



saggi

siamo in: Homepage / archivio

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di Lorenzo Caselli

autori

archivio



La funzione civile degli aziendalisti

recensioni

segnalazioni

eventi

link

saggi

⇒ Lorenzo Caselli

Dove vanno le nostre discipline. I contributi di Adalberto Alberici, Claudio Baccarani, Guido Corbetta, Gianfranco Rusconi, Dario Velo

⇒ Giovanni Padroni

Scenari della complessità e vincoli etici nell'organizzazione delle risorse umane

⇒ Pierpaolo Andriani

'De Rerum Pareti': On Power Laws and Organization Science

⇒ Nicoletta Buratti

Note a commento del saggio di P. Andriani "De Rerum Pareti: On Power Laws and Organization Science". Riflessioni sul contributo della teoria della complessità alla ricerca in campo manageriale

⇒ Gianni Cozzi

Marketing Territoriale o Marketing delle analogie? Alcune riflessioni da un esame sommario del caso genovese

⇒ Riccardo Spinelli

La e-internationalisation: una rilettura del modello dei vettori di internazionalizzazione nell'ottica dell'e-business

< indietro

working paper

⇒ Clara Benevolo
Luca Bianchi

L'internazionalizzazione delle imprese in Cina: tra ostacoli e nuove opportunità. Il caso Esaote.

⇒ Sonia Ruggiero

I rapporti "Comune controllante - società controllata" nel settore dei servizi pubblici locali

⇒ Sara Poggesi

I servizi pubblici locali italiani alla luce del network management

⇒ Roberto Garelli

Bilancio d'esercizio e bilancio sociale nelle organizzazioni di volontariato

⇒ Sara Campi
Angelo Gasparre

Organizational Boundaries in Childcare Services System and the promotion of NPO Networks by Local Public Agencies in an Italian Metropolitan Area

⇒ Clara Benevolo
Riccardo Spinelli

Second Level Organisations (SLOs) in Voluntary Sector: an Italian Perspective



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Organizational Boundaries in Childcare Services System and the Promotion of NPO Networks by Local Public Agencies in an Italian Metropolitan Area*

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Index: 1. Introduction – 2. Aim of the study and analytical framework – 3. Case Study 1: The “Territorial Educational Laboratories” Network – 3.1 Discussion of Case Study 1 – 4. Case Study 2: The Mother-Child Network – 4.1 Discussion of Case Study 2 – 5. Case Study 3: The Territorial Educative Agency – 5.1 Discussion of Case Study 3 – 6. Conclusions – References

Abstract

Research in organization has recently focused on the issue of cross-boundary processes. In this paper we approached the study of this topic from the perspective of the organizations that work in the field of social services. Discussions have been carried out illustrating three different cases of change in the way the Local Public Agency in Genoa Metropolitan Area manages its relations with some of the non-profit organizations that operate in the field of social childcare. Each of the cases has been discussed from

*Although the authors have jointly developed the article, Angelo Gasparre wrote the introduction, par. 1, 2, 2.1, 3, 3.1 and the conclusion section. Sara Campi wrote par. 4 and 4.1.

different theoretical standpoints: the Contingency approach, the Transactional view and the Organizational Action Theory. The heuristic contribution of the Organizational Action Theory has been underlined and considerations has been made in order to evaluate if this innovative analytical framework could help researchers to better understand how Local Public Agencies and Non-Profit Organizations relate to one another in the field of social childcare. On the basis of our analyses the heuristic power of the Organizational Action Theory is confirmed and a more wide-ranging adoption of this approach in researching this field is welcomed.

1. Introduction

The relationship between Public Agencies (PA)¹ and Non-Profit Organizations (NPOs) in Italy has changed deeply in recent years. Just ten years ago most of the Italian NPOs functioned only as a deliverer of services in the social services system². They now, however, participate it much more as “partners” rather than as simple “providers”. One of the turning points occurred with the passing of Law 285/1997 regarding measures for the promotion of rights and opportunities for children and youth. For the first time the partner-role of NPOs in designing the content of services has been formally recognized; the principle of co-design, then, has been confirmed in the recent Italian reform-law for social service (Law n. 328/2000). The relationship between PAs and NPOs, therefore, is progressively changing from a mercantile approach (the LPA “buys” services from the NPOs) towards a modern “division of labor” in which the critical point is not the binomial “planning-execution” (the first one to the LPA and the second to the NPOs) but rather the common research of synergy of action among all the involved actors³. It is a system in which the setting of goals of the LPA moves away from the mere research of efficiency maximization (lower costs of services by way of the outsourcing to the NPOs) to embody a “sustainable quality” approach towards the designing of services as well as towards the relationship

¹In this paper the term “Public Agencies” (PA) refers to all the public institutions (the State, Regional Administrations and Municipalities) involved in the provision of social services. The term “Local Public Agency” (LPA) refers to the Municipality in its role of organization responsible for the social services system.

²It was the contracting-out era (Pavolini, 2003): the role of NPOs was limited to the delivery of social services, which were designed and financed by the public institutions.

³According to the Gidron, Kramer and Salamon (1992) lexicon, the relation between PA and NPOs in Italy seems to progressively change from a “collaborative vendor” status to a “collaborative partnership” one. The situation, however, is not homogeneous all over the nation: recent analyses (Pavolini, 2003; Candela, 2003) show that, on the contrary, examples of partnership and mercantile approaches can be easily found even in the same region.

with third sector organizations, in which strong attention is paid by the LPA to the promotion of social enterprises within the third sector industry.

According to the transactional lexicon (Williamson, 1975), the process can be described as a progressive shifting from a hierarchical organizational structure towards a quasi-market one. In the hierarchy model the social service system develops inside its boundaries, it is governed from the inside of the organization (the LPA) using a traditional bureaucratic approach: the needs survey system is totally internal, facilities are run and managed by PAs, and services are delivered by public social workers. In the quasi-market scheme the picture is extremely different: PAs at different levels coordinate and co-finance a complex system in which an increasing portion is co-designed and co-operated with the specific contribution of third sector organizations. The social service system, therefore, opened its boundaries to new actors: voluntary organizations, social cooperatives, associations, foundations, etc., thus requiring new, more complex organizational tools to manage and govern the open system, with serious attention to the way the PA handles its relations with its non-profit partner.

What is happening in the social service domain does not look peculiar though. Even in the field of manufacturing, we long ago transitioned to a progressive change in the way enterprises relate to one another, to their organizational environment, to the market, and to the manufacturing processes they carry out. If the Fordist era was the time of “bureaucracy” (internal production, vertical coordination, un-mediated relation with the market, etc.), Post-Fordism seems to be the time of “market”: enterprises concentrate their strategic effort on their “core competencies” (Hamel and Prahalad, 1990; Quinn and Hilmer, 1994) and they massively outsource the rest.

2. Aim of the Study and Analytical Framework

From manufacturing to service industry the importance of the cross-boundary processes in organizations looks now impressive (Barney, 1999; Hitt, 1999). In this paper we aim at approaching the study of this issue from the perspective of the organizations that operate in the field of social services. In order to examine the topic we will present and discuss some of the most significant and innovative projects in the childcare services system of an Italian metropolitan area (ca. 700.000 residents). The case studies were composed during a one-year research project called “*Licurgo*”⁴ concerning the relationship between Public

⁴See the project web site for details: <http://www.licurgo.it>. The research report is going to be published soon; A draft version is available at CENPRO: Giorgetti G. (2005) (eds), *Rapporto di ricerca – Gruppo Alfa, Progetto Licurgo*, Genova: CENPRO.

Administration and NPOs in the Municipality of Genoa, carried out by CENPRO in partnership with other public and non-profit institutions⁵.

We will present and discuss each case study following an interesting analytical framework that has been recently proposed for studying the changes in the way enterprises control their cross-boundary processes in the field of production and services by Bruno Maggi and other authors (Maggi and Masino, 2000; Maggi, 2001, Maggi and Cotnoir, 2002) who embrace the Organizational Action Theory (OAT) approach⁶.

What they propose is a conceptual overcoming of the notion of “organizational boundary” itself, demonstrating how the OAT (which does not recognize such a notion) seems to be “better equipped” (Maggi and Masino, 2001: p. 298) than other theoretical approaches to interpret the phenomenon of the change in the way organizations control their “cross-boundary” (inter-organizational, with the OAT) processes. To this end they: a) critically review those organizational approaches that already dealt, directly or indirectly, with the issue of organizational boundaries; b) explain how the issue of organizational boundaries is approached using the OAT analytical framework; c) present some case studies in the field of production and services which are interpreted, in turn, from different theoretical standpoints, always including the OAT.

a) For each theoretical framework (the transactional approach: Williamson, 1975, the contingency theory: Lawrence and Lorsch, 1967, the resource-dependence theory: Pfeffer and Salancik, 1978, and the organizational ecology school: Hannan and Freeman, 1989)⁷ the specific interpretative contribution to the issue of organizational boundaries is explained and the

⁵The authors have been carrying out their analyses adopting a qualitative approach to the research. 70 representatives from the local NPOs (40) and the LPA (30) have been interviewed. In addition 5 focus groups were conducted to specific research themes.

⁶In Italian: “*Teoria dell’Agire Organizzativo*” (TAO). Bruno Maggi elaborates this theory in the wake of some of the most important authors in the field of organization and sociology: Max Weber, Chester I. Barnard, Herbert A. Simon, and James D. Thompson (Maggi, 2003: p. 3), taking also into account the work of some other more recent theorist like Alain Touraine and Anthony Giddens. The outstanding points of this theory are the following (Maggi and Albano, 1996: p. 220): it assumes a process-based conception of human action where the time is a fundamental variable; it presupposes a theory of decisions which are considered as an analytical element of the action; it concentrates on organizational processes and on relational structures that they constantly produce and reproduce; it refuses a conceptual definition of organization in term of a superior, concrete entity, in any way separated from individual actors; it lies on an epistemological framework of “adequate causality” that opposes both deterministic and subjectivistic explanation of intentional phenomenon; last but not least, it conceptualizes the organizational action as a form of action that fundamentally relates means to aims, that is to say that organizational action is guided by bounded rationality. For further reference see Maggi, 2003. See also, in Italian: Maggi, 1994; Maggi and Albano, 1996.

⁷More than one author has elaborated each of these theories. We have quoted here the most known and representative works in our opinion.

most evident heuristic limits are underlined (Maggi and Masino, 2001; Maggi and Cotnoir, 2001)⁸. For all of these theoretical approaches Maggi and the other authors underline how they disregard the social essence of inter-organizational relations: knowledge sharing, power dynamics, path dependence behavior, etc. The residual deterministic philosophy is clearly evident: changes in the organizational boundaries necessitate the adjusting of the organizational structure because of external factors. No relevance is assigned to internal decision processes or to the external influence of these organizational activities⁹.

- b) The OAT, say Maggi and Masino (2001), does not show much interest in the topic of organizational boundaries, it could be said. The process-based concept of organizational action shifts the focus away from formal boundaries to the interdependence among organizational processes. Another prospect needs to be assumed when dealing with the issue of organizational boundaries adopting the OAT. Reviewing the seminal thought of OAT authors like C.I. Barnard, H.A. Simon and J.D. Thompson, Maggi and Masino (2001: p. 304) clearly states how the OAT approaches the issue: “every process defines its relations with other processes by way of design choices that use the ability to maximize control as a driving criterion”. Outsourcing decisions (or any other decision about inter-organizational processes), therefore, should be studied in this perspective.
- c) In Maggi and Masino (2001) the two authors analyse the case of commercial reorganization in Xerox, the case of outsourcing of infrastructural activities in Fiat S.p.A., and the case of the passage from integrate production to modular production in Fiat Auto. In Maggi and Cotnoir (2002) the authors discuss the case of outsourcing of manufacturing design activities in the aeronautical industry. Even if the case studies relate to a wide set of different organizational decisions that took place in diverse fields (from manufacturing to commercial services), they all discuss the issue of a presumed shifting in the organizational boundaries of those enterprises. Different theoretical approaches are used to interpret those organizational decisions; the OAT,

⁸The transactional approach, they say, offers a direct explanation of the issue (organizational boundaries depend on efficiency decisions that look at the transaction cost as a descriptive variable). In the contingency approach the way the organization manages its boundaries depends on the level of environmental differentiation, which is considered, within the theory, as an independent variable. A similar reasoning is conducted in the resource-dependence perspective: the dependence from external resources influences design decisions regarding organizational boundaries (the contingency approach is evident even in this perspective).

⁹As for the organizational ecology approach, the authors' considerations are more enthusiastic. In that perspective, in fact, social processes that create and maintain the definition of the organizational boundaries play a critical part in the analysis, which is very consistent with the OAT approach to the study of the organizational phenomenon.

however, seems to better evaluate most of the critical issues disregarded in the other perspectives.

Following the scheme used by Maggi and Masino (2001) for each of the cases that we will present and discuss the heuristic contribution of the OAT will be underlined and considerations will be made in order to evaluate if this innovative analytical framework could help researchers to better understand how LPAs and NPOs relate to one another in the field of social childcare.

3. Case Study 1: the “Territorial Educational Laboratories” Network

Politics and services in social childcare in Italy have traditionally focused on managing social problems of children who often come from disadvantaged low-incomes families (Ferrario, 2001). For the first time, Law 285/1997 proposed a different philosophy: the promotion of children’s and families’ well-being needs to be approached as a comprehensive goal in which taking actions for the solution of social emergencies represents only a minimum ambition. The change in the philosophy promotes a change in content of the services that are delivered: the target, therefore, is not only low-incomes underprivileged families or problematic children, but the community as a whole.

The Territorial Educational Laboratories (TEL)¹⁰ network embodies the above-mentioned change in the social politics content and is characterized as an original, innovative experience in the Italian childcare services system. The project, which is part of a wider plan of intervention of the Municipality of Genoa in the field of social services, dates back to 1999 and it is still operative today. The aim of the project is to extend the chances of socialization, learning and leisure for the non-school time of young people of school age. The creation of community-based participated services is the intent of the LPA and specific organizational measures are taken to accomplish this goal.

The innovative nature of the TEL network relates to: a) the relations among all the organizations involved in the network, b) the connection that projects maintain with the community, and c) the financial structure of the projects.

a) The issue needs to be explained from two different viewpoints:

- a1) the inter-organizational level (the relation among the LPA, NPOs and other partners): the content of each service results from a complex set of participation mechanisms that brings together various actors: the LPA, the sanitary territorial units (*ASL: Aziende Sanitarie Locali*), citizen groups, school representatives, associations, foundations, and social cooperatives. Each project needs to be realized by a network of organizations and the participation of at least one NPO is strongly

¹⁰In Italian: *Laboratori Educativi Territoriali – LET*.

required¹¹. Each network chooses a network coordinator, who is responsible for the management of the network funding and represents all other members with the LPA.

- a2) at intra-organizational level (within the LPA): the LPA provides a detailed organizational infrastructure with one central coordination unit (CCU) and one TEL local committee (LC) for each sub-area of the Municipality. The CCU is responsible for the coordination of the whole system; it provides guidelines to the LCs and it guarantees homogeneity of the interventions across the sub-areas. The LCs are managed by a “network facilitator” who is the person in charge of the coordination of all services in his area and of all the networks.

The project’s organizational infrastructure, therefore, is characterized by a strong pro-active role of all the involved partners. The content of services, thus, is not projected “inside the LPA” but results from a participated process in which an active part is played by families and projected clients. The LPA just promotes the process through the CCU and the LCs. The involved NPOs, then, do not act as the operator of someone else’s decisions, which they must sometimes do when delivering social services as a result of a contracting-out decision of the LPA. In those cases the public institutions accurately define goals and tools of actions, provide the funding and take care of the control: not much is left for entrepreneurial action of the operator. Here, instead, a considerable autonomy is assigned to the networked NPOs: they detail the content of services and decide how to differentiate their offer.

- b) One of the TEL’s most important sources of innovation lies on the strong connection that the project builds with the community. Before the project was launched, the LPA promoted empirical research that aimed to understand the nature of social needs in every sub-area of the territory. All of the above-mentioned partners participated in the initiative and the findings reported by the research group were the starting point of all the rest. On that basis, each LC proposed a target-service list and asked the NPOs to present projects and form the networks.
- c) The TEL network definitely has an innovative nature also because of the financial structure of the projects: the LPA provides funding on a start-up basis: the first year the financial coverage was complete and then each year’s funding was reduced by a given amount. The goal was to support the launch phase of each project and to stimulate the ability of the NPOs to find their ways to the market for their saleable services. The LPA, to this end, provides also a sort of “quality certification” to the organizations that participate in the network: the so-called “*ISO LET (TEL)*” brand. They can use it as a “visiting card” when relating to the market and it may represent a source of interest for

¹¹From 1999 to 2004 about 230 NPOs and 20 schools took part to 63 projects.

those organizations that want to join the project and create more TEL networks.

3.1 Discussion of Case Study 1

The case of the TEL network represents a good example of how relations between LPAs and NPOs have changed in the field of social childcare. According to the lines of Law 285/1997 the Municipality of Genoa launched the project; the way it has been set up embodies the changes in both the concept of social childcare and in the relationship LPAs–NPOs that was suggested by the law.

In a contingency approach the phenomenon could be interpreted, for the LPA, as a differentiation of its own organizational environment, to which it reacts with a corresponding differentiation in the way it manages its boundaries design. An external factor (the law) sets new constraints for the LPA: what is required now is to provide non-standard services to both advantaged and disadvantaged children, including the families among the target-clients and involving the NPOs in the design of the services' content. All of these new issues, in fact, are the elements on which the TEL network has been built on. Even the decision of promoting NPO networks was lined by the law, as the national funding provision required it as a compelling point. More aggressively, we would say that for the LPA there was not much choice: it had to change its strategy and it did, the organizational change came along as a necessitate consequence. In the contingency framework, in fact, the equation environment→strategy→structure (Chandler, 1962) is the key element on which most of the organizational decisions are explained.

A different reasoning, however, could be conducted: a) are we sure that the change in the legislation has to be considered as an external driver for the change in the relationship between the LPAs and the NPOs embodied in the TEL network? b) are the LPA organizational decisions within the TEL network completely explained by the lines of the legislation? And, c) does the same level of partnership between the LPA and the NPOs generally take place in social childcare in Italy after the passing of Law 285/1997?

a) This is a crucial point: legislation (in every field) represents a powerful instrument in order to induce strategic and organizational re-orientation of economic actors. What often happens, however, is that economic actors themselves, directly or indirectly, play a decisive role in influencing the way the legislation is changed. Sometimes, then, the legislator just recognizes with a new law that the actors' actual behavior is changed. It seems that something similar occurred with Law 285/1997 something similar has happened (De Giorgi, 1999; Fusaro, 2003): NPOs in Italy have for a long time lobbied for enhancing their power in the social services politics decision making processes (Pavolini, 2003). A critical factor for the change in the legislation, then, lies on both a pro-active NPO's actual entrepreneurial behavior and on

some PA's open-minded attitude concerning the role and the added value that NPOs can produce when they cooperate with the PA in the set-up and in management of services. A more realistic interpretation, therefore, is that the causal relationship between the change in the legislation and the change in the actors' behavior is twofold.

- b) Another way to formulate the question is: were there alternatives for the LPA in order to follow the Law guidelines? An affirmative answer seems sustainable as a lot of alternatives could be mentioned. In the TEL network the LPA assigned an high level of empowerment to the NPOs and that was not *required by* the Law; another option could have been to involve them but still maintaining a strong control on services' content design processes. In other words, the LPA could have followed Law guidelines even assigning a traditional mercantile content to the relationship with the networked NPOs.
- c) The contingency approach is also a predictor for organizations' behavior: within comparable organizations an analogous impact on design decision should be expected for every organization when dealing with a similar environmental change. Law 285/1997, in fact, was a national law, and all the Italian LPAs were supposed to follow its guidelines. Recent research, instead, demonstrates that the organizational solutions that have been implemented across the nation have varied significantly (Pavolini, 2003; Candela, 2003).

The contingency approach, therefore, in this case does not seem to explain much of the critical issues that did happen within the domain of the LPA and the NPOs. It explains some of the changes but does not seem to be interested in saying *how* these changes took place and what were the strategic goals of the involved actors when they promoted and set up (the LPA) or participate in (the NPOs) the network.

Now let's look at the TEL case from the perspective of the OAT. In this approach the key element, when dealing with inter-organizational decisions, is the ability of each organizational process to maximize its control over (or to minimize its dependence from) other organizational processes (Maggi and Masino, p. 303). To this end each process develops either competitive or cooperative strategies with other processes, aiming at improving its control over the fundamental (core) organizational transactions. The way the LPA sets up and governs the TEL network, and the choices that it made about the level of empowerment to give to the NPOs seems to be explained using these hypotheses. Promoting the creation of organizational networks among the NPOs and other institution did produce multiple benefits for the LPA in this perspective. It "had to" implement the changes wanted by the Law but that was also the chance for planning a medium time "escape" from its own direct financial involvement in the delivering of those services¹². The promotion of the network

¹²The services delivered within the TEL (see the case description above) are the so-called: *servizi a bassa soglia* (low level services): socialization services, leisure services, etc. In a condition of scarce resources this is not the "core business" of the LPA as they

and the way it has been designed is consistent with this goal: they wanted to create the conditions for the NPO to enhance the marketability of their services and making them participate in the network is a powerful solution to this end¹³.

4. Case Study 2: The Mother-Child Network

The Mother-Child Network¹⁴ (MCN) is one of the most significant examples of functional integration between public and non-profit sectors in the field of childcare social services in the Genoa Metropolitan Area (GMA). MCN has been operating since 1997, when the Municipality of Genoa decided to start-up the project. It is not irrelevant, then, to clarify the elements that characterized the GMA social service system at that time:

- a) the first point relates, from an institutional standpoint, the then-recent creation of “Social Districts”¹⁵ within the public social services system¹⁶. What came out was an explicit innovative attitude, within the LPA, in the field of social childcare¹⁷, mostly in the area of residential services, in which a direct dedicated supply of services was lacking and had to be provided;
- b) a second element was the national reform in the childcare social services field (the above-mentioned Law 285/1997) the provision of which dedicated specific funding for short-term group-home facilities for children and, at the same time,

are, instead, the so-called “*servizi ad alta soglia*” (high level services) like individual (customized) psychological support (see case study 3).

¹³Participating in the network, in fact, produces a lasting asset for the NPOs: the “net-work attitude”, an intangible asset that constitutes one of the essences in the building of a strong community’s social capital and in developing their entrepreneurial capabilities. If this is true for each and every organization involved in the networks, it may be of particular meaning for the smallest ones: thanks to the participation in the network they can access knowledge and take part of relational networks that could help them to grow and to enhance their community-rooting. The benefits are visible also in the perspective of the bigger organizations. They can enhance their relationships with the community by way of the smaller, community-rooted, organizations; they can develop their volunteer idea and access a new, value oriented, human resource market.

¹⁴In Italian: *Rete Madre-Bambino*. See also the network website: <http://retemadrebambino.org>

¹⁵“*Distretto sociale*” is the formal denomination for the territorial operational units in which the local social service system is divided.

¹⁶The responsibility of the childcare social services in the past was assigned to the sanitary system (*consultori*), with the creation of the Social Districts, instead, the Municipality of Genoa is now responsible for providing care.

¹⁷In the same period the LPA set up a staff unit explicitly dedicated to project innovative services in the field of social services (the so called “*Ufficio innovazione*”).

encouraged the involvement of NPOs in the planning of projects and in the delivery of services¹⁸;

- c) another factor, then, was the evolution of social intervention methodologies in childcare (Ferrario, 2001). Since the beginning of the '90s, in fact, a big change affected the lines of social politics in this field: if in the past the estrangement of children from their families was often encouraged in case of social problems, the new way of thinking was to avoid this option if not strictly required. Keeping children within their family environment, on the contrary, was the new philosophy.

At that time, in fact, several NPOs in GMA expressly focused on providing services that embodied this principle, delivering residential and non-residential services to a specific target: disadvantaged young women who were experiencing social problems of different kinds (unemployment, prostitution, abuse, etc.), affecting their ability to properly manage their relationship with their children.

The NPOs produced quality services but their leaders and the LPA felt like they could improve their performances if they integrated their services and acted like one single organization. Explicit goals were to enhance the efficiency and the effectiveness of the organizations' actions, and to contrast the emergence of any form of redundancy in their services. This feeling was perceived by the LPA as well, and the basic idea was to promote the setting up of a stable form of integration among those organizations as a solution to these problems. The NPOs, however, wanted to maintain their independence: they were "different" from one another (in their ideological pattern, in their culture, in the way they relate to clients, in their mission, etc.) and they wanted to stay "different"¹⁹. If the LPA had to take part in the project it had to do it in a "soft" way or the project would fail. The coordination of the organizations had to target to the promotion of their values, taking their internal asset as the driving force of an autonomously ability to respond to the needs of the community, an ability that was expected to rise-up if they were supported in putting their efforts together. The creation of a network appeared to be the most attractive option, then: a useful "soft" organizational tool that creates the basis for a team-work cultural and operative attitude, a common ground from which to start in order to create an integrated system from a wide range of non-integrated value services.

A specific issue, then, was how to calibrate the role of the LPA in the network. As on the formal viewpoint they chose to sign a letter of agreement (*protocollo*

¹⁸See case study 1.

¹⁹All of the NPO's leaders who participated in the study agreed in the interview that they were quite aware of the risk of losing their own identity because of the network, and, at the same time, they did know that, together, they were like an "explosive mixture" because of the multiple "differences" that they were bringing into the network. The perception of these risks, however, helped them to mature a cooperative attitude in which the crucial point was that they were sharing a common project, which will produce an important plus for their clients.

d'intesa) in which the role of coordinator-partner was assigned to the LPA (in 1998). The content of this role consists of integrative coordination, which is intended to be oriented to the promotion of the values of the network in the form of guidelines to the partners. From an organizational standpoint, then, it consists of a non-hierarchical coordination, which goes together with the express purpose of keeping the partners free to choose their own way to provide and deliver their services. The network, therefore, is conceived as a set of shared rules in order to turn organizational differences into common resources providing homogeneous access to higher quality services for the clients.

The organizational structure of the network consists of three bodies:

- all the representatives of the 7 NPOs and one representative of the LPA form the “coordination board” (*tavolo di coordinamento*) which takes care of the strategies, project innovations about service integration, and makes decisions about permitting new members into the network;
- a restrict group, then, has the role of monitoring the access of clients to the network facilities (the “technical group” – *gruppo tecnico-operativo*) providing information to the “coordination board” about experienced problems or new issues;
- all the facilities financed by the Law 285/1997, then, are managed by a specific organizational unit (*gruppo 285*).

All of the partner organizations run 7 residential facilities (*comunità alloggio*) offering accommodation to 42 mother-child groups (102 people). They run also one multipurpose and four traditional apartments offering accommodations for 13 mother-child groups (36 people). They also provide some other non-residential services: job orientation, baby-sitting and traditional psychological support services. LPA gives each organization a flat fee for each client that they assist on the basis of a medium-term agreement. Some of the apartments are financed by the Law 285/1997 National Fund and the network itself benefits from a contribution granted by a bank-foundation.

One of the most important innovations that has been introduced since 2000 is the “access filter” (*filtro agli accessi*), which consists of an integrated procedure for the access of clients to the facilities. Thanks to the setting up of a network information system, clients can benefit from multiple resources entering and leaving different kinds of facilities depending on their contingent needs. The public social worker that follow the cases, then, always has a clear picture of what all the organizations can offer at a given time. They are still working, then, to realize a more detailed differentiation in the services that each organization delivers: to accomplish this goal would be a real enhancement of the benefits that the network could deliver to its clients.

Since the network has been in operation an impressive enhancement of the performances for most of the services has been reported: a significant optimization of the production capacity, a considerable cut back in the lead times, a better relationship between paid and non-paid staff, an extensive decline in the length of time clients stay in the residential facilities and a substantial increase of the cases that have a positive end (the independence of the group).

4.1 Discussion of Case Study 2

The case of the MCN visibly relates to the issue of changing organizational boundaries of actors in the social childcare field. The situation, though, is extremely different from the case of the TEL network. Here the “market” (as an organizational form) already existed. The services were co-financed by the LPA while the design process and the delivering were prerogatives of the NPOs. In fact, they started the services all by themselves and carefully treasured their independence. Although they delivered quality services, a more detailed analysis of the situation showed important problems on the side of efficiency; the causes seemed to lie on the lack of coordination among the services and specific organizational measures had to be taken.

In the transactional approach the promotion of the MCN network, therefore, may be interpreted as a shifting from a “market” situation towards a “hierarchy” scheme. The transaction cost was perceived to be high because of the cost of coordination. In these situations the Williamson model suggests to move towards an internalization, in other words “to put some hierarchy into the market”, centralizing the control and coordinating the “market” from inside of the organization. Before the network was launched and the “access filter” was set up, in fact, each public social worker who needed to find an accommodation for a mother-child group had to go through a complex (and costly) procedure that consisted of asking all the organizations for availabilities and then making decision based on those data. Decisions about which facilities to choose, however, were often taken with little regard to the specific needs of a given mother-child group, while the main issue was to locate the facility that had vacancies. The process had impressive organizational costs.

The transactional interpretation in this case seems to be solid. The decision of promoting the network and taking part in it as a coordinator widen the organizational boundaries of the LPA. Thanks to the network, the coordination improves and the goal of improving efficiency seems to be accomplished.

Let's see, now, how the OAT would interpret the case. The prospective here relates to the ability of processes to gain control against other processes. The decision of promoting the network, therefore, could be interpreted, for the LPA, as a result of a strategic action aimed at increasing its ability to control its own core processes. The effect on the organizational boundaries is disregarded, while more attention is paid to the reasons that subtend the change in the actors' decisions. In the transactional model efficiency is the key issue. The change in the actors' behaviour, therefore, is *driven by* this criterion and comes out as a *necessary result*. In the OAT, instead, the organizational actors make decisions in order to achieve satisfactory results and are guided by bounded rationality. The point is less subtle than it could appear: in the OAT more variables are contemplated in explaining the LPA's decisions. It did aim to improve efficiency but also pointed towards other purposes: to enhance quality of services, to maximize control over its “suppliers”, to access to more information, and to develop more knowledge about crucial processes that were out of its control

before the network was set up. All of these points have nothing to do with “efficiency” or with the minimization of transaction cost. On the contrary, it looks like the LPA freely decide to rise-up transaction cost in order to achieve other objectives. The cost of coordination, in fact, was felt to be high, but the benefit that they could get was perceived to be much more higher²⁰.

5. Case Study 3: the Territorial Educative Agency

The Territorial Educative Agency (TEA) is one of the most significant innovations in the childcare system in the Genoa Metropolitan Area (GMA). It is a new organizational model for the provision of integrated daytime social services for children with the aim both to face manifest social needs and to prevent their emergence, thus promoting children’s well-being.²¹

There are now nine TEA in GMA and each of these is managed by a network of NPOs on the basis of a contract with LPA. The governance of TEA is in charge of both LPA and NPOs’ network: a Central Group of Continuity (CGC) – made up of LPA’s and NPO’s representatives - ensures the regular and continuous co-operation between the public and private actors of the TEA, discussing about the strategic lines of development of TEA. On the contrary, at local level, the Mixed Commission (MC) is another TEA’s body whose responsibility regards above all the operational aspects:²² the member of MC (both public representatives and NPOs’ ones) discuss about the individual paths of social intervention for each child within the TEA.

The TEA began in 1998 when the LPA of Genoa – already outsourcing in this field - decided to change the arrangements for the selection of NPO providers and the governance of daytime social interventions for children. The innovative nature of the TEA can be better appreciated after clarifying some key characteristics of the supply system in this field before 1998:

- a) since the ‘90s the LPA has been outsourcing the great majority of daytime social services for children, making contracts for the delivery of specific social services, well defined in their content in the text of the agreement. As a consequence, each NPO, which had signed a contract, was a provider of a specific service in all the GMA;

²⁰This opinion is shared by either the LPA’s or the NPO’s representatives who have been interviewed during the research.

²¹The services provided by the NPOs within the TEA are educational ones both in the form of group activities and in the form of individual intervention.

²²The MC has also the responsibility to discuss about strategic matters strictly regarding the specific TEA and not the TEA system as a whole since the latter is monitored and evaluated by the CGC.

- b) the LPA was used to co-operate in the process of services design with the NPOs which were already engaged in the provision of services in field of childcare. It was not a real partnership since the co-operation was not structured but limited to specific circumstances: the periodical identification of the nature and the characteristics of the services to be outsourced by the LPA. Generally, there was no strategic co-operation after the creation of the contract between NPOs and the LPA;
- c) daytime social services for children were projected in order to solve social problems (socialization needs, families incapable of sustaining children's growth, etc.) rather than to prevent their emergence or to promote well-being.

The TEA innovative character can be explained referring to all the three above mentioned key points, in fact:

- a) since 1998 the LPA has been outsourcing daytime social services for children relying on multiple contracts for specific services to be delivered all around the GMA rather on simply one contract for each local area where the provider has the responsibility to guarantee the delivery of a complex set of services for the children of the specific territory. There are several reasons for this change: first of all, the new philosophy of social services integration, according to which the complexity of social needs can be faced only through integrated paths of social intervention, attempts to make the coordination between different services easier within local areas; secondly, this change provides a means to better guarantee effectiveness of childcare services, no longer viewing the local area as the object of social intervention but as its subject, capable of mobilizing suitable social resources for the solution of the specific local needs; finally, the institutional reorganization within the LPA of Genoa can be mentioned as one of the reasons for the change since it created territorial operational units (named "social districts") which can co-operate more easily with local providers responsible for the complete set of daytime childcare services than with several different providers of specific services. Whether or not it is an explicit goal of the LPA, after the birth of TEA about nine new local NPO networks were created and are now the ones receiving the TEA contracts with the LPA. The delivery of a complex set of services in a local area, in fact, requires the involvement of several organizations, whose specific competences and experiences are fundamental to the effectiveness of the local social intervention as a whole. It is in GMA the first experience of operational co-operation among NPOs, now recognizing to the LPA the merit of this;²³
- b) the application of co-design principle is now wide-ranging: strategic co-operation is extended to the entire childcare services system and it is a continuous and structured activity. In fact, the Central Group of Continuity

²³Before TEA, NPOs in GMA had experience of a network organisation, aiming at claiming the precariousness of public contracts rather than projecting and delivering common services to children.

- (CGC) has been created at a central metropolitan level to monitor – through the cooperation of leaders of NPOs and the LPA – the outcome of the experimentation as a whole. At the local level, instead, a Mixed Commission (MC) works within each TEA in order to maintain the strategic co-operation among the NPOs' network governing the TEA and the social district;
- c) the TEA represents in the GMA not only an organizational innovation but also an enlargement in the services supplied: TEA's services are not only addressed to children with manifest social problems since prevention and promotion projects are developed in order to enhance the well-being of the community as a whole.

5.1 Discussion of Case Study 3

TEA innovative power in childcare system in GMA can be interpreted according to the contingency approach, explaining the organizational change within the system as an attempt to be more suitable to the evolving environment.

In fact, assuming the LPA's point of view, during the '90s,²⁴ citizens no longer need standardized services, rather a recognition of the complexity of social needs to be answered through integrated paths of social intervention, strictly connected with the community and the particular characteristics of each local area. In this theoretical perspective LPA's answer seems to be consistent with external changes since, modifying its out-sourcing arrangements, it had required its providers (NPOs) integrated paths of community based daytime childcare services.

Contingent theoretical approach seems to be useful assuming the NPO's point of view too. In fact, their shifting from isolated action to network one can be explained as a reaction to external transformations: new market rules imposed by LPA made necessary to join other NPOs making networks able to manage the integrated paths of childcare intervention within the TEA.

This contingent concept gives us some explanations of the reasons of the innovation produced by the TEA but it is not completely satisfactory. In fact, it interprets the topic without reference to: organizational internal processes of organizations, control and influence that organizations can exercise over other actors of the system, decision making processes, etc. These elements are, instead, consistent with the analysis proposed by OAT theorists who seem to suggest other reasons to explain why and how the LPA decided to modify out-sourcing rules.

²⁴An important element to be considered in this evolution process is the promulgation of L. 285/97, promoting the non-standardization of services and the promotion of well-being.

In fact, the emerged need to ensure the community the integration of social services for children gives the LPA at least two different opportunities: investing in making integration of already existing services by itself or “out-sourcing” integration functions to the market, asking providers to deliver integrated childcare paths of intervention instead of single services. The latter is the solution chosen by LPA. While the contingency theory says nothing on the subject, the OAT seems a useful interpretative instrument, suggesting that LPA, building the TEA, pursues two specific organizational goals: a) the reduction of environmental uncertainty, transferred to the market, and b) the preservation of control over the out-sourced activities. The described structure of TEA seems to confirm this hypothesis: LPA shaped the TEA in order to ensure itself the opportunity to exert control over its activities through the two above mentioned bodies, CGC and MC.

6. Conclusions

Research in organization has recently focused on the issue of cross-boundary processes (Barney, 1999; Hitt, 1999; Maggi, 2001; Maggi and Masino, 2001; Maggi and Cotnoir, 2002). In this paper we aimed to approach the study of this issue from the perspective of the organizations that work in the field of social services. Discussions have been carried out illustrating three different cases of change in the way the LPA in GMA manages its relations with some of the NPOs that operate in the field of social childcare. In all of the cases the main issue was a change in the way cross-boundary processes were managed. The next step, then, has been to discuss each of the cases from different theoretical standpoints. Apart from the OAT (which we have used in all of the three cases) we applied the contingency theory in the first case, the transactional approach in the second case and again the contingency theory in the third case.

Some final crosswise consideration, however, must be made. The OAT approach lies on an epistemological framework of “adequate causality” (Maggi and Albano, 1994: p. 221): the organization (as a concept) is not a predetermined social system in which the organizational action is *determined by* external factors (deterministic view), nor an interaction-based social system in which the rationality should be evaluated only on an *ex-post* basis (subjectivistic view). In the “third view” the organization is a process of actions and decisions, and the actors’ behaviour can be explained in a bounded rationality framework (Simon, 1947). Understanding the epistemological basis of a theory, therefore, is a decisive point. The researcher has to make choices (Maggi, 2003: p. 2), and the choices that he makes will affect the findings of his research.

The OAT approach has showed its heuristic power in interpreting the issue of organizational boundaries in the field of manufacturing and services (Maggi and Masino, 2001; Maggi and Cotnoir, 2002). The analysis carried out in this paper, though, confirms this feeling: in all of the three case studies the OAT seems to better evaluate most of the critical issues disregarded in the other perspectives.

The contingency approach or the transactional view both lies on a deterministic epistemological framework. In the first approach the external factor that drove the actors' decisions is the environmental change, in the second view the driving force is the research for efficiency.

Applying those analytical frameworks in the field of social services and in the non-profit domain lead to interpret organizational actions (of the NPOs or of the PAs) as a consequence of external decisions like the provision of a new law, a change in the fiscal regulation or a in the public financial support to a particular area of the social service field. Do these changes affect economic decisions in this field? An affirmative answer is quite sustainable, but much more factors have to be investigated to get a realistic picture of *how* the actors interpret these changes, and of how many alternatives of actions could result from different interpretation processes. The NPOs in Italy progressively increase their legitimacy in the relationship with the PA and with their clients: saying that this is the result of a change in the legislation tells just one part of the story. To know the rest another prospective has to be assumed, a perspective in which organizational changes result from an intentional engagement of strategic actors. This is the OAT approach.

The involvement of NPOs in the provision of social services in Italy has sometimes been interpreted as a dangerous cutback in the State prerogatives concerning social services system. From an organizational standpoint we would say it looking at the organizational boundaries of the PA: outsourcing to the NPOs means a narrowing in the organizational boundaries of the PA. The three case studies that have been discussed in this paper, instead, explain how sometimes an opposite phenomenon took place: the PA by way of its non-profit partner have been able to maximize its control over some of its most crucial processes. Again, these aspects have been understood applying the OAT approach.

The aim of this paper was to discuss if the OAT approach can help researchers to better understand how LPAs and NPOs relate to one another in the field of social childcare. On the basis of our analyses the heuristic power of the OAT is confirmed. A more wide-ranging adoption of this approach in researching this field, however, should be welcomed.

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