## Public Management and the Metagovernance of Hierarchies, Networks and Markets

The Feasibility of Designing and Managing Governance Style Combinations

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## Prologue

In November 2006, around 15 Dutch public-sector managers met in a restaurant in the Province of Friesland to brainstorm how to best organise regional cooperation between their organisations - the police, local authorities, fire brigades and health organisations - in case of emergencies and disasters. They concluded that the style of cooperation should follow the type of problems typically emerging in different phases of a large incident: During a crisis, a hierarchical command and control style should be in place, because time is crucial and quick decisions are needed. After the crisis, efficiency takes over as the main driving force for cooperation: all organisations then rely on their own remits and autonomy in order to 'clean up' the remains of the incident quickly and thoroughly. Then an intermediate phase starts: the non-incident phase, in which parties cooperate in the form of a network, and work on enhancing mutual trust and understanding, which prepares them for the sudden switch to hierarchy when a new crisis happens.

What these managers discovered was the necessity of being able to exercise metagovernance: designing and managing, shifting between and combining three different styles of governance - hierarchical, network and market governance. The term governance, as will be explained later, should be taken to mean the totality of interactions in which government, other public bodies, and civil society participate, with the objective to solve societal problems or creating societal opportunities.

This example of the dynamics of multi-actor governance processes does not stand alone. For example in community policing – networking in the shadow of hierarchy and market thinking – many cases like the above can be found.<sup>1</sup> Other examples have been described in the case of urban renewal in the UK.<sup>2</sup> The same can be observed with strategic policy making

<sup>&</sup>lt;sup>1</sup> E.g. Meuleman (2008): Reflections on metagovernance and community policing: The Utrecht case in the Netherlands and questions about the cultural transferability of governancer approaches and metagovernance.

<sup>&</sup>lt;sup>2</sup> Lowndes and Skelcher (1998): The dynamics of Multi-Organisational Partnerships: an Analysis of Changing Modes of Governance.

at the national level. Sometimes, hierarchy is used to stimulate network and market governance, in other cases, network governance prepares the floor for a hierarchical 'finish'.

These examples suggest that hierarchies, networks and markets as forms of social coordination these days appear together and in dynamic mixtures inside public-sector organisations and between the public sector and non-state actors. This is good news: it allows for a much richer range of governance combinations than when (public) managers had only access to one or two styles. Nevertheless, there are theoretical and practical problems with the use of such a multi-governance style approach. Public administration literature has been rather inconclusive about the usefulness or even possibility of distinguishing these three governance styles. Moreover, with regard to the practical component: the context in which public administrators work, is a potentially confusing one.

In the first place, the late 1990s and early 2000's have shown a growing societal discontent with the performance of governments and their agencies in Western European democracies. In the Netherlands, public trust in government decreased from 65% in 2000 to 35% in 2002.3 In 2006 it had increased again, but not to the level of 2000.4The success of a populist, anti-establishment political party led to a political earthquake in that year. In 1996, a Belgian poll about the functioning of the political-administrative system showed that 64% of Belgian citizens thought that their democracy was in danger at that time.<sup>5</sup> In addition, a series of financial scandals were uncovered (Augusta, Dassault).<sup>6</sup> This was accompanied by the emergence of a strong new populist political party. In Germany public trust in the government in general, and in politicians particularly decreased drastically in the early 1990's and since then stayed at a low level7. France has witnessed riots caused by serious discontent in suburbs in 2005 and 2006. The European Commission faces the same challenge. In 2003 a UK survey showed that only 35% of the British public had a 'great deal or fair amount' of trust that the Commission's senior officials are telling the truth.8

<sup>&</sup>lt;sup>3</sup> SCP (Netherlands Social and Cultural Planning Office)(2003): The social state of the Netherlands 2003.

<sup>&</sup>lt;sup>4</sup> SCP (2007): The social state of the Netherlands 2007.

<sup>&</sup>lt;sup>5</sup> Hondeghem (1997: 25): The national civil service in Belgium.

<sup>&</sup>lt;sup>6</sup> Woyke (2003: 409): Das politische System Belgiens.

<sup>&</sup>lt;sup>7</sup> Ismayr, 2003b: Das politische System Deutschlands.

<sup>&</sup>lt;sup>8</sup> Poll prepared for the Daily Telegraph (www.yougov.com).

A second characteristic of the current situation is what the American scholar Kettl names the emergence of 'fuzzy boundaries'.<sup>9</sup> The rather clear separation of roles between social actors and classical public administration has disappeared. Governments have come to realise, more than in the past, that they cannot solve complex societal problems on their own. They rely on partnerships with other public-sector organisations, private-sector and non-governmental organisations. Hajer even argues that an 'institutional void' has emerged. He claims that more and more important policy problems are dealt with next to or across state-institutions.<sup>10</sup> Public-sector organisations that are not able to adapt to the new situation are in trouble. Collaboration is the new imperative.<sup>11</sup> Moreover, there is not *one* new situation. Sometimes the public and societal organisations ask for clear, authoritative guidance, sometimes they want efficient public services, and in other cases they demand to be intensively involved in the preparation or execution of government measures. Frequently, they want it all.

Fuzzy boundaries and societal discontent are related phenomena in the sense that when it becomes unclear what public-sector organisations stand for and what they take as their responsibility, citizens may become more uncertain about who is going to solve societal problems: the fuzziness of administrative boundaries adds to the social discontent. 'Repairing' the vague boundaries seems an impossible mission. One of the factors that have contributed to civil uncertainty, globalisation, increases the fuzziness of boundaries between state and society, and between states. All over the Western world, the role and nature, as well as the institutional foundations of the public sector have profoundly changed<sup>12</sup>. However, this factor is to an extent beyond reach of (national) government interventions. Therefore, it is imperative to try to deal suitably with the new situation.

Uncertainty and fuzziness have not only developed in the relations between government and society, but also *inside* public-sector organisations. The 'inner world' of the public sector has two typical reactions. One is a fatalist attitude: "Both politicians and citizens are unsatisfied with whatever we do". The other reaction is a defensive managerial reaction: "If we cannot improve 'customer satisfaction', what is left to do is to improve the

<sup>&</sup>lt;sup>9</sup> Kettl (2002: 59): The transformation of governance.

<sup>&</sup>lt;sup>10</sup> Hajer (2003: 175): Policy without polity? Policy analysis and the institutional void.

<sup>&</sup>lt;sup>11</sup> Kettl (2006): Managing boundaries in American administration: The collaboration imperative.

<sup>&</sup>lt;sup>12</sup> Farazmand (2004: 1): Sound governance in the age of globalization: a conceptual framework.

efficiency of our machinery and copy as much as we can from private sector governance".

In this research we will look for other possible reactions. Which other governance reactions would be possible, and when and where may they be applied?

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