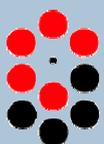


Do Policy Networks lead to Network Governing?

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Researcher, Ph.D.***

***Welfare Systems and Policies
Working Paper 03:2005***



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Abstract

This paper challenges the notion that creation of local policy networks necessarily leads to network governing. Through actor-centred case studies in the area of municipally implemented employment policy in Denmark it was found that the local governing mode is determined mainly by the municipality's approach to local co-governing as well as by the capacity and interest of key private actors. It is argued that national legislation requesting the creation of local policy networks was not enough to assure network governing and the case studies show that local policy networks may subsist also under hierarchical governing modes. Reasons why hierarchical governing modes prevail over network governing in some settings are identified pointing to both actor borne and structural factors. Output indicators of the four cases do not show that a particular governing mode is more efficient in its employment policy delivery.

Introduction

A growing body of literature indicates that network governing is a still more important issue within public administration and policy making. Scholars have argued that because modern societies are complex, dynamic and differentiated, governing them is and can no longer be a matter exclusively for the state (Kooiman 1993, 2003; Pierre and Peters 2000; Hirst 2000). Governing is increasingly a matter for both public and private governors neither of which have the capacity to address public policy problems alone but find themselves participating in governing schemes characterised by resource dependencies (Hanf and Scharpf 1978; Marin and Mayntz 1991; Marsh and Rhodes 1992; Rhodes 1997, Jessop 1998; Kickert 1993, Kickert, Klijn and Koppenjan 1997). Governance has become the principal term by which authors imply that in order to grasp modern policy making and implementation it is not sufficient to focus on formal government arrangements regardless that there is still no consensus as to the precise meaning of the term (Rhodes 1996, 1997; Pierre and Peters 2000).

Network governing is one governing mode among various (Kooiman 2003), albeit an important one. Scholars judge that network governing – at least potentially – contains the promise of more favourable outcomes of governing than either hierarchical, ex-ante state-driven steering or ex-post market-driven coordination (Jessop 1998). Networks appear to have the ability to combine the individual autonomy of markets with the property of hierarchies to consciously pursue goals and act according to anticipated effects (Mayntz 1993) and network governing may over time become a tool for steering and advancing democracy (Jensen and Sørensen 2004) as well as furthering system legitimacy (Pierre 2000).

Considering the hailed potentials of network governing it is comprehensible that governments at all levels engage in promoting, governing and managing policy networks (Kickert, Klijn and Koppenjan 1997; Kooiman 1993). Meta-governors – typically but not exclusively governments – enjoy the privilege that they may design fundamental features of policy networks even when these are self-organizing (Jessop 1998). Through meta-governing (at a more tangible level than Kooiman's (2003) third-order meta-governance) basic characteristics of a policy network and the basic rules under which it function are laid out (Klijn, Koppenjan and Termeer 1995; Jessop 1998; Kooiman 2003). Nevertheless, few studies have examined whether the creation of policy networks in fact lead to network governing or whether policy networks may subsist under other forms of governing.

In this article it is argued that network governing is only one of a number of possible governing forms that may ensue when local policy networks are created by decree from upper levels of government. The argument challenges a common implicit understanding of many governance studies that once policy networks have emerged, particularly when propelled by government actions, the form of governing that follows is network governing.

Numerous questions arise when the link between policy networks and network governing is not taken for granted. First and foremost it is of interest to explore what determines that network governing emerges in some settings while not in others. How do structural conditions influence the mode of governing and what is the role of the approach adopted by core actors? Closing in on answers to these questions will advance our understanding of the sustainability of network governing, among others the important inquiry of whether this governing form is applicable in all settings. A second central issue relates to effects of network governing on policy output. Previous research suggests that there is an effect (Marsh and Rhodes 1992), but indications of how network governing is reflected in policy output as compared to other governing forms are dim. The work done by O'Toole and Meier (2003, 2004) on the importance of managerial networking among district superintendents in public schools in Texas suggests that personal networking matters positively. Unfortunately, O'Toole and Meier do not elaborate on the governing forms under which this form of networking takes place.

The article will attend to these questions drawing on data from four empirical case studies in the field of Danish employment policy. The next section clarifies what is understood by policy networks and modes of governing and how these concepts are applied in the research. After that the question of structure and intention in studies of policy networks is discussed followed by an outline of the empirical context in which the likelihood of network governing in the area of Danish employment policy is problematized. The fifth section is dedicated to the case studies. In each case the mode of governing is analysed and the primary causes of the prevailing governing mode are sought identified. This is done before looking at the performance (output) of each case. Finally, a discussion of the likely interpretations and implications of the empirical material is offered.

Policy networks and modes of governing

Despite – or likely because of – the widespread use of the policy network concept, the academic community has not adopted one common definition of the notion. However, it is generally agreed

that policy networks are relatively stable clusters of operationally autonomous actors connected to each other by mutual resource dependencies that interact, frequently in institutionalised settings, in order to address a public policy problem.

Several authors have in their definitions required policy networks to be self-organizing. An example is Rhodes (1996, 1997) who finds that self-organizing policy networks resist government steering. Strictly interpreted, Rhodes rules out meta-governance though in later writings he clarifies his position bringing him into what appears to be the present mainstream understanding:

‘[N]etworks have a significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organizing. Although the state does not occupy a privileged, sovereign position, it can indirectly and imperfectly steer networks’ (Rhodes 2000:61).

The degree of autonomy in a policy network versus governmental steering is crucial in the discussion that the present study rises of whether or not policy networks may subsist in governing forms that are not network governing. Rhodes (1996:659) declares that “networks are an alternative to, not a hybrid of, markets and hierarchies”. However, it is impossible to draw an exact line between when a policy network is sufficiently self-organizing and autonomous to define the corollary governing mode as one of network governing as opposed to when the governing mode is rather based on market or hierarchical principles. By describing the involvement and conditions under which similar policy networks operate, distinctive characteristics of the governing modes are revealed.

The interest here is not to identify a detailed list of criteria defining network governing. The interest is to broadly categorise governing modes and to identify reasons why one mode prevails over another. It suffice to demand that for a governing mode to be considered network governing, the policy network in question must have real and autonomous influence on the policy making process. This requirement implies that the policy network is capable of engaging itself in the policy making process and that the substance (policy) of the process has not been determined before its involvement.

Structures and intentions in local policy networks

Studies of policy networks and network governing have frequently focused on structural and functional features producing different typologies as e.g. the “Rhodes Model” (Marsh and Rhodes

1992). However, classifying policy networks into categories cannot explain why structurally and functionally similar policy networks translate into rather different forms of governing in the same policy field.

A precondition in order to study this phenomenon is to accept that policy networks may subsist without implying the existence of network governing. Certainly it may be expected – and the case studies will show – that the role of a local policy network varies significantly whether the governing mode is one of network governing or not.

In order to explore varieties of governing forms of similar structural and functional policy networks we need to study the participating actors. Actor-centred policy network analyses have been advocated from different theoretical stands. Under the heading of actor-centred institutionalism, Scharpf (1994, 1997) uses game theory to show that actors will seek to form networks and accept to coordinate themselves (in the shadow of hierarchy) in order to approximate welfare optimality. The driving forces in these policy networks are the choices made by the participating actors based on their self-interest (Blom-Hansen 1997). Choices – the results of intentions and actions – are unquestionably central to policy network analysis, yet the approach offers little help when analysing policy networks that origin by decree rather than by common interest among its members.

The interpretive approach proposed by Rhodes and his colleagues (Rhodes 1999; Bevir, Rhodes and Weller 2003) leaves more room for analysing governance aspects of top-down created policy networks. The “interpretive approach explains actions by reference to the beliefs and desires of actors, and it explains these beliefs by traditions and dilemmas” (Rhodes, Bevir and Weller 2003:12). Narratives of individual participants are therefore needed as interests and beliefs of policy networks cannot be read off from objective facts about them. Analysing narratives allow us to gain knowledge about the actors’ motives for participating a policy network and the conditions that constrain their opportunities to fully engage themselves.

Nonetheless, policy network analyses are not complete without also paying attention to the structural conditions that may facilitate, limit or demand actions of actors (Kooiman 2003). When looking at policy networks operating at the local level, traditional government enters the analysis at two levels, both of which may entail elements of meta-governance. National government may thus – alone or in agreement with national level policy networks – sketch out a framework for local policy networks, e.g. by suggesting or demanding the creation of local policy networks. Other

aspects could be establishing rules as to the membership composition, agenda, financial arrangements, and the competences of the policy network.

Depending on the level of detail, the nationally determined framework leaves opportunities for meta-governing at the local level. Local governments frequently find themselves in a double position here. To the degree they choose to exploit the opportunities given they may act as meta-governors what concerns the more detailed rules and structures regulating the local policy network. At the same time they may themselves participate in the policy network adhering to the same rules and structures as the rest of the participants. Analysing the role of municipalities within local policy network, Andersen and Torfing (2002, 2004) have shown that this double position may lead the municipality to play a role that is either too dominant or too passive. Less is known about the role of the municipalities as meta-governors, i.e. intentional builders of structures and how this influence the governing forms under which local policy networks will operate.

Why network governing is not so obvious in Danish employment policy

The employment policy field appears to be a good place to look for network governing. The European Employment Strategy stresses the importance of involving social partners and other private actors, and corporate theory has in part been built upon observations from the labour market (Schmitter 1979). In the particular case of Denmark, the country is known to have a strong, corporatist history on the labour market (Nørgaard 1997, Jørgensen 2002) and has, in comparison with other EU Member States, “well established structures for governance thanks to a unique tradition for involving social partners in labour market issues” (European Council 2004:66).

This appraisal refers however only to part of the Danish employment policy. As in other countries (see Ditch & Roberts 2002), the Danish employment policy is divided between an insurance system and a social welfare scheme. The insurance system is fundamentally private (albeit the state has gradually taken over most of the financial burden) and attends to unemployed people who voluntarily have joined an unemployment fund. The social welfare system is publicly tax financed and addresses un-insured unemployed people.

While it is correct to associate Danish employment policy with corporatism and strong involvement of the social partners when it comes to the insured unemployed, the historical background and the present day administrative set-up of the social welfare scheme differ markedly. The system attending to un-insured unemployed is best described as one governed by municipalities adhering to

local autonomy and representative government and with a history of emphasising social assistance (care) rather than labour market participation (Damgaard 2003). Up until recently, these features gave way for very limited collaboration between municipalities and social partners (or other private actors).

The perception of passive social assistance being the heart of the policies for unemployed is no longer accepted. As in other countries, Danish employment policies have – at least rhetorically – been transformed from being passive to active (Torfing 2004; Martin 2000). The shift has substantially altered the agenda of the social welfare system. Municipal departments of social services have had to change their organizations from being good at paying adequate amounts to social welfare recipients to knowing how to assure the clients' labour market participation. This is a fundamentally different task that requires municipalities to work much closer with employers and other non-state actors than earlier.

Other policy developments have pushed the municipal task in the same direction, e.g. the awareness of using the labour market as an instrument in combating social exclusion and the push for increased corporate social responsibility. Documented successes transferring the actual policy measures from being carried out in municipal settings to take place directly on the shop floor (e.g. on-the-job-training and work place rehabilitation) has further augmented the role of enterprises in implementing employment policies (Harsløf et al. 2004; Martin and Swank 2004).

The lack of corporate structures in the social assistance system parallel to those of the labour market system for insured unemployed became more and more evident as tasks in the social system and the labour market system became increasingly alike and there was an important increase in interactions directly regarding individual social clients. At some point during the 1990's the Ministry of Social Affairs found that further exploitation of the labour market as a solution to social problems would require more involvement of private actors among these individual companies and the social partners.

In 1999, linked to a reform of the disability benefit scheme and the simultaneous wish to reduce marginalisation and strengthen labour market inclusion, the Danish municipalities were by law obliged to create local corporate organs, the Local Coordination Committees on Preventive Labour Market Measures (LCCPLMM – or simply LCC). The LCC are advisory to the municipal council. As specified by the law, local representatives from the social partners, the general practitioners' organization, the main organization of disabled people, and a member of the municipal council

compose the LCC. Since 2003 representatives from municipal integration committees are also invited. The agenda is stipulated by law and contains issues concerning labour market inclusion of people who experience difficulties gaining foothold on the labour market. Traditional employment policy is not part of the agenda. The LCC are annually granted a limited amount of money from the national government that may be used on initiatives favouring the agenda.

The LCC provide us with a unique possibility to explore the relationship between policy networks and network governing. We have a policy area that over the past 15-20 years has turned from dealing with passive social assistance to active employment policy. We have a setting in which local municipalities are responsible for carrying out the policies, but a history of doing-it-alone. These municipalities exist in a society with a strong corporate history on the labour market albeit almost exclusively concerning insured workers at the regional and national levels. Finally, we have the creation of mandatory policy networks that force public and private actors to sit together and find solutions to public policy problems; a creation that reflects the national lawmakers' belief in policy networks and willingness to provide both structures and financial funds. Yet the question remains: do closer relationships between local authorities and various private actors amount to network governing?

The case studies

Four (of 275) municipalities were selected for case studies using the diversity criterion taking into account geographical location, population, local economic structures, and age of the Local Committee of Preventive Labour Market Measures. The study builds on 26 qualitative, semi-structured interviews of approx. 60 min. each with public servants in charge of municipal active labour market policy (7), local politicians members of the LCC (4), representatives of employer and employee organizations (3+4) and public and private company personnel managers (4+4). Previous studies have suggested that representatives of the medical physicians' organization and the handicap organization rarely play any significant role in the LCC (Det Sociale Råd 2000; Andersen and Torfing 2002, 2004) and it was not considered prudent to include them among the interviewees. The interview-guide was structured as to explore how local actors participate in and go about improving local cooperation on municipally implemented active employment policy, delving into both the role of policy network and the policy implementation as such. The interview data was supplemented with written material from local and national actors and local and national statistical information.

All interviewees confirmed the impression that local governing interactions on employment policies have increased over the past years. This fortifies the notion that local co-governing is on the rise, yet it is not to say that all possible or even all relevant local governing agents participate, or participate to the same degree. Variations exist between settings as well as within the boundaries of a municipality.

However, the enthusiasm – and the need – by which co-governing was approached differed markedly between local public authorities (public servants and politicians) on one hand and private actors on the other, particularly smaller private firms. Taking part in carrying out employment policy was generally speaking not an issue that enjoyed priority among the interviewed firms. For different reasons, e.g. to assure labour supply or to show social responsibility, they had accepted collaborating with the municipality which in all cases had been the initial driving force. Besides the firms' interest in the success of the concrete cases in which they were involved, neither public nor private companies appeared to spend much energy considering the pattern their interactions with the municipality made up.

If enterprises do not play any significant role in defining local co-governing modes on employment policy, what does? Analysing the data, two closely interlinked factors emerge as important. The approach adopted by the municipality and the capacity and interest of local social partners.

Defining local governance mode: empirical evidence

The case studies suggest five key elements that determine the type of local governing mode in place in Danish municipal employment policy. They are analytically separable, though empirically they are entwined and the order in which they are presented does not express any causal relation. Four of the five aspects relate directly to the municipalities, and together they shape the approach the municipalities adapt to local co-governing. The fifth concerns the capacity and interest of the local social partners. All five together define the interaction processes enacted in the governing of the local employment policy and hence the local governing mode.

Municipalities' perception of employers' motives to participate in employment policy

The case studies revealed very unlike understandings of employer's motives for participating in employment policy. In case A, a large urban municipality, the local authorities saw employers'

motives for participating in carrying out employment policies as principally founded in short-time, economic gains. This included an understanding that companies were interested in corporate social responsibility (CSR) as a means to improve performance. This understanding explains that the municipal discourse focused on bringing in individual private companies into the local co-governing field. The municipality was convinced that the companies would benefit directly and positively on their bottom lines if they chose to participate in the implementation of employment policy. The principal task for the municipality was therefore informing the enterprises of the options. The rest would follow naturally.

In case B, a medium sized predominantly industrial municipality, the understanding was that employers were more interested in the strategic, long-term effects of local employment policies. Hence, companies would be likely to participate in carrying out the policies even without the promise of a short-term gain and, more importantly, the municipality sought to collaborate closely with *collective actors* (social partners) as well as with individual companies. In comparison, the municipality in case A was not specifically interested in focusing on the social partners, although neither were they excluded beforehand.

In both case C and D, two rural municipalities, the public officials were more in doubt as to whether employers could be said to have any interest in participating at all. Forced to answer, short-time economic gains were mentioned albeit with some disbelief as well as corporate social responsibility based less on possible increased performance and more on moral arguments. However, moral arguments were found to be more difficult to utilize for the municipal servants than economic arguments, leaving the understanding that enhancing local co-governing from this standpoint was an up-hill battle.

Municipalities' perception on own position vis-à-vis employers

It almost shows implicitly in the above that the municipalities studied had different perceptions of their own position in relation to private as well as public employers. The municipalities in cases A and B considered themselves equal partners to private actors and went into the interaction with them on what the municipalities considered to be basically equal terms. Particularly in case A, the municipality was very conscious about matching business language and business culture. Case workers that met with firms were e.g. expected to follow the dress code of private companies as

opposed to the commonly more relaxed dress code followed in municipal social departments. Their title had also changed: they were no longer called case workers but company consultants.

Both municipality A and B considered the relationship between themselves as a public actor and their collaborators as private actors as one of interdependency. In contrast, in cases C and D the perceived relationship between the municipality and the employers – particularly private ones – was one of subordination. Regardless that it will later be argued that the governing mode in these cases is hierarchical, the local politicians and particularly the case workers indicated that in their perception the municipality was dependent on the resources of firms and the relation of dependency was only one-way. Without employers' willingness to cooperate on employment policy issues, case workers and politicians alike felt the municipality had a hard time meeting the obligations to the social recipients. Whereas municipalities A and B met co-governing collaborators with pride and self-confidence, municipalities C and D felt they were at the mercy of the employers, particularly private ones.

Municipalities' view of which private actors are most important

The case studies showed great variance regarding which private actors the public authorities considered most central to carrying out the employment policy. The principal divide was between private enterprises versus collective actors, in particular local social partners. On this dimension municipalities A, C, and D concurred on considering individual enterprises the most important collaborators while municipality B was more inclined to turn to collective actors, in particular the social partners but also other institutions, e.g. vocational training centres.

Another divide was on the emphasis on the collaboration with medical physicians which was particularly important in case C. Close collaboration between the department of social services and all seven medical physicians working in the area had been going on for years. Case workers and physicians met regularly regarding health related issues influencing the cases of social clients whether elderly, children, or clients in the working age. Twice a year the physicians met with the politicians in the municipal committee of social affairs discussing more general issues. There were no linkage between this collaboration and the LCC and labour market related issues did not enjoy priority. If any spill-over effects were to be observed, it would be the tendency of the case workers in their handling of employment policy measures to favour the interests of the social clients over

interests of the firms and the labour market more generally. Case C here distinguished itself from cases A and B.

Role of Local Coordination Committee on Preventive Labour Market Measures (LCC)

One could have expected that only municipality B with its preference to get involved with collective actors would give priority to the LCC. This was, however, not the case as also staff and politicians in municipality A considered the LCC an important new and dynamic arena for carrying out employment policy.

The studies revealed important differences in the strategic use of the LCC. Municipal A welcomed the LCC as an instrument that would facilitate the implementation of already defined objectives of the local employment policy. In contrast, municipal B considered the LCC a valuable opportunity to bring relevant public and private governing agents together and let them collectively decide upon the local employment policy objectives and strategies. Furthermore, in case B both public and private governing actors shared the vision that employment policy was strategically important for the future economic development of the local area. The LCC was therefore considered a high-status committee in which central actors wanted to participate.

The LCC in both case C and D played a rather insignificant role. Case workers and local politicians were generally pessimistic regarding the value of the LCC and had mostly only vague ideas of what use the committee could be. The marginal importance of bringing local actors together in a setting as the LCC raises questions as to the limits of local co-governing, particularly network governing.

Interests and capacities of local social partners

Interests and capacities often correlate. Interest may spur organizations to empower themselves so as to become more self-evident partners in co-governing. The principal drive getting them involved does, however, appear to origin with the municipalities. Hence, the interest of social partners at the local level in getting involved or not will largely reflect the invitation sent out by the municipalities. This “window of opportunity” may be considered a structural condition vis-à-vis the social partners, yet a changeable strategic factor in the eyes of the municipalities.

In all four cases, the public servants and local politicians expressed their wish to collaborate with the social partners; nevertheless the “invitations” the municipalities emitted were rather different. In

case A, the social partners were invited but in reality only to participate in the implementation. The strategy of municipality A was unmistakably to enhance the relationship with individual companies more so than with the social partners or the organizations of medical physicians or disabled people. The logic behind this position appeared to be that employers – not organizations – hold the direct capacity to create openings e.g. for jobs on special terms. This is also to say that the municipality found itself as well – or better – suited for influencing enterprises' decisions on participating actively in employment policy as the social partners.

Without any municipal pressure to participate, the social partners did not devote significant time and energy either. This was seemingly not a matter of lack of resources and capacity but of a choice made in reaction to the kind of call for local co-governing sent out by the municipality.

In case B the situation was very different. Bringing in the social partners at all stages of the policy process was a top priority of the municipality. The underlying philosophy was that if the social partners were to put scarce resources into co-governing local employment policy they would have to be rewarded real influence on real decisions. The municipal invitation was not sent off without previous knowledge of the social partners. The public authorities knew they were inviting well-prepared, capable organizations that on previous occasions had shown both social responsibility and governing capacity. In case B both employers' and employees' organizations distinguished themselves by strong inter-organisational vertical relations. Several local leaders held positions within their organisations at the regional level and contacts up-ward to the national level and down-wards to shop stewards and rank-and-file members were elaborate. Among others, the contact to the national level allowed for local leaders to keep up on key statistical data and central stands on policy issues discussed nationally.

As mentioned above, case workers and local politicians in cases C and D had only vague ideas as to the usefulness of the LCC and did not put much effort into nursing it. One reason for this appeared to be the scarce governing capacity of the social partners. Both the employers' and the employees' organizations had experienced difficulties recruiting representatives to the LCC and several replacements had been made interrupting continuity. The interviewed representatives appeared to have weak ties both up-ward (regional and national leadership) and down-ward (rank-and-file members). Ideas, drive, inspiration, motivation and knowledge of the subject were all scant.

The situation in these rural cases seemed to be aggravated because the LCC covered 3 and 4 municipalities respectively. Multi-municipality LCC are popular among smaller municipalities

because state funds may be pooled. However, the case studies suggest that the ties between each municipality and the LCC may be spread too thin. On two occasions, the interviewed representatives of the social partners came from other municipalities than that of the case study and had only limited knowledge of the case-municipality. As municipalities C and D further focused on day-to-day cases as opposed to a more strategic involvement of the LCC, the effect of the policy network appeared to be negligible. Table 1 summarises the dimensions discussed.

Table 1. Elements defining local interaction

	Case A	Case B	Case C	Case D
Municipality's perception of employers' motives for collaboration	Short-term economic motive + corporate social responsibility (CSR). Local authorities have a "product" companies are interested in and that drives the collaboration.	Long-term strategic interest. Finds that motives may vary but as a group employers are interested in taking a social responsibility	Short-term economic interest + CSR based on moral arguments. Finds that employers are not particularly interested in showing social responsibility	Short-term economic interest + CSR based on moral arguments. Finds that employers are not particularly interested in showing social responsibility
Municipality's perception of own position vis-à-vis enterprises	Equal	Equal	Subordinated	Subordinated
Municipality's perception of most important collaborator	Individual companies (extensive cooperation)	Social partners; derived from there individual companies	Medical physicians (not in LCC); individual companies	Individual companies (scarce cooperation)
Role given the	Used as	Central for	Marginally	Marginally

LCC	instrument for implementation of priorities defined by municipal council	defining which issues to give priority (formulation of policy). Link to closer relations with single companies, shop stewards, etc.	involved (collaboration with medical physicians is kept from LCC). Multi-municipal LCC increases distance between members and municipality.	involved. Multi-municipal LCC increases distance between members and municipality.
Social partners' interests and capacities	Low interests High capacities	High interests High capacities	Little interest due to lack of capacities	Little interest due to lack of capacities

Modes of governing

The patterns of interaction uncovered in the case studies amount to different modes of governing. Network governing was not as common as expected.

Looking superficially at the data material, policy networks are certainly present, if for no other reason, because the law since 1999 has stipulated that all municipalities must establish and participate in the LCC. The case studies presented here show, however, that this development is not enough to qualify the local co-governing as network governance. Different factors suggest that we should also consider making use of the term hierarchical.

Network governing

Some network governing was found. Case B appears to a lucid example of how network governing may bring local public and private actors together and forcefully address public policy problems collectively. The case showed interplay among conceptually equal actors operating in a policy network. Resource interdependence was recognised and was found to be a dynamic element driving

co-governing forward rather than an obstacle. Members of the policy network all participated in the agenda setting and the formulation of objectives and strategies of the local employment policy.

Hierarchy in disguise

Local politicians and public officials from municipal A were proud of their governing mode, which they enthusiastically labelled network governing. The question is, however, whether it is not more correctly described in terms of hierarchy. Indisputably, interactions between public and private actors had increased over the past years. Yet the relationship between the public actors (local politicians and staff at the social department) and their private counterparts (individual enterprises and social partners) lacked the reciprocal nature found in case B. This was so despite – or perhaps because – of the overwhelming amount of information on the issue flowing from the municipality towards the private actors. The municipality was very conscious in its attempt to meet the collaborating enterprises as equal actors and measured in terms of the municipality's use of business lingo, ditto dress code, colourful brochures and conferences, it was seemingly also successful in its endeavour. Yet because of the unidirectional character of the relationship, underlined by the fact that the municipality completely dominated the agenda setting, it is fair to speak of interventionist interactions more so than interplays. The governing mode found in case A is therefore better characterised as one of hierarchy than one of network governance.

Hierarchy by default

Also the governing modes in cases C and D fall short of qualifying as network governing. In case C it could be argued that the institutionalised collaboration with the medical physicians is some form of network governing. Nonetheless, the scope of this collaboration is limited and kept entirely apart from the LCC. It does not bring in the companies or the social partners and does not look at broader labour market aspects of employment policy implementation.

Bringing in social partners in local network governing requires, however, some minimum governing capabilities of these actors, which were not met. Structural conditions appear to claim their toll here. Industry was scarce in both cases as was the presence of the traditional employers' organizations and labour unions. The organizations further lacked those gifted local officials that make a world of

difference given their personal drive and those appointed were not well assisted from their regional or national offices.

Considering the structural conditions, the priorities followed in case C and D are understandable. Whereas municipal A and B were much more inclined to consider which human resource skills the local enterprises were likely to accept for hiring (in subsidised jobs or e.g. in special training programs), the point of departure for municipalities C and D was the individual social recipient. Despite the change in national employment policy from passive to active policy measures there is room still for local interpretations as to which concrete action this translates into and how much cooperation with local enterprises and other policy actors is required. This links to a discussion about the proportion of social clients who are actually immediately available for the labour market. Studies have shown that municipalities differ considerably in their evaluation of social clients' employability (Larsen et al. 2001).

Does it matter? Governing modes and output statistics

Performance indicators for local governing modes may focus on any part of the policy process (problem identification, policy formulation, and implementation) and on a large variety of dimensions, e.g. democratic legitimacy or economic efficiency. Evaluating the three identified governing modes according to their performance on key employment policy indicators is not a sufficient exercise in order to reach a final judgment of their adequacy, yet it is a necessary and central component of the picture.

Figures 1 through 3 below show how the studied cases have performed on key employment policy indicators. Besides data on the measure "Jobs on special terms" which was launched in 1999, statistics run from 1995 when the first of the LCC was set up (in cases B and C as part of a pilot program preceding the law decree that came in 1999) and up until the latest available data.

Taken together, the statistics do not suggest that one governing mode categorically performs better than the others, i.e. establishes more jobs on special terms (particularly in the private sector) and has lower expenses of both disability pension and sick leave.

In all four cases, the number of jobs on special terms has increased importantly since the measure was introduced (figure 1). Curiously, the feeling of inferiority experienced by public officials vis-à-vis private employers has apparently not had a negative effect in cases C and D. In fact, not only do

municipalities C and D have more private sector jobs on special terms than public ditto they also have significantly more per 1,000 inhabitants than the larger municipalities B and A. In contrast, the strong focus on involving individual private firms in case A does not seem to have paid off. May these results be contributed to the governing mode? Investigations have shown that smaller firms more frequently hire people on special terms than larger companies (Jørgensen 2004), leaving the possibility that the results are reflections of structural conditions more so than governing modes.

Looking at the number of disability benefit recipients (figure 2), cases A and C have over the full period had significantly less of these recipients than the other cases. Earlier studies have found that larger municipalities grant fewer people disability benefits principally because they are large enough to formalise and specialise their internal organization (Bengtsson 2004). That would explain the performance of case A. Bengtsson's study also suggests that smaller municipalities must make use of other methods in order to perform well. The formalised collaboration with the medical physicians found in case C, which was not found in the other small municipality (case D), may be what is positively reflected here. Neither network governing nor being a large municipality appear to have helped case B in containing the number of disability pension recipients.

The story appears to repeat itself looking at the sick pay expenses (figure 3). The close involvement of individual and collective actors in case B has not hindered an increase in sickness benefit expenses by more than 50%. On this measure, case A performs notably better than B and D while case C does well albeit tailing case A.

Figure 1. Jobs on special terms in public and private firms (per 1,000 inhabitants)

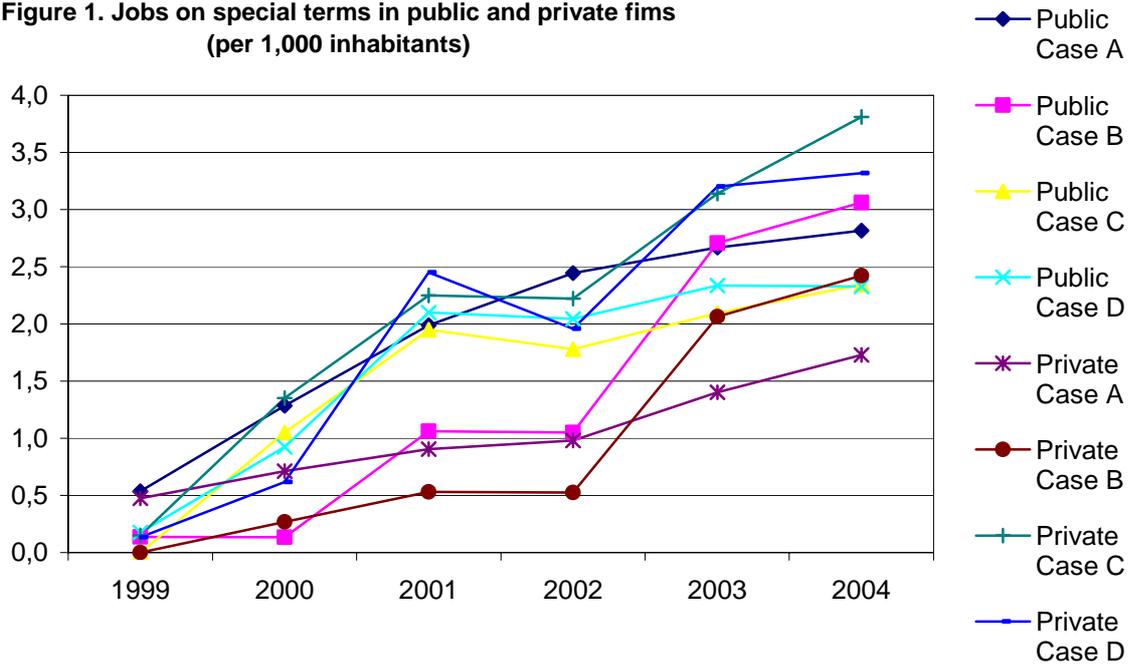


Figure 2. Disability pension recipients (per 1,000 inhabitants)

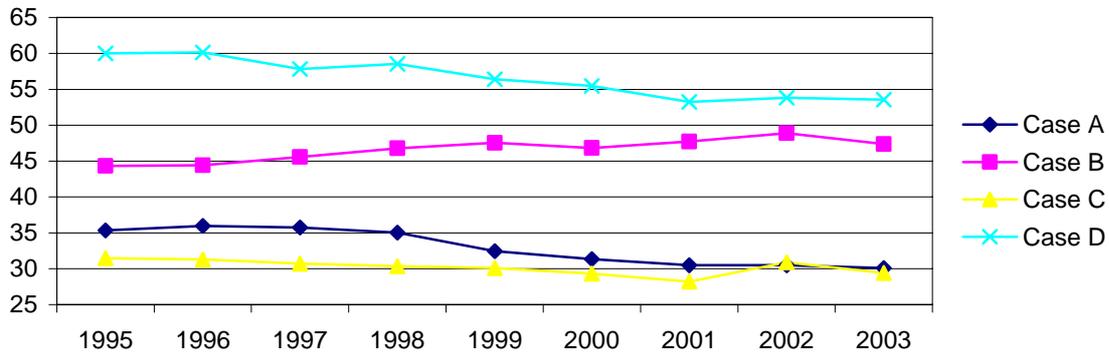
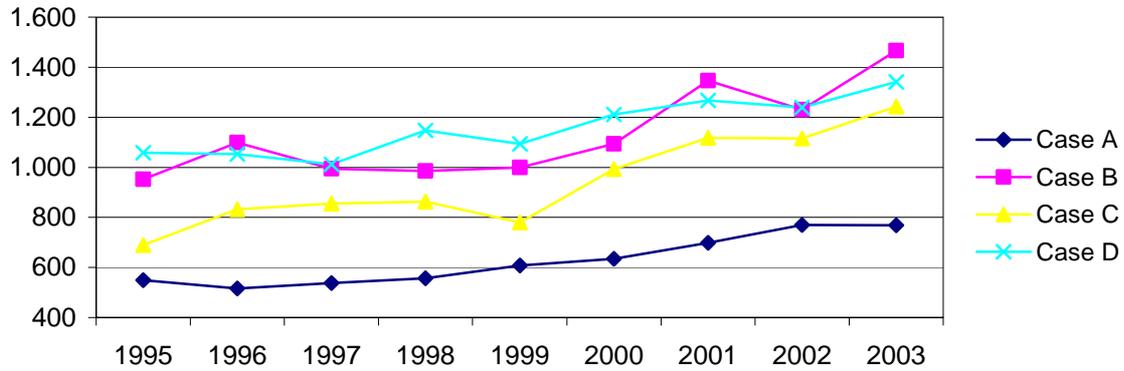


Figure 3. Sick pay expenses (DKR* per year)



* Fixed at pricelevel for year 2000

Source for all figures: Statistics Denmark, StatBank.

Interpreting the findings

The data material suggests that the creation of local policy networks does not necessarily convert into local network governance. Even in a Danish context in the area of employment policy other local governing forms appear to be at least as important as that of network governing.

The case studies accentuate the discrepancy between observations at the macro and the micro level. An analysis focusing exclusively on nationally spread governing structures would have concluded that local network governing in the area of municipally implemented employment policy is tremendously solid in Denmark. The main support for this argument would be the nation wide creation of Local Coordination Committees for Preventive Labour Market Measures (the LCC).

However, applying an actor-centred analysis focusing on the actors' perceptions and interactions rather than exclusively on network structures reveals a different picture of local network governance in the case of employment policy in Denmark. Albeit the LCC-structure serves as a facilitator for local network governance, the mandatory creation of local policy networks is not a sufficient condition to assure local network governance. One implication of this finding is the limits for upper levels of government to induce local network governing. Making policy network structures mandatory is clearly not sufficient.

Both actor borne (intentional or unconscious) and structural factors seem to influence which governing mode will prevail and hence whether the creation of a policy network will amount to network governing. Case D represents a situation with structural obstacles that could be labelled a network vacuum. This term alludes to the lack of capable and/or interested actors that may form part of a policy network. The task of addressing public policy problems is therefore left with the public authority that has few options than to govern as always, i.e. by hierarchical means. In case C a similar network vacuum was found, inhibiting the LCC-policy network to serve as the cornerstone in a network governing mode on municipally implemented employment policy. However, case C also showed that other types of networks may partially cover the same policy area as the one between the municipality and the local medical physicians.

Network vacuums could likely be reduced in two ways. One way would be to alter the legal demands and restrictions on the LCC. The law behind the LCC specifies which private actors that at a minimum must be invited to participate. Leaving the composition of the LCC entirely to the municipalities, it could be expected that the committees would better reflect the available, relevant,

and capable local private governing actors. This could bring in alternatives to the social partners, e.g. farmers' organizations.

Another way to reduce network vacuums requires the social partners to put more effort into preparing their local affiliates for participating in local co-governing. In times when decentralisation seems to be the name of the game, the social partners would stand to gain both strategically and substantially if their local apparatuses were better tuned to participate in local network governing.

Case A represents a case in which the municipality – probably unconsciously – imposed obstacles for local network governing. In spite of a modern, pro-network and pro-business discourse the local government appeared to be convinced neither of the necessity of introducing network governing nor of the desirability of doing so. The result was a modern type of hierarchical government.

But does it at all matter? The performance indicators presented did not show clear superiority to any of the three identified governing modes. Why, then, put efforts into advancing local network governance?

There are several reasons why network governance should not be rejected based on the presented output indicators. In the case of disguised hierarchy (case A), the network discourse was very strong. Regardless that the mode of governance in case A did not qualify for the label “network governing” in this study that was what most involved actors, public as well as private, considered it to be. Having done exactly the same but under a traditional hierarchical discourse, it is likely that individual firms would not have been so open to the municipal proposals. This suggests that discourse matters, but the stability of the governing mode may be questionable. However, this is the stability of a hierarchical mode of governing, not network governing.

What about the network vacuums in case C and D? A question here is to which degree local settings “borrow” network credibility from the national context. Even though the local mode of governance in these cases does not qualify as one of network governance, the publicly known national policy of bringing new actors into employment policy implementation may have positive spill over effects also in these settings. This could be one factor explaining the generally positive performance of these cases. This raises the question of whether we may exploit the benefits of local network governing even in settings where the preconditions for this mode of governing are not met.

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