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"INTEGRATED" PUBLIC GROUPS: INSIGHTS ON BOUNDARIES AND DIVESTMENT OPPORTUNITIES

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Abstract

This paper analyses recent tendencies of managing public real estate and public stake-holdings in a sample of Italian municipalities. The data, retrieved from the Italian Ministry of Interior (Central Department of Local Finances), has been analysed to understand if the local public group, intended in a wider sense and including both subsidiaries and real estate property, is changed over time, in terms of size and composition. The first results show that there has not been adequate divestment to postulate on a general reduction of the boundaries of the "Integrated" Public Groups.

Keywords: Local Authorities, Italy, Public Management, Real Estate, Subsidiaries, Local Public Group
JEL Code: H54 (Infrastructures, Other Public Investment and Capital Stock); R38 (Government Policy); H11 (Structure, Scope, and Performance of Government)

1. INTRODUCTION AND LITERATURE REVIEW

This research is aimed at analysing recent tendencies concerning 'local public groups' with specific reference to public stake-holdings in companies and local PA's real estate portfolios.

In Italy, the phenomenon of public share-holdings in private companies began in the early 20th century. Then, both public intervention and investment grew in many economic sectors, following the crash of 1929. Such reforms were initially aimed at preventing markets from failing. However, the system ran into difficulties in the 1970s, basically because of its copious size and lack of efficiency (Buchanan & Tullock, 1962).

The Entrepreneurial PA model had been superseded with privatisations during the 1990s, also due to new obligations regarding public finances imposed by the EU (Maastricht Treaty and Stability and Growth Pact). However, divestments of public companies have fallen dramatically since 2000. Indeed, the opposite phenomenon was experienced both on a national and local level, as enterprises controlled by the Ministry of Economy and Finance and by regional, provincial and municipal authorities have continuously grown (Assonime 2008). This new trend gives local PA's the power to interact strongly, vertically, and horizontally with other organisations (Kooiman, 1999-2000) in a framework of public governance (Pierre and Peters, 2000).

The growing phenomenon of managerial models in PA's induced by New Public Management (Hood, 1991-1995-2001; Barzelay, 2001; Kettl, 2000) was subject to strong criticism. Pollit (1993) sees it as paving the way towards 'Neo-Taylorism', whilst Lynn (2001) underlines a somewhat excessive emphasis on seeking efficiency, flanked by administrative principles that recall scientific management. Global convergences towards a NPM paradigm (Aucoin, 1990; Osborne & Gaebler, 1992) were subject to reconsiderations and criticism. Many scholars converged on the previously mentioned known as "Public Governance" (Pierre and Peters, 2000), or "New public service" (Denhardt & Denhardt, 2000), considering citizens as the target of the PA governance system. Also, some authors noted that change is received depends highly on each country's institutional traditions (Wright, 1994). In fact, according to their tradition, each country has received NPM reforms differently. One of the reasons is that PA perception is different between different countries (Van de Walle, 2006). This can affect the choice between economic rationality and the search for social cohesion. The two ideal extremes in such trade-off are Eastern European countries, often considered latecomers in the application of NPM, and Anglo-saxon countries, that are usually considered the forerunners of NPM. These latter maintain the idea of a minimal PA (Kuhlmann, 2010). Italy is usually considered a latecomer, having adopted NPM with delays and hesitation. This is also due to its Napoleonic traditional administrative culture, which was oriented towards a strong role of the State in the economy (Kuhlmann, 2010). Some authors (Cepiku e Meneguzzo, 2011) compared Italy to Neo-Weberian paradigms, analysing how Italy has implemented recent reforms and how they differ from NPM.

These considerations support the neo-institutional approach to study changes, focusing on how institutions and organisations incorporate values and power (Hall & Taylor 1996; Lowndes 1996).

Given the increasing importance of share-holdings or controlling interests by local PA's in companies (Unioncamere, 2007; IRPA, 2012), this research is focused on the proportions and amounts Italian municipalities have invested in thousands of companies belonging to different sectors (Corte dei Conti, 2014). The companies' inefficiencies and their recurring losses have contributed to expanding the public debts, together with the urgency and sensitivity of policy-makers to redraw the boundaries of the public group (Borgonovi et al., 2013). This topic is also relevant considering the massive cost such companies burden the state with, which amounts to approximately € 26 million for 2013, consisting of all the payments the ministries paid to the companies owned by the public sector (Corte dei Conti, 2014).

2. RESEARCH QUESTIONS

This research analyses how local authorities manage their share-holdings and real estate portfolio. considering the privatization practises (Anselmi, 2014), divestments, and new investments in subsidiaries and real estate recently performed by Italian local authorities.

This wider perspective is necessary given the complexity of local public group. In local public groups, collaboration and interaction with private entities (connected to the PA with different levels of formal agreements) can lead to greater flexibility and to increase the efficiency in addressing stakeholders' demands (Hrytsenko, 2012). In order to analyse public policy's results properly, we also need to step back to see the full picture and how the boundaries of the State changed (Bevir et al, 2003) even at the local level.

Thus, we believe that a comprehensive approach to the changes in the local integrated public group could include both the stakes held by local administrations and the real estate. By "local integrated public group", we mean both the stakes held by local administrations in companies or other entities and the real estate portfolio of local authorities.

In fact, when evaluating an institution's objectives and range of influence, both the amounts invested in stake-holdings and the real estate portfolio should be considered.

A peculiar aspect of local authorities' real estate portfolio is the 'illiquid' tendency (meaning the customary habit of divesting assets in a long-term) and the 'heterogeneous' nature of investments even from a financial standpoint.

The patrimonial consistency, both in terms of financial participation (stake-holdings in companies involved in managing public services), as well as real estate assets (disposable and non-disposable assets) is measurable for each local authority in the specific section of their financial statement.

This paper is aimed at verifying whether local authorities reduced their amounts of financial participations and real estate assets. Therefore, we will consider both the trend of investments and stakes in companies and the amounts invested in real estate. Further considerations will follow for financial problems in local authorities, considering indexes of structural deficiency.

Specifically, Research Questions (RQ) will cover two main areas:

RQ1: How has investments' consistency by local authorities trended?

> RQ1.1: How has the relation between disposable and non-disposable assets been affected? Is there a 'compensation' effect between these two aggregates?

RQ2: How have the boundaries of local "integrated" public groups changed, jointly considering investments in real estate as well as stake-holdings?

The importance of such questions is further supported by political and institutional debate, formalised in specific documents such as the Document of Economics and Finance, approved by the Government on 8 April 2014, which reintroduced the theme of privatisation and foresaw the reduction of public intervention on both national and local levels. Moreover, there have been numerous attempts at making a spending review, introduced with the Budget Law for 2007 and confirmed by Budget Law for 2008 (MEF, 2007). Legislative Decree #78 of 2010 was also aimed at reducing share-holdings of small and medium-small sized municipalities.

With the intention of rationalising expenditure, the practice of linear clean cuts needs to be overcome and replaced by different solutions that increase public efficiency, based on leaner business models that have longer-term sustainability, heading to a model where regulations are enforced by specific Authorities.

3. METHODOLOGY

This research belongs to the research field which investigate the trends in state-participated companies and in local authorities' real estate portfolio. One of its aims is to ascertain whether there is a relation between divestment in companies, deficits in the finances of local authorities, and the real estate management. Therefore, we intend to verify whether the areas covered by local public groups are being reduced in terms of divestment in stake-holdings and in real estate, especially where those municipalities are running at a loss.

This paper elaborates on these areas from an analytical-descriptive viewpoint, combining different dimensions through meta-data and secondary data (Saunders, Lewis & Thornhill, 2003), multiple research methods (Johnson, Onwuegbuzie & Turner, 2007) and concentrating on the elaboration of data through descriptive statistics. The sample of municipalities is composed of 20 Italian regional capital cities. This choice gives a representative idea of the 20 regions Italy is made up of. Moreover, regional capitals are larger and more complex than smaller cities, which provides an idea of how greater difficulties are managed.

Table 1. Description of the sample: the 20 Italian regional capital cities

Sample: 20 Italian regional capital cities			
Ancona	Campobasso	Milan	Rome
Aosta	Catanzaro	Naples	Trento
Bari	Florence	Palermo	Trieste
Bologna	Genoa	Perugia	Turin
Cagliari	L'Aquila	Potenza	Venice

For each municipality specific financial statement items were considered, based on the data provided by the Ministry of Interior (Central Department of Local Finance). Specifically, data was collected for the years 2010, 2011 and 2012. The need to study approved financial statements has given on one hand reliable official data from the Ministry of Interior, but on the other has not made it possible to analyse more recent data.

The following table illustrates the data collected, divided into macro-areas, subsections, and singular items.

Table 2. Description of data collected

Macro-area	*Sub-section*	*Item*
Revenue	Income from sale, capital transfers, or collection of credit	Sale of real estate and building rights on real estate assets
Capital Expenditure	Liabilities	Acquisition of real estate assets
		Stake-holdings
		Transfer of capital
Details of expenditure in capital account for the acquisition of real estate assets	-	Acquisition of buildings
		Acquisition of land
		Building and maintenance of tendered works
		Total
Consistency, initiation and reimbursement of loans to institution based on their reference value in the Assets Account	Assets Account	Tangible assets
		Intangible assets
		Financial assets
	Liabilities Account	Debt towards controlled companies
		Connected companies
Management of residual liabilities and total accruals at year end	Sources of financing initiated for the interventions reported in the annual list of public works	Transfer of Real Estate Assets
		Total

The financial information was then integrated with the resident population's data for each municipality as at 2012 (source: Ministry of Interior).

Most of the data was analysed using descriptive statistics to identify general patterns for each municipality.

4. RESULTS

In this paragraph we present the data collected and elaborated in order to try to sketch a first answers to the research questions.

RQ1: How has investments' consistency by local authorities trended?

Table 3. Average aggregated assets value

	Average 2010	*Average 2011*	*Average 2012*	*% 2010-2012*
A) Assets (total)	2.787.425.069,25	2.896.855.347,85	2.973.193.040,03	6,66%
Intangible assets	3.917.302,85	3.463.318,00	3.147.733,74	-19,65%
Tangible assets -Of which:	2.308.746.136,80	2.437.033.002,95	2.532.637.900,35	9,70%
1. State-owned goods	453.475.857,00	483.645.110,35	516.222.188,60	13,84%
2. Land (non-disposable assets)	55.155.468,60	58.796.674,45	59.563.959,61	7,99%
3. Land (disposable assets)	13.717.627,15	12.423.998,65	12.694.682,92	-7,46%
4. Buildings (non-disposable assets)	755.704.218,55	719.502.079,90	748.371.379,11	-0,97%
5. Buildings (disposable assets)	77.505.743,95	98.153.418,10	102.182.076,54	31,84%

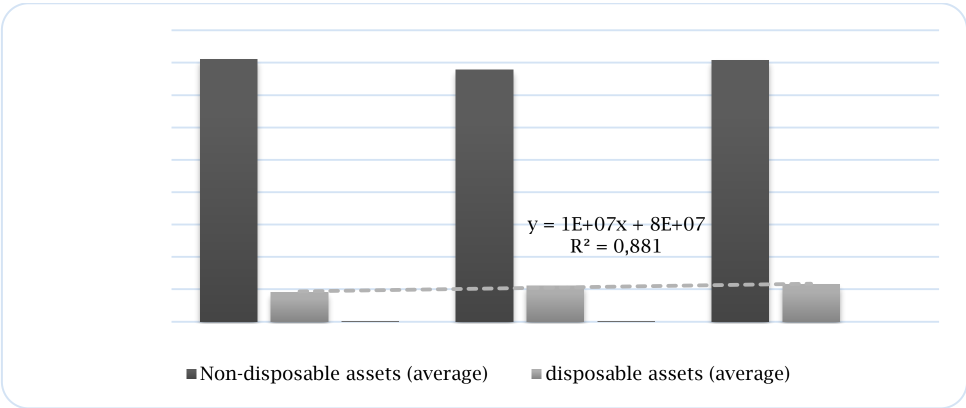
To ascertain the amount of fixed assets, we collected and analysed data in different sections, firstly considering tangible and intangible assets. The total assets (tangible and intangible) for 2012 was an average of € 2,973,193,040.03 (totalling € 59,463,860,800.52). This was an increase of 6.66% (+ € 185,767,970.77) from the initial amount at the start of the study in 2010.

This increase can be partly explained by breaking the numbers down into their components. Concerning intangible assets, there was a decrease over the three-year period: from € 3,918,302.85 to € 3,147,733.74 between 2010 and 2012. This amounts to a reduction of 19.65% (- € 769,569.11). This was compensated by increasing tangible assets: a 9.7% increase from 2010 to 2012 (+ € 223,891,763.55).

The dynamics of tangible assets can be explained in the financial statements of the local authorities by five items: state-owned property (non-disposable), land (non-disposable assets), land (disposable assets), buildings (non-disposable assets), and buildings (disposable assets). Data was initially analysed collectively, to identify a trend, and then each municipality was taken into separate consideration, to ascertain the presence of any variances between non-disposable and disposable assets.

State-owned property increased in value from € 453,475,857.00 to € 516,222,188.60 (+13.84% or € 62,746,331.60), land relating to non-disposable assets jumped from € 55,155,468.40 to € 59,563,959.61 increasing by 7.99% (+ € 4,408,491.01). On the other hand land disposable assets dropped from € 13,717,627.15 to € 12,695,682.92 over the period (-7.46% or - € 1,022,944.23).

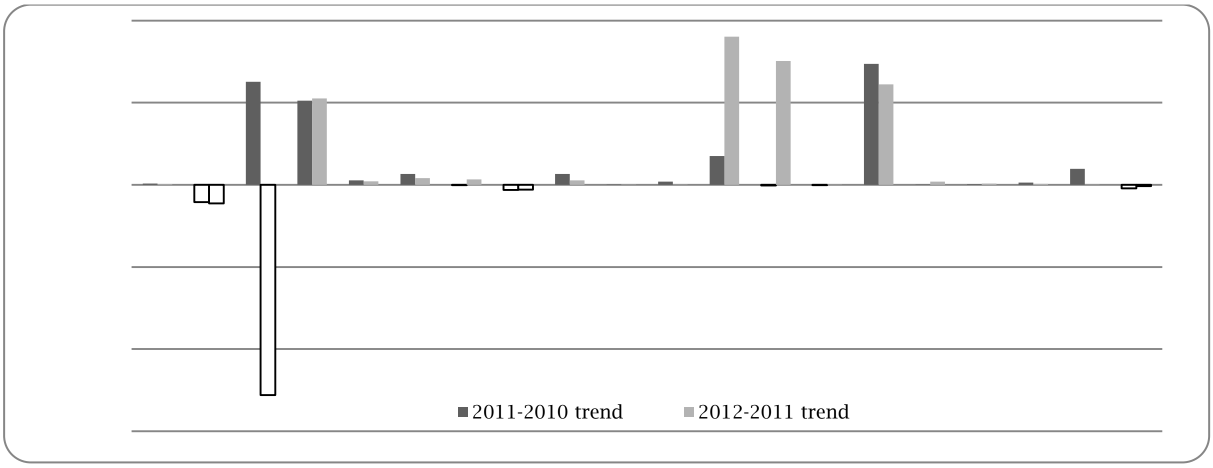
Table 4. Disposable and non-disposable assets; trend 2010-2012



Regarding buildings, the non-disposable assets for each municipality in consideration decreased collectively by 0.97% in the three-year period (from € 755,704,218.55 to € 748,371,379.11 for a variation of - € 7,332,839.44); building disposable assets, on the other hand experienced a different trend jumping 31.84% (from € 77,505,743.95 to € 102,182,076.54 and a difference of + € 24,676,332.59).

The research focused, then, on variations in total fixed assets for each municipality. In this initial stage, aspects such as differences between tangible or intangible assets were not taken into consideration. First results clearly show that 13 out of the 20 municipalities in consideration had steadily increased their fixed assets in the last 3 years. Four had alternating trends, and three (Turin, Bologna and Cagliari) had continuously reduced their fixed assets.

Table 5. Variation of total fixed assets for each municipality in the sample



About the “Source of financing for public works from the annual plan” (source: database of Italian Ministry of Interior), the data regarding “Sale of fixed assets carried out” has been related to the “total” amounts from sources of financing.

The aim was to understand how much of the local authority’s fixed assets has been sold to finance the construction of new public works.

Other forms of financing (not considered in this analysis) that is possible to activate to realize the public works listed in the annual plan, are, for instance: mortgaging, “income from building permits”, “contributions from public service bodies”, “income from transfers of private capital”, “administrative profit”, “revenue from finances other than contributions”, and “other forms of financing”. Data was analysed both by year and by individual municipality. The ratio gives 4.78% in 2010, 5.4% in 2011, and 5.36% in 2012. On average, a relatively low amount (5.18%) of new public works are financed by sale of fixed assets.

However, there are some exceptions to the average in the cases of Bologna, Florence, Perugia, and Ancona, whose percentages were above a 10% ratio (reaching an average 17% for the three-year period in Ancona).

Table 6. Sale carried out and source of financing for public works for each municipality; 2010-2012

Municipalities	*Sale of assets carried out*			*Total source of financing for public works (from the annual plan of public works)*		
	2010	*2011*	*2012*	*2010*	*2011*	*2012*
Aosta	0	0	0	0	0	232.071
Turin	150.000	0	0	43.917.691	70.575.969	65.260.111
Genoa	956.180	0	0	117.392.070	88.192.223	2.791.846
Milan	857.600	16.406.706	6.500.000	596.780.364	387.397.956	260.943.495
Trento	0	0	0	0	0	0
Venice	555.000	850.000	310.500	44.001.464	57.451.550	51.675.268
Trieste	2.179.534	4.186.980	2.967.616	53.626.942	33.503.246	31.217.143
Bologna	6.545.645	7.188.784	568.052	58.768.763	34.671.898	6.329.578
Florence	12.925.752	3.839.193	1.030.879	70.106.098	47.499.157	22.269.564
Perugia	1.096.110	492.296	135.730	8.431.762	10.329.896	426.930
Ancona	1.454.897	2.268.704	1.738.179	12.162.700	13.785.702	6.925.753
Rome	14.581.114	50.375.955	22.250.109	574.553.855	1.157.447.010	1.598.576.180
L'Aquila	650.565	39.000	350.000	17.197.330	181.564.555	3.350.000
Campobasso	0	0	0	3.925.062	3.510.600	1.871.086
Naples	0	0	0	91.704.484	7.760.000	9.128.257
Bari	101.000	444.124	292.500	40.415.690	27.867.408	22.763.420
Potenza	0	0	0	10.508.256	14.251.677	28.026.602
Catanzaro	196.299	1.142.162	102.655	43.110.781	16.486.480	34.437.298
Palermo	0	0	0	0	11.712.845	0
Cagliari	2.632.581	3.753.052	0	20.173.410	23.404.834	1.018.891

The analysis also focused on ascertaining the presence of an opposing trend between the variations of disposable and non-disposable assets for each municipality.

RQ1.1: *How has the relation between disposable and non-disposable assets been affected? Is there a 'compensation' effect between these two aggregates?*

The research attempted to ascertain whether there were any relations between disposable and non-disposable assets, in order to identify any compensatory phenomena between the two that might exist. The opposing variations for each municipality were recorded for the two periods (2010-2011 and 2011-2012).

For the 20 municipalities in the 2010-2011 period, the analysis showed in 7 cases an opposing trend in the variation of disposable and non-disposable assets, but these variations do not have a significant compensatory effect (no data available for the municipality of Aosta).

About the, the research aimed also to deepen the internal sub-division of the category "fixed assets" on Land and Buildings, trying to understand whether there were any relations between disposable and non-disposable assets specifically for land and buildings.

For the 20 municipalities in the 2010-2011 period, opposing variations between disposable and non-disposable land were 7, while there were only 5 for the same item in 2011-2012. Summarily, as far as land is concerned, on 40 observations (20 municipalities times two periods), the analysis showed 12 cases of an opposing trend. Despite this, these variations do not have a compensatory effect.

However, an increase in value for non-disposable assets for land emerged: 13 municipalities witnessed a rise. Only Ancona was subject to a constant reduction in non-disposable assets for land for the period in question. Lastly, the remaining three municipalities had alternating trends.

Regarding variations in land disposable assets, it is harder to identify a univocal trend. Indeed, six municipalities have constantly reduced their assets, six have constantly increased them (sometimes in very small quantities), while seven municipalities have had alternating trends throughout the three-years period.

Regarding buildings, there was no clear trend regarding how non-disposable assets were managed. Eight municipalities constantly reduced their non-disposable assets for buildings, while a mere three had continuously increased. Other eight had alternating trends.

Regarding disposable fixed assets such as buildings, however, nine municipalities show that they have reduced their portfolio during the three-year period in question. Five municipalities, on the other hand have progressively increased, while a further five have had an alternating administration.

About divestment/acquisition of disposable and non-disposable building assets, in the 2011-2010 period, there were three municipalities that had decreasing values for disposable and non-disposable building assets, while there were ten in the 2012-2011 period. Similarly for assets relating to land, out of 40 observations regarding buildings in the two time periods only 13 showed a drop. However, these variations between disposable and non-disposable building assets don't compensate each other in each municipality.

Before analysing the trends between real estate assets and stake-holdings in the sample municipalities, it is important to recall some premises from the previous research question. Firstly, graphs 11 and 12 show a descriptive statistical analysis regarding the variations in fixed assets.

Different tendencies arise from stake-holdings analysis. Only five municipalities have increased their stake-holdings over the three-year period, while seven have reduced them. Six municipalities have had alternating trends in the same three-year period. The three municipalities that had constantly reduced their real estate assets in the previous analysis, had similar behaviour for stake-holdings: two out of three (Turin and Cagliari) had decreased stake-holdings throughout the three years, while Bologna had had a reduction in 2010-2011, that was significantly countered in 2011-2012.

We also compared variations between fixed assets (excluding stake-holdings) and stake-holdings (total) for the three-year period.

Table 7. Non-disposable and disposable assets variation for each municipality; 2010-2012

Municipality	*non-disposable assets variation*	*disposable assets variation*
Aosta	0	0
Turin	-49.548.821	-396.063.283
Genoa	26.707.875	-732.952.812
Milan	47.486.152	252.140.784
Trento	33.602	2.635.158
Venice	-16.467.104	-40.164.062
Trieste	-11.592.777	-3.631.455
Bologna	2.688.814	-75.010.937
Florence	-5.306.510	3.226.648
Perugia	-2.920.967	813.833
Ancona	24.739.449	-64.856.217
Rome	-6.587.914	-106.543.087
L'Aquila	-2.743.179	699.414.728
Campobasso	-498.326	74.441
Naples	455.505.739	452.222.851
Bari	7.171.823	293.719
Potenza	2.297.902	40.678.146
Catanzaro	-3.977.643	-4.323.138
Palermo	-185.029	-87.654.082
Cagliari	6.264.682	1.211.797

Table 8. Fixed assets (except financial assets) and financial assets variation for each municipality; 2011-2010 and 2012-2011.

	Fixed assets (total except financial assets)		*Financial assets (total)*	
	Variation 2011-2010	*Variation 2012-2011*	*Variation 2011-20102*	*variation 2012-20113*
Aosta	4.876.756,00	3.099.182,35	3.350.000,00	0,00
Turin	-3.604.241,00	-87.167.573,73	-102.179.737,00	-25.319.159,53
Genoa	627.118.916,00	-1.151.359.814,84	-268.556,00	-128.550.318,21
Milan	471.702.949,00	463.745.030,51	40.282.182,00	61.834.865,70
Trento	27.256.108,00	21.776.756,34	0,00	-491.671,67
Venice	74.966.948,00	50.853.961,04	-8.631.263,00	-10.057.145,20
Trieste	-2.771.680,00	32.478.032,97	79.910,00	-1.063,42
Bologna	-31.710.029,00	-40.444.601,80	-200.000,00	11.649.203,66
Florence	60.041.766,00	21.200.224,68	5.491.225,00	6.389.176,83
Perugia	2.335.859,00	2.019.668,07	-6.241,00	-2.884,91
Ancona	20.233.295,00	657.658,27	-283.615,00	27.556,44
Rome	71.126.523,00	1.138.428.644,86	103.834.860,00	-237.307.018,45
L'Aquila	-3.838.044,00	750.095.881,30	106.886,00	3.966.067,50
Campobasso	-76.991,00	787.320,79	-50.000,00	-0,18
Naples	734.021.432,00	631.263.243,00	1.632.423,00	-18.854.254,00
Bari	-4.328.680,00	19.869.859,30	6.568.083,00	-1.114.899,15
Potenza	428.712,00	7.000.118,44	2.640.624,00	35.957,31
Catanzaro	13.091.934,00	10.728.369,06	0,00	-5.132.432,09
Palermo	98.044.550,00	6.001.647,09	-852.247,00	-3.958.610,56
Cagliari	-21.825.045,00	-6.936.053,15	0,00	-457.081,10

RQ2: How have the boundaries of local "integrated" public groups changed, jointly considering investments in real estate as well as stake-holdings?

We performed this analysis using the same criteria adopted to observe the trends between disposable and non-disposable assets. The purpose was to understand whether there were any trends between reducing real estate and other fixed assets and divestment of stake-holdings (financial assets).

Similar variations between fixed assets (excluding stake-holdings) and stake-holdings (total) in the 2010-2011 period were 12 (Aosta, Turin, Milan, Trento, Bologna, Florence, Rome, Campobasso, Naples, Potenza, Catanzaro), while there were nine in the 2011-2012 period Aosta, Turin, Genoa, Milan, Florence, Ancona, L'Aquila, Potenza, Cagliari). Despite this, whilst finding similar trends for the two periods, when analysing the period as a whole, only six municipalities follow the same trend regarding fixed assets (non-financial) and stake-holdings.

Of these six, four tend to increase their "integrated" public group, while only two tend to be reducing. The results don't reveal any significant trend concerning increases or reductions to real estate assets and stake-holdings: therefore there are no clear evidences supporting a strong will to reduce the boundaries of the "integrated" local group, even if this would be the trend to pursue according to literature contributions and to ongoing legislation.

5. CONCLUSION

Overall, the results shown in previous paragraphs detail a poor propensity to divest stake-holdings, notwithstanding the urges to do so from ongoing legislation and regulatory bodies (see Law 244/2007, aimed at eliminating from the boundaries of local public groups those "companies whose purpose is to produce goods and services not strictly necessary for the pursuing institutional goals").

However, when thinking on how to implement effective spending review processes, such reforms should be deeply linked to the redefinition of the boundaries of public groups (local and non). Also, an appropriate distribution of competences and responsibilities for each level of governance and an identification and prioritization of the objectives of public administration are essential for creating sustainable collective welfare model.

The first question of the research was aimed at ascertaining any relation or opposing trend between disposable and non-disposable assets for both land and buildings. Generally speaking, for the periods 2010-2011 and 2011-2012, a slight variation for land, shows there might be a compensatory phenomenon between the two items. However, the variations show that the two do not compensate each other perfectly. We looked for similar trends in buildings. In the three-year period total amounts did not vary far from the variations to land, showing less movements possibly due to compensations. On the whole, it is not possible to maintain a compensatory phenomenon between disposable and non-disposable assets for land or buildings.

The second question was aimed at establishing the development of "integrated" local public group boundaries, considering the trends of real estate assets and stake-holdings in local institutions. We compared real estate assets (excluding stake-holdings) and (total) stake-holdings, to ascertain whether there were any parallelisms in the divestment or increase in integrated local groups. On the whole, there was no clear trend of a reduction in integrated local public groups: in most cases the municipalities have not followed a unique strategy of increasing or decreasing their boundaries in terms of stake-holdings or real estate assets.

Amongst the sample, only two municipalities (Turin and Cagliari) have constantly reduced both stake-holdings and real estate assets throughout the period. Again, this shows a low propensity to reduce the boundaries of the local public group.

6. LIMITS OF RESEARCH AND FUTURE DEVELOPMENTS

The results of this research, instead of showing clear trends of either acquisition or divestment, highlighted how larger municipalities behave differently in Italy (Milan, Roma, and Naples in particular, but also Turin and Genoa), compared to other regional capitals that have less significant variations in their real estate assets and stake-holdings.

There are two possible roads ahead for future research. The first one could focus the attention on specific case-studies, using a wide range of quantitative and qualitative data. This would mean that future research would be on a narrower range of cities, specifically those hereinbefore mentioned, for a deeper analysis possibly over a wider time frame. Alternatively, future research could include a wider sample of cities, for example considering those with more than 60,000 inhabitants, to understand the difficulties regarding institutional financing. These developments could help to put the premises to draft a roadmap for redefining integrated local public group boundaries. It could be interesting to understand what are the most important factors driving the changes, if endogenous factors are prevalent (tied to strategic choices or contingencies due to lack of resources), or whether divestment of real estate assets and stake-holdings depends exclusively on regulatory pressure.

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