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# "SHARED ADMINISTRATION" AS A NEW RELATIONSHIP BETWEEN THE PUBLIC SECTOR AND THE SOCIAL ECONOMY\*<sup>‡</sup>

Silvia Sacchetti\* and Gianluca Salvatori<sup>‡</sup>

## Abstract

The paper aims to analyze the theme of "shared administration", recently affirmed within the Italian law reforming the third sector. This case has introduced a new mode of relationship between public administration and non-profit organizations engaged in the production of goods and services of general interest. This model introduces mechanisms of co-programming and co-design ("co-progettazione") that are alternatives to procurement procedures based on calls for tenders. The aim of the paper is to address the possible implications of the principle of "shared administration" for the emergence of new forms of empowerment of social actors able to promote distributed models of self-determination and democratic exercise of power as an alternative to top-down bureaucracy.

## Keywords

Public action, Civic practice, Shared administration, Subsidiarity, Co-programming, Co-design

## JEL Codes

L3, L33, L38, H83, O21

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## 1. Introduction

Three global crises in less than fifteen years (the financial and economic crisis of 2008, the pandemic crisis of 2020, and the consequences of the Russian invasion of Ukraine in 2022) have set in motion a systemic transformation like that which marked the end of the Glorious 30s. Similar in depth but opposite in sign. The end of the golden period represented by the compromise between the entrepreneurial State, democracy and capitalism, which characterized the three decades after the Second World War, opened the door to the subsequent post-industrial and neoliberal phase. The 1970s put under pressure the advocate of Keynesian economic policy, with the progressive downsizing of the role of the State and the specular affirmation of the dominant function of corporate hierarchies and market exchange, not only in the economic sphere but also for the purposes of social regulation. Instead, the three crises of our time had the effect of showing the limits of corporate decisions and market rules as a universal problem solver and reaffirming the role of public sector investments. The State has been reinstated at center stage as the main authority capable of dealing with global crises as diverse as the recession caused by the bursting of the sub-prime mortgage bubble, the pandemic that has hit society and economies hard on a global scale, and the systemic effects induced by the war unleashed by Russia.

However, although today the power of public authority over people's lives and economic dynamics appears central due to the extraordinary intervention and recovery plans and the injection of huge investments of public resources, it is an optical illusion that social complexity can go back to being governed according to the traditional schemes of a centralist and bureaucratic State. Just as, symmetrically, it is unthinkable that for-profit enterprises and large corporate powers in particular, after the crisis of legitimacy suffered at the end of the first decade of the new century, can re-present themselves as a central subject on which to rely.


In the new scenario, the binary logic that has long prevailed, hinging on the action of the State on the one hand, and corporate powers through their hierarchies and markets on the other, as the only two main players, is called into question in favor of a pluralist vision that recognizes and expands the space for the intervention of civil society organizations, starting with those with the entrepreneurial capacity to produce goods and services capable of satisfying diverse needs and demands that would otherwise go unmet (Borzaga and Tortia, 2017). In the context of an increasing recognition of the relevance of the social economy—attested, among other things, by the position taken by the European Commission with the recent Action Plan (European Commission, 2021)—the opportunity arises to rethink the relationship between socio-economic actors and the public administration, in the perspective of cooperation models based on shared public

aims and co-determination, where each and every actor (public or private) brings its own specific competences and specificities into the production of public value.

The paper aims to analyze the underpinning novelty element of this collaboration introduced in Italy through the “shared administration” principle, recently affirmed within the law reforming the third sector. This case has introduced a new mode of relating between public administration and non-profit organizations engaged in the production of goods and services of general interest. This model introduces mechanisms of co-programming and co-design (“co-progettazione”) that are alternatives to procurement procedures based on competitive bids. Its features fit with the debate on co-production involving social economy organizations (cf. Mazzei et al. 2020 for a review), while it positions cooperation between the public and the civil society actor on a strategic level of decision-making. The novel element of the shared administration approach is that the responsibility to produce solutions to problems of general interest is formally detached from the exclusive competence of the public authority or of large corporations, and instead becomes a matter of cross-cutting and transversal collaboration among a plurality of subjects equally entitled to contribute to the framing of issues and solutions.

The aim of the paper is also to address the possible implications of the principle of “shared administration” for new forms of the promotion of distributed models of self-determination and democratic exercise of decision-making power by social actors, as an alternative to top-down bureaucracy. By addressing “shared administration” we therefore discuss a specific institutional solution to the governance of service production and, more generally, to the production of specific public goods. In line with Ostrom’s seminal work (Ostrom, 1990) “shared administration” taps into the capacity of self-managed systems participated by cooperators to produce collective welfare. The novelty, in the Italian case, is that the public sector becomes one among other cooperators. The issue has become increasingly important due to the gap between civil society and public institutions that has been deepened during the disintermediation process that has seen the crisis of the traditional subjects of collective mobilization (Taylor, 1991; Crouch, 2004). And it finds its reason for interest in the need to find new forms of legitimation of public power, in an era of triumph of narcissistic individualism emphasized by the new social media system (Casale and Banchi, 2020). Reducing the gap between public institutions and civil society, from this angle, can be regarded as a positive externality, or a form of public good, produced by the “shared administration” approach.

Our reflections proceed as follows. We first address the crisis of public life tracing back to the seminal works of Tocqueville (1835), Hirschmann (1979), Lasch (1979), Putnam (2000), Baumann (2000), and more recently Lilla (2017) and Zuboff (2019). We then build on the seminal work of Hymer (1972) and Cowling and Sugden (1998) and consider how this crisis or the feeling of not counting is also related to the mode of production




organization and in particular we consider the problem of exclusion from strategic control related to the corporate power to decide the aims and priorities of economic activity to the benefit of restricted groups (Sacchetti, 2015). The argument proceeds by building on Dewey's classic analysis of publics and arguing for more inclusive modes of economic decision (Dewey, 1927). We then present the contents of the reform and in particular of article 55, and discuss its implications in terms of the institution of a heterarchical governance model of interaction between public and private social economy organizations.

## 2. The liberal-democratic pledge

The history of these years will probably be remembered as the moment in which the crisis of the so-called liberal world order began to be clearly perceived. And, consequently, these are years that will be remembered for the questioning of its economic and cultural assumptions, long considered placidly taken for granted.

What are the weaknesses of liberalism that have come to light? At the heart of the liberal approach, as John Stuart Mill recalled, is the possibility for each person to conduct "experiments in living" (Stuart Mill, 1859) thus celebrating freedom, personal growth, and diversity. At its origin, there is the fervent respect for individual virtue, on the capacity of people to make things happen for their own good and for that of others, but over time this conception was also accompanied by the observation that people are also constantly exposed to the dimension of individual fragility, and by the fact that their liberty to act towards what it is valued may be conditioned by the objective institutional conditions that they inhabit (Sen, 1990). What's more, the same identification of valued aims is conditional to the context, as Sen indicates when addressing the problem of adaptive preferences (Teschl and Comim, 2005).

If we look at the foundations of modern institutional systems, it is easy to see how two forces are at work simultaneously: on the one hand, confidence in individuals and in their autonomy, finally emancipated from dependence on a rigidly hierarchical and class-based social organization, and on the other hand, however, the awareness that individuals can also become instruments of ambitious demagogues who manipulate majorities by appealing to their passions. For this reason, liberal-democratic thought has built a system which, while on the one hand is based on respect for popular opinion and majority rule, on the other hand has put in place rules and counterweights to prevent demagogues and populist tendencies from overwhelming the institutions, generating a dictatorship of the majority. Democratic systems have slowly enlarged the sphere of political rights (think, for example, of the time it took for the right to vote to become



universal and recognized to the entire adult population) to guarantee a balance of power that avoids undue concentration or excessive space for popular passions and prejudices. It cannot be said, in fact, that at the origin of modern democracy there was a benevolent judgment of the people's ability to govern themselves. The movement toward democracy considered—in the words of the American historian Robert Tracy McKenzie (McKenzie, 2021)—the permanent tension between two opposing beliefs: “first, that the majority must generally prevail; and second, that the majority is predisposed to seek personal advantage above the common good”.

History shows that along the way through which democratic institutions evolved to protect themselves from abuse by internally separating and balancing power among different actors, an equally fundamental contribution came from the development of an important set of civic practices that were tasked with shaping people to be capable of being self-governing citizens. Going back to the insightful observations reported by Tocqueville in his *Democracy in America* (Tocqueville, 1835), at its birth liberal-democratic thought followed the double track of an action against the abuse of power that was based both on the norms of the Constitution and law, and on an action hinged on the activism of a plurality of social agents. The civic practices that Tocqueville describes in the admired tale he brought back from his journey, and which seemed so distant from the *Ancien Régime* he had left behind, included the commitment of the churches in teaching civic virtues, the concern of civic associations and of local authorities in instilling the habits of public service, patriotic rites created to generate a common love for the homeland, a free press at the service of a well-informed citizenry, rules of conduct to encourage mutual respect.

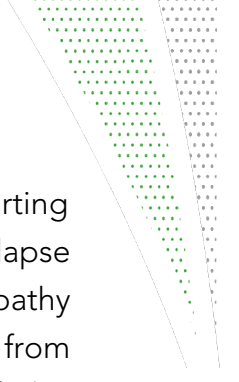
These are the pillars of the notion of civil society with which liberal democracies would have intertwined their development in the course of modernity. These were the prerequisites of a shared political culture in which citizens felt involved in the collective enterprise of protecting each other from risks and difficulties, of spreading well-being in society, and of strengthening institutions aimed to guarantee and expand the exercise of the fundamental rights of individuals. Even as the events of history painfully limited, disrupted or corrupted these civic practices, they continued to represent an ideal to strive for those inspired by democratic values. Until, in more recent years, the worst threat to this political culture materialized and it did not come from external enemies but from the path followed by its own beliefs, practices, social and economic institutions.

### 3. The disaffection for public life

Support for liberal democratic institutions by a civil society engaged in civic self-government practices has steadily declined over the last decades. Trust in the political system has been increasingly lost, and this has led to the withdrawal from public life by a large majority of citizens. Until the reappearance of those demagogic and populist tendencies that the democratic systems of the origins intended to oppose. With a growing risk for the future of democracy and a fascination for authoritarian systems, even in the most recent and unexpected forms of “illiberal democracy” regimes.

The alternation of periods of passion and periods of disaffection for public life is a phenomenon brilliantly investigated in the seminal work by Albert Hirschmann in his *Shifting involvements: public interest and public action* (Hirschmann, 1979). Forty years ago, he analyzed the oscillations between the phases of intense interest in public issues, in which public participation and collective action prevail, and the phases dominated by a focus on private interests, summarized by a propensity towards individual consumerism behaviors. Hirschmann observed how societies go through alternating periods in which public virtue loses appeal, due to a series of factors that distance citizens from the public arena (corruption, demythologization of high-order causes, persuasion that public happiness can be better pursued pursuing private advantage), and periods in which the need to commit oneself to improve the world returns, determining a willingness to participate more actively in public or collective actions. In this analysis, disappointment plays a primary role in the change in preferences that alternates between private and public happiness: in each phase a moment is reached in which the frustration generated by the impossibility of obtaining the desired objectives, public or private, determines the end of one cycle and the beginning of the next.

Many other explanations have gone in a similar direction to that traced by Hirschmann, bringing further arguments to explain the dichotomy between the public and private spheres, and especially investigating the reasons why the cycle of delusions towards public life today seems to have deeper causes than in other historical periods. These include Christopher Lasch's ideas on the emergence of a culture of narcissism as the despair of a society unable to face the future (Lasch, 1979). Individuals unable to care about anything beyond their own lives foster a cult of self-realization that introduces a hedonistic element into their worldview. This aspiration to focus on personal well-being is the effect of a climate of pessimism that manifests itself in the widespread feeling of inability to understand the course of history or to manage it according to a rational line. Disappointment with public life here translates into distrust of any political (and not just political) institution, and into an obsession with life in the present that does not care for predecessors or posterity.



In another seminal work, Robert Putnam also reaches similar conclusions, albeit starting from different assumptions and angles. His studies point to the unprecedented collapse of social capital since the 1960s and its consequences in terms of political and civic apathy (Putnam, 2000). Putnam shows how we have become increasingly disconnected from family, friends, neighbors, and our democratic structures, and the effects of this impoverishment on the lives of people and communities. More recently, Mark Lilla also places himself on a similar line of thought, retracing the impact of a hyper-individualist culture on the idea of identity (Lilla, 2017). The search for self-expression has led to social atomization: each person is built as an individual brand and the sense of belonging is continuously formed and dissolved because it is not based on a collective history, on the common good or on shared ideas. The phenomenon of “identity politics” is actually profoundly anti-political: prisoner of subjectivity, it is unable to offer any interpretative key to explain the world. Social movements disintegrate into a multitude of increasingly specific causes without a common vision of the future. In “movementist” politics, the forces are centrifugal, pushing towards division into ever smaller factions, obsessed with a single issue. And in the end there are only individuals, different individuals, with their individual lives.

“Liquid modernity”—as Baumann (2000) defines it, another author who can be added to the long list of those who have studied the crisis of public life—is one in which all fundamental conflicts (of class, religion, political vision) have disappeared. Citizens no longer identify with a single primary interest but with a plurality of belongings, until they end up completely no longer identifying with any belonging. Under these conditions, the electorate is increasingly mobile, political systems increasingly unstable, participation in free fall, and the distrust of citizens towards politics in constant growth. And the dominant economic model, which is the real winner of this era, can exploit the need for relationships of atomized individuals, left to themselves by the crisis of community institutions, providing the digital sphere as an ideal solution to satisfy this need for relationships and identity. A successful solution because (apparently) free and therefore in line with the impoverishment of the middle classes, happy to use it in exchange for their data (Zuboff, 2019). The opportunities offered by the Internet to reaffirm the centrality of the self-interested individual within an industrial capitalism model are the most recent version of the innumerable mutations with which capitalism and the elites controlling its main economic actors (i.e. large corporations) have benefited from the growing individualization of society, of which it has in turn become an accelerator. In fact, a continuous line emerges, from Hirschmann to Zuboff, showing how the affirmation of an economic model based on profit played a leading role in disaffection with public life.



## 4. The uneven development question and the role of corporate power

In the economic sphere, the progressive feeling of not counting and disengagement from public life has been associated with the persistence of uneven development—across groups, communities, localities, regions, and nations. This phenomenon has long been observed by economists who evidenced the persistence of inequality both across world regions (Hymer, 1972) and then within nations (Narula and van der Straaten, 2021). Microeconomic explanations of macroeconomic failures were identified by critical scholars in corporate governance, who regarded uneven development as the outcome of concentration of strategic decision-making power (or the ability to decide what aims are prioritized and with what resources) within large corporations (Hymer, 1972; Zeitlin, 1974; Cowling and Sugden, 1998). According to this approach, the distribution of the power to govern an organization can explain inequalities and development. The effects of concentrated control were early identified by Hymer (1972) in terms of raising gaps not limited to income and wealth but also in terms of status and authority between localities and regions: those hosting decision-making bodies and core strategic activities on the one hand, and regions hosting operational activities with low or no instituted control on resource allocation and production decisions on the other hand (Cowling and Sugden, 1998).

Concentration of strategic control is associated with uneven development because it excludes mutually dependent and cooperative interactions: the governance bodies and strategic decision-making processes of capitalist corporations are not designed to take into account the voices and interests of multiple affected publics, thus limiting their inputs, learning opportunities and wellbeing (Dewey, 1927; Sacchetti and Sugden, 2009). Though until the end of the 1990s critical voices have been generally neglected, the interest in the failures associated with concentrated control have never abandoned debates and have featured quite prominently around the concepts of responsible capitalism and corporate social responsibility (Sacconi, 1991; Blair, 1995), especially after major environmental and financial events, although not quite as radically as in the early critical literature.

Concern over exclusion was raised also in other fields, such as organizational psychology and political philosophy. As early as in the 1960s, ideas of “progressive” or inclusive organizational solutions were being discussed—at a micro level—by psychologists (McGregor, 1960; Maslow, 1965), who criticized the command-and-control approach to human relations<sup>1</sup>. The problem they denounced (as confirmed by subsequent studies)


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<sup>1</sup> They argued that people, in general, do not like being determined and can be trustworthy. Assuming the opposite, for the sake of increasing control in the face of risks of misbehavior, leads to use of authority.

was that the generalization of authoritarian management to all contexts, instead of inclusion and self-determination, benefits neither workers nor the organization.

This growing debate in economics and organizational psychology found a context in the political philosophy of John Dewey, who raised the problem of exclusion in 1927, when he published *The Public and its Problems*. Besides its influence in political philosophy, this work laid also foundations for the development of stakeholder theory in business ethics (Freeman and Velamuri, 2006), and Maslow explicitly refers to the influence Dewey's teaching had on his thinking. Dewey emphasised the reciprocal connections between multiple communities of interest, which Dewey calls the "publics". In his approach publics are vulnerable, since they have little awareness of the influences that decisions taken elsewhere have on them, as well as scarce voice power. Excluded publics do not contribute to decisions, nor can they use their voice and apply their "creative intelligence" to perceived problems (Sacchetti, 2015). This limits the use of individual creativity (which needs theory in psychology has identified as a major determinant of self-actualisation), and dampens the participatory skills of the wider public, which - by being repeatedly excluded - becomes experience-less. As an answer, Dewey advocates institutional arrangements that include the publics in decision-making processes. He also argues that such processes should make use of the deliberative method, thus strengthening the fairness and legitimacy of answers, the general level of democracy, and the life experience of participants (Sacchetti and Sugden, 2009; Sacchetti and Borzaga, 2021).

Though early economic analysis focused on the negative effects of transnational production organization within a capitalist production system, we can appreciate how, from a Deweyan perspective, the problem of exclusion from strategic control is of general relevance, since the effects of any decision are typically "projected" towards outer publics, leading to "structural" negative externalities (Sacchetti and Borzaga, 2021). The problem of exclusion is especially evident in sectors (such as welfare services) with high information asymmetries and where vulnerable, typically low-income publics represent the main users. In these cases the market fails, by excluding part of the demand or by offering unsatisfactory services. But even the public sector, for its part, is not exempt from criticality in that it is less culturally equipped to react quickly to new demands, it is used to proposing standardized solutions and therefore less suited to personalizing services, and last but not least it must deal with stringent financial constraints. The risk is that the public sector becomes isomorphic to the exclusive strategic control modalities of large corporations. New public management experiences have in part presented a similar issue when not engaging with stakeholders and setting objectives according to short-term cost minimization rather than service innovation and collective welfare (cf. Dawson and Dargie, 1999 for an assessment of developments in the UK). Rather than new public management,



Osborne (2006) suggests to consider the paradigm that emerged more recently, that is new public governance, harbinger of a more inclusive and pluralist approach, which resonates more closely with the shared administration perspective introduced by the Italian reform (see also Mills, Bradley and Keast, 2021 for an application to the provision of water services).

From this picture we understand how the influence of economic organizing has become exponentially stronger, reinforcing, at points, exclusion or the habit to be excluded, and contributing to turning into the most pervasive of political powers. But from what was said at the beginning we also understand that the three great crises and general dissatisfaction with public life of our time today are calling this paradigm into question. The question then arises where a different way of economic organizing will become more prominent, capable of giving new impetus to public life.

## 5. The renewal of civic practices: an Italian innovation

The thesis we want to argue here is that a different approach to economic organizing is necessary to overcome disaffection with public life. The two dimensions are closely intertwined. Considering that the difficulties of democracy have their roots in a culture that has separated politics and civil society, subordinating both to the ideas of individualism, competition, profit maximization and ultimately exclusive modes of governing production decisions, it is the approach to the economy based on these ideas that needs to be revised. And recognizing the role of social economy and sustaining its development is one possible way to do it. The social economy—as a vision that places the pursuit of the general interest and the collaborative principle over the pursuit of exclusive interests—can play a decisive role in rethinking the relationship between the economy, politics and society. The social economy can be decisive in the reconstruction of a public space that faces the crisis of democracy and in addressing the feeling of social abandonment nourished by the progressive gap between elite and people, and by the weakening of the sense of citizenship.

A concrete example of this different approach comes from the debate around the principle of “shared administration” that emerged from the recent Italian law that in 2017 recognized and regulated the third sector (the so-called Third Sector Reform). According to the Italian legal framework, the third sector is composed of private entities, independent from public authorities, in which people's interests and social or environmental goals prevail over the pursuit of profit, bound to reinvest most of their profits in activities of collective or general interest, and managed according to democratic or participatory criteria. This concept is entirely equivalent to that of social



economy as defined in the European Commission's Action Plan, the only difference being that the latter also includes all cooperatives and mutual organizations. It is therefore a sector composed of organizations in which profit is functional to social objectives and the coordinating principle is not profit but cooperation in the name of general interest. And for this reason, it is ideally positioned to implement a Deweyan view on the inclusion of publics, in line with contemporary ideas of subsidiarity. In this respect, Conteh and Harding (2021) highlight how the co-creation of public value needs being pursued both by means of horizontal cooperation building inter-organizational linkages, and vertically, extending cooperation across levels of jurisdictions.


Subsidiarity is by no means a new idea: in fact, it has been around since the time of the reaction with which the Church's social doctrine attempted to defend the spaces of autonomy of society against the centralism of the new national States. The urgency of this principle over the years has diminished in direct proportion to the advent of the welfare State. In its ascendant phase, the conception of the State as an instrument at the service of all citizens and their main needs (education, health, assistance in old age) was victorious and progressively conquered every space. But in more recent times we have also seen this idea declining, under the pressure of both the crisis of public finance and the growth of the complexity of social needs and the difficulty of satisfying them through standard solutions administered by a central power.

In the light of this scenario in Italy, the Italian Constitutional law in 2001 was modified, inserting in art. 118 the recognition that citizens, and not only the State, are entitled to act in the name of the general interest. Subsidiarity was back, as evidenced by the text of the paragraph in question: "The State, regions, metropolitan cities, provinces and municipalities shall promote the autonomous initiatives of citizens, both as individuals and as members of associations, relating to activities of general interest, on the basis of the principle of subsidiarity"<sup>2</sup>. This new addition should be read in the face of a traditional approach in which the subject with the task of taking care of citizens, and of realizing the conditions for substantial equality, was exclusively the State (namely, in the constitutional language, the Republic – cf. art. 3, second paragraph). With this amendment a profound change, from asymmetrical to symmetrical, happened in the model of relationship between the State and citizens (and their organizations). Most importantly, it was not just a formal modification, confined to the realm of statements of principle. Quite the opposite, when the legislative process that led to the recognition of the third sector began in 2016, the theme of shared administration was incorporated into the new Code and was translated into a specific rule (art. 55) dedicated to co-programming (*co-programmazione*) and co-design (*co-progettazione*)<sup>3</sup>. These differ from the idea of co-

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<sup>2</sup> *Italian Constitution*, art. 118, comma 3.

<sup>3</sup> Republic of Italy, *Code of the Third Sector*, Legislative Decree No. 117 of July 3, 2017



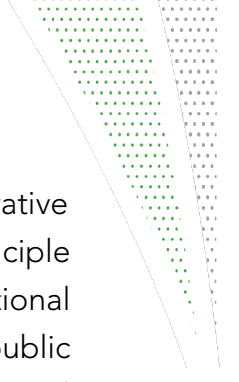
production, which has been similarly regarded “as the voluntary or involuntary involvement of public service users in any of the design, management, delivery and/or evaluation of public services” (Osborne, Radnor and Strokosch, 2016: 639). Rather, they refer, as reported below, to the strategic level of decision-making, when actors deliberate on the priorities and interventions to be implemented.

The article 55 of the new Third Sector Code provides that “in implementation of the principles of subsidiarity and cooperation (...) public administrations ensure the active involvement of third sector entities, through forms of co-planning and co-design (...). Co-planning is aimed at the identification by the proceeding administration of the needs to be satisfied, of the interventions necessary for this purpose, of the modalities of realization and of the available resources. Co-design is aimed at defining and possibly implementing specific service projects or interventions aimed at satisfying defined needs, in the light of planning instruments”.

The scope of this article is that of general interest activities, much broader than traditional welfare and social assistance activities. This means that social economy organizations - or the third sector, to follow the Italian definition - are no longer considered marginal entities that intervene only in the case of market or State failures. Their sphere of activity is no longer limited to situations of poverty or extreme marginality, or to social needs on which any other institutional or commercial actor has declared itself impotent or uninterested.

The radical innovation consists here in shifting the axis of the relationship between the public administration and civil society organizations from a “client-provider” market scheme to a collaborative relationship between subjects placed on the same level. The vitality of civil society is not entrusted with solely executive or emergency tasks. The sense of shared administration (which, unlike participatory administration, concerns the way in which a function is carried out, and not how power is exercised) defines a new model of administration for the third millennium, because public administration does not present itself as an authority that issues measures or gives orders, but rather as a subject that involves citizens in tackling problems of general interest. And since the new problems to be faced, often having a global scale, can less and less be tackled solely on the basis of commands and sanctions, this approach entails a relevant role for social organizations, called upon to participate in a process of identifying and implementing solutions to problems of public interest.

The consequences are very significant. The concepts of “shared administration” and shared responsibility for the general interest introduce a mode of relationship between public organizations and the social economy that is an alternative to the traditional mechanism of calls for proposals and tenders. This mechanism is not based on the




criterion of maximum savings for the public administration but relies on a collaborative effort to achieve maximum satisfaction in terms of results obtained. This principle received an authoritative endorsement from a recent sentence of the Constitutional Court, which was called upon to pronounce on the relationship between public administration and the third sector. In line with the most recent jurisprudential orientations of the European Union, the Italian high court reiterated how, in the field of public services, “the conflicting dichotomy between the values of competition and those of solidarity” should be softened. For the Court, the European jurisprudence must be understood in the sense that each State, “provide, in relation to activities with a marked social value, an organizational model inspired not by the principle of competition but by that of solidarity (provided that non-profit organizations contribute, under conditions of equal treatment, in an effective and transparent way to the pursuit of social purposes)”<sup>4</sup>. Civil society organizations are called upon, together with the public administration, to carry out activities of general interest inspired by civic purposes, solidarity and social utility, even adopting alternative forms to those provided by the rules on competition. The Third Sector Code is not subordinate to the Procurement Code, and the ways in which services of public interest can be designed and managed are not limited exclusively to awarding through competitive bidding. The constitutional judgment roots the practice of “shared administration” in the fundamental principles of the Italian Constitution and thus establishes a criterion, based on alternative forms than recourse to the market, that imposes limits on the European discipline of competition.

The responsibility to produce solutions to problems of general interest is thus removed from the exclusive competence of the public authority and instead becomes a matter of cross-cutting and transversal collaboration among a plurality of subjects equally entitled to contribute to the framing of issues and solutions. The contribution of civil society is valued for its ability to take on complex social problems efficiently and effectively over time, which requires multiple motivations (i.e. monetary and non-monetary, self-oriented and pro-social) and organizational structures, operational capacity, and economic resources.

It thus becomes possible to offer an alternative to the disaffection towards public life thanks to an idea of economic action that is combined with civil values that affirm an interest that is not exclusively private or only profit-oriented. Social action, which generates economic action on different terms than an extractive economy, offers itself as an alternative to individualistic atomization. This allows to reconfigure the relationship between the economy and economic organizing, politics and society from the latter. In this way, the foundations are laid for reconstructing effective forms of mediation and

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<sup>4</sup> Italian Constitutional Court, sentence n. 131/2020.



representation between the State and citizens, recognizing to the latter a greater power of intervention, based precisely on economic actions that express their interest as a community. The social economy is thus revealed as a fundamental protagonist of an updated discourse on the value of democracy in our time. And an effective counterbalance to the temptation to believe that the alternative to the overwhelming corporate power is a return to the overwhelming power of the State. In this sense, the social economy also acts as a rebalancing factor with respect to the anti-system drives that stress democratic institutions, because it expresses the potential for self-government of citizens in a constructive rather than destructive way.

## 6. Conclusions

The purpose of this paper was to highlight the specific and general interest advantages of extending control to multiple actors in economic organizing, emphasising the possibilities offered by the so-called shared administration and principles of subsidiarity. Building on social, political and economic analysis, the problem of disengagement from public life and the risks for democracies have been related to failures of socio-economic institutions, including economic organizing, to include multiple voices and interests in the strategic function. While most of the analysis focuses on the inefficiencies of industrial capitalism institutions (private and public), our contribution has aimed at emphasising the efficiency elements of shared administration, exemplifying how it has been instituted by the Third Sector Reform in Italy.

We have emphasised elements of economic sustainability, inclusion, and production of civic values together with the actual production of goods and services. The reflection suggests that cooperative approaches to public-private partnership are not just a source of coordination costs but, in fact, a modality to reduce negative effects on society and to produce more public value.

The implications of our analysis are that in order to produce positive value for our societies, economic organizing may have to extend resource coordination to forms of public-private non-profit interactions where the prevailing relational method is cooperation. It follows that cooperation between the State and the civil society organizations does not have a transitional character but represent specific solutions which recognise the complexity and richness of public interests and of production structures, with the aim of addressing multiple and complex human motivations and welfare needs. Consistently, the duty of administrators is to support shared solutions to common problems that engage multiple actors, so that their experiential knowledge, resources,

interests and aspirations can be taken into account and not removed from the strategic choices.

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