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**The introduction of mandatory inter-municipal cooperation
in small municipalities: preliminary lessons from Italy**

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The introduction of mandatory inter-municipal cooperation in small municipalities: preliminary lessons from Italy

Abstract

Purpose

This article studies effects of mandatory inter-municipal cooperation (IMC) in small Italian municipalities. Data from 280 small Italian municipalities on effects of IMC in terms of higher efficiency, better effectiveness of local public services, and greater institutional legitimacy of the small municipalities participating in IMC have been investigated against four variables: size; geographical area; type of inter-municipal integration and IMC membership (the presence in the IMC of a bigger municipality, the so-called big brother).

Design/methodology/approach

Data were gathered from a mail survey that was sent to a random sample of 1,360 chief financial officers acting in municipalities of under 5,000 inhabitants, stratified by size (0–1,000 and 1,001–5,000) and geographic area (North, Center, and South) criteria. To analyze dependency relationships between the three potential effects of participating in IMC and possible explanatory variables, we used a logistic regression model as the benefits were binarily categorized (presence or absence of benefits).

Findings

Findings show that in more than two-thirds of the municipalities participating in IMC there were benefits in terms of costs reduction and better public services, whereas greater institutional legitimacy was detected in about half of the cases. Our statistical analysis with logistic regression highlighted that IMC type is particularly critical for explaining successful IMC. In particular, positive effects of IMC were mainly detected in those small municipalities that promoted a service delivery organization rather than

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9 participating in service delivery agreements or opting for mixed arrangements of joint
10 public services delivery.
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12 Originality/value

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14 The paper focuses on small municipalities where studies are usually scant. Our analysis
15 highlighted that the organizational setting is particularly critical for explaining
16 successful IMC.
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20 **Keywords:**

21 Inter-municipal cooperation, public service delivery, municipalities, public networks,
22 austerity
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29 **1. Introduction**

30 Over the last fifty years, in all European countries, municipalities – and especially
31 smaller ones – have encountered increasing difficulties in satisfying the demands of
32 citizens in public services delivery (e.g. Hulst & van Montfort, 2012). In this context, in
33 order to deal with the challenge of delivering better public services with scarce financial
34 resources, many governments have adopted policies for promoting inter-municipal
35 cooperation (IMC) to overcome the limit of sub-optimally sized historical municipal
36 borders for an efficient and effective provision of local public services (e.g. Bel et al,
37 2012; Blaeschke, 2014; Rayle & Zegras, 2013). Among others, the main benefits of
38 joint provision of public services would include improvements from economies of scale
39 and the internalization of some transaction costs.
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41 However, there is no unanimity over the fact that IMC actually brings savings
42 and it should be remembered that with regard to inter-municipal cooperation there are
43 significant concerns regarding accountability and transparency. Scholars, policy makers,
44 and public managers have been extensively debating on what the conditions are that
45 make IMC really work (e.g. Bel et al., 2010; Cristofoli & Markovic, 2016; Frere et al.,
46 2014). The aim of this article is to contribute on this issue by presenting an original
47 research aimed at exploring some possible organizational and contextual variables of
48 successful IMC in small Italian municipalities using logistic regression. The need for
49 more studies on small municipalities has been explicitly identified as a gap to be filled
50 in the literature (Mohr et al., 2010; Teles, 2016).
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Since we are aware of the different meanings of IMC (e.g. Hulst et al., 2009), we follow in this article the definition provided by Steiner (2003, p. 553): IMC can be defined as “*the fulfilment of a public municipal task by two or more municipalities jointly or by a third legal entity, whereby the task fulfilment simultaneously serves at least two municipalities and the participating municipalities participate directly (‘performing’) or indirectly (‘organizing’)*”. It is important to highlight that IMC in the European context is different from the inter-municipal agreements typical of the US context (e.g. Holzer & Fry, 2011). Moreover, it is also important to point out that the focus of this paper is on IMC for the direct provision of public services, and not for other aims, such as, for example, contracting in and out (e.g. Brown, 2008) and/or for development and fundraising tasks (Goldkind & Pardasani, 2012).

The structure of our article is the following: the second section briefly reviews the main literature on IMC, the third section provides a contextual backdrop for the Italian case, the fourth section describes the methodology of the research, and the fifth section highlights the main findings of the research. The last section offers some concluding remarks.

2. Inter-municipal cooperation

A theoretical backdrop

The topic of IMC has gained momentum in the scientific debate over the last ten years. The economic and fiscal crisis that began in 2008 brought tensions in government finances and the resulting austerity policies have heightened the need for local governments to rethink their services in order to increase their efficiency (Bel & Warner, 2015; Meneguzzo et al., 2013). Mandatory IMC is one of the policies traditionally proposed to reduce local governments’ spending. Specifically, there are two main perspectives by which IMC has been approached.

The first took a policy-making perspective. Within this mainstream, some studies looked at IMC as a mode of public service delivery to be compared with other possible institutional arrangements, such as, for example, privatization and contracting out (e.g. Bel et al., 2010; Mohr et al., 2010) or amalgamation (e.g. Dollery et al., 2009; Hanes, 2015; Reingewertz, 2012). Some other studies investigated the effects of IMC on democracy and subsidiarity (Mäeltsemees et al., 2013) and the role that incentives have played for prompting IMC (Sorrentino & Simonetta, 2013); on this matter, several studies (e.g. Osterrieder et al., 2006; Parrado Díez, 2006) highlighted that legislation and incentives can draw opportunities and constraints for cooperation and make some institutional arrangements more interesting than others.

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The second perspective looked at the governance of IMC (e.g. Bock, 2006; Goldkind & Pardasani, 2012; Graddy & Chen, 2006; Sancton, 2005; Sørensen, 2007). Here, the possibility to reduce coordination and transactional costs with effective governance is one of the main triggers behind the positive inclination towards IMC. A comparative research on IMC in eight European countries showed a great variety of solutions for cooperation across the different countries (Hulst & van Montfort, 2012); in this respect, according to Hulst et al. (2009, p. 279), *“it is the interaction between external factors, the institutional context and the preference structures of local government that in the end determines the pattern of cooperation and the shifts therein”*. IMC has also been investigated in the literature as an example of public network governance. Public networks could be defined as *“more or less stable patterns of social relations between mutually dependent actors formed around policy problems and/or clusters of means and which are created, maintained, and changed through a series of games”* (Klijn, 1996, p. 97). Within this approach, there is a large amount of public administration literature, focusing, for example, on the mediating role of governance structures for determining public network performance (Provan & Milward, 1995; Provan & Sebastian, 1998). This work intends to consider both of these approaches, considering on one hand the expectations of the policy makers (first of all, the expected costs reduction) and on the other hand looking at the different forms of governance of IMC that have been chosen by the Italian municipalities.

Features of successful IMC

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Regardless of the perspective taken, one of the main topics that commonly challenges scholars is that of performance of IMC. Drawing from earlier studies on public networks (Cristofoli et al., 2011; Niaounakis, T. & Blank, J., 2017; Provan & Milward, 2001; Turrini et al., 2010; Voets et al., 2008), we identify three main kinds of dimensions for successful IMC: higher efficiency in service delivery; better effectiveness in service delivery; and higher institutional legitimacy in negotiating and in engaging with other governmental entities. Considering the better effectiveness in service delivery, the presence of personnel potentially more specialized thanks to IMC and the ability to expand services provided only in some municipalities, even to small municipalities that lacked them, play a fundamental role. In this regard, the IMC toolkit manual (Council of Europe et al., 2010, p. 10) provides the following example: *“In many countries, services for children and older people are not provided at all, nor is it realistic to expect these municipalities to introduce such services by themselves.”* About the third dimension of successful IMC, drawing from Suchman (1995, p. 574), we define institutional legitimacy as *“a generalized perception or assumption that organizational activities are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”*. Institutional legitimacy is quite important in the current context of multi-level governance settings (Hooghe &

Marks, 2001), because it may influence the ability of municipalities to get more funds from upper levels of government.

Regarding features of successful IMC, we focused our analysis on four variables: geographical area, type of inter-municipal integration, size, and the presence in the IMC of a bigger municipality (more than 5,000 inhabitants, the so-called big brother) which was not formally obliged to join the IMC.

As far as geographical area is concerned, several authors highlighted that positive outcomes are easier to reach in communities with higher levels of trust in government and social capital with members who recognize the value of collaboration and participate in public activities (e.g. Conrad et al., 2003; Mitchell et al., 2002). Taking geographical area as a predictor of successful IMC is very important when considering the Italian context, as there are many differences within Italian regions in terms of social capital, institutional performance (e.g. Putnam et al., 2004; Weil & Putnam, 1994), and efficiency of public administration (D'Amuri & Giorgiantonio, 2016; Giordano & Tommasino, 2011; International Monetary Fund, 2015). In all the cases cited, public administration in Northern Italy performs better than in Central Italy and especially than in Southern Italy.

The organizational structure for IMC is another important issue. More specifically, the literature tends to distinguish between service delivery organizations and service delivery agreements (e.g. Hulst & Van Montfort, 2007; Rodrigues et al., 2012; Tavares & Camões, 2007). Service delivery organizations are second-level institutions aimed at delivering public services. They have delegated decision-making and authority from the cooperating municipalities. Conversely, service delivery agreements are based on the cooperation among municipalities through an agreement and without the creation of any second-level organization; in some cases, the agreement may require one of the partners, usually the largest municipality, to act as the lead organization. Service delivery organizations can prompt better integration, but can also lead to higher political transactional costs. According to Hulst et al. (2009, p. 278), *“Using contractual agreements, municipalities can avoid the start-up costs and costs related to the governance and management of a joint organization and still create the same economies of scale. As mentioned earlier, formal procedures for the establishment of joint organizations, joint management, and provisions for control and accountability of local councils involve additional costs.”* On the other hand, this flexibility may also be a disadvantage, as Spicer (2014, p. 253) points out that *“interlocal agreements do not necessarily provide stable administration since their terms and conditions are subject to periodic renegotiation.”*

In some cases, municipalities may decide to adopt a hybrid organizational form: some services delivered via SDA and others that are delivered via SDO.

Size is also another important variable to be considered for analyzing IMC (e.g. Dixit, 1973; Hirsch, 1959). According to economic theory, increasing the size of the

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9 provider of public services would allow partners to realize economies of scale,
10 economies of scope, and economies of density. As Bel et al. (2015, p. 56) point out,
11 those around economies of scale are the most important efficiency motivations for IMC.
12 In this work, consistent with the objective of providing policy guidance for the IMC,
13 authors have distinguished between micro (fewer than 1,000 inhabitants) and small
14 (from 1,001 to 5,000 inhabitants).

15 Finally, linked to size there is the presence or not in the IMC of a bigger
16 municipality not obliged by law to participate in the IMC. In this respect, previous
17 studies on IMC (Giacomini et al., 2015; Hulst et al., 2009) have shown positive effects
18 from the presence of a “big brother” in the IMC. In addition, studies on contract
19 management capacity in municipal and county governments found how governments
20 that have small populations and are more isolated from metropolitan areas have fewer
21 capacity investments and can therefore be favoured by a collaboration with larger
22 municipalities with more expertise (Brown & Potoski, 2003). Hence, we decided to
23 include in our analysis also this fourth predictor as the support from a bigger town
24 should allow the small towns to benefit from economies of specialization already
25 obtained by the “big brother”.
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27 However, it is important to highlight that in some cases IMC can be a source of
28 inefficiencies and performance worsening. According to Feiock (Feiock, 2013; Feiock
29 & Scholz, 2010), delegation of service responsibilities to an array of local authorities
30 can improve resilience and attention to local needs, but it can also create the so-called
31 institutional collective action (ICA) dilemmas. A horizontal collective action problem
32 arises when governments are too large or too small to efficiently deliver on their own a
33 service or if the service produces effects that spill across administrative boundaries.
34 Hence, IMC is a mechanism that can potentially mitigate a horizontal manifestation of
35 an ICA dilemma, but the benefits associated with IMC are not always superior to the
36 diseconomies and inefficiencies related to the involvement of multiple actors. It should
37 not be forgotten that the presence of more municipalities involved in public service
38 provision can lead to high political transaction costs, as Bel and Warner (2015) have
39 pointed out in the case of municipally owned companies with multi-government
40 ownership. On the same topic, Sørensen (2007) found, analyzing the case of refuse
41 collection in Norway, that efficiency losses owing to many owners are greater than the
42 cost reductions obtained by pursuing economy of scale. On the same line, Voorn et al.
43 (2017) highlighted, through a systematic review of previous studies, that more
44 ownership dispersion implies a higher risk of failure. Briefly, in some cases IMC cannot
45 work because individual municipalities, adopting opportunistic behaviours, can reduce
46 the potential benefits of collaboration.
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50 51 **3. Inter-municipal cooperation in Italy**

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9 The debate on IMC for public service delivery is very topical across Europe, and it has
10 recently gained momentum also in Italy. In Italy there are more than 8,000
11 municipalities, of which 70% are so-called “small municipalities” with a population of
12 fewer than 5,000 inhabitants; in these towns live 17% of the total Italian population
13 (Giacomini, 2017).

14 Italian municipalities are particularly relevant for local economies and supply
15 several important public services for citizens, such as social services, urban planning,
16 waste disposal, water and energy supply, nursery schools, policing, and many leisure
17 services (e.g. swimming pools, local museums, and theatres). During the last decades,
18 different laws have been issued on IMC. The latest law was the law no. 95/2012. This
19 law, also called “Spending Review”, has forced municipalities below 5,000 inhabitants
20 (3,000 for those operating in mountain regions) to the joint provision of public services
21 in some core functions. The final version of the law established that municipalities have
22 to meet the obligation of inter-municipal cooperation for the following functions
23 (numbering as per the Italian law):

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25 a) general administration, financial and spending management and control;
26 b) management of public and welfare services in the municipalities, including
27 public transport;
28 c) land charges register management, apart from the functions employed by the
29 State in accordance with the current regulation;
30 d) urban and housing planning in the municipality and participation in territorial
31 planning at a supra-municipal level;
32 e) planning, civil protection, and first-aid coordination activities within the
33 municipality;
34 f) organization and management of garbage collection and disposal service, and
35 related tax collecting;
36 g) local social service planning, management, and delivery to the citizens;
37 h) school building (for the part Provinces are not entrusted with), planning and
38 management of school services;
39 i) municipal and local administrative police;
40 l) general registry, electoral and statistics offices management, for the functions
41 carried out on the part of and for the central government; and
42 l bis) statistical services.

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46 The mandatory introduction of IMC in Italy was inspired by the increasing need to cut
47 public expenditures (Giacomini, 2016). More specifically, the Italian government gave
48 the opportunity to small municipalities to implement public networks for service
49 delivery through the creation of a third legal entity (“*Unione dei Comuni*”) or through
50 the establishment of an agreement (“*Convenzione*”). *Unioni dei Comuni* are a form of
51 IMC established for the first time by law no.142/1990. They are a new local authority
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(the so-called “service delivery organization”) with their own legal power and structure. *Convenzioni* are the easiest and most flexible type of association (the so-called “service delivery agreements”) aimed at cooperation among local authorities: they are highly adaptable and consist of contractual agreements signed by two or more local authorities with the purpose of cooperating for the delivery of public services. Small Italian municipalities depending on the public services associated can opt for establishing a service delivery organization (*Unione dei Comuni*), service delivery agreements (*Convenzioni*), or mixed solutions (*Unione dei Comuni* for some public services and *Convenzioni* for other public services).

4. Methods

This paper studies the effects of IMC in the context of small Italian municipalities. As in other studies (e.g. Steiner, 2003), we distinguished between successful and unsuccessful experiences of IMC by relying upon the perception of the reform adopters. Specifically, we collected information about IMC in small Italian municipalities from chief financial officers (CFOs). In this respect, even if responses can be influenced by cognitive and personal bias, the detection of significant accounting data on a large scale will be possible only in the next few years. Also, the concept of success needs to be contextualized; as mentioned above, we focused on three different elements of “IMC success”: higher efficiency in service delivery; better effectiveness in service delivery; and higher institutional legitimacy in negotiating and in engaging with other governmental entities. The independent variables tested were: size (micro-municipalities with under 1,000 inhabitants and small municipalities 1,001–5,000), geographic area (North, Center, and South), the presence of a big brother (the presence in the IMC of a municipality with more than 5,000 inhabitants), and the type of inter-municipal cooperation (service delivery agreements, service delivery organization, or mixed arrangements).

Data were gathered from a mail survey that was sent to a random sample of 1,360 chief financial officers acting in municipalities under 5,000 inhabitants, stratified by size (0–1,000 and 1,001–5,000) and geographic area (North, Center, and South) criteria. The questionnaire consisted of five simple closed-ended questions, the first two on the characteristics of the inter-municipality (the first one on the IMC type and the other on the presence of the big brother), and the other three aimed at verifying the different elements of “IMC success” mentioned above (higher efficiency in service delivery, better effectiveness in service delivery, higher institutional legitimacy). The possible answers about the achievement of the three IMC effects were: Yes/No/Do not know. The questionnaires were previously pilot-tested by several small municipalities. The response rate obtained was 21% (280 responses).

The aim of our analysis is to identify the independent variables with the highest explanatory power as determinants or not of a particular attribute. Since the dependent variables are dichotomous (the occurrence or non-occurrence of the benefit), the methodology that best meets our needs is logistic regression, a special case of generalized linear model developed for binary response variables.

5. Findings

CFOs were queried with respect to three potential rewards of IMC: reducing costs (efficiency), better public services (effectiveness), and greater institutional legitimacy. It has to be remembered that, owing to the lack of reliable data to evaluate the effects of intercommunal cooperation on a large number of municipalities, the following data refer to perceptions of CFOs, with all the limitations related to the detection of subjective perceptions. In the first sub-paragraph the overall results are shown, while in the second sub-paragraph the results of a more analytical analysis using logistic regression are reported. In the appendix are reported the N distribution of the responses and the synopsis of the findings.

Main effects of IMC

As shown in table 1, reductions in costs and improvements in the delivery of public services were detected in almost two municipalities out of three, whereas greater institutional legitimacy was detected in 40% of cases.

Table 1. “Main effects of IMC”

According to the geographical area, the IMC type, the size, and the IMC membership (the presence or not of the so-called “big brother”), some interesting trends also emerge. Looking at the main effects of IMC considering the geographical area in Italy (North, Center, and South) where IMC was implemented, as we can see from

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9 figure 1, small Italian municipalities from the Center that participated in IMC seem to
10 have greater benefits in terms of better public services (especially) and greater
11 institutional legitimacy. Moreover, differences in institutional legitimacy after
12 implementing IMC seem particularly relevant looking at the different results of Central
13 and Southern municipalities compared to those in the North.
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17 **Figure 1.** “Geographical area and main effects of IMC”
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21 Considering the relationship between the main effects of IMC and the type of IMC
22 implemented, we can see from figure 2 that service delivery organizations show better
23 results with all the three kinds of effects considered. More specifically, considerable
24 differences have been detected on the issue of costs reduction: mixed arrangements –
25 whereby some public services are delivered through service delivery agreements and
26 other public services through a service delivery organization – result in costs reduction
27 in 53% of cases, and SDA results in costs reduction in 59% of cases, whereas costs
28 reduction occurs in 80% of cases when IMC is implemented through a SDO. Looking at
29 all the three benefits obtainable, the improved performance in the municipalities that
30 have adopted a SDO clearly emerges. It should also be noted that the SDAs have little
31 effectiveness in obtaining greater institutional legitimacy; however, a SDA could be not
32 helpful in increasing the institutional weight as the municipalities remain totally
33 autonomous and no entity is created to represent them jointly (as opposed to the SDOs).
34 The worst results in terms of costs reduction emerge instead in mixed forms. Their
35 heterogeneity in the delivery of services restricts factors that favor the effectiveness of
36 inter-municipal cooperation. In this respect, as highlighted by Niaounakis and Blank
37 (2017), more research on the relationship between flexible structures of inter-municipal
38 cooperation, efficiency, and the quality of service delivery is needed.
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43 **Figure 2.** “IMC type and main effects of IMC”
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45 Looking to the size, small municipalities (1,000–5,000 inhabitants) compared to
46 micro-municipalities (fewer than 1,000 inhabitants) seem to benefit more in terms of
47 better public services and greater institutional legitimacy; as concerns costs reduction,
48 no significant differences between small and micro-municipalities were found.
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51 **Figure 3.** “Size and main effects of IMC”
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11 The last variable taken into account deals with IMC membership, i.e. the presence in
12 the IMC of a big brother that is a municipality with more than 5,000 inhabitants (and so,
13 according to Italian law, not formally obliged to implement IMC). The results in figure
14 4 below show a slight tendency to have better results with regard to better public
15 services when a big brother is participating in IMC.
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20 **Figure 4.** “IMC membership and main effects of IMC”
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24 *Logistic regression*

25 So far we have looked at the relationship existing between the main effects of IMC and
26 the other four independent variables (size; geographical area; type of inter-municipal
27 cooperation; IMC membership) taking a binary perspective. Below we have considered
28 the three effects (costs reduction; better public services; greater institutional legitimacy)
29 separately, and for each of them we have estimated a logistic regression model. In the
30 comments we highlighted for which explanatory variables the estimated coefficient is
31 statistically significant, distinguishing the degree of significance by the p-value
32 associated with it: ** – very significant where $p\text{-value} < 0.01$, * – significant where
33 $0.01 \leq p\text{-value} < 0.05$, ‘.’ – small significance where $0.05 \leq p\text{-value} < 0.1$, ‘’ – not
34 significant where $p\text{-value} \geq 0.1$.
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37 The first logistic regression model refers to better services (effectiveness of
38 IMC). We tested the four independent variables. Looking at table 2, it is possible to note
39 that only some of the considered independent variables are statistically significant, that
40 is they play an important role in discriminating whether a municipality belongs to one
41 of the two groups of observations (municipalities that have shown an improvement in
42 services and municipalities that have not detected it).
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45 **Table 2.** Logistic regression model for “better services”
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48 ** – very significant, * – significant, ‘.’ – small significance, ‘’ – not significant

49 The second logistic regression model refers to cost reduction (efficiency of IMC). In
50 this case, the role of any of the four independent variables in affecting the realization or
51 not of the expected benefit is not highlighted through the logistic regression model.
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9 **Table 3.** Logistic regression model for “cost reduction”

10 ** – very significant, ‘*’ – significant, ‘.’ – small significance, ‘’ – not significant

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12 The third logistic regression model points again to the importance of the IMC type for
13 achieving a greater institutional legitimacy. In this case, the model identifies a single
14 strong relationship: the municipalities that have chosen as the type of IMC a service
15 delivery organization have a higher probability of realizing a greater institutional
16 legitimacy than those who chose a service delivery agreement.
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19 **Table 4.** Logistic regression model for “greater institutional legitimacy”

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21 ** – very significant, ‘*’ – significant, ‘.’ – small significance, ‘’ – not significant

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24 Finally, considering all together the three positive effects after the introduction of IMC,
25 our data show that 32% of municipalities detected all three improvements. We did
26 another logistic regression analysis to see which among the independent variables
27 statistically associate with the group of municipalities that achieved all three
28 improvements, and we found that the adoption of a service delivery organization is
29 statistically relevant.
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33 **Table 5.** Logistic regression model for “all the positive effects achieved”

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35 ** – very significant, ‘*’ – significant, ‘.’ – small significance, ‘’ – not significant

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39 **6. Conclusions**

40 This paper discusses the effects of mandatory IMC in small Italian municipalities. Our
41 research showed that, according to our empirical context and our observations (N=280),
42 IMC seems to confirm policy makers’ expectations of costs reduction and better public
43 services in two thirds of the small municipalities that have implemented IMC, and in
44 one case out of two it seems to lead towards a greater institutional legitimacy.
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46 Specifically, the aim of our research was that of identifying factors for
47 successful IMC, operationalized with three dimensions: higher efficiency (costs
48 reduction), better effectiveness of local public services, and greater institutional
49 legitimacy, in a setting rarely examined by the existing literature, that of small and
50 micro-municipalities (i.e. municipalities with between 1,001 and 5,000 inhabitants and
51 fewer than 1,000 inhabitants, respectively).
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Our statistical analysis with logistic regression highlighted that IMC type is particularly critical for explaining successful IMC. In particular, positive effects of IMC were mainly detected in those small municipalities that promoted a service delivery organization rather than participating in service delivery agreements or opting for mixed arrangements of joint public services delivery. It is important to emphasize how the creation of a stable entity that operates in the place of individual municipalities diminishes the direct control of individual municipalities. The presence of an over-municipal entity reduces (but does not eliminate) the so-called political transaction costs associated with multi-government ownership (Bel & Warner, 2015). These costs, however, remain extremely high in SDAs. With regard to the better services, it is conceivable that more stable forms of cooperation can easily lead to the standardization of the services provided and to the extension of some services to the associated municipalities where those services were absent. In other words, our study seems to confirm that more stable forms of cooperation can enhance trust, reduce transaction cost (e.g. Tavares and Camões, 2007) and improve the level of services provided although this preliminary result needs further investigation with accounting data and not only by relying upon the perception of the reform adopters. This result seems to confirm what have stated: when the number of previous stable collaborations between any given local governments is high, the transaction costs envisaged in a further collaboration remain low and the expected benefits of this collaboration are high.

The other three independent variables (size, geographical area, and IMC membership) had more limited significance in explaining the success or not of IMC. Contrary to what was found in previous research (Giacomini, 2015; Hulst et al., 2009), the presence in the established IMC of a larger municipality does not seem to bring significant advantages.

In terms of policy implications, these results point to the importance of creating more stable forms of cooperation, such as service delivery organizations, when small municipalities are involved in IMC. This is particularly relevant in our times of austerity, considering that many European countries have an average municipal population below 10,000 inhabitants (for example and among the others Germany, France, and Spain – see Teles, 2016) and may therefore consider implementing IMC as a solution to realize some of the effects investigated in this paper. In terms of research implications, we aim to follow up longitudinally the effects of IMC in small Italian municipalities as well as investigate the effects of IMC considering different types of public services. In this respect, future comparative studies as well as platforms for the exchange of learning and evidence will be particularly important to follow the phenomenon of IMC across countries.

As any piece of research, this paper study limitations. The results are exploratory in nature and may reflect the specific country, type, and size of government where the analysis was performed, as well as the subjective interpretations of the

respondents. As mentioned above, CFO perceptions have been measured, as precise data of the implemented inter-municipality are not yet available. Doubtless, this is a limitation of this study. For this reason, the study should be expanded to include objective data and performance measures of the IMC as soon as available. By combining qualitative judgments, financial parameters, and non-financial measures (Jones & Pendlebury, 2010), it will be possible to get a more complete representation of the effects of mandatory inter-municipal cooperation. In particular, a promising area to explore could be the relationship between the types of inter-municipality cooperation and the quality of service delivery, and its effects on institutional legitimacy. Furthermore, in addition to the variables considered, the relationship between network structure, mechanisms and managers that jointly affects network performance (Cristofori et al., 2015) needs to be approached. Finally yet importantly, the accounting and accountability mechanisms have to be studied as often overlooked in the discussion on inter-municipal cooperation are concerns related to transparency. We believe that these paths can be a basis for future and even more deep investigation into the features of successful IMC processes.

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Appendix

Table 6: “N distribution of the IMC effects”

Table 7: “Synopsis of our findings”

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Type of effects of IMC	Yes	No	Don't know
Costs reduction (efficiency)	64% (N=179)	29% (N=82)	7% (N=19)
Better public services (effectiveness)	65% (N=181)	29% (N=82)	6% (N=17)
Greater institutional legitimacy	40% (N=112)	44% (N=125)	15% (N=43)

Table 1. "Main effects of IMC"

133x40mm (96 x 96 DPI)

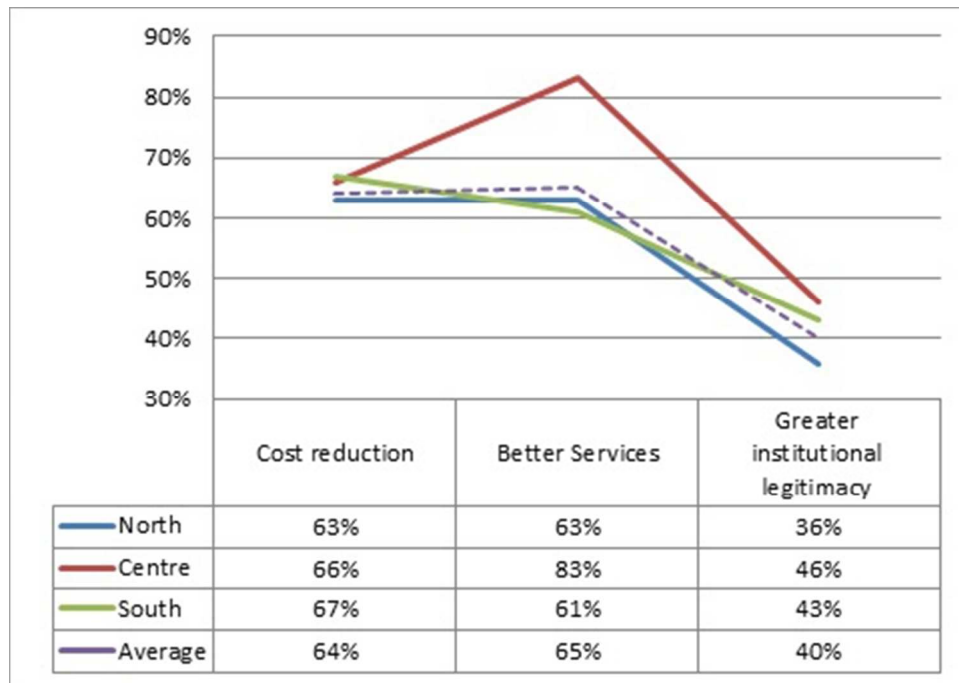


Figure 1. "Geographical area and main effects of IMC"

127x89mm (96 x 96 DPI)

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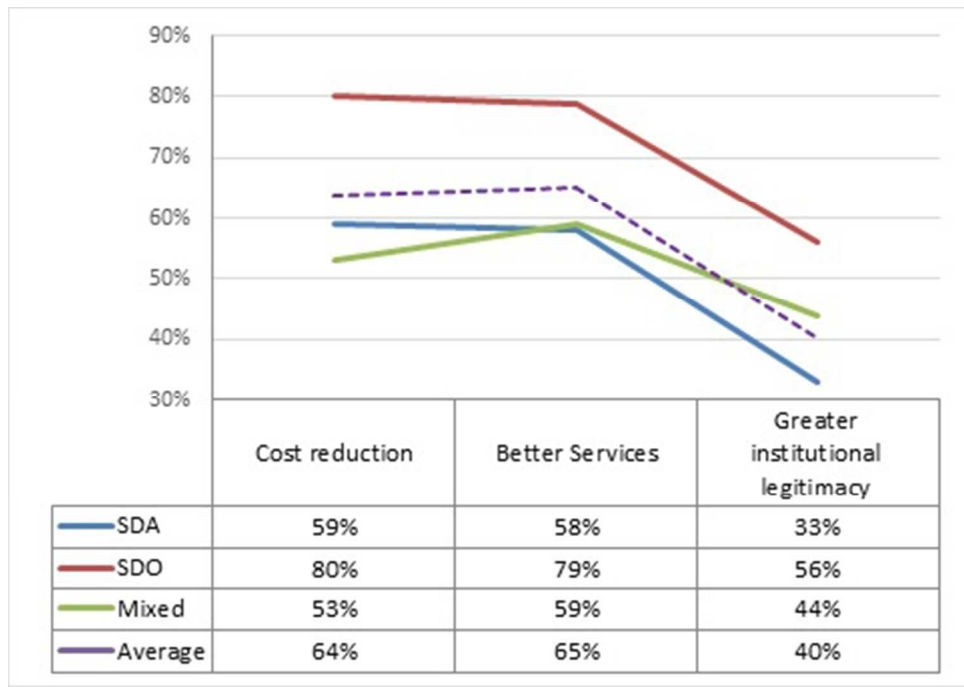


Figure 2. "IMC type and main effects of IMC"

127x89mm (96 x 96 DPI)

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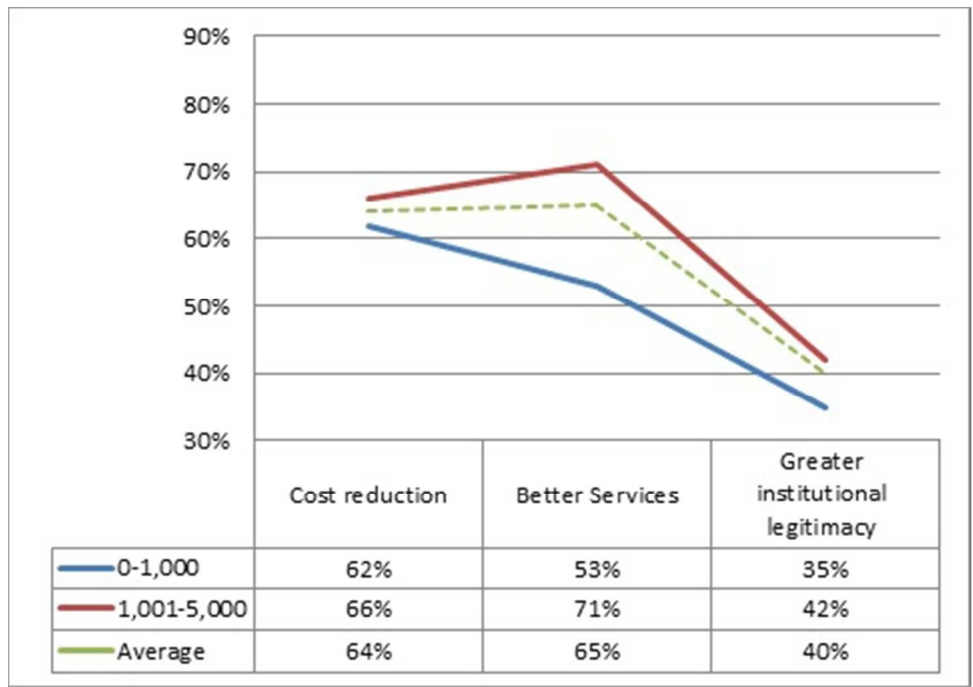


Figure 3. "Size and main effects of IMC"

127x89mm (96 x 96 DPI)

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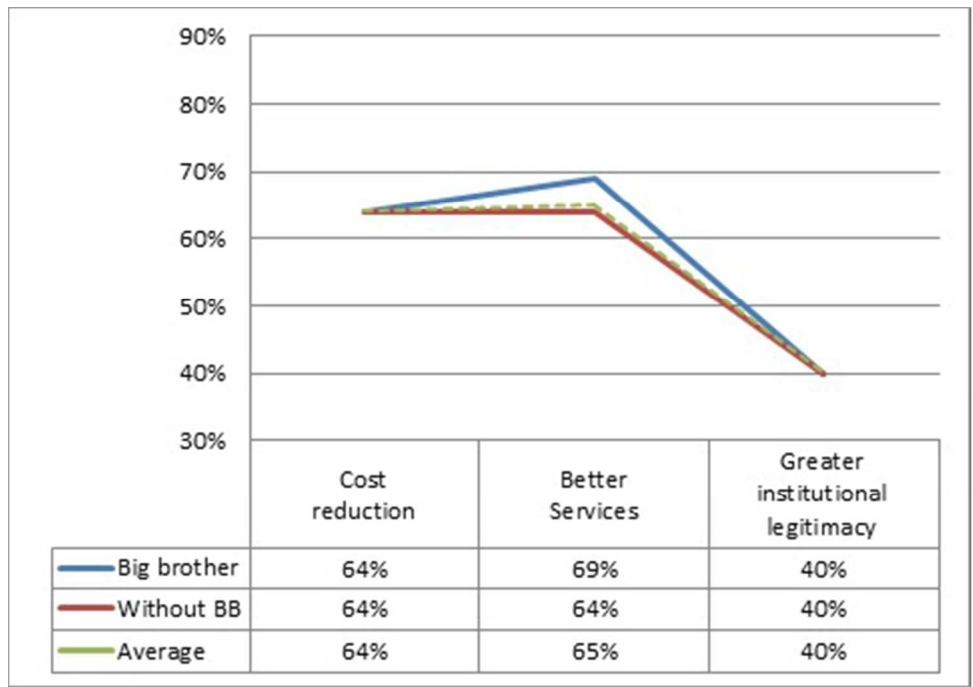


Figure 4. "IMC membership and main effects of IMC"

127x89mm (96 x 96 DPI)

Coefficients	Estimate	Std. Error	P-value	Significance
(intercept)	10.152	0.54	0.060	.
Size = Small (1,001-5,000 inhab.)	0.6340	0.30	0.036	*
Area = North	-0.9164	0.54	0.088	.
Area = South	-12.559	0.55	0.023	*
IMC = Mixed	0.1044	0.47	0.826	
IMC = Service delivery organization	10.293	0.39	0.008	**
IMC = Memberships	0.3319	0.35	0.347	

Table 2. Logistic regression model for "better services"

150x46mm (96 x 96 DPI)

Coefficients	Estimate	Std. Error	P-value	Significance
(intercept)	0.5166	0.432	0.232	
Size = Small (1,001-5,000 inhab.)	-0.0439	0.291	0.880	
Area = North	0.1233	0.415	0.766	
Area = South	0.0306	0.434	0.944	
IMC = Mixed	-0.2485	0.431	0.565	
IMC = Service delivery organization	0.4588	0.338	0.175	
IMC = Memberships	0.3839	0.345	0.266	

Table 3. Logistic regression model for "cost reduction"

148x46mm (96 x 96 DPI)

Coefficients	Estimate	Std. Error	P-value	Significance
(intercept)	-0.5152	0.4568	0.259	
Size = Small (1,001-5,000 inhab.)	0.3159	0.2956	0.285	
Area = North	-0.1511	0.4393	0.731	
Area = South	-0.1411	0.4564	0.757	
IMC = Mixed	0.6355	0.4454	0.154	
IMC = Service delivery organization	10.043	0.3311	0.002	**
IMC = Memberships	0.1219	0.3345	0.716	

Table 4. Logistic regression model for "greater institutional legitimacy"

140x46mm (96 x 96 DPI)

Coefficients	Estimate	Std. Error	P-value	Significance
(intercept)	-12.434	0.443	0.005	**
Size = Small (1,001-5,000 inhab.)	0.2254	0.293	0.441	
Area = North	-0.1601	0.415	0.699	
Area = South	0.2815	0.435	0.517	
IMC = Mixed	0.7412	0.421	0.078	.
IMC = Service delivery organization	10.542	0.311	0.001	**
IMC = Memberships	0.0266	0.318	0.934	

Table 5. Logistic regression model for "all the positive effects achieved"

138x46mm (96 x 96 DPI)

IMC EFFECTS OBTAINED			
COSTS REDUCTION 179 out of 280			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
179	56	123	
GEOGRAPHICAL AREA			
Total	North	Centre	South
179	100	21	58
IMC TYPE			
Total	SDA	SDO	Mixed
178	106	56	16
IMC MEMBERSHIP			
Total	Yes	No	
179	45	135	
BETTER PUBLIC SERVICES 181 out of 280			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
181	49	132	
GEOGRAPHICAL AREA			
Total	North	Centre	South
181	101	27	53
IMC TYPE			
Total	SDA	SDO	Mixed
181	106	57	18
IMC MEMBERSHIP			
Total	Yes	No	
181	47	134	
GREATER INSTITUTIONAL LEGITIMACY 112 out of 280			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
112	32	80	
GEOGRAPHICAL AREA			
Total	North	Centre	South
112	59	15	38
IMC TYPE			
Total	SDA	SDO	Mixed
112	59	39	14
IMC MEMBERSHIP			
Total	Yes	No	
112	28	84	

Table 6: "N distribution of the IMC effects"

93x261mm (96 x 96 DPI)

COSTS REDUCTION			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
64%	62%	66%	
GEOGRAPHICAL AREA			
Total	North	Centre	South
64%	63%	66%	67%
IMC TYPE			
Total	SDA	SDO	Mixed
64%	59%	80%	53%
IMC MEMBERSHIP			
Total	Yes	No	
64%	64%	64%	
BETTER PUBLIC SERVICES			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
65%	53%	71%	
GEOGRAPHICAL AREA			
Total	North	Centre	South
65%	63%	83%	61%
IMC TYPE			
Total	SDA	SDO	Mixed
65%	58%	79%	59%
IMC MEMBERSHIP			
Total	Yes	No	
65%	69%	64%	
GREATER INSTITUTIONAL LEGITIMACY			
SIZE			
Total	0-1,000 inhabitants	1,001-5,000 inhabitants	
40%	35%	42%	
GEOGRAPHICAL AREA			
Total	North	Centre	South
40%	36%	46%	43%
IMC TYPE			
Total	SDA	SDO	Mixed
40%	33%	56%	44%
IMC MEMBERSHIP			
Total	Yes	No	
40%	40%	40%	

Table 7: "Synopsis of our findings"

85x255mm (96 x 96 DPI)