

Local Governance Research: Paradigms, Theories and Implications

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1. Introduction

Thank you for the opportunity to visit China and share some ideas and thoughts with you. I look forward to the opportunity to answer any questions you may have and learn more about what the work and activities you are undertaking.

My starting point today is the central concept of governance and then I move on to consider how we might better understand the operation of governance in the local arena. To some extent this lecture reflects a personal journey in my academic work. For over a decade now I have been writing and thinking about local governance. I started with a paper drafted in 1996 and eventually published in 1998 under the title of 'Governance as Theory: five propositions'. Governance calls into our focus of attention the complexity of governing and the range of governmental and non-governmental bodies that are engaged in it.

The five core propositions about governance identified in the 1998 article were as follows: governance involves a focus on institutions beyond (but including) those of government in the practice of governing; governance involves recognizing there is a blurring of boundaries over responsibilities for governing; governance arrangements create complex inter-dependencies between actors and organizations engaged in the process of governing; under governance networks are central to the practice of governing;

governance studies recognize that government can use a very wide range of tools beyond its authority and law-making capacity in order to influence outcomes. Through various studies and most recently in a paper published in 2006 on ‘Public Value Management: A New Narrative for Networked Governance?’ I have tried to think through the implications of the governance perspective that I outlined about a decade ago.

The emergence of governance theory from the early 1990s onwards has been one of the core developments in public administration. It is vital starting point for research in local governance. The move towards a governance perspective reflects a shift in the context for governing experienced by many countries:

- Economic development and the associated globalization of the world economy
- More demanding and sophisticated consumers, taxpayers and citizens
- Technological developments particularly around the management and transmission of information
- The overarching diversity and complexity of society

These factors have helped to create the conditions where the search for new methods of governing have become a strong and near universal trend in advanced industrial societies and beyond. Lester Salamon, in a book on the *Tools of Government*, argues that:

massive proliferation has occurred in the tools of public action, in the instruments or means used to address public problems. Where earlier government activity was largely restricted to the direct delivery of goods or services by government bureaucrats, it now embraces a dizzying array of loans, loan guarantees, grants, contracts, social regulation, economic regulation, insurance, tax expenditures, vouchers, and much more.

But it should not be assumed that all countries are following the same reform path, far from it, there is a considerable variety in the way that different countries have responded to new challenges. Yet many countries have been adventurous in developing different and new styles of governing. Students of public administration have often been playing “catch up” with policy makers and practitioners who have been innovating in a multitude of complex and diverse ways to meet their societies’ challenging problems. This factor finding makes the local governance arena a stimulating and even exciting area of study.

The first section of this lecture looks at how the governance paradigm has helped to encourage scholars to reshape their understanding of public administration and policy-making.

The next sections of the lecture look at how different methodologies and theories have been developed in response to the governance challenge. It is not a comprehensive review but does bring out some key developments. I examine network, delegation and social interpretative theories. No new grand consensus has emerged as a result of over just a decades worth of work but each of these strands of work have something to offer. The final element of this part of the lecture outlines a number of concepts that are central to debates about the implications of a governance paradigm for the public administration at the local level: urban regime, a social production understanding of power, and the idea of social capital.

For ease of presentation I have kept references to a low level in this lecture but at the end of the paper I list a number of key publications that should provide plenty of opportunity for further reading for those that are inclined to follow up the arguments presented here.

In the final section of the lecture I identify three major implications of following my governance theoretical lens. Governance has implications for (1) the way we understand the role of local government; (2) the key skills of public officials and (3) our comparative understanding of the local governance systems. Local government's role is best seen as tied to the delivery of effective community leadership rather than a particular set of functions and services. It needs to be explored as a system of organizations rather as primarily a matter of management within organizations. I am convinced that a key task ahead is to develop a more effective comparative framework in which to test and develop the governance perspective. This is why I particularly welcome the opportunity to share ideas with you.

PART 1: The Governance Challenge to Traditional Public Administration

Governance theory starts by recognizing that public administration's brief stretches beyond multiple government institutions to those drawn from the community, voluntary and private sectors. The role of these non-governmental agencies in delivering public services and programmes is an important part of the focus provided by the governance perspective. Responsibilities that might in the past have been defined as exclusively the

domain of government are now shared between government and a range of non-governmental actors. Again to quote Lester Salamon

In a sense, the "public administration problem" has leapt beyond the borders of the public agency and now embraces a wide assortment of "third parties" that are intimately involved in the implementation, and often the management, of the public's business.

The 'third parties' might include quasi-governmental bodies, public enterprises, social enterprises, private companies, voluntary and non-profit organizations.

There is also a broader recognition that citizens and government are inter-connected to a greater degree than in the past. The idea is that society has the critical links and capacities to solve policy problems, albeit with the direct support of the institutions of the state. To put it bluntly: citizens need to be involved in both the defining of societal problems and their active engagement is often essential to the delivery of solutions to these problems. The state at local and other levels faces a complex task of community leadership in both responding to citizens and framing the context for collective solutions that can work. There are measures that directly involve the citizens in the delivery of services where participation is implied, such as in community or restorative justice and volunteer special constables. Other initiatives aim to engage people in order to change their behaviour and, for example, improve their fitness and well-being through healthier lifestyles. Other schemes aim at encouraging citizens to achieve a collective goal such as a litter-free zone, less traffic congestion through car sharing schemes or better management of local parks, open areas or other community facilities.

A third element in the rethinking is a greater emphasis on the fragmented nature and condition of the state. It was clear that the state that did not act as a unitary body but rather a complex set of linked but divided institutions. Governing in these circumstances involved a capacity to work through networks both within and outwith the state.

Governance theory then points for public administration to a redefinition of the terrain of institutions and actors that are a focus of attention. A complex and more diverse set of organizational bodies and actors lie at the heart of public administration as redefined by the governance perspective. *Whereas traditional public administration concerned itself with the challenges of managing the political/administrative dichotomy in individual organisations and the making of policy, budget and practice within those organizations the governance perspective argues that it is the complex set of relationships between in a sea of organizations and actors that also needs to be a focus of attention.*

But the message of governance for public administration is more than the argument that the organizational world of governing, service delivery and practice has got more complex. The governance perspective emphasizes the idea that these organizations can no longer be linked together through a simple hierarchical chain. Modern governing faces an extremely demanding set of power dependencies. Power dependence implies that organizations committed to collective action are dependent on other organizations and cannot command the response of each other but rather have to rely on exchanging resources and negotiating common purposes.

Interdependence means the development of new tools of governing and the recognition that success in public administration is achieved in new ways. Lester Salmon argues:

In these circumstances, the traditional concerns of public administration with the internal operations of public agencies--their personnel systems, budgetary procedures, organizational structures, and institutional dynamics--have become far less central to program success. At least as important have become the internal dynamics and external relationships of the host of third parties.

Success often lies in the capacity to get the whole to become more than the parts. And failure comes where power dependencies and the opportunistic behaviour they allow, undermine the capacity to achieve outcomes. Government suggests an emphasis on certainty and proscribed and mandated outcomes; governance instead draws much more attention to capacity to steer society towards valued outcomes.

The governance perspective offers an alternative organising framework to that of traditional public administration. Complex tasks of co-operation do not necessarily require the imposition of a hierarchical chain of command in an integrated organisation. There are other options: regulation at arm's length, contracting through the market, responding to interest articulation and developing bonds of loyalty or trust. Recognition of this wider array of governance mechanisms enables the processes of modern public administration to be better understood and moves the focus of attention away from the internal operation and management of individual local government units towards a focus on how a range of institutions at the local level relate to one another and towards their environment .

PART 2: Theories of governance

In next section of the lecture we examine three major theoretical pillars in thinking about governance that take the issue of constructing and maintaining governance arrangements as central to their focus. We examine in turn work on the management of networks as key to governance; second on perspectives that focus more on the dynamic of delegation and the creation of appropriate incentive regimes to steer governance; third, we examine social interpretative theories that look how interests are articulated, communicated and conditioned by a governance discourse and how identities and trust might be built. Finally we turn to some core concepts that have been central to the development of the governance perspective.

Network management theory

One axiomatic statement provided by the governance perspective is that governing is about the operation of networks of complex mix of actors and organizations. As Rod Rhodes claims in *Understanding Governance* 'governance is about managing networks'. And although there has been some rhetorical reference to 'governing without government', again by Rhodes, most scholars agree that the main focus of attention is how government effectively interacts with organizations both within and beyond the state in order to achieve its goals. All the major reviews of the governance literature including those by Pierre and Peters, Kettl and Kjaer agree that what we are dealing with is not

networks that are self-governing, standing free and alone, but rather networks of organizations that are guided and steered by government.

So what is it that governments do when it comes to steering networks? The Dutch school led by William Kickert identify two broad types of management strategy: game management and network structuring. The first refers to the management of relations within an existing network and the second refers to attempts to change the structure or participants in a network. The first type can often involve government in the search for compromises to create the conditions for joint decision-making. For example, a government body could call together all the relevant interests in order to agree a new form of regulation and in doing so bring about a beneficial outcome that is recognized as such by all the those interests. The second type of intervention is more 'hands-on' and involves changing relations between actors, shifting the pattern of resources distribution and seeking to encourage a major change in policy direction. New players are brought into the network and given legitimacy and resources that provide them with the opportunity to influence the decision-making process and push for different outcomes that would otherwise have emerged. In such a case a government agency might, for example, bring a group of biology trained conservationists into an argument between residents and developers over the regeneration of urban park in order to get more expert input and a more wildlife friendly outcome.

Danish political scientist Eva Sorensen offers a useful framework to identify four main ways in which networks might be managed. They are:

1. Hands-off framing of self-governance

2. Hands-off storytelling

3. Hands-on support and facilitation

4. Hands-on participation

The last two forms of intervention identified by Sorensen are similar in many ways to the direct forms of intervention identified in the earlier work on network management. They involve state actors in game management by supporting and facilitating exchange between network members or more actively joining the exchange in order to promote particular interests or a particular outcome. What is more novel about Sorensen's list is the identification of hands-off forms of network management.

The first of these hands-off forms – framing- captures a broad range of activities. It includes facilitative legislation to give networks a general sense of direction but that leaves its constituent organizations free to define their own paths and mechanisms for achieving these goals. It also covers incentive based measures that encourage organizations to co-operate in a particular way. Crucially the state in both cases is acting in a hands-off way. It is guiding and not dictating.

Formal goal setting and incentive structures are not the only way of influencing networks.

You can influence networks through narrative as much as through the harder tools of legislation and finances. Sorensen explains:

Through storytelling, it is possible to shape images of rational behavior through the construction of interests, images of friend-enemy relations, and visions of the past and

possible futures for individuals and groups and for society at large. Hence, storytelling represents a forceful hands-off means of influencing the formation of political strategies among a multiplicity of self-governing actors without interfering directly in their strategy formulation.

The essence of the insight here is that networks can be influenced and encouraged to view and understand their world in certain way and through that activity they can be managed. But in order to effectively manage networks, argues Sorensen, managers and more particularly politicians need to learn new skills of leadership.

Network management theory has been successful in pointing to a different way of doing public administration. As a description of new ways of working and as a source of ideas for managers and politicians management network theory has considerable strengths. Yet it has been argued by critics that network is used in much of this literature as a metaphor that enables writers to capture a sense of a different form of governance but the network concept and how best it should be analyzed remains somewhat problematic and unclear. A number of elements need to be taken into account if we are to understand the impact of networks: the context in which the network operates; the network structure (for example how tight or loose it is) and the skills and resources available to different network actors in their attempts to influence outcomes. The interaction of these different elements is the key to understand how networks influence policy. So far the literature remains relatively underdeveloped in examining what it is about networks that make them work.

As a result Provan and Milward argue that given the absence of rigorous assessments mean that it is still ‘premature to conclude that networks are effective mechanisms for addressing complex policy problems’. They suggest that the overall effectiveness of networks needs to be judged against three broad questions, each offering a different level of analysis. First does the network deliver outcomes that are valued by society and its representatives? Second does it deliver sustainable relationships among a set of partners? Third, does it enable individual agencies to survive and continue to construct their futures in a way that is beneficial to them and wider societal interests? In short does it work for the community, as a network and for its participants? The answer to each of these questions may be different but as Provan and Milward suggest this challenge should not put analysts off the task of judging the performance of networks rather than simply advocating them as the new way of governing. The underlying message of network theory is that government can try to manage networks but it cannot be established with certainty that it will succeed.

Theories of delegation

If network theories argue that the key governance task is to manage networks effectively then delegation theorists argue that key to effective governance is getting the structure of delegation right. When incentives are appropriately aligned then the desired outcome can be achieved is the basic assumption of delegation theorists. An understanding of how delegation works could provide a key element in understanding the operation of governance. The style of theorizing in this tradition tends towards the formal rather than

the informal, in contrast to network management theory. Moreover the emphasis is on generating insights from parsimoniously specified models that are subject to empirical testing in so far as that is possible in ‘real world’ settings.

Theories of delegation start from a premise that is shared with principal –agent theory that the boss (or principal) is engaged in a ‘noncooperative’ game with a subordinate (the agent). The boss can either delegate or not and the agent can either shirk or work; or to be put it less pejoratively ‘the subordinate can either act in a way that is good for the boss or not’ (see Bendor et al, 2001, 236). Table 1 captures the four possible outcomes given that set of assumptions.

Table 1: A typology of delegation

Boss Delegates	Outcome A: Agent Works	Outcome B: Agent Shirks
Boss Controls	Outcome C: Agent Shirks	Outcome D: Agent Works

Given that the model is about finding the conditions under which the boss achieves her ends then the next assumption made in the model is that the boss prefers the agent to work towards objectives in tune with the boss’s wishes. This assumption plainly makes a lot of sense. The agent, however, may or may not prefer to have discretion; that is being on the receiving end of delegation. It is not necessarily considered to be more attractive from an agent’s perspective to have a constrained autonomy rather than being subject to tight control. This slightly less intuitively plausible assumption is justified, it is claimed,

because in some settings the subordinate may not want to take responsibility for fear of being held responsible for the outcome that is difficult to achieve.

So what is the basis of any deal? Why should the agent want to help out the boss? Well the answer given in delegation theory is because the subordinate wants to avoid the option of control-shirk. The assumption here appears to be that outright conflict between agent and subordinate would be considered untenable and unsustainable by both. So for everyone's point of view the aim is avoid outcome C and from the boss's point of view the goal is to achieve outcome D or A and at a pinch accept outcome B, if time constraints or lack of relevant information prevent a more optimal solution. Even then a deal might be difficult to strike where for example the outcome of a project is unclear. The boss may delegate in order to avoid the blame and the agent may work hard in order to get the credit but if the boss sees that happening and takes back control in order to claim credit then the agent may shirk and so on and so on.

Thinking formally about the dynamisms of delegation in this manner helps to indicate why achieving effective delegation in the world of governance can be difficult. The power to direct is in the hands of the boss but a possible information advantage is in the hands of the agent as they are the person with direct involvement. In this light it is possible to see delegation as a delicately balanced game. The issue becomes: 'is the gain produced by delegating the decision to a more informed party worth the loss produced by having someone with different preferences make the choice?' (see Bendor et al, 2001, 242). This stripped down version of the model can then have several 'what ifs' added to

it. What if the agents started to volunteer to take on delegated tasks how would that affect the game? What if there was a more intensive conflict between boss and agent would the boss ever be able to delegate? What if there were multiple agents (who could free ride off each other) or multiple principals that might have some but potentially cross-cutting hand in controlling the agent?

But delegation theory does not just stop there and it would be disappointing if it did. As well as signaling the complexity of delegation arrangements is also identifies a number of ways in which delegation can be effectively managed. One option of course is for the principal to impose sanctions after the event and once something has gone wrong and the agent has stepped out of line. The delegation literature is clear about how costly this method is in that it requires a lot of monitoring effort in the context of information asymmetry and could be potentially damaging to the reputation of both principal and agent in the future.

But there are other ways in which control can be exercised other than through extensive monitoring and oversight. One option that appears to have stood up well in delegation studies is the “ally principle”-that a boss prefers subordinates who resemble herself ideologically. Where such over-arching selection procedures cannot be put in place there are still other ways to constrain the discretion of agents. Many writers suggest that principals often engage in ‘deck-stacking’ in order to increase the likelihood of agents choosing outcomes they prefer. They use administrative rules to set the conditions of the game: how the agency can make a decision, whom it needs to consult, and the speed at

which it can be allowed to make decisions. The principal's control can further be enhanced by installing recall mechanisms to ensure that if an agency makes a decision that is out of line with principal's thinking it has to reconsider. Thus an agency can be given quite broad legislative remits (and also have the advantage of flexibility) but an environment can be created in which they are more likely to make decisions in tune with the perspective of the principal.

A key message from delegation theory is that if principals lack the time and resources to supervise their appointees, they can regulate bureaucratic discretion through their access to rule-making. The right amount of restriction over discretion can deliver desired outcomes for the principals; but they must be careful not to tip their design of regulations to encourage non-compliance.

There is one particularly interesting variation identified in the literature in which the key objective for the principal is to set up an agency that will not be seen as 'cow-towing' to their interests and whims. The aim of this game is to establish credible commitment. A well known example is that of delegating control over the money supply and interest rates to an independent decision-making body to insulate it from short-term political interests. It is given responsibility to set the money supply levels and interest rates for the long term health of the economy. The principal creates an insulated form of delegation that keeps her away from the decision but still does a job for the principal in that it delivers a credible commitment that decisions are going to be made in the long term public interest. Another factor in the principal's thinking might be to install a decision-making procedure

that cannot be easily unraveled by political opponents when they gain power at the expense of the currently dominant principal. Thus for example a highly independent environment protection commission might be set up- free from day to day political lobbying - in order to ensure that even when out of power the principal could be reassured that environmental issues will have a strong promoter and protector. There are of course costs in such a strategy in that a rigid and inflexible agency might result, one unable to adapt to new demands and circumstances.

In summary much of the delegation literature is relatively optimistic about the possibility of 'smart' design solutions to the problem of how to delegate effectively and thereby keep a complex system of governance under the direction and influence of principals. The implication of the literature is that principals can, if they delegate deliberately and responsibly, see 'the will of people' as they interpret it put into practice despite the complexities of modern governance. The formal nature of theorizing enables a number of hypothetical or simplified solutions to be explored but what is not so clear, as even its advocates concede, is that the method enables the effective exploration of real -world institutions and decision settings with all their contradictory and confused practices and their context of past decisions and present commitments. Does delegation theory really allow for the sheer messiness and multiple interpretations and understandings that characterize action and inaction in the world of governance?

Social interpretive theories

The sense that the world is not easily controllable and that the design of governance arrangements is not a straightforward task pervades the last broad school of thought to be examined in this lecture. Social interpretive theory differs from the delegation literature because it develops a more complex and nuanced perspective on how individuals and groups respond to the challenges and difficulties of governance. Whereas delegation theory assumes that people respond rationally to a given set of incentives created by institutional rules that are universally perceived and understood the social interpretive literature takes as a starting point that that people interpret the world differently and that social and political communication is far from straightforward but is rather the greatest challenge of governance.

Mark Bevir is a well known advocate of this approach to understanding governance. He criticizes approaches such as those developed by delegation theory assume that you can develop procedures or rules to steer the behaviour of subordinates with relative ease. A principal may construct a rule Y for people in position X and expect behaviour Z as a result. But 'people who are in a position X might not grasp that they fall under rule Y, or they might understand the implications of rule Y differently from us, and in these circumstances they might not act in a manner Z even if they intend to follow the rule'. Further the model builders of delegation theory start with the assumption that people are self-interested but then make further assumptions as to what might be in someone's self-

interest in a particular context. These arguments are made to sound natural, obvious and even self-evident but all they are simply guesses by the analyst. Bevir comments that 'we cannot blithely assume that bureaucrats understand and judge their institutional context as we do'. Without exploring people's beliefs and perceptions there cannot be any adequate explanation.

Bevir argues for 'a narrative approach ...that unpacks human actions in terms of the beliefs and desires of actors'. To explain people's action you need to invoke their beliefs and desires by exploring the ways they understand their location, the norms that affect them and their values. But importantly he notes 'people cannot have pure experiences, their beliefs are saturated with contingent theories'. Political scientists have the task of understanding these beliefs and desires and this is best done by interpreting them 'by relating them to other theories and meanings'. People live and work in the context of traditions and these traditions prompt them to adopt certain meanings and when dilemmas occur they may modify their traditions and beliefs. In summary Bevir (2003, 211) 'encourages us to understand governance in terms of a political contest resting on competing webs of belief and to explain these beliefs by reference to traditions and dilemmas'.

It is important to view governance as a 'communicative relationship' whose character is open, developing and reflexive(Bang, 2003). For the social interpretative school all social life is negotiable and governance if it is to be effective and legitimate governance will have self-consciously to take that form. The world of communication is a complex one

with a lot of different voices and a degree of ‘white noise’, that is extraneous background material. Policies trigger whether intended or unintended links to broader societal debates and meanings. Deep connections that have developed over time may be stimulated or revived by a policy, as they connect to embedded cultural concerns. This complex of meanings is to found in the policy’s language, but also in the language of the debate about the policy and in discussions surrounding its implementation. Diverse meanings also find reflection in the instruments that the implementing agencies creates and uses in its operations. And they are carried in the agency’s acts, in its daily, weekly, monthly, annual operations. As texts rarely convey enough context or background for conveying a legislator’s intent, implementers must determine for themselves and their organisations what policies mean. So, implementers must discern what policy means in terms of everyday practice. The implication of the interpretive approach is that governance is a messy and rather uncertain process.

Key concepts

The three theoretical traditions that I have just outlined do not of course exhaust the possible perspectives that could be brought to focus on the issues of governance but they do constitute areas where a considerable amount of literature has been produced. Beyond broad theoretical perspectives it is also possible to identify a number of concepts that have helped in the analysis of governance.

Regime analysis

Regime analysis views power as fragmented, and regimes as the collaborative arrangements through which local governments and non-governmental actors assemble the capacity to govern (see Mossberger and Stoker, 2004). A regime is “an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions” (Stone 1989, 4). Collaboration is achieved not only through formal institutions, but also through informal networks.

Effective urban governance is achieved through building civic cooperation across institutional boundaries. The previous more formal understanding of power as the exercise of detailed influence or control over decision making gives way to a more informal understanding that power is about giving direction and then mobilizing the resources necessary to ensure that the vision is fulfilled: ‘If the conventional model of urban politics is one of social control . . . then the one proposed here might be called “the social-production model’’. It is based on the question of how, in a world of limited and dispersed authority, actors work together across institutional lines to produce a capacity to govern and to bring about publicly significant results’ (Stone 1989, 8–9). In a complex, fragmented urban world, the paradigmatic form of power is that which enables certain interests to blend their capacities to achieve common purposes. The capacity to blend together resources and put together a vision that can be shared might be seen as the key ingredients in effective urban leadership at the beginning of the 21st century.

Social capital

Social capital is another important concept in the understanding of governance (Maloney et al, 2000; Smith et al, 2004). I think that social capital is a useful concept but that its application needs to be placed within an appreciation of the particular context in which social capital effects are being observed. Social capital does its work in particular locations and works through particular relations. To understand how social capital can make a difference in the politics of localities we need not general information about the amount of social capital in a city but a detailed way of judging its presence or absence in particular relations.

Social capital is a property of relations between actors. What such a definition points us to is the importance of not only studying the relationship between individuals, but also between organisations and institutions. Social capital can be constituted in a variety of ways. It is a complex resource available to individuals and organisations that facilitates the achievement of collective action. The components of social capital include (1) the context of obligations, expectations and trustworthiness in which actors operate, (2) the quality of the information channels to which they have access, and (3) the availability of norms and effective sanctions to discipline relationships. Unlike physical or human capital, it is not the property of individuals or institutions. Social capital inheres in the relations between actors and is a resource that is drawn upon to facilitate collaborative

activities. It is the shared knowledge, norms and sense of trust that is brought to activity that in turn makes that activity more likely to succeed.

It is possible to see the various elements of social capital that at first sight seem to be disparate features as a set of connected phenomenon. Trust begets exchange that in the context of a free flow of information can provide the framework for building norms and sanctions that make collective action sustainable in the long run. The connections can in turn flow in the other direction and feedback on one another. The quality and nature of these relationships are articulated through social networks whose efficacy varies according to their nature and intensity. In short social capital matters but it does so in the context of particular relations where it is converted into a capacity to act together effectively. We need to examine not whether a city or urban area has social capital or not but in what situations that social capital is created and put to work.

PART 3: Implications of the governance perspective

In this final section of the lecture I try to tease out some of the key implications of my adoption of a governance perspective. As academic focused on public administration I argue that suggests the governance perspective tells me three things that those charged with governing need to think about. First the need to ensure that there is sufficient scope for a local decision-making. Second they need to consider whether their managers and officials have the appropriate skill set for governance. Third they need to be prepared to learn from elsewhere and to that that have a way of understanding local governance in a comparative context.

Extending the scope of local decision-making

Examining the impact of globalization, increased social and geographical mobility, and the rise of technologies that render community and connections divorced from place might, at first, confirm the idea that local government is yesterday's institution. But it is now appropriate to state why the local arena remains an important focus of governance in today's world.

In recent writings I have been calling for a New Localism, a strategy aimed at devolving more power towards front-line managers, local structures and local consumers and communities, within an agreed framework of national minimum standards and policy priorities (Stoker 2004). New Localism makes sense because it provides the governance

flexibility to cope with complexity and it provides the mechanisms for engaging citizens directly in meeting governance challenges.

There are very few problems confronting communities today that have simple solutions. Protecting the environment, creating a sound economy, sustaining healthy communities or helping to prevent crime all require a complex set of actions from people and agencies at different spatial levels and from different sectors. It would be nice to argue that we should stop doing complexity and instead think about simplicity. That might wash in a self improvement book but when it comes to running the business of a modern society the attraction of simplicity is false. As the saying goes ‘to every complex problem there is a simple answer and it is always wrong’.

We need to find ways of living with complexity. We need to understand any problem or issue in its multiple dimensions and find mechanisms that enable us to not get swamped by complexity but to deal with it effectively. The path to reform is not to allow local institutions complete autonomy or equally to imagine that the centre can steer the whole of the government system. We need a form of central-local relations that allows scope for all institutions to play an active role and we need to find ways of involving a wider range of people in the oversight of the services that are provided through public funds and in the search for solutions to complex problems.

We need to incorporate into our thinking the essential insight of social capitalists which is that the quality of social relations makes a difference to the achievement of effective

outcomes when it comes to activities that involve complex exchange of ideas and the co-ordination of a variety of actors. Local or community governance can deliver that capacity and help to meet challenges that top-down government simply lacks the strength of social relations to deliver.

What kind of local government institutions will be needed to carry the torch of New Localism? First what is required is a strategic local government to give back the capacity for collective decision-making at a local level. This form of local government needs to operate at the city region level or at some equivalent spatial scale. The second below that should be local governance institutions that can give expression to the interest of citizens and stakeholders to have a more of a say over their immediate environment even to a neighbourhood or community level.

The role of government officials and representatives in this system is to offer community leadership. We use the concept of community leadership to include:

- Strategic partnerships - creating vision and strategic direction for a local area or sub-region, strengthening the ability of authorities and their partners to deliver innovation and change
- Community engagement – getting effective participation and developing community cohesion
- Responsive services by challenging and scrutinizing providers of public services, in partnership with communities to create more responsive services

- Challenging citizens by taking proactive measures to change negative citizen behaviours

Beyond the strategic role of local government there are a variety of more piecemeal functions in helping communities to cope with the challenges of 21st century living. Local government at all levels will play a key role in delivering these tasks but again these challenges will best be met under the rubric of community leadership rather than necessarily direct provision or intervention.

New management skills

Much of network theory emphasizes that the tasks of management in the public sphere have changed fundamentally. As Lester Salamon puts it:

the "new governance" shifts the emphasis from management skills and the control of large bureaucratic organizations to enablement skills, the skills required to engage partners arrayed horizontally in networks, to bring multiple stakeholders together for a common end in a situation of interdependence.

He identifies three core sets of skills. The first is **activation skills**, getting the relevant players involved in helping to resolve problems. Whether that is getting enough 'buy-in' from various participants in a scheme to promote environmental improvement or on a more hard-nosed basis ensuring that there is enough of a market in producers of care services for the elderly a key requirement for the manager in the context of network

management is coaxing participants and more broadly constructing an environment suited to their search for public value.

A second skill set identified by Salamon is the **capacity to orchestrate** in order to help the various elements of any network more effectively work with each other. There are skills of diplomacy, communication and bargaining often involved in achieving coordination. Finally there what is required is **modulation skill set** in which the central challenge for public managers is to determine what combination of incentives and penalties to bring to bear to achieve the outcomes desired.

Goldsmith and Eggers in *Managing by Networks* develop this line of argument and comment that for all types of public institutions ‘the skill with which the agency manages networks contributes as much to its successes and failures as the skill to which it manages its own public employees’. They go on to note that managers’ key tasks include having to align goals among partners, averting communication breakdown and overcoming data deficits and capacity shortages.

The overall goal of network management has been defined as the achievement of ‘public value’. Taking up the work of Mark Moore managers are urged to ask is whether the public intervention that they are directing is achieving positive social and economic outcomes; whether it is meeting the challenge of public value (Moore, 1995). In my article in the *American Review of Public Administration* published in 2006 I develop this insight to present an overarching narrative of public value management as the paradigm

most compatible with a governance perspective. Table 2 outlines this thinking and argues that the management response to the governance challenge goes beyond both traditional public administration and the new public management. The touchstone for network-based governance is a different narrative of public action that points to a motivational force that does not rely on rules or incentives to drive public service reform but rests on a fuller and rounder vision of humanity. People are, it suggests, motivated by their involvement in networks and partnerships, that is, their relationships with others formed in the context of mutual respect and shared learning.

Table 2: Paradigms of management

	Traditional Public Administration	New Public Management	Public Value Management
Key objectives	Politically provided inputs, services monitored through bureaucratic oversight	Managing inputs and outputs in a way that ensures economy and responsiveness to consumers	The overarching goal is achieving public value that in turn involves greater effectiveness in tackling the problems that citizens most cares about, stretches from service delivery to system maintenance
Role of managers	To ensure that rules and appropriate procedures are followed	To help define and meet agreed performance targets	To play an active role in steering networks of deliberation and delivery and maintain the overall capacity of the system
Definition of public interest	By politicians/ experts. Little in the way of public input	Aggregation of individual preferences, in practice captured by senior politicians or managers supported by evidence about customer choice	Individual and public preferences produced through a complex process of interaction, which involves deliberative reflection over inputs and opportunity costs
Key motivational force	Rules and guidelines that are imposed by authority and strong promotion of norms	Incentives provided to individuals and organizations to meet objectives and targets	Shared sense of purpose driven by a strong commitment to effective relationships and commitment to mutual learning
Preferred system for service delivery	Hierarchical department or self-regulating profession	Private sector or tightly defined arms-length public agency	Menu of alternatives selected pragmatically and a reflexive approach to intervention mechanisms to achieve outputs

Adapted from Gerry Stoker 'Public Value Management: A New Narrative for Networked Governance?' *American Review of Public Administration*, Volume 36, Number 1, March 2006, 41-57

The implications of public value management are profound in many ways. They require us to think about how to run the public sphere in a different manner and demand a rethink of the responses that might in the past have been given to the issues of how to achieve efficiency, accountability and equity. As Table 3 indicates each of these challenges can be met in different ways and the governance paradigm and its associated management perspective offer understandings and responses that differ from those provided by traditional public administration or new public management.

Table 3: Management paradigms and the challenges of efficiency, accountability and equity

Responses to core challenges	Efficiency	Accountability	Equity
Traditional Public Administration	Break down complex tasks and get staff to follow procedures	Competitive elections provide leaders that can steer and exercise oversight	By treating all similar cases the same
New Public Management	Set tough performance tasks that the organization is encouraged to achieve	Politicians to set public goals and set targets and then hold managers to account for their delivery	Offering a framework of responsiveness to users and setting targets to achieve fair access to services
Public Value Management	Check on a continuous basis that activity fits purpose	By negotiated goal setting and oversight	By developing individual capacity so that rights and responsibilities are realized

Taken from Gerry Stoker 'Public Value Management: A New Narrative for Networked Governance?' *American Review of Public Administration*, Volume 36, Number 1, March 2006, 41-57

Towards a new comparative approach?

The new world of local governance demands a comparative perspective so that we can learn from each other. But existing comparative frameworks are too narrowly focused on a few western concerns and not sufficiently global. Moreover they are too dominated by a focus of formal institutional differences rather than by a concern with the practices and functions of local governance systems. I admire an excellent new study by Denters and Rose (2005) and still argue it lacks they lack a certain depth and a global reach.

The truth is that the complexity of local governance institutional arrangements often belies understanding within countries and makes the task of comparative study very taxing. Comparativists are in danger of being tripped up by the complexity of the systems of local governance that are in the process of being created. We need to think about a simplifying frame in which to present a comparative yet global understanding of local governance.

One key question to ask of any system is what are its core functions? In case of local governance is the focus on basic survival, social investment (economic development, roads, physical infrastructure, social consumption (welfare, income support) or post-material concerns (environment, leisure, lifestyle issues)? A second set of issues is economic context the system is dealing with. A third requires

the identification of the pool from which key stakeholders are drawn and a fourth could focus on the organisation and capacities of civil society. Finally in each case there may be a particular understanding of what the key governance challenge might be. Collating responses to these five questions suggests that certain groupings coalesce to create analytically distinct abstract models of local governance Table 4 presents four broad types of governance system labeled: basic, economic, welfare and lifestyle.

Table 4: Systems of Local Governance: Key forms

Focus of Core Functions	<i>Economic: Social investment</i>	<i>Welfare: Social consumption</i>	<i>Lifestyle: Post-Material</i>	<i>Basic</i>
Demands of Economic Context	Rapid development	Mature renewal	Sustain access to monetary flows	Subsistence to slow development
Key stakeholders drawn from	Local business, developers and investors, labour and migrant workers	Consumers and clients; international and national business and local taxpayers	Local residents and well-resourced visitors and inward migrants	Local peasants, farmers, residents
Organisation of civil society	Weak and underdeveloped	Fragmented but organised	Divided but cohesive and coherent in its elements	Strong but with limited horizons
Key perceived governance challenge	Delivery of projects and programmes	Legitimation of distributive and allocation procedures	Mixing of choice and paternalism over quality of life issues	Developing community capacity

We could use this framework to begin to look for comparative lessons moving back and forth in time if necessary. In case of England (and more generally in Europe) I think we are moving away from the welfare model towards economic and lifestyle models. I leave you to tell me what is happening in China. And simply conclude that without some sort of framework such as the one I offer it will difficult to construct those exchanges vital to mutual learning.

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