost accounting), the use of computerised systems to simplify and speed up administrative activities, systems for the selection, hiring and professional development of staff based on specific skills, merit and professionalism, meritocratic payment systems based on the achieved results (from the "spoils" system to the "merit" system) (Garofoli & Amato, 2009).

To do this, it is necessary to clearly and coherently identify the three levers of public administration improvement:

1) governance, to manage institutional and inter-institutional relations;

2) public value, to give citizens a voice and express their degree of satisfaction in terms of the outcomes produced by the public administrations in response to shared needs and requirements;

3) accountability, to feed a credible and coherent process of planning-action-control.

7. THE REFORMS OF THE NATIONAL RECOVERY AND RESILIENCE PLAN

7.1. The National Recovery and Resilience Plan

Evidently, all the reforms of the past years have not been sufficient to bring the public administrations in step with the demands of Europe.

The National Recovery and Resilience Plan (NRP) Italia Domani, approved by the European Commission on April 22, 2021, is part of the Next Generation EU (NGEU, NextGenerationEU) programme. The Plan is divided into seven missions, i.e., main thematic areas on which to intervene, identified in full consistency with the 6 pillars of the NGEU (<https://www.italiadomani.gov.it>):

1. *Digitalisation, innovation, competitiveness, culture and tourism* aimed at promoting the digital transformation of the country and the modernisation of the public administration, supporting innovation in the production set-up, and relaunching the culture and tourism sectors.

2. *Green revolution and ecological transition* aimed at strengthening the circular economy and sustainable agriculture, promoting renewable energy sources and hydrogen supply chains, energy efficiency and building upgrading, enhancing water infrastructure and reducing hydrogeological instability.

3. *Infrastructure for sustainable mobility* aimed at the extension of high-speed rail transport and the expansion of the regional rail network and intermodal infrastructure with respect to environmental sustainability.

4. *Education and research* aimed at strengthening the education system by increasing the supply of education services and kindergarten places, facilitating access to university, and strengthening

the tools for guidance, training and recruitment of teachers, and strengthening the research and technology transfer chain.

5. *Inclusion and cohesion* aimed at enhancing active labour market policies and vocational training, with special attention to gender equality and young people, strengthening the role of territorial social services, improving the protection system for fragile groups, fostering the role of sport as an instrument of social integration, and implementing special measures for territorial cohesion.

6. *Health* aimed to strengthen territorial structures and garrisons and home care, develop telemedicine and integrate all socio-health services, modernise and digitalise the health system and improve the capacity to deliver and monitor the Essential Levels of Care (ELC).

7. *REPower EU*⁴ aimed to support the production system to achieve the green transition, strengthen energy distribution networks, accelerate renewable energy production, increase energy efficiency and create green skills in the public and private sectors.

The Plan has three main objectives. The first, with a short time horizon, is to repair the economic and social damage caused by the pandemic crisis. With a more medium-to-long-term perspective, the Plan addresses a number of weaknesses that have plagued our economy and society for decades: persistent territorial disparities, gender inequalities, weak productivity growth and low investment in human and physical capital. Finally, the Plan's resources contribute to boosting an accomplished ecological transition.

The NRP is thus not just a traditional investment programme, but is conceived as a truly transformative project, in which resource allocation is accompanied by a substantial package of reforms needed to overcome the historical barriers that have held back public and private investment in recent decades, as well as the structural weaknesses that have long slowed growth and led to unsatisfactory employment levels, particularly among youth and women.

The success of the NRP depends crucially on a broad spectrum of structural reforms, in addition to well-designed interventions and their effective implementation. Reforms are essential so that allocated public resources can quickly produce works, goods and services, countering as few regulatory, administrative and bureaucratic barriers as possible.

The Plan includes three types of reforms⁵:

- horizontal (or “contextual”) reforms lead to improved equity, efficiency and competitiveness and, with them, the country's business climate, among which the NRP identifies public administration reform and justice reform;
- “enabling” reforms that are instrumental in ensuring the implementation of the Plan and allow barriers to public and private investment to be broken down, among which the main actions are a regulatory and bureaucratic simplification programme and a plan to promote competition through the adoption of the annual market and competition bill;
- sectoral reforms, which consist of regulatory innovations relating to specific policy areas or economic activities and which are contained within

individual Missions (e.g., simplification of procedures for the approval of renewable energy projects, or safety regulations for the use of hydrogen).

These reforms aim to simplify administrative and regulatory procedures, such as reducing public administration payment times and simplifying public contracts.

7.2. Reform of the public administration

The reform of the public administration, as indicated in the official website dedicated to the NRP (<https://www.mef.gov.it>, which is owned by the Department for Civil Service/Ministry of Economy and Finance Italy), is a horizontal or contextual reform (together with that of the judicial system) and provides for cross-functional interventions with various missions of the NRP aimed at improving equity, efficiency and competitiveness of the country-system.

Specifically, the Annex to the Council Implementing Decision of July 13, 2021⁶, outlines a two-pronged approach to the reform. This approach includes immediate actions aimed at maximising the utilisation of funding provided by the NRP and establishing effective governance, alongside measures targeting organisational and structural reforms for a sustainable transformation of the entire public administration.

The overarching objectives of the reform are focused on fostering a resilient administrative capacity within the public administration, geared towards delivering public goods and services that are increasingly tailored to the evolving needs of citizens and businesses.

In addition, the public administration reform aims to promote continuous and progressive digitalization of local services. This entails the cultivation of new digital competences, expedited investments in digitisation, and the adoption of novel infrastructures and applications to enhance service delivery.

The achievement of these goals involves the implementation of several interventions or a programme of three reforms and three investments, presented in the next subsections.

7.2.1. Access and recruitment to streamline selection procedures

Access and recruitment to streamline selection procedures, increase their efficiency and encourage generational change in line with two main reforms. The first reform is the simplification and digitalization of selection procedures, as outlined in:

- Article 10 of the Legislative Decree No. 44/2021 introduced a new simplified procedure for the conduct of public competitions;
- Legislative Decree No. 80/2021 established specific procedures to accelerate recruitment for temporary staff and for the assignment of collaborative tasks by the public administrations owning the projects envisaged in the NRP.

The second reform is the development of a recruitment program for new personnel across the entire administrative system, not only to cover the current shortages, but also to implement NRP investments in a timely manner, to redefine skills

⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131

⁵ <https://www.italiadomani.gov.it/it/Interventi/riforme.html>

⁶ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CONSIL:ST_10160_2021_INIT

(more technical profiles and soft skills) and to encourage the emergence of professions of the future (including digital and big data). All of this, however, must be achieved quickly and to an adequate extent, requiring the introduction of a recruitment system through open competition that simplifies, shortens and eliminates the inefficiencies of the procedures used so far.

One of the significant innovations of the NRP is the introduction of alternatives to traditional competition as a mode of recruitment, targeting individuals with specialised skills or a high professional qualification.

In particular, there are plans to integrate “high-profile” young people with special qualifications such as PhDs, postgraduate master’s degrees or international experience, into public administrations. These placements will be accompanied by a special training programme to foster rapid adaptation to the work environment.

In addition, two ways of recruiting qualified personnel specifically for the implementation of NRP projects are introduced: 1) entering into agreements with academic institutions and professional orders to facilitate the selection and rapid placement of the best specialised skills, and 2) recruiting, through simplified procedures and fixed-term contracts, a group of multidisciplinary experts to provide technical support to central and local governments in the implementation of the Plan’s initiatives.

The new procedures are guided by the Integrated Plan of Activities and Organisation of the Public Administration (PIAO). This is a single planning and governance document for public administrations, designed to overcome the fragmentation of the instruments used.

In particular, Article 1 of Legislative Decree No. 36/2022 provides that the new guidelines for the Public Administrations concerning the preparation of the corresponding three-year plans for staffing needs, which were to be adopted by June 30, 2022, also concern the definition of new professional profiles, with particular regard to the range of knowledge, skills and abilities of the staff to be recruited, including to support the digital and ecological transition of public administration.

7.2.2. Good administration and simplification to simplify rules and processes

In particular, the reform aims to eliminate bureaucratic constraints and make administrative action more effective and efficient, reducing time and costs for citizens and businesses. Firstly, the reform action must simplify and speed up the procedures directly linked to the implementation of the NRP. According to the Annex to the EU decision⁷, these measures must include the elimination of critical bottlenecks concerning, in particular: 1) environmental impact assessment at the state and regional level; 2) the authorisation of new waste recycling plants; 3) the authorisation procedures for renewable energies and those necessary to ensure the energy efficiency of buildings (the so-called Superbonus) and urban regeneration. Specific actions must then be dedicated to the simplification of the procedures in the context of the service conference. In particular, the goal of the reforms is

to take measures aimed at reducing the time needed to manage procedures, with particular reference to those involving more than one party, as an essential precondition for speeding up crucial measures in key sectors for citizens and businesses, by liberalising and simplifying, including by eliminating unnecessary formalities and reengineering and standardising procedures.

With regard to the simplification of administrative procedures for the implementation of the NRP, the primary legislation was implemented with Legislative Decree No. 77 of 2021, which introduced:

- amendments to Law No. 241 of August 7, 1990, aimed at strengthening the silent consent and the substitutive powers to speed up the procedures of the NRP;
- simplification of the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) rules provided for in the second part of the Environmental Code;
- simplifications of the authorisation procedures for renewable energies and of the rules for using the so-called Superbonus;
- simplifications in the field of public works, of which the realisation will have to comply with a stringent deadline also in consideration of the fact that the works themselves are indicated in the NRP or included in the complementary fund.

7.2.3. Development of skills and careers according to the needs of public administration

Skills and careers to align knowledge and organisational skills with the work needs of a modern and efficient public administration, starting with removing restrictions on the mobility of public employees between administrations and new career prospects.

Action is being taken on the personnel classification system and the salary and promotion system to make roles, including non-managerial roles, more attractive and to offer the best officials alternative career prospects to management. Officials should be eligible for management positions through competitions that will also take into account their proven performance and the skills acquired in their roles. In particular:

- Article 3 of Legislative Decree No. 80/2021 laid the foundations for the strategic and integrated management of human capital in public administration, which will now also be developed using the resources allocated to the qualification and retraining of public personnel.

• With the integrated plan of activities and organisation, in accordance with Article 6 of the aforementioned Legislative Decree, the link between lifelong learning and training opportunities has been strengthened by defining “annual and multi-annual learning objectives”. Furthermore, the training curriculum has been linked to personal career paths. The various aspects of this intervention have led to a substantial renewal of the system of professional profiles.

• Based on the policy act, consistent with the reforms and objectives of the NRP, signed for the contract renewal of the three-year period 2019–2021 by the Minister for Public Administration, an agreement has been reached for the renewal of the national collective agreement of the central functions sector signed on January 5, 2022.

⁷ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=consil%3AST_10160_2021_ADD_1_REV_2&utm_source

The negotiation for the renewal of contracts for the local functions and health sector was expected by June 2022.

The steps up to 2026 of implementing the reforms envisaged in the NRP are in Table 2.

Table 2. Key steps

<i>Year</i>	<i>Topic</i>	<i>Activities</i>	<i>Where do we stand?</i>
2021	Entry into force of the primary legislation on governance of the NRP.	The following is envisaged: the coordination and monitoring of projects; the definition and separation of competences; the definition of a system for identifying implementation problems and a mechanism for resolving them and avoiding delays; the identification of personnel to monitor, coordinate and implement the Plan; the provision of technical assistance, the outlining of "fast-track" procedures and the organising of follow-up audits.	Achieved
	Entry into force of the legislation for technical assistance and to strengthen capacities for the implementation of the NRP.	New provisions to allow the temporary hiring of 2,800 technicians to strengthen public administrations in the south of Italy with funds from the national budget and a group of 1000 experts, to be used for three years to support administrations in managing new procedures for providing technical assistance.	Achieved
	System of archives for audit and control: information for monitoring the implementation of the Recovery Resilience Facility (RRF).	Audit report confirming the functionality of the filing system to monitor the implementation of the RFF. The minimum functions envisaged concern the collection of data and the monitoring of the achievement of targets and intermediate and final objectives; the collection, storage and guarantee of access to data.	Achieved
	Extend the methodology adopted for the NRP to achieve the objectives of the complementary fund.	Issue of a law providing for the adoption of the methodology adopted for the NRP to the complementary fund to access the effective achievement of the measures. The aim is to establish a simplified system for the planning, execution and control of programmes financed by the Complementary Investment Fund.	Achieved
2022	Entry into force of the implementing legislation for the reform of the civil service.	The law includes: the definition of specific professional profiles for the public sector to attract the right skills; the creation of a single recruiting platform to centralise hiring procedures; the reform of the recruitment process, also based on skills assessment; and new rules on mobility.	Achieved
	Entry into force of administrative procedures for the simplification reform for the implementation of the RRF.	Entry into force of all related delegated acts, ministerial decrees, secondary legislation and regulations for the effective implementation of simplification, including agreements with regions in case of regional competence.	Achieved
2023	Entry into force of the legislative acts for the reform of the civil service.	Entry into force of all related delegated acts, ministerial decrees, secondary legislation and regulations necessary for the effective implementation of the reform.	In progress
	Entry into force of the strategic management of human resources (HR) in the public administration.	Definition of strategic HR plans for the recruitment, career development and training of all central and regional administrations; development of an integrated database with skills and profiles; creation of a central unit for coordination and support for HR planning. Subsequent extension of the plans also to the municipalities.	In progress
2024	Implementation of the simplification and digitisation of a series of 200 critical procedures for citizens and businesses.	Areas: environmental permit, renewable energy and green economy, building permit and urban redevelopment, digital infrastructures, and public procurement. Selected procedures: environmental and energy authorizations; building and urban redevelopment; digital infrastructures; and public procurement. Silent absent certification.	To be started
2025	Implementation of the simplification and digitization of 50 critical procedures that directly affect citizens.	Entry into force of rules for the simplification and digitization of procedures for certification of digital registers, online civil status certificates, digital notifications and digital identity, certifications of draft lists, digital domicile of citizens, and proxies for access to online services.	To be started
	Improve investment absorption.	Publication of the implementation report of the Ministry of Finance to measure the impact of actions aimed at providing technical assistance, improving planning capacity, and managing capital expenditure through the national budget to achieve significant absorption of resources of the Complementary Fund allocated until 2024.	To be started
2026	Creation and publication of the repertoire of administrative procedures and regimes valid on the national territory.	Completion of the examination of all existing simplified administrative procedures for their further simplification and re-engineering. The simplification of a total of 600 critical procedures and the publication of the repertoire on the website of the competent Ministry together with verification and monitoring of implementation is expected.	To be started

Source: www.italiadomani.gov.it

8. CONCLUSION

All the reforms started in the 1980s, aimed at introducing a managerial culture into the Italian public administration, have not been sufficient to create a public administration that keeps pace with the demands of the EU.

The public administration reform, part of the NRP, aims to modernize and improve the efficiency of public institutions. This reform is a multifaceted initiative targeting several key areas: recruitment, administrative simplification, and professional skills development. The main objective is to optimize selection processes, attract qualified personnel and integrate innovative digital tools that

will support the provision of services adapted to the changing needs of citizens. Notably, the reform includes the digitalization of services, which will not only improve efficiency, but will also be in line with the broader goals of the ecological and digital transitions.

Furthermore, streamlining bureaucratic procedures will reduce delays and costs for citizens and businesses, allowing for faster implementation of NRP projects. Ultimately, the successful implementation of these reforms will improve governance, and service delivery, and contribute to the competitiveness and growth of the country's economy, fulfilling the objectives set by the NRP.

Despite the ambitious objectives of the NRP's public administration reform, several limitations have been identified. The reform's success is contingent upon the effective implementation of its measures, which requires overcoming existing bureaucratic hurdles and ensuring timely execution.

It will be necessary to assess how the Italian public administration has implemented this reform over time, analyzing the specific obstacles encountered by various types of administrations and determining how, and if, they have been overcome.

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BOOK REVIEW: “ARTIFICIAL INTELLIGENCE IN SUPPORT OF MANAGEMENT CONTROL IN LOCAL GOVERNMENT: POTENTIALITIES AND LIMITATIONS”

by

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(Virtus Interpress, 2024)

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The adoption of artificial intelligence algorithms in various sectors of our society is now an established reality. This trend is unstoppable and will have profound and lasting effects on public and private organisations, households, and individuals. Artificial intelligence (AI) has the potential to radically transform the functioning of the public sector, offering new opportunities to increase efficiency and effectiveness in the services provided to citizens.

Not only is AI a technological response to the need to modernise the public sector; it is also an opportunity to revolutionise management and governance logics, making them more result-oriented and continuous improvement-oriented. This book examines the transformation path of public administration, with particular attention to local realities, exploring the transition from the traditional administrative model to a managerial type of management focused on added value and quality of services.

The evolution of public administration started from the theories of new public management (NPM), which emphasised accountability, efficiency, and results orientation. Subsequently, the theories evolved into new public governance and network management, an approach that recognises the increasing complexity of modern societies and the need for greater interaction between different and specialised actors, united by the common goal of promoting the public good.

Summarising this evolution, we pass through three models of public administration that have led to significant reforms over time:

1) Traditional bureaucratic model: Based on rigid hierarchies and formal procedures, often considered inefficient and inflexible.

2) New public management: A more market-oriented approach with an emphasis on efficiency, accountability, and competitiveness. This model introduced managerial concepts into the public sector.

3) New public governance and network management: A model that promotes collaboration between different stakeholders, recognising that the complexity of public challenges requires shared and participatory solutions.

The reforms generated by the evolutionary process of public administrations can be traced to three main models:

1) Institutional reforms: These concern changes to the institutional and political system (processes of decentralisation, autonomy, distribution of functions between the different levels of government, relations between the powers of the state, the composition of bodies, systems for balancing powers, political decentralisation, and decision-making).

2) Administrative reforms: They deal with the evolution of organisational and management models of a legal (regulations) and technical (decisions and operations) nature.

3) Management reforms: They focus on the evolution of cultural models of governance in public administrations. They tend to equate public administrations with companies, introducing principles and instruments functional to the achievement of ends and the obtaining of results through the use of scarce resources in compliance with the principles of rationality and economic efficiency.

Despite on-going reform efforts, the Italian public administration remains a complex field. Among the reforms envisaged in the National Recovery and Resilience Plan (NRRP), which Italy must implement to align with European directives, it is worth discussing the reform of the public administration. This reform aims to modernise the public sector through a strict timetable, streamlining rules and procedures to make them more transparent, accessible, and efficient, in line with the needs of citizens and businesses. Furthermore, it aims to promote generational change and reform careers through strategic planning of the needs of the various administrations.

In such a complex context, the proper functioning of control systems is crucial to ensure compliance with public finance standards, guaranteeing economic stability, integrity, and transparency in the management of financial resources allocated to local authorities. An effective control system is indispensable to provide political and administrative decision-makers with accurate information, responding to the needs of the community.

The public sector reform includes a process of self-assessment of planning, programming, and control systems and service delivery cycles. This process enables public bodies to optimise their performance, identifying inefficiencies and making improvements where necessary.

The Consolidated Law on Local Authorities (*Testo Unico degli Enti Locali* [TUEL]), which regulates internal and external controls, from Articles 124 to 148-bis, is the regulatory framework for these activities.

Among the various regulatory controls, management control is fundamental, aimed at verifying the efficiency, effectiveness, and economy of administrative action. This control makes it possible to optimise resources and to promptly intervene to correct any deviations from the pre-established objectives.

More than just monitoring, management control involves a continuous evaluation of the entire administrative process. It is an integrated approach that aims to ensure that management activities are consistent with policy objectives and that the results achieved are aligned with the resources deployed.

Management control is divided into several stages, from the definition of objectives to the reporting of results to internal control bodies, top management, and political bodies. This process also includes communication with citizens, users, and recipients of services.

The implementation of an effective planning, programming, and control system requires appropriate operational tools that facilitate the flow of information. Modern technologies play a key role in this context, providing essential indicators to measure efficiency, effectiveness, and cost-effectiveness. Budget, efficiency, and effectiveness indicators are useful tools for monitoring and continuously improving the performance of public administration.

Chapter 3 will examine in detail management control, which is governed by Articles 196 to 198-bis of the Consolidated Law on Local Authorities, providing

an in-depth view of how this type of control contributes to the continuous improvement of public administration.

Technologies supporting management control include:

- Accounting and budgeting software: This software enables local authorities to efficiently manage accounting processes, including recording financial transactions, preparing budgets, monitoring expenditures, and generating financial reports.

- Emergency Resource Planning (ERP) systems: ERPs integrate different business processes, including financial management, human resources, purchasing, and logistics. ERPs can be used to coordinate and optimise a wide range of administrative and operational activities.

- Business intelligence (BI) tools: BI systems allow business data to be extracted, analysed, and visualised to gain meaningful insights for decision-making. In municipalities, BI can be used to monitor financial performance, identify trends and issues, and support strategic planning.

- Web portals and digital platforms: Web portals and digital platforms can be used by local authorities to provide online services to citizens and to improve internal communication and collaboration. They can include functionalities such as handling citizen complaints, publishing public information, and collecting feedback.

Among these tools, the use of AI has already become an unstoppable process and is a key element in the evolution of the public sector. However, to fully exploit its potential, it is essential to adopt a balanced approach that ensures transparency, accountability, and a constant focus on the primary objective: i.e., the welfare and service of citizens.

Chapter 4, therefore, defines the key principles of AI, how it works, and its general applications. Besides, it focuses on its role in public administration and, in particular, in supporting management control.

In the context of local government, we examine how AI can help improve management control, starting with the objectives set by the administration and through the analysis of data and documents. AI can generate detailed reports that support political bodies in their decisions, offering a clear summary of economic, financial, and overall results (outcomes).

AI, with its ability to analyse large amounts of data from different sources, can help simplify this verification process.

Compared to traditional accounting systems, which can sometimes be limited, AI-based technologies can aggregate information from different sources and offer a more complete and in-depth view. This makes it possible to generate concise but information-rich reports that are useful for political and administrative bodies to make more informed and data-driven decisions.

The implementation of AI systems in management control can, therefore, contribute to greater transparency and accuracy in decision-making, offering valuable support for result-oriented management and continuous improvement.

With these capabilities, local authorities can monitor the progress of projects and initiatives in real time, quickly detecting any critical issues and intervening promptly.

In conclusion, the adoption of AI in management control represents an important step towards a more modern, efficient, and responsive public administration.

However, the use of AI must be accompanied, firstly, by adequate information technology (IT) support that must represent the databases to provide the information that, with the support of AI, must be processed, secondly, by adequate staff training, an ethical approach to data management, and security measures that guarantee the confidentiality and protection of sensitive information. These topical aspects engage the European Union (EU) and national legislators to define the application risks and identify the necessary measures.

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