

**IL GOVERNO AZIENDALE  
TRA TRADIZIONE  
E INNOVAZIONE**

**a cura di  
Luciano Marchi  
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**FrancoAngeli**



**Società Italiana di Ragioneria  
e di Economia Aziendale**

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IL GOVERNO AZIENDALE TRA TRADIZIONE E INNOVAZIONE

**IX**

**AMMINISTRAZIONI PUBBLICHE**



Società Italiana di Ragioneria e di Economia Aziendale



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## INTRODUZIONE

Luca Anselmi

Le Amministrazioni pubbliche in Italia, ancor più che negli altri paesi più simili, risentono ancora di gravi carenze nel sistema decisionale e programmatorio, specie strategico, nell'organizzazione e nelle politiche retributive ed anche nelle logiche e negli strumenti di un controllo adeguato.

Le influenze del New Public Management nel nostro Paese sono state relative ad una breve stagione, compresa tra il 1992 e la fine del millennio, mentre il passaggio dalle riforme legislative agli atti conseguenti è spesso mancato o si è dimostrato fortemente riduttivo e molto legato alle ordinarie abitudini. Non stupisce quindi che trascorsi oltre vent'anni rinascono e si evidenzino carenze nuove, vecchie esigenze e proposte. L'applicazione parziale e lenta delle riforme ha portato certamente a necessità di approfondimenti insieme a veri e propri cambiamenti. In questo ambito si collocano i lavori presentati e discussi nella sessione relativa alle amministrazioni pubbliche.

Essi sono presentati sia da docenti che hanno vissuto attivamente i periodi di riforma precedenti, sia da giovani che hanno posto nella ricerca tutto l'impeto delle "nuove" scoperte, ne deriva un eccellente mix che raccorda vari punti di vista e di studio in modo da poter avere un fruttuoso insieme di conoscenze che vengono presentate alla nostra attenzione.

Il primo lavoro che presentiamo riguarda "Il governo e il controllo dell'integrità pubblica per la creazione di valore" sia nelle consonanze che nelle dissonanze in materia strategica come gestionale, sono autori Maura Campra, Paolo Esposito e Paolo Ricci e lo studio mira a considerare l'integrità non come un annesso della gestione, ma come un reale componente con possibilità di misurarne il valore secondo le linee di Corte dei Conti e di ANAC.

Arianna Rosi centra il suo lavoro su "un'analisi esplorativa dei sistemi retributivi del top management nelle utilities italiane, considerandone le performance e le varie modalità di impostazione: è particolarmente interessante considerare il tema nell'ambito della realtà esplorata.

Altro paper che riguarda le Autorità Indipendenti è presentato da Alessia Patuelli e concerne la "regolazione dei trasporti in Italia" conducendo un'attenta analisi che porta alla valutazione dei primi effetti riscontrabili nel trasporto ferroviario passeggeri, là dove la competizione sembra essere iniziata con una certa decisione.

Un paper che focalizza l'attenzione su "Innovation and smart city" è proposto da Laura Broccardo, Francesca Culasso, Elisa Giacosa, Giuseppe Grossi ed Elisa Truant che conducono un'analisi esplorativa dei comuni italiani che sono, o possono venire, coinvolti.

Sul piano generale dei principi e metodi contabili spicca il "National and governmental accounting in EU." di Sforza Vincenzo e Cimini Riccardo, lo studio pone in luce con efficacia I rapporti tra general government e sub-sectors.

La misurazione delle performance è argomento di grande rilievo sia a livello nazionale che locale, Eleonora Cardillo e Daniela Ruggeri propongono il loro lavoro "Performance measurement innovations in the organisational routines: theoretical insights and empirical evidences from an Italian local government".

Ritornando ai principi ed ai modelli si colloca lo studio "The Popular Financial Reporting as tool of transparency and accountability" di Paolo Biancone, Silvana Secinaro e Valerio Brescia.

E' stato infine considerato un contributo di Vincenzo Vignieri, Angelo Guerrera, Giovanni Scire' ad oggetto i miglioramenti al sistema decisionale turistico con il paper "Tourism Governance at Stake: supporting decision makers in a small town through Interactive Learning Environment".

Dalla considerazione unitaria dei lavori esaminati nella sessione si evidenzia la vastità e complessità del quadro considerato e l'insieme di suggerimenti e proposte che vengono avanzate, anche a fini di public policy.

# TOURISM GOVERNANCE AT STAKE: SUPPORTING DECISION MAKERS IN A SMALL TOWN THROUGH AN INTERACTIVE LEARNING ENVIRONMENT

Vincenzo Vignieri, Angelo Guerrera, Giovanni Scirè<sup>1</sup>

## 1. Introduction

For some cities, regions and small towns, tourism represents a powerful engine to prosper and grow. Very often small towns run into trouble, even when they are rich in history, heritage and they show a strong entrepreneurial background. An explanation of this phenomenon can often be found in the lack of coordination between institutions. Governance plays a crucial role concerning both strategic planning and performance management for tourism destinations.

The recent Italian public sector reforms have tried to push the system toward a more cooperative and network oriented structure. For example consortia, touristic districts, and Public-Private partnerships, as well as the creation of local development agency.

The sustainable development of a small town is tightly connected with the capability of local both public and private actors to collaborate, to align strategies, and to share resources. Indeed, an individualistic behavior sooner or later will cause poor results for the local area.

Unexpected and/or unexplained outcomes are generated by the misperception of the specific complexity of the system, that is mainly referred to the narrow mental models of decision makers (Forrester, 1971: 213; 1992: 48; Senge, 1990: 22; Sterman, 2000: 19). To cope with such limitations, eminent scholars had widely pointed out the need for a double-loop learning approach to decision making (Argyris, 1976; Argyris & Schön, 1978). Such learning process replaces a reductionist, partial, narrow, short-term view of the world, with a holistic, broad, long-term and dynamic view (Sterman, 1994: 297), if simulation models support it. In this sense, System Dynamics (SD) methodology may play a major role (Morecroft, 2015; Morecroft & Sterman, 2000; Wolstenholme, 1990).

The aim of the paper is to demonstrate how an SD-based Interactive Learning Environment (ILE), may support local policy-makers in dealing with coordination, within tourism governance issues. To this end, we

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<sup>1</sup> University of Palermo.

designed an educational package offered to the relevant decision-makers of a small tourism destination. We chose Castelbuono<sup>2</sup> because tourism performance and governance are perceived as a challenge for local policy makers<sup>3</sup>. Moreover, the setting can be used as meaningful sample for small tourism destinations in Sicily.

The paper is structured as follows. The first section defines tourism governance, it also provides a brief literature review. The second section introduces a conceptual model to frame tourism governance in small town. The third section claims that SD can be used as learning tool. Afterwards, the “Dynamic Tourism Governance” Educational package is illustrated. Finally, the last two sessions describe the workshop session and analyze the simulation outcomes. Findings and further development of the research conclude the study.

## **2. Governance for sustainable development**

The term “Public Governance” indicates the trend of public administration to shift the institutional setting toward a horizontal decision-making process, which put emphasis on cooperation between public and private sectors and coproduction in service providing with citizens (Bovaird & Löffler, 2009). The word “governance” comes from the ancient greek verb *κυβερνάω* (kubernáo) that means “to steer”<sup>4</sup>.

Public Governance represents the evolution of New Public Management (Borgonovi, 2002: 38-41; Farneti, 2004: XI; Meneguzzo, 1995: 23; Monteduro, 2012: 51; Osborne, 2006: 377; Pessina, 2014: 11), but governance is a broad concept in public management. As remarked by Hall (2008: 3), governance was defined recently by economists and scientists and disseminated by institutions like UN, IMF and World Bank. Governance can be defined as “the traditions and institutions by which authority in a country is exercised” (Kaufmann, Kraay, & Mastruzzi, 2011: 4).

To Sheng (2009: 1) governance is the process of decision-making whose decisions are implemented (or not implemented). He explains that the good governance must own eight characteristics: participation, consensus oriented, accountable, transparent, responsive, effective and efficient,

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<sup>2</sup> Castelbuono is a 10,000 inhabitants town belonging to the Metropolitan City of Palermo, in Sicily.

<sup>3</sup> <http://www.madoniepress.it/mp-castelbuono-in-crescita-le-presenze-turistiche-6402.asp>; <http://www.ilgiornaledellefondazioni.com/content/castelbuono-pa-come-rendere-civico-un-museo-civico>.

<sup>4</sup> Osborne and Gaebler argued “less government” (or less rowing) but “more governance” (or more steering). Osborne and Gaebler. 1993. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*: Plume: 34.

equitable and inclusive and follows the rule of law. Therefore a good governance cannot exist without considering the sociocultural dimension, the economic dimension and environmental and natural resource dimension. On the same idea also Bouckaert, Peters, & Verhoest (2010: 206), and Pollit & Bouckaert (2011: 11).

Public governance can be considered as an alternative to market and hierarchy and it may be a way to manage relationships between public and private sectors. By public governance, the research means “the way in which stakeholders interact with each other in order to influence the outcomes of public policies” (Bovaird & Löffler, 2009: 6) and considers governance as a social phenomenon in which both public and private strategies are intertwined. Indeed, each actor aims to achieve individual goals, but those objectives are sometimes inconsistent or most often cannot be reached without strategic alignment and coordination among the other players.

As Rhodes (1997: 57) put it, “the state becomes a collection of inter-organizational networks made up of governmental and societal actors”. As Borgonovi (2002: 41) stated, the exercise of the functions of public administration can be implemented on the basis of two ways: 1) government: the use of decision-making power from the formal institutional system; 2) governance: the use of formal/informal powers with the aim of create a consensus on specific decisions (<http://www.sidrea.it/tourism-governance/>).

Public sector institutions provide services and rules generating institutional value. The latter enables private sector organization to acquire resources, through which they can realize products and services, and through them, organizational value, making the tax base sustainable (Figure 1). Public and private institutions through good public governance may accumulate a set of shared resources (i.e. image of the town, social capital, trust) which, in turn, may increase: i) the institutional value (i.e. through efficiency and effectiveness in public service providing), ii) the attractiveness of the area (i.e. attracting private investments). An enhanced attractiveness of the local area may produce an improvement of the organizational value.

Public Governance also covers the tourism sector, where collaboration, contracting-out, and public-private partnerships are wide used instruments to provide services. Indeed, the effectiveness of managing tourism destination is strictly connected with the capacity of public and private players to outline a strategic planning where public goods (Samuelson, 1954) and specific services, are conceived as key success factor for the destination. To this end, the World Trade Organization (1997: 61) suggested to appoint a “steering committee” at municipal level to sustainably manage local resources (Rigall-

I-Torrent, 2008: 884-885). Local policy-makers should lead economic development through interactive and cooperative processes (Grasselli, 1989; Madanipour & Hull, 2001), which in turn would assist communities in a more equitably distribution of benefits and costs associated with tourism development.

However, cooperation alone will not foster commitment to planned actions without the incentive of increased mutual benefits. It still needs to be "steered in order to ensure that planned outputs are generated" (Hall, 2008: 63). Public Governance may become crucial since it can produce better outcomes, higher stakeholders acceptance (Wight, Hall, & Lew, 1998: 63), and sustainable development. Public institutions and private organizations are elements of the same dynamic and complex environment, therefore the development of a destination lie behind their own capability to generate value, to make growth sustainable (Bianchi, 2010: 364).

### **3. A systemic approach to frame tourism governance**

The recent emphasis on public management has shifted from inside the perspective of singles institution (*micro* level) or to systems of public companies (*meso* level), to the outcomes of an inter-institutional system (*macro* level) (Bianchi, 2012: 143).

To properly frame the governance setting of a destination (figure 2). The research takes three perspectives: i) supply side; ii) objective; and iii) subjective. As for the first, a destination may be seen as a (complex) product as such (Morgan, Pritchard, & Pride, 2012: 388). It has its own attractions and image, as well as a certain service quality. These elements are the perceived mix of a set of end products/services provided to tourists (i.e. cultural events, exhibitions, fine dining, accommodation services, services to citizens). The objective view, summarizes what is offered to visitors. The subjective perspective identifies the relevant institutions involved in the governance of the destination, by looking at who provides the before mentioned end products/services. The last perspective suggests that the relevant institutions of a small town are the municipality, which is responsible for the strategic planning for the city, the museum, which is in charge of taking cares for artwork collections, and the hospitality sector (i.e. restaurants, hotels and bed&breakfast) that provides fine dining and accommodation services.

To make growth sustainable, the performance of a destination should be well balanced under three dimensions (figure 2 - (<http://www.sidrea.it/tourism-governance/>): i) the strategic performance; ii) the level of performance (span); and iii) the time horizon.

First of all, results should be financially sustainable, relevant in comparison with other alternative destinations, and they should meet stakeholder expectations. Performance should also be measured and improved either at the institutional level and the inter-institutional level, and there should be a mutual enhancement. Finally, the outcomes of the destination should be sustainable in the long term.

Achieving a sustainable and full comprehensive performance is not an easy task for policy makers because of two main issues: the dynamic complexity in which they operate and their narrow mental model.

A destination is characterized by a dynamic and complex environment where public organizations are loosely coupled (Bianchi, 2004; Borgonovi, 2002). There is a weak coordination in the interplay between public and private actors strategies that lead to high degree of uncertainty and discontinuity of development policies. There are significant time delays between policy adoption and related effect, because the latter quite often depends on the availability of funds and the flow of investment lags behind formal decisions (at local and regional level too).

Nonetheless, local governance structures need to deal with trade-offs in policy making and policy implementation. These may be caused by the lack of a systemic approach to political negotiation. Indeed, a common trap is the fragmented view of the system: each institution (and decision-maker too) operates in a silos because of “the capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problem whose solution is required for objectively rational behavior in the real world or even for a reasonable approximation to such objective rationality” (Simon, 1979: 198).

In order to cope with the specific complexity that characterizes tourism governance in small town, it is necessary to broaden and enhance the standpoint. We should combine the systemic approach with a methodology that is able to deal with dynamic complexity as well as to foster a learning-oriented perspective. SD as simulation methodology allows to map causal structure of complex problems, as well as to test policies, question hypothesis, and support learning.

#### **4. Learning with System Dynamics**

SD methodology is a method able to develop a relevant phase of learning (Sterman, 1994) because it allows to build simulation models that cope with dynamic complexity. In fact, SD supports policy makers in understanding accumulation and depletion processes of strategic resources and it helps them



in designing sustainable policies (<http://www.sidrea.it/tourism-governance/>).

It has been demonstrated that misperceiving dynamic complexity (Cronin, Gonzalez, & Sterman, 2009; Senge, 1990: 56; Sterman, 2000: 21-22) is a main cause of poor performance (Moxnes, 2004; Sterman, 1994: 307) and crisis. Planning may mean “changing minds” (De Geus, 1988: 70; Lane, 1992: 64-65) if we use simulation tools able to reproduce problematic system’s behaviour.

Double loop learning (Argyris, Putnam, & Smith, 1985), illustrated in figure 3, implies that information feedback about the real world, not only change our decisions, but it affects our mental models. Therefore, mental models may change creating different decision rules and changing the strategy as well as the structure of organizations.

Understanding causal relationships underlying system’s outcome is likely to foster double-loop learning (Davidsen, 1996; Sterman, 1994). SD may help to find real causes of problems, to build consensus on them, rather to focus on symptoms (Vennix, 1996).

In order for SD to be an effective learning tool, it must be embedded into an environment that is conducive to learning.

## **5. The “Dynamic Tourism Governance” educational package**

To support decision-makers in understanding coordination and governance as relevant for designing sustainable policies, the research team developed an educational package which has made use of an SD-based ILE within a two phases workshop. This paragraph presents the educational package architecture, and the last two sections discuss the learning outcomes.

The educational package has been tailored to the small town of Castelbuono, a quite famous destination in Sicily. Castelbuono is well-known for its heritage, cultural events, entrepreneurial spirit as well as for fine dining. We identified three relevant local actors that have a stake in tourism governance. They are: the Mayor, the director of the civic museum, and a restaurant owner<sup>5</sup> (as sample of the entire hospitality sector), therefore the model has been built accordingly. The SD-based ILE is composed by three sectors: “Municipality”, “Museum”, and “Business”. It has been developed with the purpose to address a specific governance task: increase tourism in the small town.

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<sup>5</sup> We did not engage any hotel owners because hospitality in Castelbuono is mainly made up by b&b and home-holidays, therefore restaurants are more crucial to the image and the service quality.

As figure 4 shows, the educational package merges the use of an ILE with debriefing sessions by which participants may define their own role in local governance, discuss about simulation results, and develop causal hypothesis behind system's outcome. The SD-based ILE was built up using iThink software ([iseesystem\[dot\]com](http://iseesystem.com)), it encompasses three subsystems each of them has its own control panel where decisions are taken.

The ILE combines an internal with an external perspective and the focus of the model is on the wider system, where the policy implications for each institution can be understood only by observing the response of the system's behavior, as a consequence of changes in the structure (Bianchi, 2010: 375; 2016: 19; Größler, 2010: 385). Decision-makers used the interface level to compare their expectations with the information about system's outcomes. If there are discrepancies, they are to change their decision rule (<http://www.sidrea.it/tourism-governance/>).

Playing the "Dynamic Tourism Governance" educational package, decision makers may question their mental models and reshape them through learning.

## **6. Playing the "Dynamic Tourism Governance" educational package**

The educational package has been used in a 2-day workshop (for 8 hours in total), offered to the Mayor of Castelbuono, the director of the local museum and a restaurant owner.

The 1st day an open session was devoted to present the basic principles of governance, to analyze the tourism performances of the destination and to discuss causal hypothesis.

During the 2nd day, after a short recall of the previous meeting, participants were engaged in using the ILE through the following steps: i) introduction, purpose of the model, and interface explanation; ii) 1st simulation (strategic objective statement, individual decision making) followed by a debriefing session (behavior analysis); iii) 2nd simulation (cooperative decision making), and final debriefing (conclusion, questions and discussion).

Table 1 (<http://www.sidrea.it/tourism-governance/>) reports for each decision-maker the policy levers available in the ILE interface, the unit of measure, and the explanation.

During the 1st phase, a non-cooperative scenario was set. Each policy-maker played the ILE individually, while the other two decision-makers followed self-serving pre-defined decisions. The simulation time horizon was set in twelve years, with four intervals of 3 years each. We decided to use

such a time span to take into account the possibility to create attractions and to expand hospitality capacity.

During this 1st phase each decision-maker was informed of the non-cooperative scenario under which he/she run his current policies. In this 1st phase they experienced unexpected poor results. Notwithstanding their strategic objectives encompasses overall system results, in the debriefing session, it clearly emerged that each decision maker was looking for the causes of poor results only within their own organizational boundaries<sup>6</sup> (<http://www.sidrea.it/tourism-governance/>).

The 2nd phase began with a brief discussion about the cooperative scenario mode where each the decision maker had to set his policies simultaneously. Decision-makers started cooperative simulation by using prudential policies. After each time interval, results were improving and thus decision-makers strengthened their policies gradually.

The final debriefing is the last phase of the workshop. It closes the double-loop learning as it opens the participant's minds to shift from a fragmented and static approach to a holistic and dynamic perspective. During the discussion participants were asked to comment their decisions and to give an explanation of the 2nd simulation's results. The cooperative simulation triggered the learning process among decision makers. Key issues were discussed during the final debriefing. They included tourists reaction to events and exhibitions, customers behaviour to markup and price changes, financial resources shortage as well as time delays in long term investments. The following section concerns the structure and behaviour analysis (Davidsen, 1991; Güneralp, 2004) of the simulation outcomes .

## **7. Outcomes discussion**

The purpose of the educational package was to support policy-makers in understanding coordination as a relevant issue to increase the flow of tourists to the destination. This section discusses the results<sup>64</sup> of two simulation scenario<sup>7</sup>.

First of all, it is important to describe the main feedback loops<sup>8</sup> underlying simulation results. Figure 6 portrays the most significant feedback loops. A

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<sup>6</sup> Each participant wrote his comments in a individual workbook.

<sup>7</sup> Full simulation results can be found at <https://goo.gl/T1Sc8U>.

<sup>8</sup> In the field of system dynamics, positive and negative feedback processes are often described via causal loop diagrams that are maps of cause and effect relationships between individual system variables that, when linked, form closed loops. The overall polarity of a feedback loop -- that is, whether the loop itself is positive or negative -- in a causal loop diagram, is indicated by a symbol in its center. A plus sign indicates a positive loop and define a self reinforcing process; a large minus sign indicates a negative loop and represents a goal-seeking behaviour

first positive loop relates to the improvement of the image of Castelbuono. An increase in the tourist presences generates more value for local area organizations. Therefore, the Municipality and the Museum produce more events and exhibitions, while the restaurant provides fine dining. These factors in turn, improve the image of the town. An improved Image determines – all other conditions being equal – an increase in the tourist presences (R1) (<http://www.sidrea.it/tourism-governance/>).

Tourist presence is sensitive to service quality, which can be enhanced by improving the quality of accommodation services (R2). The growth of tourist presences (R1, R2) encounters a limit on the saturation of the available capacity (B1). On the other side, events production decreases municipality budget, and thus the services to the community. A lower level of services to community causes a reduction in service quality (B2). At the same time, higher the tourist presences, lower the service adequacy (B4), whenever the decision makers do not increase the cleaning and urban planning service level. The quality of accommodation services, as well as the investments in capacity by the private sector, are strongly affected by the desired restaurant owner personal income. The personal income drains the restaurant resources (B3) (<http://www.sidrea.it/tourism-governance/>).

Capacity saturation can be reduced through private sector capacity investments (R3), that in turn increases the possibility to accommodate more tourists. On the other side, Municipality can increase the attractions – by making investments – in order to enhance the attractiveness of the town (R4).

Table 2 links the simulation results to the loops dominance over time. The graphs display the effect variable (solid lines) and its two main determinants (dashed and dotted lines). The first three graphs refer to the above mentioned individual simulations, while the last graph relates a cooperative scenario where decision makers run a joined-up simulation.

By comparing the non-cooperative with the cooperative simulation, we can clearly observe a results improvement. In the cooperative scenario, decisionmakers promptly counteracted signs of crises, strengthening long-term policies, collaborative decisions, and weakening individual and short-term benefits. During the final debriefing a participant said “I found that small town complexity, should also be managed through further collaborative policies”. As we expected, the learning process was reinforced by the final debriefing, indeed “learning about system behavior is not a

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(see Sterman. 2000. Business Dynamics: Systems Thinking and Modeling for a Complex World: Irwin/McGraw-Hill.)

spectator sport, one must participate and learn by doing” (Forrester, 1968: W1-2).

## 8. Conclusions

By playing the “Dynamic Tourism Governance” educational package, decision-makers learned how to design sustainable growth policies in complex and dynamic environment, perceiving time delays between decision and results. They also reshaped their own mental models discussing interdependence between different institutions. Lastly, they understood that governance is crucial to managing small town shared resources, and to foster coordination.

This paper has used an educational package to support policy-makers in understanding the relationship between structure and behavior of small town governance setting. It still needs to develop further, facilitate and integrate of such understanding into the broader decision-makers knowledge.

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