



Tarja Saarelainen

Managing Local Networks

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ABSTRACT

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This study reports on an examination of networking at the local level. The study particularly addresses the use of networks in the delivery of local services and the problems that arise for managing the networks. Networks are usually connected to flexibility in collaborative arrangements between public, private and non-governmental organisations in service delivery. However, the networks are also connected with hierarchies in local governments and to market actions. Networks are perhaps not as self-steering as it is wished. Actually, networking might be difficult and time consuming, and it may not produce the outputs or outcomes expected by different stakeholders. Therefore, it is important to make the processes in networks more visible in order to evaluate how networks create good local governance by network management. The first study question concerns the task of network management by local governments.

Networking at the local level cannot be separated from public management reforms such as “new public management”. NPM has strongly affected the renewal of public organisations by emphasising that governments’ expenditures must be reduced and the efficiency and effectiveness of public organisations must be increased. Thus, the aims of NPM create the desired policy objective for public organisations. The second study question examines network management by furthering the aims of NPM.

At the same time, it has been realised that positive social capital is a valuable fund for organisations. Emphasising funds other than money — such as the skills of citizens, reciprocal rules and norms, and group identity in communities — as a resource for delivering services, local authorities have turned to benefit from the sources of social capital. The third study question deals with the concern of whether network management furthers the citizens’ participation in service delivery.

The study has a two-fold purpose: conceptual and empirical. On the one hand, the study provides a conceptual framework for network management at the local level. In doing so, it uses studies about policy networks as a theoretical base. On the other hand, the study describes networks that form the structure of service delivery or aim to develop the service delivery system. Empirical evidence has been collected by questionnaire from 106 respondents living in the Rural Municipality of Rovaniemi in Finland and from 100 respondents in the Rural Municipality of Morawica in Poland. In addition, interviews with professionals and documents produced by both communities, has been used.

Key words: networks, network management, local governance, new public management, social capital

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LIST OF ABBREVIATIONS

BPR	Best Practice Research
CEE	countries Central and Eastern European countries
ESF	European Social Fund
EU	European Union
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
NLD	New Local Democracy
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PHARE	Poland and Hungary: Aid for Reconstruction of Economies
PSL	Polish Peasants Party (Poland)
SLD	Democratic Left Alliance (Poland)
UW	Freedom Union (Poland)

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1 NETWORKS RESPONDING TO THE CHALLENGES OF LOCAL GOVERNANCE

1.1 Networks as Coordinating Mechanism

How could citizens be better served in municipalities? How should the production of public services be organized and by whom? How should the service delivery system be managed and conducted? These are questions that local governments face in searching for new institutional arrangements to provide services for citizens. Alternatives and solutions are being sought in cooperative arrangements between local government, private organisations, and NGOs¹.

The use of networks in the service delivery has increased. The people who represent government agencies nowadays spend a great deal of time arranging and operating networks. This study reports on an investigation into managing local networks. It finds that networking is an important vertical and horizontal coordination mechanism in service delivery.

In addition to the networks, two other coordination mechanisms can be found based upon hierarchies and markets (Streeck & Schmitter, 227). Hierarchy gives the appearance of coordination in which command, control, and legislation are important. Hierarchy is usually associated with government agencies and bureaucracies.

Citizens and officials might also be connected through the market. Markets are forms of coordination in which individuals and autonomous parties achieve equilibrium through pricing mechanisms. Between citizens, coordination takes place spontaneously. Citizen might be involved in various communities conducted by norms, values, affiliations and social networks. (Colebatch & Larmour 1993, 17; Klijn & Teisman 2000, 88.) The study shows that the need to develop and improve the effectiveness of networking at the local level is crucial because networking has effects on coordinating principles between administrative officials and citizens.

Networks conducted by a local government differ from both hierarchy and market as coordination models. The effectiveness of the networks, in which a local government has an important

role, should be evaluated through all coordinating principles. Government services across administrative levels coordinate activities in order to enhance the effectiveness of public policies. At the same time, local actors both from the public and private sectors as well as from civil society are invited to participate in collective decisions and are encouraged to translate their involvement into concrete initiatives. The vertical and horizontal networking that collectively solves the problems of cooperative arrangements is encouraged by public management reforms. Therefore, relationships in service-delivery networks are based nowadays on affiliation, hierarchy, and self-interested exchange. Hierarchies, markets and networks coordinate arrangements that form joint ventures in the pursuit of shared goals. In terms of this research, it studies the problems and issues that arise for networks as a coordination mechanism. On the other hand, it explores the use of networks in the delivery of local services.

In order to understand more clearly local networking it is useful to place it within the wider discussion of public management reform. A public management reform that has strongly affected the renewal of public administration since the beginning of 1980 has been the movement named as New Public Management (Hood 1991). Dawson (1999; also Kickert 1999, 484) summarised the variety of NPM descriptions by mentioning its three main ingredients: the use of quasi market mechanisms, the introduction of business-like management models and techniques, and the move towards customer-orientation. Löffler (1999) summarised the phases of NPM. In her view, in the 1980s, NPM was concentrated on the internal questions of organisations in order to improve their economy, effectiveness, and efficiency. In the 1990s, there was a shift towards quality, including the endeavour to bring ethical questions into view. Overall, the nature of NPM applications in public agencies creates an important element in relation to collaborative forms. Through effective networking the aims of NPM might be better achieved.

From the perspective of all stakeholders, it is also important that NPM initiatives and applications be tried out through collaboration. Taking participants from outside the organisation has given rise to the idea of stakeholders. The individuals or organisations that are part of the network organization are called

stakeholders. (Colebatch & Larmour 1993, 107².) Thus, stakeholders at the local level may include citizens. Other stakeholders come from various sectors, such as from the voluntary sector, business or the media. Stakeholders might represent local authorities or higher levels of government, as well as international actors.

Stakeholders have different expectations of how to make decisions and how to deliver services. This view is particularly emphasised in the discussion about local governance. Local governance implies a set of institutional arrangements to deliver services through cooperation between different actors or organisations in order to achieve the common good.

Another reason for cooperation can be found. Cooperation is supported in order to increase the funding of the services. A local government tries to use the resources of the community in decision-making, service production, and delivery. The concept of local governance emphasises that the citizens who are the most important stakeholders are invited to become participants both in the processes of decision-making and in service delivery systems. Governance is a very abstract concept but it might be a useful concept to understand public decision-making based on loose networks of individuals and organisations. Thus, how society collectively solves its problems and meets its needs is also at the core of local governance.

To sum up, networking has taken place within a context that is driven by the ideas and aims of NPM and local governance. Previously, NPM and local governance have even been seen to include contradictory aims. Nowadays, the aim is to discover how to integrate them. The techniques of NPM are perhaps needed in order to succeed in local governance.

1.2 Aims of the Study

This study compares network processes in two small municipalities; the first one comes from Poland and the second from Finland. The purpose of the study is to find out how networking may further the particular aims of NPM and democratic

participation in these very different cases. Eventually, the interest is to find out what the possibilities are to manage local networks.

NPM is a complex set of ideas that have evolved and developed around different themes or dimensions. NPM reforms typically have evolved around dimensions such as privatisation, marketisation, output orientation, quality systems, and intensity of implementation (Pollitt & Bouckaert 2000). Hood (1991) provided one of the first descriptions of NPM as a set of identifiable components. Pollitt (1995) saw NPM as a shopping basket from which countries choose in order to improve their public sectors. One of the most comprehensive presentations of the characteristics of NPM is by Ferlie, Ashburner, Fitzgerald and Pettigrew (1996). They build a typology of NPM ideal types, of which there are four models: the efficiency drive, downsizing and decentralisation, in search of excellence and public service orientation. In this research, one inspiration of NPM reforms — decentralisation — is studied in more detail in the case studies.

NPM argues for the decentralisation of power to citizens and away from traditional bureaucracies (Pollitt & Birchall & Putman 1998). Decentralisation has taken place through the localisation of policy responsibility. The localisation of policy responsibility means that cities, municipalities, and smaller communities increasingly manage their affairs through mechanisms of collaboration. Collaboration is a concept that describes the process of facilitating and operating multi-organisational arrangements for solving problems and achieving the aims established in both political and administrative processes (McGuire 2000, 276). Thus, networking has taken place within the NPM context, which is driven by the ideas and aims of decentralization in public services.

However, the applications of NPM might vary in different municipalities. In addition, practitioners do not necessarily name for instance the applications of decentralisation or public service orientation for NPM. Therefore, in this study, the general concept of NPM is tried to pin down for empirical study in terms that are more concrete. First, some themes of NPM based on the public management reform literature will be presented. For empirical study, three themes that support the decentralisation processes have been chosen to describe the cases. The aim is not to develop

exact measurement in order to evaluate the degree to which a local government has succeed in reducing expenditure on public services through quasi market mechanisms. Rather the study tries to describe the kind of networking that has taken place in municipalities and how the networking supports the achievement of desired aims in accordance with NPM.

On the other hand, this is a study about the construction of local governance. Decentralisation builds prerequisites for the creation of local governance and in this way, for networking in which the citizens' position and role is essential. The concept of governance conveys the idea that public decisions rest less within hierarchically organised bureaucracies. Thus, networking has taken place within the local governance context, which is driven by the ideas and aims of political decentralisation or devolution in public services. This vision of community empowerment is based on local communities contributing to the design and implementation of policy. The contribution means that neither the state, nor representative government nor political parties can be seen as the primary actors in the decision-making and implementation processes. Furthermore, the active involvement of local residents in promoting and implementing local initiatives is important to build collaboration at the local level. The horizontal networks call for a new framework for democratic participation. A general criterion for good local governance is the use of the voice of all network stakeholders.

The study also has practical aims. The cases describe the activities of the citizens and practitioners that have created the system of local governance. Particularly, the practices that have been affected by a local government are analysed. The practices are formed according to the needs of communities. The community implies a group of people who have something in common that makes them want to act in the same way and who have shared norms and values. In this study, the concept of community refers to the maintenance of complex relationships involving people from different organisations in a certain area governed by both reciprocal norms and rules.

Local governments are enrolled to interact within specific frameworks of assumptions, constraints and the set of rules and ideas produced by governance and NPM. In governance

discussion, one important element of interactive governance have been dealt with, namely what creates the norms and rules³ of collaboration at the local level. This study tries to rewrite the current discussions on interactive governance in connection with the creation of norms and rules in the municipalities. One of the essential elements of this rule system is how to create social capital and how to use it in order to benefit the local management and the network management.

The concept of social capital⁴, despite the fact that it is a quite complicated concept, might be useful in order to understand the ongoing process of repositioning local governments. A contribution of using social capital is that the concept gives direction to the reform politics and emphasises the role of public management in order to maintain common activities and interests (Nummela 1998, 71). Social capital is one ingredient in collaboration managed and increased through policy networks. Social capital is essential to work toward sharing resources held by individual organisations. By this manner, social capital is also associated with increased community welfare and economic growth.

An attempt has been made to connect the above-mentioned theoretical concepts of NPM — local governance, social capital, and network management — to each other through two cases that are in different phases of the decentralisation process. Network management in municipalities is not a very conscious action. Rather, some practices might be followed. Some practices can be named as belonging to network management. They form a construction by which a researcher describes everyday life in the cases concerned.

1.3 Research Questions

The efficiency drive of the NPM model represents efforts to make the public sector more businesslike. According to businesslike management, citizens should be treated as customers. If NPM is understood as customer orientation in the public sector, citizens are expected to get better services and they are more satisfied with a service delivery. According to present discussion, this initiative may be implemented through cooperative arrangements. Metcalfe

and Richards (1990, 220) state, “*public management is getting things done through other organisations*”. Therefore, the networking needs to be confronted as a core element in public management. After all, this means that public managers need more network management skills in order to cooperate with other organisations and to listen to the citizens’ views in street-level bureaucracies.

However, it is not clear what network management means in these new collaborative systems. These concerns lead to the first study question — *what does network management do?* At least the tasks of network management differ from the tasks of organisational management. In addition, the task of network management might be especially demanding and it might require specific skills. One important question is whether the networking is a voluntary action in municipalities or whether a network manager who can affect the forms and intensity of networking can be found. If public policy implementation is embedded in networks, public managers must work through networks that increase their need to find cooperative strategies. Therefore, the study problem can be readjusted to whether the networking is imposed at the local level as a strategic instrument of an NPM initiative or whether the networking is a voluntary or spontaneous expression of the desires of different communities. To study this problem, the research aims at answering the second study question: *Does network management at the local level further the aims of NPM?*

Under network circumstances, negotiation and persuasion replace the hierarchically organised command and control system not only in setting policy but also in implementing it. Public managers, in particular the municipal managers in the cases, must learn how to create incentives for the desired policy outcomes from the actors over whom they have no control or the control is indirect. Because local government managers have less control over what their nongovernmental actors in networks do they have to find suitable tools to influence the behaviour of the partners who work for other organisations (Salamon 2002, 16—17; Bressers & O’Toole 1998, 217; In’t Veld 1998, 81). Using the tools of public policy is emphasised as their strategic device to strengthen the steering capacity of state and local governments.

Networking shifts the emphasis from the control of bureaucratic organisations to the skills that engage actors horizontally in networks and bring stakeholders together for the common good.

NPM is criticized in that it neglects the multiple views of the stakeholders. From this critical point of view, the third study question is formed — *Does network management further the use of the voice of citizens?* It is a question that is included strongly in the discussion about good local governance. It is not obvious who should be involved in the decision-making and implementation of service networks. Therefore, theoretical and empirical discussion about who should be responsible for implementation, and to whom, must be explored.

If a public manager takes the role of network manager, it might mean that he/she loses its autonomy and consequently it offers him/her greater managerial risk. In order to avoid the risk, the public manager must shape incentives to influence the choices of individual actors and even the consumers of public services. Working in networks requires especially activation skills. Public managers as network managers have to activate and mobilise potential partners to cooperate and to encourage them to take their roles in public problem solving and implementation.

The mobilisation and activation can be seen as power relations between different actors who might be relevant in problem solving and implementation. Although the definitions of networks, which will be presented later, emphasise a voluntary action, however, in many collaborations, the power relations and the commitment of involvement vary from one organisation to another. In practice, usually the members or especially initiators of collaboration may have freedom to construct the cooperation in whatever way they feel appropriate. Whatever role the networking gets as a mechanism of governance, managing networks is connected to the power relations in these networks. For example, a local government can take alternative roles to play in managing networks. It could take a very active role or assume the role of a bystander.

However, other features than power might be good to study especially in order to find out how they affect to the practical output of collaboration (Huxam 2000; Klijn & Koppenjan 2000; Mandell 2001). Modelling networks can be useful because it can

focus attention on the effectiveness of cooperative multi-organisational endeavours. Both the organisational and personal characteristics of actors, such as resources, skills, form of interaction etc, might affect the effectiveness of the networking. These characters will be studied in the empirical cases.

Because network management is focused on the way political leaders and public managers manage existing networks, the appropriate ground from which to create a network management theory may be the tradition of policy networks (Kenis & Schneider 1991, 25; Mingus 2001, 31—33)⁵. Network management is seen as managing a policy network. The research tradition of policy networks forms a theoretical basis for the study. An assumption is that new theoretical approaches and methods might be needed in order to respond to more horizontal and local level networks in the relations between local government, civil society, and market actors. The study introduces, on the one hand, how the decentralisation, and thus changing relationships and cooperation between actors, has influenced the research tradition of policy networks. On the other hand, the study shows how the policy network research has been used as a basis to develop a theory of network management.

1.4 Road Map of the Study

It may help to give some signposts to help the reader to follow the path through the study. Chapter 2 looks at the ways in which public management reforms are produced. First, the chapter tries to build conceptual relationships between the elements that are discussed in order to renew public management. The purpose of the chapter is to examine how institutional structures and power formations are sustained and changed by the continual recreation of public management structures and practices. Besides the literature on local governance, NPM has affected the direction of reform. Thus, a brief comparison will be made between NPM and local governance.

The chapter continues by examining certain factors of local governance that facilitate collaboration. Walsh (2001) makes the point that the institutional capability for local governance and

policy-making is dependent on certain factors. These factors could also form the criteria for good local governance. Therefore, success in building good local governance depends on, for example, how the devolution of decision-making from central government to local partnerships succeeds, on the willingness of partner agencies to engage in joint local planning and coordination, on the kind of linkages between local government and local partnerships created, and on the impact of community involvement in local decision-making (Walsh 2001, 120—121). These factors are described in Chapter 2. Overall, the active involvement of local residents in promoting and implementing local initiatives is a core element and criteria of good local governance.

Overall, the institutional arrangements facilitating collaboration between individuals are important for collective action. A hypothesis is that the citizens' contribution in new collaborative arrangements requires the use of social capital in public services. In addition to an adequate level and structure of social capital, the municipality must be familiar with cooperation between the different actors from different sectors. If there is no tradition of cooperation between civil society actors and public administration or cooperation between government and the private sector, different or more demanding applications of network management strategies are needed than in a municipality that has experience of cooperation. In local networks, members create reciprocal norms and rules to coordinate and support trust-based cooperation for mutual benefit. The hypothesis is that in the implementation of NPM, there must be an adequate level and appropriate structure of social capital in the community in which network management strategies are applied.

The state⁶ and local government is important in many types of collective action. Lowndes and Wilson (2001, 631) point to the role of institutional design in explaining how governments can shape the development of social capital and its potential influence upon democratic performance. The relationship of governments to civil society actors, about whether it is desirable to use as a resource, for instance, for service delivery, is widely discussed. The term 'social capital' is used in defining both the resources and consequences of collective action. The role of social capital is

understood as a two-way relationship between civil society and the local government. State and local governments shape the conditions in which citizens' associations succeed. In addition, governments seem to affect the mobilization of social capital and its use as a resource by establishing institutional arrangements through which the social capital can be mobilized.

Chapter 3 explores the concept of policy network and network management. The chapter goes on to examine network management strategies. Two types of network management strategy are presented, which are mainly reported in studies by Klijn and Teisman (1997; 2000), Agranoff and McGuire (2001): First, process management developing appropriate and valuable networks in order to increase citizen' participation to create and support local governance. Secondly, network constitution creating and maintaining a base line of trust in the communities. Trust is important in democratic performance structures. Trust depends on the successful process management and the achieved stability of the network in which the type of formal and informal rules support the structure of governance. However, sometimes reconstitution is needed, which is the task of network management. Reconstitution aims to change the rules and structure of a network that supports local or community governance structure. (Klijn & Teisman 2000, 97.) In this chapter, the strategies of process management and the strategies of reconstitution are distinguished based on a current literature.

In addition, the role of network management as a bottom-up approach to governance is presented in greater detail. In providing a bottom-up approach, Bogason (2000, 113) argues that the traditional policy network analyses includes the risk of linking the research to the formal interpretation of the policy problem instead of the problems as perceived by those having to live with the consequences of public action. Thus, the bottom-up approach presented tries to develop a study model in order to avoid the problems of the traditional policy network approach.

In Chapter 4, a dialectical model on how networks affect policy outcome is introduced. This study model has been developed by Marsh and Smith (2000; 2001). Their model, which is based on realist theory, provides a way of constructing a narrative that helps us identify and explain the structural relationships in

networks. They believe that networks affect outcomes and that policy outcomes can be explained in terms of observed interest group activity. The contribution of using the model by Marsh and Smith is that it helps us to see which variables in the model are important in terms of influencing policy outcomes. Nevertheless, significant problems remain. The studied network as it is described and observed may produce an unexpected policy outcome. On the other hand, the outcome may be as expected, although the network functions differently than thought. However, their model helps to order empirical materials.

Chapters 5—8, examine the enrolment of actors into their roles in different types of networks in local governance structures. These chapters focus on analysing the relationship between strategies of network management in order to create and use networks. It is assumed that network actors, such as citizens, commit to implementing the policy of NPM if they, according to the reciprocal norm, get a channel to participate in and influence decision-making. Social capital refers to the interaction of community members and stakeholders, a reciprocal relationship that creates trust through collaboration.

Interaction is analysed by describing network forms and measuring participation in the organisations and associations functioning at the local level. The experience of participation and belief of influence measure the reciprocity norm. This section of the study argues that the connections and relationships influence the building of trust. These measurements, formed from the questionnaires, are used as variables for further analysis in order to answer the empirical study questions about the aims of NPM and the use of the voice of citizens.

The NPM applications vary in different countries and administrative cultures. However, the connections between the increased applications of NPM and the use of network strategies are not self-evident. Therefore, comparisons between different cultures are needed in order to reveal the possibilities of using network management. Through comparison between cases from Finland and Poland, the role of network management in the implementation of NPM can be evaluated to see whether it has a strategic role.

In conclusion, Chapter 9 draws out and reflects on some of the main findings and themes to emerge from the studies of managing networks. In doing this, it emphasises the use of networks in the delivery of services and the problems that arise in their management (see also Jackson & Stainsky 2000, 11). It argues that the institutional arrangements of local governance impact on the creation and mobilisation of civil society.

2 PUBLIC MANAGEMENT REFORMS

2.1 Studying Public Management Reforms

2.1.1 Competing Tendencies

To address the research questions, it is necessary to integrate the previous work of development in public management. This means that theoretical traditions have to be located. Therefore, the study shall at first focus on how public management reforms are studied. Then there is a short introduction to the latest discussion about public management and its related issues from which the study problems arise.

Cartner and Bollinger (1997, 798) underscore the fact that the most significant feature of reforms is their instrumental and utilitarian nature. The most disturbing feature then in the reform debate is that, in privileging objectives, the implementation of the reforms has usually been achieved at the expense of neglecting marginal issues. If public management reforms aim at avoiding some economic and effectiveness deficit and bureaucratic dysfunctions, these efforts might render some issues as accountability problems at that moment. The argument is that there are always impacts that cannot be realised beforehand. Some arguments are more powerful than others are.

Some reform rhetoric displaces other voices on the importance of right reform direction. This story of displacement refers to the ways in which actors organise and structure the movement of materials, resources, and information about reforms. More recently, the Organisation for Economic Co-operation and Development (OECD) and especially the Public Management Committee (PUMA) has provided the basis for this displacement (PUMA 1999). Its publications, forums, and databanks have become important sources of knowledge about managerial change in member countries. The OECD both disseminates information about reforms and gathers it from various countries.

The important part of this displacement is to point out how public management practices (Best Practices 1999) are transmitted into the construction of public management reforms. Public management reform is seen as being full of myths and

stories, told with the purpose of validating certain types of attitude and behaviour whilst rejecting others (Pollitt & Birchall & Putman 1998, 27—28). One important point is that the study or experimentation of reform underlines the importance of considering the principles of action that are modified for practitioners. These principles of action demonstrate that learning from reform stories may be connected to learning how one can be a “customer”, in other words, a decision-maker and an implementator of practices concerning public management reforms. The alternatives to conduct public management reforms are to emphasise the attempts by actors to seize and maintain positions of power. In other words, management reforms are examined through the strategies that scientists and other actors employ in order to influence a society. However, such strategies are not the preserve of scientists alone, but also non-scientists and practitioners. Studying reforms reminds us that the pursuit of power is a central goal of actors and thus of the reforms that are the most profitable or useful, creating a most powerful discussion.

Which paradigm or reform direction succeeds depends on the mobilisation of the actors. The most important thing for citizens is not whether there is change; the more important question is how public management can be more responsible and accountable to the citizens and increase satisfaction with public services. Therefore, there is emphasis on the role of the spokespersons of civil society and small communities to take part in the reform discussion. The world of the public management reform analyst could be seen as a set of reticulated links between a set of actors who are somehow involved in constructing a desired development of public management.

2.1.2 Rhetoric of the Reform Traditions

Reform traditions reflect different and generally distinct theoretical traditions (Ingraham 1996, 249). In addition, the theory of public management is neither coherent nor neutral; it represents a different political perspective — not only on the structure and functioning of public organisations but also on the political basis of the public sector itself (Massey 1997, 4—9).

There is also difference in definition between public administration and public management, which must be taken into consideration. According to Garson and Overman (1983), there are six differences between public management and public administration⁷. Public management is broader than the business-like interpretation of management and the internal running of the government business. Public management is not only internal but also primarily external management within a complex socio-political context (Jones & Thompson 1999; Kickert 1997, 32).

In further considering the definition of the term public management, according to the typology of Pollitt and Bouckaert (2000, 15), it may be used in at least three main meanings. It may refer to the activity of public servants and politicians. Alternatively, it may be used to refer to the structures and processes of executive government. It may mean the systematic study of either activities or structures and processes. It is good to note that the term public administration was also used in each of these three ways. It is clear that public management is often seen as a new kind of activity, and is contrasted with the older form of public administration. According to the authors, using public management is a symptom of modernisation. (Pollitt & Bouckaert 2000, 15.)

What is observed when NPM is defined? According to Reschenthaler and Thompson (1997, 318), the NPM approach is learning from the private sector. The Public Management Committee of the OECD has even defined the NPM as a new paradigm⁸. According to Borins (1997, 50—51), the NPM paradigm has the following five components:

“Providing high-quality services that citizens value; increasing managerial autonomy, particularly by reducing central agency controls; demanding, measuring, and rewarding both organisational and individual performance, providing the human and technological resources that managers need to meet their performance targets; and maintaining receptiveness to competition and open-mindedness about which public purposes should be performed by public servants as opposed to the private sector.”

The presumptions are important in studying the relationship between NPM and inter-organisational action. There are many reasons for a network-like situation. Governments often seek to execute their efforts via structures of interagency collaboration. The frequency and variety of links with for-profit businesses is impressive and government contracting is growing. (O'Toole 1997, 47.) Therefore, good local governance is called for. However, it is difficult to set up an accurate definition between public administration, public management and local governance. It is theoretical question.

Kickert, Klijn and Koppenjan (1997, 2) argue for that “*public management is governance, but not all governance is public management.*” They understand that public management is a form of governance in networks of interdependent actors. In the literature, governance is a broader concept than the public management also defined by Peters and Pierre (2000) and Kooiman (1994; 1999; 2000). Governance is more way of thinking that refers to self-organising and networks (Rhodes 1997; Stoker 1998; Kooiman 1999)⁹. In line with this definition, for instance, Kooiman (2000) defines governance as a concept that highlights the arrangements and collaborations in which public as well as private and voluntary actors aim at both solving societal problems and creating societal opportunities (Kooiman 2000, 139). These views can be understood as a broader concept than public management. However, if the study interest and study objectives are limited to cooperative arrangements between interdependent actors in which a public actor takes a role as facilitator or a network manager is responsible to citizens, local governance could be included in public management. In this study, local governance is limited to the relations run by a local government.

At this point, it suffices to note that both the evidence for the internationalisation of public management and the notion of a new global public management paradigm has been questioned (Haveri 2002; Gow & Dufour; Cheung 1997; Hood 1996b; Gray & Jenkins 1995; Hood & Jackson 1994; Aucoin 1990). For example, Hood (1995, 105—106) argued that it is more doubtful that there is rising a new global paradigm of public management. While there are several key concepts that appear to have a global

application, it is too early to talk about a new paradigm in public management. The question is more what is the level of convergence how to develop public management in different contexts (Hyyryläinen 1999; Jann 1997; Pollitt & Hanney & Packwood & Rothwell & Roberts 1997). Barzelay (2001; 1999) has done significant efforts by developing comparative framework for implementing the reforms of NPM.

In fact, there is some evidence for the convergence of public management applications that also affects the endeavour of the theoretical construction of public management. Kettl (2000) lists the main characteristics. First, the initial phase of reform in many nations focused on shrinking the size and role of the state (see also Shields & Evans 1998). Secondly, the reform movement has moved many governments away from a focus on inputs (money spent or people employed by government) to a focus on result (outputs or outcomes). Thirdly, many state governments have given new responsibility to local governments. Fourthly, institutions in civil society, especially non-profit organisations, are playing a stronger role in service delivery. In many nations, reform meant downsizing, and downsizing brought significant privatisation. Fifth, government managers are looking for ideas they can adopt — ‘best practices’ derived from other nations and the private sector (see also Overman & Boyd 1994).¹⁰ (Kettl 2000, 63—65.)

Keraudren and van Mierlo (1998, 40) give criteria for assessing a new coming paradigm of public management. It should support at least the following principles: to emphasise cost-conscious management, to support structures of clusters for the design of administration, to separate core policy activities from operational services, to lead processes in order to achieve outputs, to create flexible human resource management, to support flexible provision in services, to emphasise cost-cutting, and to reward as ownership arrangements. An important question is how these initiatives are suited to local government activities. At least, differences in national administrative cultures and traditions are diminishing (Klages & Löffler 1998a) and it might be possible to find a change of set of dimensions in public management that most countries follow.

The transformation has also influenced the definitions of public management. Some thoughts about the driving forces behind the characteristics and content of public administration, new public management, and local governance are collected into Figure 1.

Public Management			
Dimensions	Public Administration	New Public Management	Local Governance
1. Metaphor	Machine	Intra-organisational Networks, Network economy	Inter-organisational Networks, Policy networks
2. Agency Environment	Emphasis on Laws, Institutions, Political Processes	Emphasis on Competitive Markets, Individualistic Self Interests, Customer Orientation	Emphasis on Civil Society, Common Interests, Citizens Orientation
3. Key Success Factors	Equity, Responsiveness, Political Salience	Efficiency, Effectiveness, Customer Satisfaction, Adaptation to Change	Citizens Preferences Responding to Citizens and Stakeholder Interests
4. Direction Setting			
4.1 Values	Public Interest, Concern Over Conflicts Between Bureaucracy and Democracy, Stress Differences Between Public and Private Sectors	Service Quality, Agency & Management Accountability, Minimise Differences Between Public and Private Sectors	Political Preferences and Interests Public-Private Partnership
4.2 Leadership	Political or Policy Elites and Separate Political and Administrative Spheres	Agency General Managers Given Autonomy and Authority in Performance Contracts with Politicians	Shared Responsibility and Leadership
4.3 Planning	Specification of Constraints and	Specification of Mission, Strategic	Agreement of Pressing and

	Justification of Costs	Intent, Vision, Goals and Customer-Driven Outcomes	Concrete Problem to be solved
5. Organisation Design			
5.1 Structure	Functional Hierarchy with Centralised Decision Making	Networks of Self-Organising Teams with Decentralised Decision Making	Self-Organising, Inter-organisational Networks, Organised Patterns of Socially Constructed Norms and Roles
5.2 Jobs	Standardised, Specialised, Formalised	Multi-Tasked and Redesigned to Focus on Outcomes	Interdependence, Resource Exchange, Significant Autonomy from State
5.3 Technology of Work	Routinised with Standard Operating Procedures and Sequential Processing	Non-Routine, Customised, Re-engineered Based on Processes, Contracted Out and Co-Produced With Public-Private Partnerships	Rules of Game, Creating Collective Opportunities, Co-arrangements
5.4 Processes			
5.4.1 Rewards	Rules & Regulation Based	Incentive Based and Dependent on Reaching Operating Targets	Co-operation to Enhance Legitimacy and Effectiveness
5.4.2 Training	Learn Rules	Develop Mastery	Shared Understanding of Mutual Interdependencies
5.4.3 Information Processing	Low-Minimal Computerisation	Computerised Information Management (Object-Oriented Data Bases, Expert Systems, Networked Information Systems)	Using the Logic of Networks
5.4.4 Financial Management, Measures & Controls	Spending Plans, Cash-Based Accounting Models, Input & Process-Based	Responsibility Centres, Accrual-Based Accounting, Activity-Based costing, Output	Willingness and Power to Accept Uncertainty in Outcome, Both Managerial and

	Measures of Performance, Ex-Ante Controls	& Outcome-Based Measures of Performance, Ex-Post Controls	Political Criteria to Evaluate Performance, Both Ex-Ante and Ex-Post Controls
6. Culture	Minimise Risk, Follow Rules & Procedures, Maintain Order & Stability	Manage Risks, Identify and Solve Problems, Improvement and Change Oriented	Manage Diversity, Dynamics and Complexity, Focus on multiple Actors embedded in Social Relations

The dimensions are adapted from Nancy Roberts and Raymond Trevor Bradley (paper at the International Public Management Network workshop in Sienna 1999) to which is added contributions from Hood and Jackson — *Administrative Argument* 1991, Ferlie, Ashburner, Fitzgerald and Pettigrew — *New Public Management in Action* (1996), Terry — *Administrative Leadership, Neo-Liberalism, and The Public Management Movement* (1998), Kooiman — *Social-Political Governance* (1999), Lynn, Heinrich and Hill — *Studying Governance and Public Management: Challenges and Prospects* (2000).

Figure 1: Dimensions of Public Management in this study.

There are differences and similarities between the main debate on governance and NPM. According Peters and Pierre (1998, 228, 231) the similarities have been found at the operative level of administrative reform and the differences have been discussed primarily with academics. One difference is that governance focuses on process and NPM focuses on outcomes. However, public management is the operation of bureaucracies plus connections with other institutions through the processes of governance.

A common feature of governance and NPM is related to the role of elected officials. In the general sense, in the governance debate, political leaders have a key responsibility in the development of networks and the pooling of public and private resources. They set goals and priorities. In the NPM, the role of political leaders is more or less unclear. Scientist who have criticised the aims of NPM that it uses business-like management models and techniques in order to strengthen customer orientation in public service delivery system have argued that these initiatives limit the participation of citizens in politics or even transform power from elected representatives to appointed representatives

(Möttönen 2002, 371). Perhaps this has been the strongest argument against NPM.

Overall, Peters and Pierre (1998) summarises that governance refers to something that deliberately transcends the borders of government, where governmental structures coordinate and give direction to collaborative, public-private efforts. Of course, this must be understood in the framework of public management. The strategy of NPM aims at altering the state-society relationships only insofar as public-sector management models might replace traditional models of organisational management in public administration and in the exchange between service providers and public-sector customers. (Peters & Pierre 1998, 230—233.)¹¹ Indicators of NPM and local governance applications can be summarised:

Measurement of NPM:

- customer orientation
- responding to client interest
- performance evaluation
- contracts
- specification of mission
- self-organising teams
- decision-making in teams

- focus on outcomes
- co-produced with PPP
- ex-post controls
- manage risk

Measurement of local governance:

- citizens orientation
- responding to stakeholder interests
- shared responsibility
- shared leadership
- concrete problems to be solved
- inter-organisational networks,
- organised patterns of socially constructed norms and rules in networks
- interdependence/resource exchange
- creating collective opportunities
- both ex-ante and ex-post controls
- manage diversity.

The study hypotheses was that networks can integrate both NPM and governance efforts to provide services. Networks can adjust to changes in their operating environment, such as changes in funding arrangements, government policy, or market conditions. The general argument is that networks also have the flexibility to be able to develop new products, services, and solutions within a relatively short time. Eventually, all of these depend on the actors' learning, which is time consuming. In addition, the

allocation of authority between central and local government varies a great deal from country to country.

2.1.3 Decentralisation as Criteria for Local Governance

NPM argues for the decentralisation of power to citizens and away from traditional bureaucracies. Essential for the implementation is the decentralisation of functions and administration to micro agencies. Therefore, local governments have flattened many of their hierarchies and sought to be more entrepreneurial in their styles of management.

Decentralisation has also been the dominant discussion among so-called new local democracy (NLD) scholars (McGarvey 1997). Both NPM and NLD emphasise decentralisation initiatives such as community forums and other institutional innovations in order to improve accessibility to services. It could be said that NPM empowers local managers by devolving decision-making in order to promote flexibility and responsiveness. NPM puts stress on enabling local private and voluntary sectors to deliver council services, whilst NLD emphasis on empowering communities to ensure that local managers within these new devolved units are held accountable. It involves residents within the policymaking process. Both NPM and NLD occur in interaction between council staff and citizens and both these movements include the idea of rebuilding a sense of community and control, which is related to economic restructuring. (McGarvey 1997, 627.)

The decentralisation can be implemented as either political or as managerial choices. Political decentralisation, which is called devolution, entails the transfer of representative political authority from one group of representatives to another. This may occur through the devolution of power from central government to elected local authorities. In addition, devolution may involve some delegation of political authority from elected local politicians to local citizens. This situation is described, for example, as a committee of local tenants or as parents elected to the governing body of a school. This transformation could be understood as also strengthening the role of civil society. In

managerial choice, the delegation of specific powers and responsibilities take place from one level of management to another. (Pollitt & Bouckaert 2000, 83—84; Pollitt & Birchall & Putman 1998, 41—42.)

Another distinction has been made between vertical and horizontal decentralisation. Pollitt, Birchall and Putman (1998) pay attention to Mintzberg's observations that authority can also be spread out horizontally. Horizontal decentralisation is defined as the extent to which non-managers control decision processes. (Pollitt & Birchall & Putman 1998, 41—42.) Actually, this is usually the situation in a network and project-based environment. Therefore, for example, if within a development project, project workers with professional status gained authority over the decisions that had previously been controlled by the project manager, it could be seen as a part of a set of horizontal decentralisation.

Overall, democratic decision-making is ideally decentralised to the lowest level where the problem solving take place and new innovative service delivery arrangements are tested. Through decentralisation, attempts are made to provide citizens with the opportunities to become involved in decisions about the allocation of a major public good. However, the complexity of local political and institutional structures and policies means that citizens cannot attach public decisions to their local representatives. This is underscored by John (2001) when he argues that the politics in modern societies has been replaced by more shifting and less certain forms of decision-making, where it is harder to make authoritative decisions. Therefore, governance may not necessarily be an improvement. It may even reduce local democratic input and legitimacy. The move to governing in networks may diffuse decision-making and weaken its clarity. When public authorities transfer decisions to autonomous boards, composed of representatives from the private sector, local government and other public bodies, the outcome does not necessarily represent the view of the locally elected public body. (John 2001, 155.) This reality must always be taken into consideration in networks, in particular, if they do not have the final word in decision-making.

An important question is how the politics and the long-term goals are implemented and by whom. One mechanism to give direction to this implementation process might be network management. For this reason, for example Agranoff and McGuire (1998, 67—91) pay attention to a lack of the systematic study of inter-organisational activity as an important element of governance in order to produce accountability of networks to the community (social accountability).

Potentially, the provision of a successful network management cannot be credited to any single network member, but to all members acting together. In another way, this suggests that social accountability means that individual network members are also aware that network failures and inefficient are able to recognise. (Peters & Pierre 1998, 231.) In other words, the interest of governance is to acquire political legitimisation through democratic collaboration and participation of citizens. The interest of NPM is to earn managerial legitimisation supervised and controlled by public managers (Schedler 1997, 155).

NPM has paid attention to managerial reforms and managerial accountability to an organisation but little to political responsibility (Christensen & Lægreid, 2002). Nevertheless, the efforts that are driven by NPM and local governance cannot be separated. NPM might change the role of citizens and bring them more channels to influence on local matters. NPM may have implications for citizens' participation in decision-making that concerns more people than the client of particular service. Although NPM must face the democratic and participatory demands of different interest groups, organisations might respond these demands differently that might be problem in terms of democratic accountability to citizens. It might put them unequal position in service delivery system. Therefore, it is important to discuss what are the implications of NPM for democratic participation at the local level. These impacts can be studied in networks where the aims of NPM and citizens' participation are tried to implement.

2.1.4 Themes for the Implementation of NPM and Democratic Participation

The roles of local governments are changing. In traditional local self-government public officials design and implement policies that are focused on limited, politically defined objectives. It is deeply rooted in democratic ideals (Bryce 1933). However, it can be asked whether governments should take more active role in the markets and steer local area by acting as a catalyst. In this view, government officials are supposed to achieve policy objectives by creating mechanisms and incentive structures to influence actions by private and NGOs. This view is called as reinventing government, neomanagerialism or NPM (Mathiasen 1999; 1997; Jones & Thompson 1997; Hood 1996a; Boston & Martin & Pallot & Walsh 1996; Aucoin 1995; Kettl 1994; Osborne & Gaebler 1992). From local governance perspective, governments are responsible to uphold democratic and social criteria. It sees the role of government as brokering interests among citizens and other groups so as to create shared values. According to this view, local governments are expected to build a coalition of public, private, and NGO agencies to meet mutually agreed-upon needs (Thynne 2000; Huxham 2000; Coombes 1998; Common 1998; Dolowitz & Marsh 1998; Van Mierlo 1998; Verheijen 1998).

Authors of the local governance see the individual as playing a more active role in self-government. Citizens have a responsibility beyond self-interest that extends to an encompassing notion of the public good (Denhardt & Denhardt 2001). The role of public organisations and institutions is to guarantee democratic participation through decision-making and implementation networks. The networks can further democratic participation by bargaining processes in citizens' forum, panels etc. as it is happening for instance in many environmental issues (Niemi-lilahti 2001), but which also has its specific problems (Niemi-lilahti 2002, 215) that will be addressed in this study.

It is important to get information and create knowledge on whether network management really further the implementation of NPM. From the local government point of view, a crucial element is how the initiatives can be achieved. Thus, attention should be paid to effective implementation processes. The

implementation network is also a socially constructed vehicle for purposive action. Implementation networks are intended for use as instruments to mobilise the efforts of individual actors to deal with a problem. The linkages between actors are in some way interdependent. (O'Toole & Hanf & Hupe 1999, 138—139.)

If implementation processes are taken seriously, it also means that an entire network must be chosen as the unit of analysis rather than just a single organisation (Pollitt & Bouckaert 2000, 37). To argue further, in the implementation processes both NPM and local governance perspectives should be taken into consideration. The differences between NPM and local governance could be summarised by assessing possibilities to measure them from the network management point of view. First, the aim of NPM is to increase community resources in service delivery system by supporting and increasing use of social capital. The question for empirical study question is as follows: Does network management increase the community funding of local public services? Secondly, an attempt is made to reduce the citizens' dissatisfaction with public services by increasing their possibilities to participate in both the decision-making and implementation processes. Thus, the question for empirical study is: Does network management by a local government reduce the citizens' dissatisfaction with local public services? The third question is: Does network management reduce government expenditure on local public services? In order to reduce expenditures a government aspires to boost collaborative arrangements.

2.2 From Central Government to Local Partnership

2.2.1 Devolution of Decision-Making

In this chapter, the changing relationship between the state, the market, and civil society is studied. When actors from the state, the market, and civil society struggle with one another, they first determine their existence and then define their characteristics. The translation according to public management reform attaches characteristics to these actors and establishes a relationship between them. A key issue is to what extent central government

has decentralised decision-making functions to local partnerships. The translation or rhetoric of reform cannot be taken for granted, and the strategies used depend upon the circumstances in which they develop. The state is the one actor whose role in reform movements is changing. Therefore, the statement can be made that governments have used management reform to reshape the role of the state and its relationship with citizens and market actors.

Kettl (2000) emphasises that the basic strategy of reform has been to replace traditional bureaucratic command and control mechanisms with market strategies, and then to rely on these strategies in order to change the behaviour of reform managers. In addition, public management reform is not only a job for the public sector. The central reform strategies require broad participation from members of society in setting goals and close partnership between the governmental and non-governmental sectors (Kettl 2000, 1—2). The reform phase must be noted in each country comparison. Administrative reforms followed by NPM-type policy varies between countries. In Westminster countries some radical applications of NPM reforms are implemented such as in New Zealand or United Kingdom. In Nordic Countries NPM-reforms have been moderate based on the reevaluation of service delivery in welfare state. (Temmes 1998, 445.)

In the CEE countries, the most important aspect in the reforms of public sector is to build a clear and effective relationship between a state administration and an administration at the local level. In the Scandinavian countries, the autonomy of the municipalities is very strong. Municipalities have right to levy taxes and they have more economic latitude than the CEE countries have at both the state and local level. For instance, in Poland the financing of municipal activities and services depends on state subsidies almost completely. In Finland, public welfare services are financed by the municipal budget. These differences give an interesting point for comparison in order to evaluate the kind of role network management takes in the state-community relationship.

State-community relations follow the trends that are common nowadays throughout the Western world, such as devolution. A

retreat of the welfare state induces the state to delegate more and more welfare arrangements to NGOs or to the third sector. This transfer of public services to other sectors maintains the discussion over the changing role of the state as ‘hollowing out’ the state or at least the ‘state under stress’ (Pierre & Peters 2000, 110; Kickert 1999, 486; Van de Donk & Snellen 1998, 14—18; Foster & Plowden 1996.) A major alternative to this top-down conception of governance is one that emphasises the interactions among different groups in society with government or even without direct government involvement. The term government refers to the formal procedures and institutions societies have created to express their interests, to resolve disputes and to implement public choices. When the executive government includes processes that extend beyond government into the market and civil society governance is said to be wider than government. Therefore, the units hollowed out the state refer to units of government that are separated from their outputs.

Klijn (2002a, 162) points out that the complexity of decision-making in the hollow state requires forms of management, which are not based upon a clear sequence of phases. Therefore, analysing the problem, choosing the solution and implementing that solution in a traditional way do not fit the complexity of the hollow state. The sequential management should be replaced by parallel managing. However, if decision-making is decentralized to the lowest level where the problem solving takes place and new service delivery arrangements are proved then the role of network manager usually belongs to the government actor. In this case, a government as a network manager is obligated to invite citizens to become participants in the processes of governance. The purpose of the government is to promote democratic legitimacy. This participatory democracy view is where governing bodies provide the opportunity for citizens to be involved in decisions about the allocation of a major public good. The participatory democracy also develops the responsiveness of organizations in service delivery systems to their stakeholders. For example, a committee system within the decision-making forum can have a positive effect on the participation of citizens and stakeholders.

Nevertheless, putting citizens into policy-making forums might not guarantee sufficient involvement and participation. The

success or failure of the devolution depends on how intensely it becomes wired into the systems of local governance for its political institutions, public expectations, and civil society. The first generation of reforms reflect on an important lesson (Kettl 2000, 5, 32.)¹²: The strategies of management reform must fit into a nation's governance system — and they must be supported by the political system for the administrative reforms to succeed.

Studies of governance emphasise the importance of central management and leadership in facilitating cooperation between dispersed and heterogeneous actors (Ansell 2000, 310). As the literature on the “hollow state” suggests, the leadership may de facto give to on non-governmental actors. On the other hand, state organisations may still play a very important role in leadership, especially when state organisations have a high degree of network centrality as a facilitator. The same logic can be used at the local level. The role of the state or the local government as the leadership might be as a controller, supporter, or both.

2.2.2 Alternative Roles of the Government — Controller and Supporter

The changing role of the state government could be understood as a displacement of state power and control. Pierre and Peters (2000, 77) provide convincingly arguments for how the displacement of state power and control is transformed upward, towards international actors and organisations; downward, towards regions, cities and communities; and outward, to institutions operating under considerable discretion from the state. Pierre and Peters (2000, 77) continue their analysis by saying that governance has an important institutional aspect as far as it requires some degree of decentralisation to facilitate new and closer forms of public-private exchange. Thus, state government is expected to support the decentralisation process by supporting local cooperation. Supporting is a matter of networking skills than the exercise of regulatory or other traditional governmental capability.

However, it is argued that the state exists only as long as it succeeds in maintaining and controlling a link into society. The

symptoms of this can be established in the financial-economic, in the commercial, the fiscal, and the penal spheres. Most of these institutionalised forms guarantee peace in society. The discussion about “the hollowing out of the state” has taken place especially within the British context (Rhodes 1994, 138). For example, Saward (1997, 20) argues for that the reform direction has increasingly weakened the core executive. This is followed by three logical hypotheses (Saward 1997, 20): “1) *The core executive is losing capacities to societal actors.* 2) *The core executive is losing its capacity to control other state actors.* 3) *The core executive is losing capacities to supra-state entities.*”

However, the analysis of Saward can be seen in the other way presented by Rhodes (1997, 210). First, the state’s motives for getting rid of a function are not the point at issue. The state can no longer do something it used to do. Therefore, because of this changes the state may have more control but over less. Secondly, in the analysis must be distinguished clearly enough intentions and outcomes. It is true that NPM has demanded to pay more attention to the outcomes of the policies. Thirdly, the hollow state therefore refers to any situation in which a government agency relies on others to work together to deliver public services. In fact, the state arranges networks rather than manages hierarchies that are the traditional task of government.

Within the framework of the social contract, the government is the other co-signatory. According to Van de Donk and Snellen (1998, 16): “*A new foundation of trust between public administration and society has to be found, to replace the eroded checks and balances between the horizontal and vertical powers of the state, between departments and functionaries within authorities of public administration and between the public and private sphere.*” This view is interesting because it implies that a fruitful relationship between the state and civil society is possible in order to create trust¹³ in building networks.

It is argued further that the state loses the capacity for direct control and “*replaces that faculty with a capacity for influence*” (Behn 1995, 317). It is a question of the methods and techniques of supporting and controlling by the government. Therefore, according to Behn, defining the concept of local governance is one of the most important questions of micro-management. The

instruments of control for micro-management take place in new forms of local governance. To go further in changing the role of management, it reflects also changes within organisations. Local governance is going to demand changes in actors' attitudes or action cultures, institutional positions or roles, abilities or resources, working habits or routines and techniques or instruments into the study of events, structures and processes, postulating the need for goal-directed, innovative, entrepreneurial and learned behaviour (Bogason & Toonen 1998, 206). In fact, the qualifications of the staff can be divided into the demands of organisation and the demands of network action. In a dialectical model of Marsh and Smith to be presented later the qualifications of actors for network action is taken into consideration.

Government organisations remain part of the networks in models of governance. Their role in networks depends on the other actors and the role of government may even be more active than in the hierarchies because they not only finance and control the projects or the activities of the network but they are also supposed to act as a facilitator or an enabler of activities. Actually, the state has taken new forms of promoting and coordinating especially regional development. For example, the state budget in Finland is partly allocated through the Employment and Business Development Centres. In Poland, one important task has been to develop the regional administration so said voivodship level.

As noted earlier, the dominant feature of the governance model is the argument that networks have come to dominate public policy. This statement gives a hypothetical principle of action for building the theory of governance; the role of the state is to act as a facilitator or supporter of networks. For example, the Best Practices databank for Human Settlements has asserted: *"CITYNET's mission is to act as a facilitator at the regional level to promote the exchange of expertise, information, and experiences among its members. The objectives of CITYNET are to strengthen the capacities of local governments to effectively manage the urban development process and to develop partnerships between various actors at the local level for the success of participatory local governance."*

The essential part in the role of facilitator is the question of control. Governments do have a number of instruments that they could use for this purpose. General approval must be found at the beginning of the cooperation for these instruments.

2.2.3 Hierarchical and Horizontal Power Structures

The British discussion about the role of the state has been driven by the dichotomy between a weak or strong state. For many, such as Mayntz (1993) the impacts can be seen as changes in policy networks. At the beginning of 1990s, the notion of policy networks signalled a real change in the structure of policymaking. Policymaking networks can be more than simple halfway posts between the market and the hierarchy. Policy today is made in a process involving a plurality of both public and private organisations that has emphasised trust building. Mayntz argues for that networks can also represent a qualitatively distinct type of social structure that is characterised by a combination of elements belonging to the other two basic forms of governance. On the one hand, networks create the existence of a plurality of autonomous agents referring to the market and, on the other hand, a network supports building the ability to pursue chosen goals through coordinated action, which refers to hierarchies. (Mayntz 1993, 9.)

Policy networks create the circumstances where new cooperative strategies and mechanisms are developed. As a result, the importance of policy network analysis has been increased. These changes have been easy to recognise, according to Rhodes (1997, 194—195) in a situation in which the culture of the civil service has been changing from a hierarchic to an individualistic way of life in networks.

Central government steering has taken on less direct forms than the traditional one. Nevertheless, indirect forms of controlling in cooperative networks can be as efficient or even more influential. New steering methods can be also confusing especially when several mutually reinforcing methods of control are combined. Control and support is then shared among actors in both hierarchical and horizontal power structures. Johansson and Borell (1999) pay attention to the changing context of steering

structures in networks. They say that it may be misleading to look at networks without taking into account how certain actors established the network and the position of its members. Therefore, policy networks are consequences of these steering relations. Networks may have been structured from above or even from outside the network itself. The interplay in vertical and horizontal relations of power is crucial also at the local level.

Formal hierarchical power can be exercised by central government in order to decide the conditions for collaboration. Thus, elements of both national regulation and local autonomy can be combined. (Johansson & Borell 1999, 594.) Thus, to understand the implementation networks must be viewed as both hierarchical and horizontal power structures, where government can affect formal horizontal relations between actors by creating patterns of interdependence.

There are reasons for being critical of the view that networks are almost completely self-regulatory, which also arises from case studies. The danger with a self-steering approach is that concentrating upon the diffusion of power draws attention away from the new forms of the concentration of power. Here, the capacity to control local networks is crucial. In a network situation, top-down control has not disappeared but it has taken on less obtrusive forms. (Johansson & Borell 1999, 594.)

However, interdependencies between the main institutions may also be defined in terms of handling the growing diversity, dynamics, and complexity of societal issues. In line with other recent thinking, it may be observed that each of these institutions contributes to societal issues. Civil society is well placed to handle issues of diversity: the market to handle the dynamic aspects and the public sector (the state) is well placed to confront particular issues of complexity in modern societies (see also Kooiman 1999, 84). The importance of NGOs varying from special interest groups to local community initiatives has grown. So has the awareness of the need for local participation in addressing societal issues. As a result, both governments and civil society organisations now need to recognise the need for negotiation and co-operation through forms of shared governance.

2.3 Join Local Planning and Coordination

2.3.1 More Business — More Democratic Interaction

In addition to devolution of decision-making, institutional capability for local governance depends on the willingness of partner agencies to engage in joint local planning and coordination. It has meant adaptation of more businesslike management into local management. Local management is generally concerned with combination public and private resources than with competition in the public sector. For example, public services financed by local government might be produced by private organisations in the market. In this situation, clients are expected to participate at least in an evaluation process of services and be active citizens by influencing to the development of public management practices.

Therefore, in order to earn both political and managerial legitimisation by meeting the demands of citizens and other stakeholders their role should be emphasised in a broader and diversified meaning. Without having to operate exclusively through elected representatives, citizens must earn a status of customer and they must influence to the activities of public management reforms when being involved in the development of management practices.

The transformation of the method and techniques of governance in order to support active citizenship and indirect control change the role of citizens on the one hand and public managers on the other. Both must require the role of consumer of good practices of public management by bargaining over what is suitable for the case concerned. In this perspective, governance is largely about setting priorities and defining goals. How these instruments achieve acceptance and support from the wider community is the core question of governance discussion.

People who are responsible for the implementation of public services and reform initiatives are engaged in political, sociological, and economic practices. They also change the reform initiatives all the time by affecting the strategies to achieve desired outcome. For a satisfactory result of public management activity and the demands that a public manager and a citizen have

in the consumer role in public administration, it is important that governance and NPM have a connected instead of a contradictory or conflicting policy. Operative agencies and institutions create networks and network management might connect the emphasis of NPM and governance. Eventually, it must be asked should network management also give evaluation criteria for the action for which public managers are responsible and accountable.

If network management may respond to the challenge of customer, what kinds of instruments are needed for network management? It might depend on the level of governance. For example, at the minimal level governance may simply involve one organisation acting as the temporary agent of another. Moving up the scale, governance might involve new forms of resource exchange between otherwise autonomous service providers. Above all, governance is an activity that occurs at an operational level. Governance is also a question of how practice on the operational level could be transformed to the institutional level. (de Bruijn & ten Heuvelhof 1997, 119.)

If we give public managers and citizens the role as customers in a sense of taking part in decision-making about service delivery for instance, it means a certain mission for network management. Thus, public managers and citizens try to intervene in order to change the context of governance. It is an ongoing process¹⁴ between actors to define and coordinate each other's roles and identities. In terms of businesslike management in local government practices attention must be turned on how to choose suitable businesslike management for local government and how to support citizens' possibilities to direct influence to service producers.

2.3.2 Productivity Improvements through Networks

The market has been seen as a mechanism of coordination in addition to one of hierarchies and networks. As far as public service is concerned, the coordination of markets does take place, but to what extent and in what circumstances? As noted, associations typically coordinate the actors engaged in the same or similar activities whereas markets, corporate hierarchies, and

networks tend to coordinate economic activity among different types of actors. Business associations and labour unions are some of the most common forms of associations for coordinating economic activity. Religious and neighbourhood organisations are some of the most common forms of associations for coordinating social activity. However, in both types of associations, actors are loosely joined to each other in long-term relationships that ensure their capacity to co-operate and collaborate with each other through repeated exchanges. (Hollingsworth & Boyer 1998, 13.)

The market is an institution, which mixes humans and non-humans and controls their relations. It is assumed that no market transactions are possible without calculative agencies. The importance of calculative agencies is indicated in the definition for the market. In terms of the study interest, the essential point is how markets are embedded in networks.

Building on studies by Granovetter (1995) he argues that markets are embedded in networks in the manner described previously also Coleman (1990) or Putman (1993). Their idea is that increased social capital supports economic development. This idea emphasises the perception that market relations are not only driven by economic forces but also require the particular social conditions and social capital. Social capital as social trust accumulates through the micro-level interactions of individuals and becomes a public good on which others draw. Thus, once it exists, social trust makes transactions more efficient.

In order to understand market functions, from the social network analysis point of view based on the ideas of Granovetter, the embeddedness of social relations has an essential contribution in promoting economics. Social network analysis demands considering informal relations in order to account for the possibility of calculation. For example, Granovetter emphasises that without a social network it is not possible to create a common culture of negotiation.

Despite the status of the market as a mechanism of coordination, social relations and economic purposes are embedded, but they also have their own laws. This is partly due to changes in government policy, particularly in contracting public services. Above all, the development of market systems also requires increased levels of horizontal liaison between the

functions of purchaser and provider. Increasingly, within the context of a mixed economy and the enabling council, such co-operation has to extend not just across internal departmental boundaries, but also across organisational boundaries, as provider units become increasingly located in external private/voluntary sector organisations. These developments can be seen to represent an apparent move from a hierarchical to a market level through to the network form of organisation almost without any boundaries (Keen & Scase 1998, 16).

Whether the boundaries are mixed or embedded, the most important thing is that the logic of governance has a different starting point than the logic of competitive markets. The public sector is governed by formal authority tied in to the state through its constitution and by the legitimate actions of officials. If private management is governed by the preferences of company owners exercising their property rights, then public management is governed by the preferences of authoritative decision-makers lawfully exercising the coercive power of the state or local government. Their preferences are expressed in statutes, appropriations, administrative guidelines, and in the monitoring activities of duly authorised oversight bodies. (Lynn 1999, 18.)

Brans (1997) has noticed the moves away from top-down policy planning to steering-through networks and from administration to managerialism; both share the same starting point. They reflect the emergence of new models of steering and control based on a plural centric conception of the state and increased reliance on private and individual actors for the implementation of policy and the delivery of services. (Brans 1997, 410.) In addition to the notion of hollowing out the nation-state, also involved is a geographical restructuring of responsibility for welfare policy upwards to transnational bodies and downwards to new forms of local and regional government.

Thus, the core idea of bridging social capital and state-market-society relations is that different interventions are needed for different combinations of governance. When representatives of the state, the corporate sector, and civil society establish common forums through which they can pursue common goals, development can proceed. In these circumstances, social capital

has a role as a mediating variable that is shaped by public and private institutions.

2.3.3 Achieving Consumer Orientation

Consumer orientation has two meanings in this study. Consumer orientation means the rational use of markets on the one hand. Consumer orientation is a way of increasing the power of citizens in relation to a service delivery system on the other. All network actors are responsible for the activities traditionally addressed to the officials. In this sense, consumer orientation means particularly that small elite should not be responsible for public management practices but also citizens are responsible to produce management innovations.

The first point of consumer means that the new public managers who consider themselves analogous to their private-sector counterparts are more capable of getting closer to their customers than the traditional politicians get (Cheung 1997, 454). As Kettl (1997, 454) remarks, individualisation is a key principle of the public management reforms meaning that people should be treated as consumers, as clients, as citizens, or as voters. The perspective of the user is connected to the perspectives of the consumer (the person or authority demanding goods/services) or the client (the person or authority financing the provision of goods/services). Thus, one way of reorienting organisations to consumer orientation is the establishment of an internal market within public sector in order to serve citizens in an individual way and to reduce government expenditure on public services.

Outsourcing public services is used to reduce expenditures. Outsourcing can be understood as the external or internal privatisation of public services. External privatisation means that state government, and to some extent local government, takes less responsibility for arranging services whilst at the same time maintaining it's financing. Internal privatisation disintegrates large government units into small core departments and autonomous operational units or agencies.

A consequence of the NPM strategies has been that citizens increasingly interact with service providers and not with

purchasers. Again, there are arguments for and against this initiative. The argument against is that service providers are not in a market relationship with their end-users, which have no choice of provider but depend on the state for the service. (Flynn & Strehl 1996, 18; Dunleavy 1997, 40.) Under the NPM paradigm, administration can be connected with politics or policy in order to empower civil servants and local officials to make decisions. They are instructed to be responsive to individual citizens and encouraged to develop new, innovative approaches to solving public problems.

Then, from the second point of consumerism, a proper understanding of reforms requires knowledge and understanding about the background to the ideas public management, to the politics behind them, or to why customer orientation is wanted. Present-day politics is a consequence rather than a cause of reform processes. For the actors in local government including citizens, this means that they are expected to become involved in the discussion over reforms and to give their own definition for the tasks for which they are responsible. Otherwise, they will lose their political significance. At the same time, it also means that they redefine the content of NPM and especially customer orientation and put their own stamp upon it. The New Local Democratic (NLD)¹⁵ coalition, which emphasises local councils as democratic institutions, argues that NPM, due to its exclusive focus on the delivery of services, defines politics in a very narrow manner. Moreover, by limiting the participation of citizens in politics, it weakens the democratic process and in this way prevents citizens' to put their own touch on decisions.

NPM emphasises the role of customers. Collective action amongst customers is studied by Barnes, Harrison, Mort, Shardlow and Wistow (1999, 122—125), who provide a means through which also citizenship can be expressed. They introduce the way in which collective action amongst service users can be understood as contributing to the citizenship. Citizenship can be expressed through enhancing the accountability of public services to their citizen users. Citizenship can be supported through pursuing objectives of achieving social rights associated with the status of citizenship. Achieving social rights refers to social accountability to all stakeholders. Social accountability is first

hearing of voice of public service users that leads to creation of possibilities for citizens' participation in decision-making. In the third phase, the participation support trust building and maintain accountability to the community. Therefore, by creating appropriate networks, which help express voice of excluded individuals is also important task of community networks especially in the situation in where a local government take the role of network manager.

In this sense, for example, databanks can create common internal markets for both administrators and citizens. It has been argued further that if the NPM takes the progressive approach to public management it assumes that there is 'one best way' to handle every situation, and that way can be captured in a book of rules. The other way is to emphasise the capacity of organisations to learn, adapt, and innovate in constantly evolving conditions. This means that at the local level, the appropriate NPM applications together on open arenas should be found. This also means an active role for citizens and the fact that the citizens, on the one hand, have learned to demand services tailored to their specific circumstances. On the other hand, citizens must have possibilities of participating in administrative tasks according to their own wishes.

The reforms have sought to transform the culture of public organisations, which includes encouraging employees to think about citizens as customers to be served. The changes have imposed technical reforms, including the development of output and outcome measurement systems and the strategic planning to guide them. (Kettl 1997, 452.) However, there are some significant limits to the new role of the citizen as a user in these implementing networks. In particular, there are significant constraints within self-organising networks. Networks are usually supposed to be open, but without being formally accountable, to new actors. This view on a network poses various challenges for both public managers and citizens. The same point is made by Rhodes (1997, 58—59) by listing some important questions about network context. He asks whether the role of the public manager is to regulate networks in the sense of maintaining relationships. "Do public managers act as guardians of public interest? Do they still have the authority and legitimacy to claim a privileged

position in the network? Can they be privileged actors in the network without undermining the discourse?" A network manager must be capable to answer these questions.

When network management refers to a process that involves relations and structures in the collaboration of private, public, and voluntary or the non-profit or third sector, it then depends on support from the internal functioning of each organisation. If the idea of public management reform is to support the participation of citizens, we could ask whether the elements of NPM build on the philosophy of this improvement. Furthermore, capability for local governance depends on, on the one hand, the success of the linkages created between the implementation of NPM initiatives. On the other, local governance calls for the participating structures in decision-making in order to build linkages between local government and local partnership.

2.4 Linkage between Local Government and Local Partnership

2.4.1 To Support Accountability

Governance by redefining the relationships between the state, the market, and society tries to create structures and practices that achieve political, social, economic or managerial and legal accountability to stakeholders that all create democratic accountability to the community. Discussion about accountability besides discussion of decentralisation has dominated public sector reforms. Accountability has become a particularly relevant consideration when decision-making is decentralised in organisations. For the purposes of this study, not all kinds of accountability are reviewed. However, social accountability or accountability to the community will be evaluated in order to say something about the phase of network structuring that maintains or even increases the use of social capital in the community.

In this meaning, to create a new theory of democratic accountability, the essential question of who decides what results are to be produced needs to be answered. The answer offered by the advocates of NPM is practical, not theoretical, and they accept

that civil servants and local officials do make policy decisions. Therefore, a new political theory that explains why and how this is consistent with democratic accountability is needed. (Behn 1998.) Maybe the answer will be found again in policy communities¹⁶.

In general, accountability involves the existence of mechanisms that ensure public officials and political leaders are answerable for their actions as well as their use of public resources. It requires transparent government and a free media. Competence in making and executing appropriate public policies and delivering efficient public services is essential. Thus, good governance aims at achieving much more than the mere efficient management of economic and financial resources or particular public services. It is also a broad reform strategy to strengthen the institution of civil society. (Minogue & Polidano & Hulme 1998, 5—6.) Accountability is also a question of communication. The growing need to operate through inter-agency networks brought great scope for communication difficulties among representatives of different types. The legitimacy of each type of representative came from a different source — from election, appointment, professionalism, or common experience. These different legitimacies or mandates were not always mutually recognised. (Lowndes 1999, 36.)

One of the principal arguments for community governance is that they facilitate more responsive policy-making in particularly at the local level. However, some NPM initiatives such as the transfer of power in decision-making from elected councillors to multi-agency partnerships have attracted criticism for undermining accountability. On the contrary, advocates of the partnership approach argue for that decentralisation in this sense empowers local populations through the opportunities for direct participation in decision-making. Furthermore, the advocates of NPM argue against that local authorities have been successful in responding to the competing demands of different groups at the local level. (Benyon & Edwards 1999, 160—161.)

If accountability is viewed from the perspective of community members and stakeholders, it must be asked in what ways networks really do employ mutual self-responsibility. In addition, if new accountability relations are rearranged in

cooperative networks, network structures must be able to be steered in order to avoid or manage conflict. However, two important factors render the development of accountability in networks. First, accountability relationships in multiorganisational networks are quite different from those found in the dyadic linkages of contracting (Kettl 1993).

Secondly, there is no necessarily a demanding authority to steer the activities of the network in harmony with elected officials. Accountability of networks to the stakeholders depend on a definition of network and role of network manager. If the network through arrangements of public-private partnership, for instance, is responsible for producing services to citizens, it is also accountable to a legally constituted democratic entity such as to local government. Therefore, accountability, according to Bardach and Lesser (1996), means accountability for results, accountability for setting wise priorities, accountability for targeting, and accountability for system modification and design.

How does one understand accountability in networks? Agranoff and McGuire (1999) examine accountability in networks. They emphasise that if the network is defined as a single entity rather than as many pieces the important question is how personal responsibility become translated into network accountability to the stakeholders of the network. In fact, this is the first priority of network management in inter-organisational relations and first task of network management. It is also easy to argue for that accountability relation in cooperative networks must be clarified properly and then explicate how network relations through carefully planed network management might support the NPM ideology and development of governance structures and practices.

Thus, it is important to know what kinds of network outcomes are resulted by the implementation of NPM that is consistent with democratic performance. It is obvious that at least more appropriate community outcome indicators need to be developed in order to realize the value and impact of the networking and cooperative building before evaluating their contribution in implementing the NPM applications. Thus, emphasis needs to be given to the creation of credible intermediate indicators, which see networking process as

outcome, and are accepted by the citizens as clients as well as taxpayers. The following key outcomes of policy networks, which could be measured and evaluated, might be relevant in order to support to achieve social accountability to the community (Davies 2001, 195—196; Fine 2001, 210):

- Facilitating citizens and associations to work together in planning, decision-making, implementation, and evaluation processes by local self-government.
- Carrying out needs assessment and priority setting.
- Maintaining and supporting policy networks in communities.
- Adopting flexible working practices through networking.
- Establishing coordination infrastructures.
- Gaining political support and maintaining political visibility.
- Obtaining resource investment.
- Reorienting organisations for certain tasks.

The vision of the public management reformers aimed at more efficient and customer-oriented service delivery by local authorities has been challenged by a broader vision of community governance. For community governance to become established, local authorities will further have to develop new ways of working and reaching out to their communities, particularly through networks. These conditions must also change the practices of management within organisations more towards supporting them to take part in cooperative arrangements. One indication for this direction is to measure the output and outcome of networking and a success of network management.

2.4.2 Definition of Local/Community Governance

Governing may be the ability of political elites to create circumstances that evoke the relations among citizens that allow them to maintain a collective coherence (Wamsley 1996, 369). However, the term governance is used and defined in different ways (Kooiman 1999, 68—69; Pierre & Peters 2000, 14). It characterises both global and local arrangements and in reference to both formal and informal norms. Governance constitutes rules to regulate the social forces in society. By defining how decisions are made and who should have access to them, governance shapes a society's dominant beliefs about who should have power and how that power should be exercised. These beliefs about the distribution of power reflect the dominant values about the form that social and political relations should take. (Ranson & Martin & McKeown & Nixon 1999, 106—107.)

Most governance concepts highlight the arrangements and collaborations in which public as well as private, and voluntary actors aim at both to solve societal problems and create societal opportunities (Kooiman 2000, 139). In addition, many of the collaboration initiatives emphasize the participation of the community groups that generally mean inclusion of stakeholders in the decision-making processes that affect them. Thus, according to Kooiman, governing activities cannot separate from the institutions within which the problems are solved or opportunities are created. It is important to know both these institutions and in particular relations between them. Governance generally refers to the means for achieving direction, control, and the coordination of autonomous individuals or organisations on behalf of interests to which they jointly contribute. (Lynn & Heinrich & Hill 2000, 233—251.) Overall, activating civil society is a key element of local governance defined by Bovaird, Löffler and Parrado-Díez (2002, 12). They define local governance as:

“The set of formal and informal rules, structures and processes by which local stakeholders collectively solve their problems and meet societal needs. This process is inclusive because each local stakeholder brings important qualities, abilities and resources. In this process, it is

critical to build and maintain trust, commitment and a system of bargaining.”

Thereby to respond the needs of local stakeholders at least, good, public, and democratic local governance means that “a social sub-contract” between citizens, the government, NGOs, and private sector interest should be achieved (Blanchard & Hinnant & Wong 1998). It might also mean that both private organisations and NGO take a more active role also in the production of public services¹⁷. Usually the social subcontract replaces formal arrangements and creates informal ones, and consequently calls for new mechanisms of governance.

The dominant feature of the governance model has been the argument that networks dominate public decision-making and implementation policy. Governing and public management has been seen partly as network building (Kickert et al. 1997; Rhodes 1997). Even though network management is an important aspect of local governance, other governance mechanisms (such as hierarchies, markets, and communities) will remain significant in the public, privates and voluntary sectors (Pierre & Peters 2000, 14—26).

To build a social subcontract a critical point of view is how to develop civic engagement that supports the effectiveness of co-operative arrangements between partners from different sectors. The basic idea of interactive governance is that the authoritative position of the state or local government is not justified. Nevertheless, governments or other funding bodies often influence the governance structures of collaborations. State or local government may have considerable budgets, personnel, access to the mass media, and a monopoly on the use of force, and democratic legitimisation. However, during the creation of social subcontract, other power relations as the state conducted might take place in networks. Some authors, therefore, speak about shrinking roles of government (Foster & Plowden 1996) as part of changing relationship between state, market and civil society. Perhaps it is more appropriate to speak of shifting roles of government that emphasise the importance of interactive governance and mechanisms of governance.

Governance, to a much greater extent than NPM, is concerned with enhancing the capacity of government to act by forging strategic inter-organisational coalitions with actors in the external environment. Steering, in governance perspective, is largely about setting priorities and defining goals. In the NPM, steering is primarily an intra-organisational strategy. Instead, governance constitutes a system of rules about public policy and decision-making structures in relation to the social interests within society. Building on studies presented earlier community governance for this study purpose may be defined as:

A model of organisation conducted in ways, which are appropriate for affiliation feelings of community members. Boundaries of community-building efforts are guided by the perceptions and experiences of community members themselves through the decentralised representative system in the community. Local government defines community rules to solve conflicts and to increase accountability to the community.

This definition emphasise in some extent an institutionalised form of cooperation that based on local traditions and culture to act together and of course the level and structure of social capital in the community. It is good to note that also formal and informal rules, which steer problem solving in the local governance context, form guidelines for community governance.

2.5 Community Involvement

2.5.1 Definition of Civil Society

The definition of civil society is closely related to the development of communities or the emergence of community action, which is strongly connected to participation in communities. It is also called civic engagement, as described by Robert Putman (1993). Many view the emergence of community action as a form of participation that has the power to affect the rate of local development. Many, who have been disappointed by the action of political parties and the ability of the traditional representative

system to respond effectively to the problems in a certain area, see community action as a new alternative. The expression community action is used as a generic term to describe the process of activity that takes place within a community.¹⁸

In modern societies, the civil society is the basis of social transformation and social partnership. According to Rose and Mishler (1997), first a civil society integrates individuals and the state through institutions that are independent of the state. Such organisations operate in the public interest but they are not controlled by public or state agencies. Cooperative arrangements in policy networks might change the status of these institutions in civil society. Secondly, the idea of civil society has meaning only if the state is governed by the rule of law, recognising the independence of such institutions as churches, farmers' co-operatives, businesses, trade unions, universities, and so forth. Thirdly, a civil society can promote integration from the top down. Corporatism is developed in the context of authoritarian regimes that recognize the existence of civil society. (Rose & Mishler 1997, 84—111.)

In Foley and Edwards's (1998) definition, civil society also has at least three different perspectives for its role in society. Primary in the recent debate is the emphasis on its socialisation function. The associations of civil society are thought to play a significant role in building citizenship skills and the attitudes for motivating citizens to use their skills. The associations of civil society aid efforts or directly take care of the tasks that might belong to the function of the state. It does this without the encouragement and support of government. Secondly, civil society gives identity and voice to the distinct interests and diverse points of view characteristic of a modern society. Civil society stimulates public debate and presses government for action on matters of public interest. Thirdly, many Eastern European writers see civil society as a protection against the state. As with Poland's Solidarity movement, it actively eschewed party politics at the time of transition. However, it is clear that civil society demands representation in modern polities. Furthermore, democracy demands representation in terms of competing groups of interests and interpretations. This demands an increased sense

of community translated into active participation in political life. (Foley & Edwards 1998, 5—17.)

The Tocquevillian idea of civil society emphasises its political feature and meaning to facilitate coordinated actions. According to this perspective, political activity is the basic raw material of civil society. However, the context in Eastern Europe is different and the construction of civil society has been seen as anti-political. Instead of political means, within the Polish context for example, the idea was, at least at the beginning of the revolution from totalitarianism to democracy, to escape politics altogether with the aid of commonplace morality. Especially the role of the Catholic Church is significant in supporting the everyday lives of people. The problem for countries in transition nowadays is how to obtain cohesion and civic engagement in society. (Tamás 1999, 188—189.)

Overall, Putnam hopes to discover a link between a strong civil society and a strong state. This raises a question about the suitable mechanisms to influence decision-making processes in local self-government. In addition, Tocqueville's analysis has been used to help support the idea that a strong civil society is crucial to democratic success. Putnam found that an active civil society correlates with better institutional performance. Well-functioning democracies not only depend on social relations but also on political institutions and the constitutional order which structures the relationship between them. (Whittington 1998, 21—33.) However, the borderline is hard to keep clear.

Whether the role of civil society is somehow to counter the state, community action or community work is concentrated on specific geographical boundaries. It is supposed to identify via community work an interest that can be related to a variety of different factors such as gender, age, family relations, or how different groups of people respond to whatever they take as relevant to their needs. "*Community action advocates emphasise the importance of 'democracy', in which people are allowed to participate in the developmental process, and collective, in so far as it provides for some basis of consensus or democracy in its decision-making*" (Robson 2000, 71). Community work comes quite close to network management because of its aim of confidence building from the group to the individual and from the

individual to the group. Thus, community work as well as network management spread borders and boundaries and can involve a broad range of strategies in attempts to present communities with a picture of resources.

Community development is loosely referred to as a term that describes a range of activities as diverse as local self-help, community care, and co-operation and community action. Robson identifies a number of variants that could be recognised in practice (See Robson 2000, 80—81, *italics added by the author*):

- “The unit of action is a community, i.e. people sharing a common locality; *in our case these units of action or communities are villages in the area of rural municipality.*
- “The emphasis is on developing the capacity of the community itself to take action to deal with its problems”; *how those villages are supported to solve their problems themselves.*
- “The impetus for community development is derived from within the community, not instigated from outside”; *what ideas and initiatives the villages have raised into a view to the whole municipality decision-making processes.*
- “Following the above, local initiative and leadership are developed as the community’s basic resources”; *how people see their living-area and how they recognise their resources.*
- “The community development action is based on the community’s felt needs”; *how well peoples’ needs are known and how these needs are tried to study.*
- “The community supplements its internal resources by drawing on external supports in such a way that the major institutions are made more flexible to fit the particular circumstances of the community (in contrast to having the community fit its demands to the rules of

external institutions)”; *what is the relationship between villages and municipality administration.*

- “All sectors of the community are given an opportunity to participate in the development process”; *how different groups of the communities feel their position in decision-making system.*
- “Special efforts may be necessary to assist certain groups to organise so that they are better able to participate at a wider community level”; *what professional help is offered to citizens to help their participation by the municipality.*
- “The process of decision-making is rational and democratic, regulated through local structures that give all sections of the community a voice in what is happening”; *how well people realise what is happening in their community and in a whole municipality.”*

Community development offers an alternative method of addressing social problems by allowing greater participation through local democratic structures. It is supposed to be about returning power to the community, allowing participants to have a say in the decisions that affect their lives and dropping the sense of alienation and isolation forced upon them by increasing dependency on the institutions of the state. (Robson 2000, 83.) It is as Putnam says: that by social capital, defined as networks, norms and trust, people are enabled participants acting together more effectively to pursue shared objectives.

2.5.2 Definition of Social Capital

In Putnam’s (1993) account, an association tends to promote civic engagement through the social capital it produces. Putnam and his followers define social capital as any feature of social relations that contributes to the ability of a society to work together to accomplish its goals. It has been seen that the latest debate about the relationship between social capital and civil society has

focused on the importance of voluntary associations in setting the production of social capital. However, social capital varies across organisational settings.

Rose and Mishler (1997, 84—111) clarify the distinction between social network capital and organisational capital as components of social capital. The former can be used to achieve freedom from the state; the latter implies a trustworthy state. However, what is social capital eventually? Some organisations broaden social networks, participants in others develop strong values that may or may not be supportive of democratic institutions, and some associations do all or a combination of the above. (Eastis 1998, 66—78.)

Putnam finds that people who form voluntary associations based on common activities or concerns experience greater levels of social integration and political involvement. He calls this civic engagement social capital because the power of the group transcends potential individual productivity. Putnam's (1993, 87) idea of a civic community combines horizontal and vertical ties into a model of a bottom up democracy at work. Social capital is defined (Putnam 1995, 664) as "*features of social life — networks, norms and trust — that enable participants to act together more effectively to pursue shared objectives*". Putnam argues that co-operation is horizontal. Thus, local or face-to-face groups create social capital that can be used politically in order to represent the views of residents to local government. He emphasises that social capital is about social connections and closely related to political participation, but these terms are not synonymous. Whereas political participation occurs within conventional political institutions, social capital refers to our relations with one another and connections with the life of their communities.

Fukuyama (2001, 7; 1999, 16) defines social capital as a set of informal values or norms shared among members of a group that permits cooperation among them. Furthermore, he sees that trust, network, civil society, and the like, which have been associated with social capital, are all epiphenomenal, arising as a result of social capital but not constituting social capital itself¹⁹.

According to Putman (1995) the causal relationship is social connectedness — social trust — civic engagements — civic

democracy. The causal relationship has led to following social capital as if it were context independent. However, efforts to apply the concept in diverse social and historical settings repeatedly indicate the difficulties in maintaining this assumption. It is good to note that communitarian perspective equates social capital with such local organisations as clubs, associations, and civic groups. Communitarians, who look at the number and density of these groups in a given community, hold that social capital is inherently good, that more is better, and that its presence always has a positive effect on a community's welfare. (Woolcock & Narayan 2000, 229.) However, social capital can take positive or negative forms. Under certain circumstances, there can be a conflict between the claims of social network capital and individual concerns. It is understandable that some groups of people are more likely than others are to participate in a political or civic process.

Robert J. Gregory's article relates Putnam's ideas on social capital to public sector reform. Social trust, as distinct from personal trust, arises out of networks of civic engagement and norms of reciprocity. Norms of generalised reciprocity are likely to be associated with civic engagements organised horizontally across various social groupings such as neighbourhood associations, sports, or hunting clubs, etc. (Gregory 1999, 69.) It seems very likely that high levels of social capital, which is locally understood as social trust, are reflected in satisfaction with public services. This means that public servants must be the managers of networks as well as the managers of hierarchies. It also seems that without the spirit of co-operative trust, without the social capital of public services, networks cannot ultimately guarantee the effectiveness and desired outcome of policy. *Positive social capital is defined here as networks, where members create reciprocal norms and rules to coordinate and support trust-based cooperation for mutual benefit.*

The reconstruction of civil society is one of the challenges CEE countries face on the competitive marketplace. The replacement of totalitarian structures in Poland by strengthening its independent associations will be time-consuming and in Finland, some risks in integrating civil society into the productions of public services are apparent. Thus, it is relevant to

ask how to maintain the commitment of communities to the common good.

2.5.3 Critical Component in Social Capital Building through Community Governance

The new pluralists emphasise a plurality of civil society and they often argue that social conflict can best be addressed at the level of community. They also believe that public purposes in many cases can be better achieved by and through associations at these or at a higher level than through the activities of the state. However, a crucial question is how the devolution of public power to society might best be achieved.

Communities with existing social networks are most likely to generate a social capital strong enough to translate into activism at the local level. A reciprocity defined by short-term altruism for long-term self-interest is an essential element in community development. In a community where reciprocity is strong, people care for each other's interests. On the other hand, individuals provide a service for others or act for the benefit of others at personal cost. Acting in mutually supportive ways is based on a sense of confidence. People who trust each other create social capital.

However, getting a return on investment might become a critical component in social capital. On the other hand, individuals engage with others through a variety of associations where they can express their ideas freely. Through these associations, ideas will gain common interpretations. Associations have two new roles. They can be given tasks from the state. They produce welfare services in co-operative arrangements or they can take a more active role in preparing development projects that are financed partly by the European Union. In order to gain any advantage from the European Social Fund, associations have been forced to work together and to discover the common interests in communities. In these situations, the second critical component, autonomy, in social capital might arise.

For example, the role of local government in the construction of social capital depends on the design of the intervention

programme. Governmental interventions may promote the development of community social capital and further reinforce social capital and democratic political structures. Citizen participation may play a role in programme design. However, the big question is how participation changes organisational or societal structures or whether it has any impacts at all.

The third critical component in social capital is linkages and their significances both for the government intermediary and for participating residents. This critical component can be connected into the critique towards the Putnam-school, which is said to ignore two important aspects in social capital. First, in taking a bottom-up perspective, research focuses on the effects of voluntary associational activity on the attitudes and norms of members and on social, political, and economic institutions. This neglects the role political structures and institutions play in shaping the context of associational activity and hence the creation of social capital.

In addition, co-operation between civil society and state has not been seen only in a positive respect. The co-operation between the state and civil society in the production of services has led to a discussion about the diminishing independence of civil society. The state's monopolisation of ideas and social initiative, which hinders the development of an independent civil society, can submit civil society to fall under the control of the state. The most asked question is whether civil society can become a substitute for the administrative state and how it might be assisted in doing so by the operation of markets, applying rationalistic principles of economic efficiency (Verheijen & Coombes 1998). Several recent innovative studies have attempted to quantify social capital and its contribution to economic development that is studied in the next chapter.

2.5.4 Social Capital as a Resource for Service Delivery

Building on work by authors such as Putnam, Coleman, and Granovetter, one recognises that social capital is understood by producing positive side effects. They have been interested in how social capital is used in order to improve prospects for democracy

and economic development. Less studied question is how political or administrative leaders selectively use social capital for public purposes and how group loyalties serve public purposes. For instance, Woolcock and Narayan (2000) and Montgomery (2000) have been interested in how changes in civil society have taken place and how implementation process has succeeded when social capital is used as a resource.

Few empirical studies have been done to establish a useful framework to analyse the contribution of social capital for social cohesion and economic development in communities. Gittel and Vidal (1998, 23, 147) have shown some key elements necessary for development. Onyx and Bullen (2000) have made comparison between five communities by measuring the level of social capital in these communities. They have developed an empirically grounded definition of social capital. Finally, measuring social capital depends on what is included in it. Inkeles (248—249) includes social capital: social institutions, culture patterns, such as religion, models of communication and association between individuals and between collective entities, and psychosocial characteristics. Models of communication and association between local residents and organisations or institutions can be compared to networks. The question, which follows is what kind of role local government might have in constructing social capital in relation to other organisations at the local level (Mayo & Taylor 2001, 43; McClenaghan 2000, 571) and in what conditions. Social capital should be understood as context dependent, and as a resource that inheres in the relations between actors (Maloney & Smith & Stoker 2000, 816).

Social capital might need formal state or local institutions to flourish. Therefore, public, private, and NGOs interaction shows that state/local government can help social actors recognize their mutual dependence, and encourage the process of collective interest formation. The performance of both government and economy should be expected to reflect the levels of social capital in a society, and several studies now support this contention. But while there is widespread agreement that dense networks of active local organisations indicate a high level of social capital, there is little consensus on whether all types of social networks have an equal impact on the formation of social capital. Different types of

associations can create very different kinds of social capital. (Petro 2001, 230.)

Treating social capital instrumentally can bring desirable aspects of economic and political development in the local area. Thus, what could be the role of social capital as a generic resource and instrument of public policy? Then a study of social capital is intended to show that it is a potential source of major improvements in society. Evidence of these improvements includes improved voting levels or micro-level successes in administering development projects. One such possibility has been the use of NGOs to advance public policies under contract to perform certain limited functions. (Montgomery 2000, 229.) There is increasing recognition of the potential role of social capital in local development. Building social capital may give people real participation tools in policymaking. However, it seems that we do not know how to measure social capital, in particular, in local government-citizen relations.

According to Portes (1998, 20—21), the analyst of social capital must observe certain logical cautions. He suggests that the concept of social capital must be defined by theoretically and empirically and it must be separated from its alleged effects. He (1998; 8 see also Inkeles 2000, 250; Ruuskanen 2001, 27, 46; Sinkkonen-Tolppi 2002, 316) presents that it is meaningful to divide social capital according to its source, consequences and social mechanisms, which intermediate them. Sources of social capital are for instance vertical and horizontal networks coordinated by reciprocal norms maintained by the community, group identity, and rationality produced by continuous interaction. Consequences of social capital are the increased effectiveness of intermediation of information and the decreased need to supervise transactions, or the increased social support. In order to strengthen government-citizen relations and the quality of participatory democracy in policy and decision-making an attention is paid to social capital as some kind of network infrastructure in the area.

2.6 Summary of Organising Networks

In order to understand better the role of decision-making and service delivery networks in the local governance structures it is useful to place networks within a wider discussion of public management reforms. Networks as a part of local governance structures may provide opportunities for citizen participation. However, the opportunities do not guarantee that citizens are actively involved in these governance structures. Therefore, empirical studies about applications of local governance models are needed.

The local governance models, in order to be effective, must also integrate the coordination mechanisms of hierarchies, markets and networks. Networks lie between markets and hierarchies as a coordination mechanism on the one hand. On the other hand, networks are profoundly becoming organisational forms, which try to help to solve problems faced by public organisations. Networks may provide channels to boost activities of public organisations.

The second chapter of this study followed how the chances of public management may improve or worsen the service it offers to citizens through a suitable organising at the local level. For this purpose, the chapter started by studying the specific features of the reform rhetoric of public management and its impacts on organising at the local level. In this respect, the chapter analysed the existing role of the state and its control over public officials, the role of public officials in relation to the market and civil society actors. In other words, it described the institutional capability for local governance; how local partnership and community involvement are built. A focus is rather on the activity of organising at the local level rather than on organisations.

Local governance must also integrate the organising principles for working together. Bureaucracy organises people by following rules defined by hierarchic authority. Communities or social networks organise people by acting in ways that are appropriate for some group of which they are a part. Markets organise through individual exchanges, which serve people's interest. In decision-making and service delivery networks attention must be paid to trust between actors in order to get

things done. In particular, the use of networks in the delivery of public services arise challenges for their management.

3 THEORETICAL BASE OF NETWORK MANAGEMENT

3.1 Theoretical Assumptions

3.1.1 Policy Network Studies

Studies about policy networks are used in this research as theoretical base for developing network management theory. After reading the policy network literature, it seems that policy network research can roughly be divided into two traditions: the old and the new. It also seems that the deficiencies arising from the old tradition may even prevent the creation of the network management theory needed in the new local governance system.

First, according to Marsh and Smith (2000, 530—531) policy network study itself is in the phase that there is not a dominant discourse about how to do policy network study. However, it seems that in the old or conventional analysis of policy network has concentrated on drawing a picture of network structure instead of the process and practice of networking. In addition, conventional policy network analyse tends to under-emphasise the role of agents. In this sense, policy network approach fails to account for how networks were originally established and why they may, or may not, change. However, these processes and practices are important elements in order to define the tasks of network management.

Hay (1998) presents critics against conventional policy network analysis. He articulates that the network analysis had not been interested in the broader context within which it is embedded and within which the strategic motivations and intentions of the network actors are formulated. Therefore, according to Hay (1998, 35), the tradition of policy network research has given little or no consideration to 1) the pre-network stage, 2) network formation as process, 3) networking as practice, 4) network transformation, 5) network failure, and 6) network termination. He further sees that when the concept of a network is defined and formulated by an operational definition, the attention should be on the modes for coordinating collective action, which is characterised and constituted through the mutual recognition of common strategic agendas. (Hay 1998, 38.) Leaning his

suggestions in order to create network management theory is to formulate networks as strategic processes, which can be transformed.

Transforming policy networks give durability to network interaction. Therefore, it is important to recognise the processes in network and create measurements, which can describe these processes. It can be argued that network processes are manageable if they are measurable and measurements are defined properly enough. However, network management by local government actors is not very constant action nowadays and do not create measurements in order to measure exact policy outputs and outcomes. Measuring the outputs and the outcomes of the networks is difficult. Nevertheless, it seems that measuring outcomes of policy networks must be paid more attention in the future because of increasing use of networks in service delivery.

Local management through networks attempts to capture outcome measures such as democratic performance. However, these kinds of measurements are rarely used although local governments are nowadays confronted with increase outcome of cooperative arrangements. When outcome-oriented performance management systems are developed, these efforts have primarily addressed to the internal processes of individual organisation and the applications of NPM. The key, however, is to find appropriate and feasible network arrangements between local government and other actors and to develop the network cooperation in an effective manner that could be evaluated somehow.

The main task of local governance networks is to operate with the purpose of achieving policy outcomes that satisfy stakeholder interest. The policy outcome can be evaluated from the perspective of one stakeholder or from the view of all. The performance level of each process in each network affects how well network achieves its output and finally outcome. Therefore, the task of network management is to ensure that each process of networking achieve a desired level of performance in the phase of network formation and network termination — in other words, during the whole life cycle.

Engagements to measurable direction have taken for example Marsh and Smith (2000; 2001) who have developed a dialectical model of the role that policy networks play in explanation of

policy outcomes. Their model is based upon a critique of existing approaches of policy networks and emphasises that the relationship between networks and outcomes is multidimensional (Marsh & Smith 2000, 4). Their model is important for a creation of network management theory. They implicate a connection to local governance and help to develop relevant and useful elements to evaluate the outcome of the network. This model will be presented in connection to the questionnaires.

3.1.2 Definition of Policy Network

In this chapter, a definition of policy network and a definition of network according to some authors are presented. Policy networks have concentrated on studying decision-making and implementation processes in the public domain.

First, it might be useful to recall some elements of policy network definition. *“Policy networks are defined as more or less stable patterns of social relations between independent actors, which take shape around policy problems and/or policy programmes”* (Kickert et al. 1999, 6). As Smith (1993, 65) notes: *“A policy network can exist at varying levels of government (national or local); in different policy areas (agricultural, industrial or health); or a subsector of policy (land drainage, chemical policy, community care) or even around particular issues”*. These definitions emphasise three characters of policy networks: variety of actors, dependency and relationship. There are varieties of actors with own goals. Because the actors need each other (dependency), they have relationships. The term is defined for example in the work by Bressers (1998, 86) as a social system in which actors develop comparatively durable patterns of interaction and communication aimed at policy programmes. The definition implies that demarcating a certain policy problem or policy programme must precede the identification of a concrete network. The concrete network gives the limits of analyse of action. (Bressers 1998, 86.)

Then, what is a network? Hay and Richards (2000, 2) have two strategies for defining a network (Hay & Richards 2000, 2): *“Strategy 1: To impose an abstract, analytical definition that*

might tightly demarcate a subject area and inform an account of inter-organisational relations. Strategy 2: To reflect in definitional terms what is appealed to in practitioner discourse when a set of practices or/ and relationships is referred to as a network.”

The first strategy to define network refers to conventional policy network research. The second strategy refers to ethnographical choice how to define network from the point of actors themselves.

The term network is used in the research of O’Toole to refer to structures of interaction involving two or more organisations, where one unit is not the formal subunit or subordinate of the other in some larger hierarchical arrangement. *“Networks are defined as structures of interdependence involving multiple organisations or parts thereof, where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement.”* (O’Toole 1997a, 45.) Networks are understood to possess a degree of stability. However, not every lateral contact constitutes evidence of a network. Their relative autonomy, but not the equality of the elements, is a defining property of networks. (O’Toole 1997b, 2.)

Overall, some characteristics of networks can be summarised. For instance, de Bruijn and ten Heuvelhof (1998) emphasise some points. The first one is pluriformity. The power of various actors in a network can vary, such as the degree to which they are open to their environment. A consequence of this pluriform nature of networks is that the degree to which actors is sensitive to guidance signals. It can vary greatly. In addition, their commitment to network can vary. The second is that actors in networks are also characterised by isolation. They are relatively isolated in relation to their environment. Each has his or her personal frame of reference and is sensitive only to those signals fitting into that frame. The legislation and regulation in a network change little or not at all if an actor, who is directed by his or her personal norms, does not acknowledge the norms that support the rules in the network. Of course, people choose the form of the organisation and network that works best for them. The third characteristic of networks is the presence of interdependencies between the actors. These characteristics imply that networks are constantly changing. The fourth one is more obvious consequence followed

from the previous ones. The use of instruments that have flexibility is required. (de Bruijn & ten Heuvelhof 1998, 69—70.)

The logic of above-mentioned arguments is to move towards a minimal and inclusive definition of networks that accommodate the notion of ongoing flexibility. Such a minimalist definition allows us to consider networks both as modes of coordination and forms of organising. In addition, Mayntz (1993) argues that on the one hand, a network refers to the existence of a plurality of autonomous agents, which refers typically to market function and, on the other hand, the ability to pursue through coordinated action, which refers typically to hierarchies (Mayntz 1993, 9). According to the definition of network, a network rather excludes formal hierarchies and markets, but includes much in between them as a coordination mechanism. Nevertheless, as was presented in Chapter 1, formal hierarchies and markets also influence networks conducted by local government. This point raises the question about the role of networks as a voluntary and/or strategic choice in order to implement the aims of NPM and further citizen participation.

In general, the network is treated as a generic term encompassing all types of interest group that might be responsible to stakeholders such as to citizens. Because organisations that are part of the network take in participants from outside their own organisations, the idea of stakeholders might broaden. Stakeholders whether they are individuals or organisations are also part of the pattern of network organising. Therefore, it is important to know the strength of the dependencies between actors and the stability of the memberships in the network as well as the degree of the commitment of members and stakeholders to the network. The division of networks into two types according to these characteristics might tell something about the degree how to use the network as a strategic instrument and how to respond to the stakeholders. These types are policy communities and issue networks.

According to the definition by Rhodes and Marsh (1992), policy communities have the following characteristics: a limited number of participants, with some groups consciously excluded; a shared view of the rules of the game; bargaining over resources between members; frequent interaction between members; the

ability of leaders to deliver members on policy decisions, and the feeling that while resources and power may not be equal within the network, everyone stands to gain from their involvement within it. An issue network, on the other hand, comprises a large number of participants with quite variable degrees of mutual commitment or dependence on others in their environment. Nevertheless, it is almost impossible to say where a network ends and its environment begins (see also Robinson 1997, 872—873).

The decision-making and implementation processes of public services bring public organisations into contact with other organisations. This side of the work in public organisations can be understood in relation to the others that are outside the public organisation. Therefore, action in organisations can be seen as a continuing pattern of organising the outside relationships. The different dimensions of organising produce different patterns of networks and perhaps new organisations.

Overall, strategic purposes of the network characterise types of networks. The activities within horizontal networks can be classified according to Agranoff and McGuire (1998, 67—91) broadly into three types: Policy/strategy making networks are used for formulating and/or implementing policy. Second type, resource-exchange networks are used for seeking, acquiring, or sharing resources. Third group, project-based networks are more temporary involved with specific development projects and the exchange of technical expertise. The differences of the types of networks are studied further in the section dealing with empirical cases.

3.1.3 Strategies for Managing Policy Networks

This section sheds light on some of the strategies that characterise networks. The strategies of managing networks are similar to organisation management strategies such as group problem solving. However, some distinctive features can be found; for example, network management empowerment is based on information rather than authority.

Network management has been defined from the perspective of coordinating mechanism. According to Kickert, Klijn and

Koppenjan (1997, 10) network management aims at *“co-ordinating strategies of actors with different goals with regard to a certain problem or policy measure within an existing framework of interorganisational relations”*. They continue that network management may also be seen as *“promoting the mutual adjustment of the behaviour of actors with diverse objectives and ambitions with regard to tackling problems within a given framework of interorganisational relationships”* (1997, 44).

Managing a network means that the members of the network achieve a solution for joint problem in a situation of mutual dependency. It is a search for coordination and co-governance. This means that when setting strategies for their own organisation managers will need to take into account the actions of the other organisations within the network and indeed their reactions to the strategies chosen by others.

Chosen strategies are connected to the sequences of management. The sequence of events in networks is interesting not only from the perspective of policy outcome but also primarily from the perspective of the new governance model. Overall, the devolution from hierarchies to horizontal networks has been driven to look for network management sequences. In order to describe the function and management of network Klijn, Koppenjan and Termeer (1995) have developed a framework for network management strategies. They distinguished two dimensions.

The first dimension is process management. Process management refers interactions within the network and tries to establish or change conditions that influence interaction processes between actors. The second dimension, network constitution or network structuring, refers to building and changing the institutional arrangements of the network. These dimensions will be used as a general framework in order to describe the cases. However, the description of process management and network structuring does not offer exact measurements for policy evaluation. This issue will be studied in connection with the model of Marsh and Smith in Chapter 4. Before that, the framework for the network management phases is presented in Figure 2.

	Perceptions	Actors	Institutions
<p>Process management</p> <ul style="list-style-type: none"> - leadership - "internal policy" - activating the network 	<p>Bargaining: exploring similarities and differences in actors' perceptions and the opportunities that exist for goal convergence</p> <ul style="list-style-type: none"> - influencing perceptions - bargaining - development of common language - prevention of/introduction of ideas - furtherance of reflection 	<p>Selective (de)activation: (de)mobilising actors who possess resources (to block a game)</p> <ul style="list-style-type: none"> - identifying participants for as well as stakeholders to the network - tapping the skills, knowledge, and resources of these persons - organising confrontations - development of procedures - furtherance of facilitation, brokerage, mediation and arbitration 	<p>Arranging: creating, sustaining and changing ad hoc provisions which suit groups of interactions</p>
<p>Network structuring - construction of network</p> <ul style="list-style-type: none"> - "foreign policy" - framing the interaction of network participants 	<p>Reframing: changing actor's perceptions of the network (which games to play, which professional values matter, etc.)</p> <ul style="list-style-type: none"> - establishing and influencing the operating rules of the network, - influencing its prevailing values and norms - altering the perceptions of the network participants - changing formal policy 	<p>Network (de)activation: bringing in new actors or changing positions of existing actors</p> <ul style="list-style-type: none"> - strategic management - mobilising requires a view of the strategic whole and an ability to develop and achieve a set of common objectives based on this whole - constitutional reform; changing rules and resources - (de)coupling games - changing incentives - changing internal structure and position of actors - changing relations - management by chaos 	<p>Constitutional reform: changing rules and resources in networks or trying to fundamentally change the ecology of games</p> <ul style="list-style-type: none"> - synthesising the network by creating the environment and enhancing the conditions for favourable, productive interaction among network participants - lowering the cost of interaction

Figure 2: Strategies for Network Management (adapted from Klijn and Teisman 1999, 106; Kickert & Klijn & Koppenjan 1999, 170; Agranoff and McGuire 1999).

In the figure, the concept of bargaining refers to the situation in which social knowledge and learning processes are improved in the network (Klijn & Teisman 1997, 106). Of course, actors' learning takes place during the existence of the network. However, some phases can be distinguished both in process management and in network structuring.

As a management strategy, the phase of process management aims to improve the consistency of the decision by exploring and consolidating the perceptions of different actors (Klijn 2003, 34). To manage interactions within the network demands activation of actors who possess resources. In particular, the actor who takes the role of network manager must bring together the relevant actors. Activating means that the participants and stakeholders of the network and their skills, knowledge, and resources will be identified. Activation is a critical component of network management. In particular, resources such as money, information, and expertise are the integrating mechanisms of networks that must be taken into consideration.

In selective (de)activation, only those actors who are essential for the attainment of certain goals or policy measures are invited to participate in interaction processes. Others are not invited and may even be excluded. However, it must be remembered that excluding might turn against the basic idea of selective activation when a network is closed or it does not get new actors into the activity for a long time.

In order to ensure stability of the network it is necessary to set up an agreed conflict resolution mechanism to cope with disagreements among network members. Learning to solve conflicts in the network creates the culture of the network. In addition, the values and norms of the network must some degree be consistent with the values, norms and rules that guide social networks at the local level. Therefore, positive social capital connected with the decision-making or service delivery network create reciprocal norms and rules to coordinate and support trust-based cooperation for the benefit of the network. In process management, the actors learn to use positive social capital as a resource in decision-making and for service delivery.

Process management includes facilitation and mediation (Kickert & Koppenjan 1997, 53). The network manager acts as a

facilitator by promoting favourable conditions for joint action. If a local government takes on the role of managing the network, it also controls the use of resources in the network. In addition, supporting and facilitating the actions in the network the local government might still have and in some cases must have strong control over these actions. These aspects are discussed in the public sector reform policy especially in the field of accountability.

Public organisation actor whether it is a local government actor or other local authorities is usually an actor who is automatically responsible to take the role of network manager. These kinds of issues are, for instance, the assessment of environmental impacts. If conflict occurs, mediation and arbitration is needed. To be effective a mediator explores possible solutions. The mediator keeps open the channels of communication and assists parties to recognise the interests of others. He or she ensures that resources are used enough for producing information to other actors in order to resolve problems.

If problems cannot be solved or tasks cannot be carried out within the existing network structure then the network must be changed or reframed. Reframing involves influencing the operating rules of the network, influencing its prevailing values and norms, and altering the perceptions of the network participants. Reorganisation takes time and it can be expensive. However, one criterion to continue the action of the network in different way is that the change or the reorganisation does not displace the social capital of the network. In other words, effective network management does not displace the social capital of the network. In this situation, continuity of the network must be considered. After considering alternatives, the network can be transformed or terminated. The latter alternative refers to network crisis that will be studied more later on.

In crisis, the mobilisation of the actors may once again arise as an important action. Mobilisation requires a view of the strategic whole and an ability to develop and achieve a set of common objectives (Mandell 1988, 33). The research on network management also addresses to synthesising the network by creating the environment and enhancing the conditions for favourable, productive interaction among network participants.

The strategies of each network participant and the outcomes of those strategies are influenced by the patterns of relations and interactions that have developed in the network. Important management behaviour includes facilitating and furthering interaction among the participants, thereby reducing complexity and uncertainty. This is achieved by promoting the exchange of information, changing incentives into co-operation, developing new rules and procedures of interaction, changing the positions and the relations and roles of participants, helping the network to be self-organising and engendering effective communication among participants. (Agranoff & McGuire 1999.)

However, achieving all these improvements in networks is not easy. Usually, in the network management literature, the aim of the network manager is in all the relationships and interactions to achieve the synthesis of network purpose. Therefore, it is important to find out what is the cohesion factor in networks what is equivalent to legal authority in organisations (Ferguson and Stoutland 1999, 44). To evaluate the cohesion in networks the shared purpose, trust, resource dependence and collaborative capacity can be measured.

For instance, trust in different institutions is used in empirical analysis and it is easier for respondents to answer how trustworthy they feel some independent institutions rather than estimate the trustworthy of whole service delivery network included different institutions and organisations. To evaluate the trustworthy of the network may be difficult also for network participants. However, it is essential that the parties involved have a trusting relationship with each other. Therefore, the task of network manager is to evaluate trust both between network members and between network and its stakeholders or citizens.

Trustworthy networks are ingredients for good local governance. Good local governance based on commitment to public welfare, accountability and transparency provides a basis for trust. It is obvious that the political, institutional and legal conditions prevailing in a country underpin networks and norms for cooperation in civil society and social networks at the local level. Trust, such as individual attitudes, and behaviour, such as joining organisations and voting, provide measures of social capital (for instance OECD 2001, 44). They are the main elements

how citizens interact and relate to each other and public institutions.

Between the members of the network, trust does not necessarily require common belief, but obligation and expectation. Ferguson and Stoutland (1999, 44) relate to such expectation through four trust dimensions: 1) participant motives; 2) competency, possessing the knowledge and skills to do what is expected; 3) dependability, holding the necessary resources to act; and 4) collegiality, showing respect and fairness.

However, there are, in practice, many obstacles to achieving trust. One significant category of obstacles to achieving a trusting relationship arises out of issues concerned with power relationships. Perceptions about the power differences play a very significant role in trust building. The power is often seen as tied to the lead organisation formally nominated by a funding body such as government. Individuals from local organisations often express extreme frustration over feelings of disempowerment when working with large public agencies (Huxham & Vangen 2000, 298). Therefore, the tasks of network manager seem to have in addition of the role of a motivator and facilitator the role of handling power relations.

The opinion of Agranoff and McGuire (1999) is that network management is in search of a knowledge base equivalent to the hierarchical organisational authority paradigm of bureaucratic management. Therefore, they first raise the issue of whether there are functional equivalents to traditional management procedures, which led them to ask whether there is a POSDCORB equivalent in network management²⁰. Secondly, they investigate the group decision approaches in network management. Thirdly, they address the issue of flexibility in networks. Fourth is the discussion on the respected accountability issue and in what ways do networks employ mutual self-responsibility and does this substitute for the loss of public agency accountability. Fifth, they explore the issues of trust, common purpose, and mutual dependency in a network. Sixth, the issue of power in networks is often neglected, particularly its effect on the synergistic creativity that reciprocal relationships hope to produce. Finally, in the seventh they pursue the issue of network results or network productivity.

The light they shed on these issues may contribute to building an empirically derived knowledge base of network management. Eventually, consideration must be given to the question of using networks both as a voluntary and strategic choice and as political and administrative choice.

3.2 Implications for Network Management Theory

3.2.1 Task of Network Management

This section provides a research design for the comparative analysis of local governance. First, the main elements of local governance are placed into the framework for empirical study. Then the relationships between these elements are identified that create the context of network management. After this, the dimensions of network management — process management and network structuring — are placed into the framework. Then the criteria how network management should work as a mediator in order to promote good local governance are studied.

The task of network management in this framework is defined as political and administrative option. The original idea for the framework is adapted from James Coleman's study about micro-macro structure in society (1990). However, for this study purposes, the original idea about interrelationships between micro and macro structures are applied by simplifying. Marco structures are understood as the changing relationships between the state, the market and civil society actors. To be more specific, the interest is what kind of role the local government takes in a governance structure. A micro-level analysis deals with the individual actions and decisions of citizens and local authors. Between macro and micro, at the meso-level of interrelationships the local networks are studied. As was mentioned in the previous chapter these networks are categorized into three types: resource-exchange or service delivery networks, policy or strategy making networks, and project-based networks (Agranoff & McGuire 1998).

The local governance is an optimistic framework for public decision-making and service delivery. Networking as a governance tool not only refers to the strategies that actors use to pay

attention to other actors involved and to build up coalitions. Networking is also institutionalised in the form of participation procedures and interactive policymaking. Citizen participation is valuable in the interactive policymaking that should give a direction to the applications of NPM. To renew democratic mechanisms local governments have realised that they have to integrate the experiments of citizens with NPM. Therefore, networking has seen an effective tool of achieving improved NPM applications and policy outcome through greater public participation and social inclusion. By answering to the question, does network management further the implementation of the certain aims of NPM depends on how the networking supports to achieve better policy outcomes. The relationships of the general concepts of the study are presented in Figure 3.

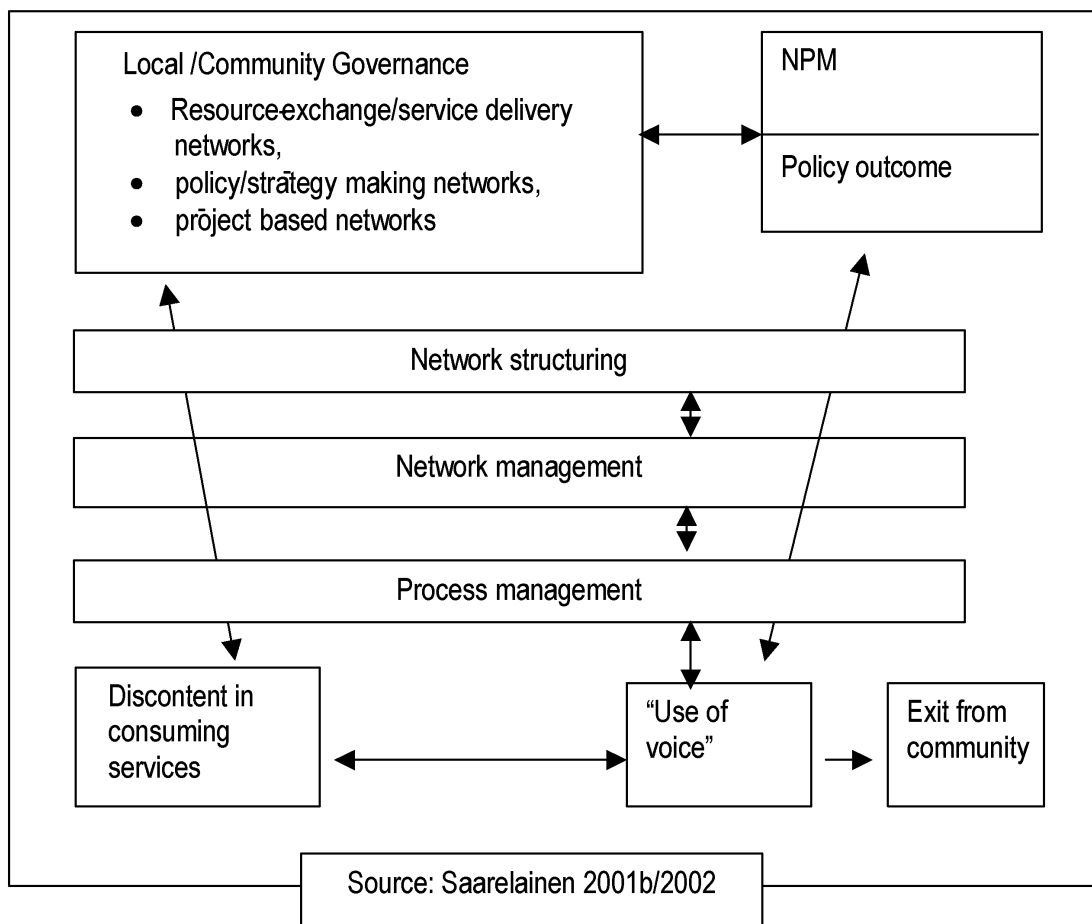


Figure 3: Local Governance Design.

Overall, local governance implies a set of institutional arrangements in order to deliver services and to take care of decision-making, not only through cooperation but also through competition between organisations and it acknowledges the pursuit of citizens and customers' goals. Building on Hirschman's (1970) famous study about exit, voice and loyalty, the use of voice is supposed to promote the participation of citizens in positions that involve the well-being of the whole organisation or the community in which they are involved. From the perspective of implementing NPM, use of voice means that consumers and clients have the power to purchase the services they required and to measure performance. For instance, parents have possibilities to define the effectiveness of good day-care. From local governance point of view, use of voice means that citizens have the power to affect the politics of NPM such as the forms of cooperation between public, private and non-governmental organisations.

In particularly, the incorporation of the voice element of citizen empowerment provides the challenge to public managers. In the traditional model, department heads and staff had to be accountable to the local council. Under NPM, traditional bureaucratic organisations are disaggregated into separate agencies. Creating an influence directly through service producers is expected to gain better customer services. In addition, transparent decision-making is intended to make the local government more accountable. From network management point of view, authors are not only accountable for the development of the area with the support of citizens but also for the development of suitable (new) public management tools, which guarantee the participation of citizens. In addition, the direction of the politics should be changed if it not helps to reach desired policy outcome of the whole network. It is done also through a decentralised representative system in committees, working groups, or citizens' groups.

Joint problem solving is, thus, one activity, which makes up network management. Local government can use different strategies to activate citizens to a problem solving and integrate them in a decision-making. Local government can arrange meetings and contacts, procure informal agreements, and above

all, ensure that preferences of actors involved in networks are taken into consideration. Thus, network management is to further conditions for cooperation and find the adequate level and structure of participation.

In order to coordinate the complex interaction between the various actors from different level it must be known the structure of network. If organisational arrangements or network structure are not conscious, it becomes difficult to link the perspectives and interactions of the various actors. (Klijn 1999, 33.) It means that in order to be successful, the attempts to initiate and support the process of interaction should take institutional factors of each actor into account in such a way that the interdependencies between the actors, the quality of relationships and rules, guide interactions. (Klijn & Koppenjan & Termeer 1995.) Network management is the result of many different factors. Therefore, the critical point in local networks is to discover the relationships in network structure that improve the building of trust and eventually social accountability to the community.

Through successful process management, it is possible to reach some degree of institutionalised network forms, in which every actor is able to reach satisfactory agreement on what the outcomes should be. Nevertheless, the threat of exit of actors is often available. However, it is supposed that the comments of network actors about trust building tend to relate to all of the collaboration themes. Typical suggestions emphasise the clarity of the purpose and the objectives. Therefore, the task of the network management is to prevent frustration over the work. Furthermore, network structuring is focused on realising changes within the network and in community. In general, strategies of network management are time consuming since they seek institutional change and they have effect on the development of suitable public management tools in the community.

It is important that actors have a common language how to interpret the present relationships and problems. When actors share a common understanding of what the policy problem is about, they also constitute institutional characters of network. Eventually, at the local level a local government has to change the institutional arrangements that make up the network. In principal, each actor who is active in the policy process can fulfil the role of

network manager in conflict situation. The task is usually pointed for a governmental actor because political commitment is needed. However, network restructuring can only be considered when there are clear indications that interactions within a network are blocked (Kickert & Klijn & Koppenjan 1999, 181). Interventions should be incremental because of the danger of destroying existing social capital. Above all, institutional reform should secure values, norms, and ethics of the community. It is obvious that the earlier a conflict-regulating mechanism is created and developed the better the bargaining processes underway. Therefore, network management is also mediation when conflict exists.

By defining the desirable behaviour on how to solve conflict and achieve mutual benefit, actors also privilege certain alternative policy outcomes. The network management sees networks a continuous system of bargaining. Networks should not become instruments or strategies of steering organisations that may submit networks as instruments in order to break the resistance of other actors. Therefore, network management can be judged by the extent to which it enhances the conditions for favourable interaction and the degree to which the network supports these processes (Kickert & Klijn & Koppenjan 1999, 175).

The important task of network management is to discover common tasks and interests. Network management can take place through a hierarchical administrative system and through horizontal governance projects by inspiring people to serve the interests of the community and the interests of the networks in which they are involved. Citizens also need autonomy to challenge government and the existence of networks through voice and vote. However, if citizens lack sufficient autonomy, government can dominate it. As far as autonomy is concerned, the problem is that there is never a guarantee that, for example, NGOs represent real public interest. Strengthening and maintaining the core competencies of activities that support public interest is thus one task of network management.

In addition, the difficulties in measuring such things as social capital are heavily permeated by externalities. Thus, linkage concerns the nature of ties within the community and between the community and wider regional interests. Linkage facilitates information exchange and the embeddedness of the state in

society or the organisations in a community. The linkages may be both vertical and horizontal and temporary and issue-oriented or long-term and institutional. Vertical ties are related here to the organisational capital that links local authorities and other local actors to higher levels of policymaking. Horizontal ties or social network capital, as it is called here, ensures community embeddedness. Social network capital may increase the responsiveness to government institutions (Warner 1999, 378) and may increase organisational capital. One more task of network management can be presented. It is to build linkages to higher levels of policymaking in order to receive good governance.

When all the elements presented above are combined into the theoretical framework of local governance, it appears as to support both the formal and informal processes of decision-making and public involvement. It is the governance of complexity primarily handled by the local government. However, it is also the governance of dynamism and diversity through the market and the civil society. If the framework works properly, it allows more space for market applications and dynamism, and supports the diversity of innovations arise from civil society.

3.2.2 Definition of Network Management

According to the culminated critics of Pollitt (2001), network management is able to give only conceptual framework for description instead of being an explanatory theory. The definition of network management presented by Kickert, Klijn and Koppenjan (1999, 10) is understood as a form of indirect steering which tries to influence the strategic actions of other actors. It also means that, as a quite weak form of steering, unexpected effects are possible as a result of network action. However, if the aim of network management is to change the context of governance as was assumed in the previous chapter, it seems to me that some explanations, at least, why networks are successful or why they fail in order to support local management and the implementation of NPM should be found. Thus, it would be worth to explain the success or failure of network management. Perhaps,

the success depends partly on how broad definition of network management is given.

Because interactions take usually place between representatives of organisations involved in the network, it is important to get commitment of organisations to network action. Process management aims to create the conditions appropriate for ongoing interaction. During the process management formal and inform, structures and processes how to solve problems and how to achieve the shared objective are developed. Bogason (2000) points out that rules are explicit and have sanctions linked to them. Rules define the boundaries of the network, for example, rules define who can join the problem solving. Rules within the network constrain who is included in the network and how network members act. Position rules clarify which roles different members can play in different situations. (Bogason 2000, 124.) Creating the rules of the network is a continuous bargaining. Then it is important to notice that each network is characterized by a specific set of rules and the rules influence the decision-making within networks (Klijn 2001, 158). In some cases, stronger intervention in an existing pattern of relations is required than just facilitating bargaining processes. In conflict situations, the restructuring of relations within a network might be needed.

Trust is also important in networks. Klijn and Teisman (2000, 96) emphasise that trust such as motives and competency of participants, dependability and collegiality depends at least on the network process itself, the stability of the network and the type of rules. Actors in network processes must be able to trust one another to work to everyone's mutual benefit. Therefore, the task of network management is to conduct an estimation of the level of trust and civic engagement.

Appropriate criteria for network management are important question also from the perspective of policy outcome of network. If the local government actors take very active role in networks in order to implement the reforms of NPM they definitely use networks as instruments to achieve policy outcome desired by the local government. Then network management is imposed on as a strategic instrument of NPM initiatives. The local government is expected to take active role because finally the decision will be done in hierarchies through the representative system. We can

easily image situations in where the decision of network members differs from the final decision of representatives. Therefore, also social networks should be used as an instrument in successful implementation processes.

If it is so, the implementation through networks managed by local government actors together with citizens achieves better policy outcomes compared with fragmented system led by the market or the state alone. This argument also suggests that policy outcome can be affected by network management. Network management in order to examine the study problem can be defined as a set of strategic instruments to examine the implementation of NPM and citizen participation. Building on these assumptions the definition is: *Network management by local government aims at initiating, activating, and facilitating interaction processes between actors with separate interests and goals to support trust-based relationships in order to achieve shared objective and policy outcome that increase accountability to the community. Network management aims to create formal and informal rules to procure commitment of network members and avoid conflicts between members by offering incentives.* These incentives might be for example better services or lower transaction costs.

Supporting local governance through network management increases the participation of civil society groups and other stakeholders in policy targeting and implementation and the evaluation of network activity. Network management promotes, operationalises and reinforces accountability, transparency, and responsiveness to beneficiaries and stakeholders. Through network management, information is provided about alternative and competing priorities. Not only incentives and rewards but also risks are studied and shared in network management processes. Network management takes position about service delivery by assessing opportunities for service arrangements and costs of services in communities. Network management, therefore, set up network as an instrument in order to control and conduct not only the strategic aims of the network but also operational aims.

3.2.3 Criteria for the Success of Network Management

Whilst the operational aims of the network are decided, the success or failure of the network can be evaluated. Networking as the strategic instrument means that management operations are effective enough. By evaluating, whether network management is considered successful it must be created criteria for the success and failure of networking. In the second phase, it must be examined whether network management has the role to govern the network and whether management operations have achieved the policy outcome.

Hay and Richards (2000, 23; also Hay 1998, 50) separate network failure from network crises: (a) “*network failure is a situation in which the collective strategic agenda (constitutive of the network) is subverted in pursuit of a singular interest,*” and (b) “*network crisis is a situation in which perceptions of network failure threaten the very continuity of the network (which might in turn be seen as a failure of the internal management of perceptions within the network)*”. A network crisis, thus, implements obvious doubt about the meaning and significance of the network setting and its tasks. Network crisis ends the activities of the network. Network failure in the study cases is a situation in which the participation of citizens is very low or the exit from the community and use of voice by feet is more obvious option than raising up the demands of citizens.

Building on work by Klijn and Koppenjan (1999, 12) two levels can be divided by looking for explanations for the success or failure of policy networks in general: At the interaction level in process management, success or failure depends on the degree to which actors are aware of their mutual dependencies. In addition, success or failure depends on the degree to which actors succeed in redefining diverging and conflicting interests into a common interest and the degree to which interaction costs are balanced favourably or unfavourably with the perceived outcomes of the interaction. They also list the degree to which the risks of interaction within the process, as a consequence of the strategies of other actors, are limited and the degree to which process management is foreseen, which refers mutual perception development, arrangements, and conflict management.

In this study, network failure can be equated with failure in creating informal and formal rules of interaction and reciprocity to coordinate and support trust based cooperation for a desired objective and outcome²¹. Formal and informal rules tell about the interdependency of the actors. Effective process management thus emphasises that having a common, agreed and clear set of aims helps partners to work together to operationalise policies in the community. Process management is also concerned with how control is maintained over a set of agreements — even tacit and implicit agreements. Thus, rules must be consistent with the norms that guide behaviour of community members. In the field of a network manager's tasks, this means acquiring commitments and controlling agreements at the level of process management. Particularly process management aims at improving the interaction between actors in policy processes taking into consideration the all stakeholders in the area.

For process management, could be formed specific evaluation criteria. Above all, in order to avoid conflicts in networks the process of decision-making should be managed adequately. Depending on the type of the network, perhaps the most important criterion is that the process makes it possible for all involved actors to freely debate their formulated problems and possible solutions without prioritising them immediately (Kickert et al. 1999, 175—177; Esselbrugge 1999, 99). Furthermore, the process should also generate a variety of the information needed to reach a decision. A variety of actors, perceptions and information is desirable from a democratic point of view. Process management might increase the number of options of different actors. Therefore, network management take care of reasonable cost of interaction.

Evaluation criterion refers to the criteria of variety in the sense that variety should be recognised in the outcome. The more participants recognise their points of view in the outcomes, the more satisfied they become. The network members are satisfied in the sense that they consider the process and outcome of the process acceptable in their own perception. This criterion focuses not only on the process, but also on the actors' own perspectives of reality. Participants will include the transaction costs for joint

action and compare them with the fulfilment of their individual goals and demands.

Above all, the network management failure is difficult to measure. The problem is how to identify a network failure. Is it failure for whom and from whose point of view? Failure for one organisation, personal interest, or actor within the network may well constitute and represent success for another.

Network structuring occurs at the system level by changing the rules of networks. Klijn and Koppenjan (1999, 12) identify the following characters such as the degree to which actors possess veto power because their resources are indispensable. They continue by demonstrating that the success at the network level depends also on the degree to which actors with veto power are actually involved in the process. In addition, the degrees to which actors belong to the same network affect the network management success. It means that actors also interact with each other elsewhere and have developed mutual rules outside the network concerned. Moreover, network management is connected with the degree to which defined problems and solutions, and the way these are handled, fit within the rules developed in the network.

Hay and Richards (2000) emphasise that if the criteria are satisfied, it can be said that a network core has been established. Thus, the potential for mutual advantage through collective action and the potential for enhancing the strategic capacities of participant organisations through the pooling of strategic resources must be recognised. They promote the importance for feasibility conditions of networks such as willingness of organisations to devote resources of time, money, and personnel to networking between partners. (Hay & Richards 2000, 17.)

In the second phase, the descriptions for the success or failure of the network could be transformed into the framework of a satisfied policy outcome. Some authors (Milward & Provan 1998, 203; Marsh 1998, 192) note that much of the network literature concentrates on the properties and dynamics of networks without specifying linkages to outcomes. However, implications for effectiveness of networking and effectiveness of network management could be found. The effectiveness of networking depends on at least the network structure and network context. This model of network effectiveness presented by Milward and

Provan (2000, 255) includes the same elements as one can face in the dialectical approach presented by Marsh (1998, 192). However, what is important is to note that there may be connection between the network management and policy outcome. Networks are not so self-steering systems as it is argued.

The list of criteria when network management is successful could be summarised. Network management is successful when it supports sharing responsibility in the process management and network constitution. Network management prepares local government actors to take an active role in a consultative forum and enhance mutual dependencies between citizens and government. This means that local government actors assist citizens' groups but does not dominate citizens' activities. Through network management, power is shared to the lowest level such as citizens' working groups or teams.

However, all actors must know the rules that conduct the decision-making when conflict occurs. Actors must also be conscious about the risk and cost of interaction. In some cases, networking may cause personal cost. One important tasks of network management is to ensure that feedback system to maximise the benefits is properly developed. By relying on network feedback, a local government as a network manager may further develop public management practices. Then increased individual and citizens' group confidence in local representative system also strengthen. (See also Brinkerhoff & Brinkerhoff 2001, 170—171; Walker & Goodyear 2001, 253; Allen & Bosch & Kilvington 2001, 257.)

In order to achieve network outcome participants have to meet their own organisational goals and personal expectations through network. Actors who have veto power in the network are, in particular, responsible for informing other actors. In general, effectiveness used as criteria for successful network management means that both the organisational goals that the members set up for their network and the personal expectations that members have when they join the network are achieved in a satisfactory way. Therefore, successful networks are cohesive enough to find a common objective and serve the same purpose.

3.3 Summary of Study Concept

The theoretical framework for the examination of network management in local governance based on the knowledge of policy network analysis is now developed. Local governance is studied from the decentralisation point of view. In particular, devolution, which involves the transfer of tasks and decision-making power to autonomous and democratically elected units of local government, improves citizen awareness and interest about common purposes. However, in order to avoid conflicts in the new local governance situation, the units have to take an active role in creating informal and formal rules to solve conflict. These rules must also guide how stakeholders are engaged in the decision-making and implementation, and how the transparencies with which decisions are taken in networks should be handled. (See also Bovaird 2002, 313—318.) Thus, it is important to create the information channels, which reach citizens better.

Network management is both conscious and unconscious action, because local governments can take an active role as a network manager or networks might be more self-steering. Some networks might be more self-steering in certain governance contexts, nevertheless in CEE countries conscious network management is needed both in decision-making and in implementation. In particular, in CEE countries the focus must be turned to the role of local government. Recourses of local government are crucial for the implementation (see also Aarrevaara 1998). Network management connects resources and knowledge. One important resource, which must be integrated into the local development, is social capital.

Summarising what network management does can be stated that *successful network management convinces that collective strategic aims of the network are achieved in a way that takes into consideration the interest of all members and stakeholders as long as the interaction costs are reasonable. Network management is successful if the policy outcome is achieved in a way that produces a win-win situation for all participants.* It can be assumed that the local government, which takes an active role by initiating and facilitating interaction processes, achieves better policy outcomes.

4 EMPIRICAL ANALYSIS

4.1 Learning from Country Comparison

4.1.1 Comparison in Decentralisation

This chapter gathers the research design for the comparative analysis. In addition, the framework of the questionnaire for citizens is demonstrated in one subchapter. The purpose is to compare network management in one Polish and Finnish municipality case. A case study is “*a method for learning about a complex instance, based on a comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context.*” (GAO 1990, 15). Applying this definition means learning about the case being studied, including how it operates and what it does, in relation to the contextual events of which it is part. Comparative case study means a set of multiple case studies for the purpose of cross-unit comparison²². Both qualitative and quantitative comparisons are generally made. In comparison, the study is generalising to a network management theory based on cases selected to represent dimensions of that theory. Therefore, case selection should be theory-driven. (GAO 1990, 76.)

In comparison, some variables are independent in the case studies such as size of municipality. Network management can be understood as a dependent variable. The case studies are characterized by very different institutional contexts and starting points. Thus, the differences between Polish and Finnish municipalities provide a good basis for comparison of network management.

The Polish case was chosen because; first, democratic local self-government has been built over the past ten years and secondly, this new system represents a situation in which new models are being sought for arranging the relationships between the authorities and citizens. In addition, the Polish Rural Municipality of Morawica situates near a town as it is in the Finnish case. The Finnish case, a rural municipality of Rovaniemi, was chosen because it represents the decentralisation

process both in administrative and political sense further than other communities in Finland.

Comparing the cases of Poland and Finland must be remembered that they are different institutionally organised societies. In addition, two small community cases cannot justify significant conclusions regarding local self-government development in decentralisation processes as a whole. Instead, these cases serve more as a checklist for developing the network management between different actors at the local level. Comparative method helps in describing similarities and differences between these cases. It might be possible to draw lessons on network management that may be beneficial not only for theoretical purposes but also for practitioners.

In order to make comparisons from each other some specific knowledge of the local government system in Poland and in Finland must be given such as level of local self-government, political decision-making in the municipalities, financing municipal services, and information about a role of local government in implementing welfare state services. It is also relevant to get information concerning public management and local government reforms that help to compare the administrative situation in these countries. This information will be given at the beginning of both case studies.

When the Communist Party fell in Poland in 1989, one of the most important dimensions of democratisation was to rebuild the authenticity of local authorities. The genuine local self-government in Poland was restored in 1990. The Finnish local self-government based appreciably on much older tradition. However, in both countries the municipal council has the exclusive rights to take care of tasks concerning the system of running communal affairs. Polish and Finnish self-government has a one-tier character. The organs of the central government do not have decision-making competencies in the commune.

Nevertheless, differences between the developments of local self-government must be largish. For example, the image of the council in the mind of the average citizens is still rather unclear in Poland. The political parties seem to be very weak at the local level and there are only very thin NGOs that could represent the political interest of various social groups on the council level.

Most NGOs in Poland were set up after 1989. Still NGOs are rare in small towns and villages. However, NGOs have declared their willingness to cooperate closely with the local authorities. (Zaucha 1999, 71.)

Therefore, one challenge in order to rebuild the local self-government, in particularly in Poland, is to rebuild civil society. Generating social capital is recognised as essential to economic and political development in countries, which have abandoned the communist system. Although the benefits of the decentralisation of public administration in Poland are not yet very well known, decentralisation might contribute to the wider development of civic society. Thus, it helps to create and maintain the conditions in which social capital can be rebuilt. (Hollis & Plokker 1995, 65.) In the Finnish case, the crucial question is how far the decentralisation processes are reasonable to extent in order to increase the legitimacy of government and its policies. The purpose of devolving of powers to citizens is to achieve optimal use of resources, increase citizen participation in decision-making, and promote local development.

However, public management reforms can also go wrong. They may fail to produce the claimed benefits. Understanding public management reform requires the analysis of the basic reform concept and the starting point of the decentralisation reform. The case studies are built in order to understand the implementation process of the decentralisation reform, which has to be understood from the perspective of the country concerned. These give base for research and evaluation how the structure of local governance and processes of management have changed at the local level²³.

4.1.2 Principles of Network Management in Democratic Local Governance

The structure, functions, finance, and internal management of local government all have implications for network management at the local level. Changes in one will have implications for the other. (Hollis & Plokker 1995, 68.) Effectiveness of network management depends on, at least, how the roles and

responsibilities of the various levels of government and administration are distributed. Therefore, the decentralisation processes and the tiers of government will be presented in both cases (Figures 5 and 16).

The conceptual framework within which the development of network management is driven was presented in Figure 3. Local government as a network manager can influence in service delivery, policy and project-based networks in order to develop local governance. Through these interorganisational networks, the local government try to improve the policy outcome. The model will be used in analysing the need of stability or change in the network actions. When the aspirations of NPM and citizen participation are not met, the policy in networks should be changed. Experiences in networks form the basis of ideas for changing local governance routines. The desire to satisfy policy outcomes leads the actors to take actions intended to change local governance routines. If the actors remain dissatisfied, the task of network management and the role of network manager are to continue to look for satisfied solutions.

How can network management in the Polish municipality be compared with that of Finland? Some principles should be created for measuring the success of network management. The first one is how citizen participation in decision-making is arranged and how resources of civil society are integrated into the local development. The community involvement and the commitment to the decision-making and implementation processes in local networks also support the producing of social network capital. In fact, the variables, which will describe the success or failure of network management, must be found in both cases. What have the Polish and Finnish local governments done in this sense? The answer depends on the empirical questions modified before. If the local government is successful in increasing the funding of the community, then it is successful in enrolling the use of social capital for the purposes of service production, planning, and development. Satisfied local or community policy outcome is achieved by reducing expenditure on and by reducing citizens' dissatisfaction with public services. These variables can be measured by evaluating the amount and quality of co-operation between local authorities, entrepreneurs, and NGOs.

Are the actions really increasing trust in collaboration in order to achieve shared objective and policy outcome? Increasing social network capital usually strengthens citizens' trust in other people and confidence in institutions²⁴. Trust and accountability form the second level of the principles of network management that the network actors try to strengthen. Networks should be accountable to the community they serve. The main principles of network management, which ensure the accountability of the networks conducted by local government to its stakeholders, citizens as consumers, and citizens as voters, could be identified. It does not make much sense to compare which municipality is better than the other one. It is more valuable to find out which factors create the differences that bring about the success or failure of network management from NPM and citizen participation point of view.

4.2 Framework for the Questionnaires of the Case Studies

4.2.1 Learning in Policy Networks to Achieve Policy Outcomes

In this chapter, the study problem whether the network management function as a strategic instrument of NPM or whether it is a voluntary expression of community desires will be tied up to the study objectives from Poland and Finland. It was previously argued for that network management could be used as the instrument to achieve policy outcome. The desired policy outcomes from a local government perspective are how to achieve NPM initiatives and citizen participation. Thus, the study question, does network management at the local level further the implementation of NPM, is divided into subquestions: *1) Does network management by local government increase community funding of local public services? 2) Does network management by local government reduce citizens' dissatisfaction with local public services? and 3) does network management by local government reduce government expenditure on local public services?*

Questionnaires sent to the citizens can give answers to the first and second subquestions. Community funding is understood

here as social capital in addition of money. Interviewing and collecting documents such as strategy papers and reports prepared by the local governments will give answers to the subquestions of first and three, whilst questionnaires are used to collect information about networks in which the citizens are involved in. Therefore, the citizens' state of activities and involvement in these activities, and finally their accountability to the community can be examined.

For the study purpose, it would be better to examine each network, which forms local governance. In other words, the service delivery networks, strategy making networks, and project-based networks independently. Then each network would be placed into the model of Marsh and Smith. However, I was not able to address the questionnaire just to those respondents who have been involved in above-mentioned networks. In particular, in the Polish case it would have been too complicated because of language problems. Eventually, I decided to collect the material, which would probably be got from the both cases.

All organisations, which exist in a municipality, were listed on the questionnaire and respondents are asked to tell the amount and quality of their relationships to these organisations. The answers of the respondents describe their activities. From the very narrow perspective, the activities measure the amount and structure of social capital. Activity in different organisations creates norms and rules that coordinate cooperation in organisations and between them when respondents act as intermediators. Norms and rules of reciprocity are studied through by evaluating the possibilities of citizens to influence to the action in the communities. Trust is analysed through the experience of citizens and their confidence in different institutions are measured.

Many options could be found in order to understand and measure social capital. Eventually, it is very difficult to evaluate how the amount and structure of social capital influence to the outcomes. However, for a network manager it might be valuable to know for instance how people with strong ties to the associations and organisations (people who are very active in a certain organisation) trust in the institutions involved in a decision-making or a service delivery system.

The aim of this part of the questionnaire is to seek a connection between the strategies of network management in relation to the amount and structure of social capital in the community. The aim is to recognise social capital as a demographic variable for network management. Networks, which represent the state of social capital in communities, also involve the institutionalisation of beliefs, values, cultures and particular forms of behaviour. A network manager must be conscious about these characteristics of the community in order to choose and use appropriate network management strategies at the process management and network structuring level.

To be conscious of the limits to the questionnaire and its realisation in this study, the model provided by Marsh and Smith is suitable as a means of ordering the study material. The analyse of resource-exchange or service delivery networks, policy or strategy making networks and project-based networks based on the open questions in the questionnaire and the interviews of the administrative officials.

Marsh and Smith (2000) argue that policy networks involve dialectical relationships between structure and agency, network and context, and network and outcome. To quote Marsh and Smith (2000), the elements of the dialectical model are:

- *“The broader structural context affects both the network structure and the resources that actors have to utilise within the network.*
- *“The skill that an actor has to utilise in bargaining is a product of their innate skill and the learning process through which they go.*
- *“The network interaction and bargaining reflects a combination of the actor’s resources, the actor’s skill, the network structure and the policy interaction.*
- *“The network structure is a reflection of the structural context, the actor’s resources, the network interaction and the policy outcome.*

- *“The policy outcome reflects the interaction between the network structure and network interaction.”*

The model presents an interpretation based on empirical observation and theoretical conclusion. The authorities believe that the model help to analyse and understand how policy networks can affect policy outcomes. The dialectical model refers to the assumption that also policy outcomes may affect networks. Above all, policy outcomes can affect agents who learn by experience. The basic elements of the dialectical model are described in Figure 4.

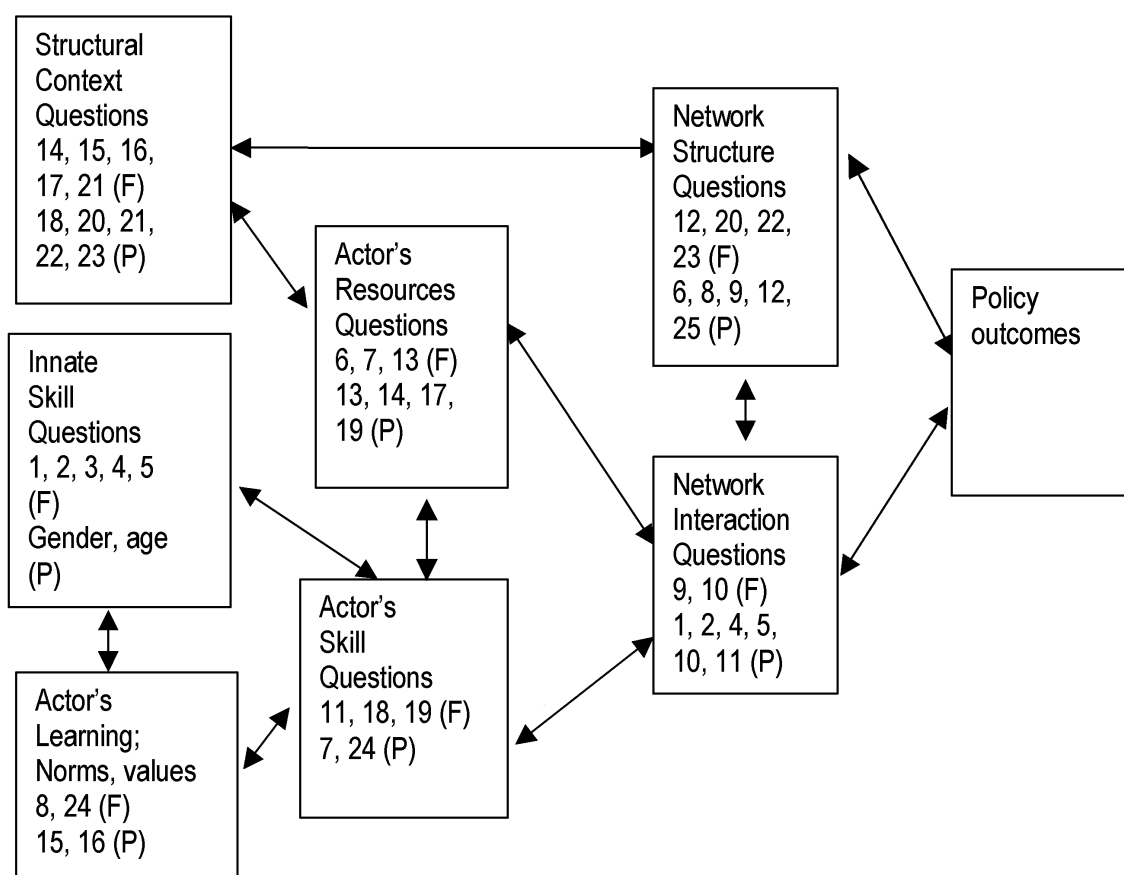


Figure 4: Policy Networks and Policy Outcomes: A Dialectical Approach (Marsh & Smith 2000, 10; Marsh 1998; 194).

The question numbers from the questionnaire (see attachment) are embedded in the boxes. The Finnish case is referred to by (F) and it extends to the Polish case, which is referred to by (P).

The model of Marsh and Smith gives a valuable contribution to network management, because it also might reveal the unexpected variables of networking. Many obstacles, which hamper the networking, could be found in the dialectical model that also helps to realise constraints of network management. However, it is not possible to give perfect illustration about the network. It is always, at least partly, an interpretation of network actors (Raunio 1999, 36, 201; Töttö 1997).

On the one hand, there might be so called third party who influence to a creation of shared knowledge base and policy outcome. Burt (1992) adds a third party to this relationship and describes three possible strategies for this third actor. To the relation A and B must be added a third actor C, which can use different strategies to influence a relationship. First, actor C can be a mediator in the event of conflict between A and B. C helps A and B to negotiate. Secondly, C can take advantage of the conflict between A and B. Thirdly, C can create a conflict to preclude coalition and align the interest of A and B with his or her personal interest. (Callon 1998, 9—10.) These last two situations usually lead to network failure or network crisis in which collective purpose is used for singular interest and finally the continuity of the network is threaten. On the other hand, networks itself with a dominant economic or professional interest are also the most resistant to change. A network might run its own affairs if its policies are not against the local or state government or changes are not required. However, what is most important is to recognise the need of policy change. (Rhodes 1997, 12—13.)

In order to achieve desired policy outcome restructuring might be needed especially when the network is inhibited. Granovetter (1973) gives an example. He separates two dimensions of social capital. These dimensions are intra-community and intercommunity ties. Strong intracommunity ties give communities, such as families a sense of identity and common purpose. Apposed to that weak intercommunity ties cross various social divides based on religion, class, ethnicity, gender, and socio-economic status. Granovetter concludes that without weak intercommunity ties strong horizontal intracommunity ties could become a basis for the negative social capital. In the recent literature, the intracommunity ties have been

called “bonding” and the intercommunity ties “bridging” social capital (Woolcock & Narayan 2000, 230.)

If social capital is defined as reciprocal norms and rules to support cooperation for mutual benefit, it contains aims to achieve development, but not necessarily for the entire area. Social capital can provide a range of valuable services for community members. However, some of these services, which cause benefits for individuals, might have negative economic consequences for the development of entire community. Group loyalties may be so strong that they isolate members from information about other opportunities. (Woolcock & Narayan 2000, 231.) In this study, strong and weak ties refer to connections to all organisations in the community and therefore, social capital must be understood from the perspective of mutual benefit to the entire community.

The definition of community in Granovetter’s study bases on for example the relations of family members. However, from local governance point of view, bridging ties between different communities or even municipalities are important in order to maintain local development. For instance, village committees need both bonding but also bridging ties to the other village committees in order to promote the development. In fact, it is a basic rule of corporate system. In addition, relations to other associations might be useful. The structure of bonding ties between organisations (communities according to Granovetter’s idea) in both cases is presented in Figures 7 and 19.

There is no simple recipe for constructing a system of local governance thereby serving different purposes in networks. Network management must find them. A dialectical approach offers the general framework for the empirical study. The clear challenge to integrate an evaluation of social capital and policy outcome is to identify the conditions under which the positive aspects of bonding and bridging social capital can be showed.

4.2.2 Reliability of the Data and Limits of the Study Questions

The study based, on the one hand, on the assumption that the NPM initiatives are increased in both Western and in CEE countries. Nevertheless, these initiatives are more or less context

linked that due to the need to describe the reform phase and conditions in the country cases. On the other hand, the aims of the NPM increase the need to develop network mechanisms. The challenge of network management is to create extra value to the stakeholders. Thus, local government as network manager use the knowledge and resources of the other partners/actors in order to achieve policy outcomes.

Drawing on the work of Putnam, Coleman and Granovetter, the study discusses social capital in terms of participation or interaction in networks, norms and rules of reciprocity that facilitate trust based coordination and cooperation for mutual benefit. Interaction between the actors is analysed by studying the activity of citizens in the organisations in the area in relation to the feel of participation in decision-making. This analyse bases on the questionnaire. Norms of reciprocity are studied through by evaluating the possibilities of citizens to influence to the action in networks. This analyse based both on the questions in the questionnaire and the interviews of administrative officials. Trust is analysed through the experience of citizens how trustworthy they feel different institutions loaded on the same factor.

In summarising the questionnaire data, factor analysis describes the data in much smaller number of items such as associations and organisations, than the original individual variables. Associations or organisations that correlate highly are assumed a member of that broader dimension. These dimensions become composites of specific variables, which in turn allow the dimensions to be interpreted and described. Factor analysis is used with pre-existing sets of variables for data reduction and summarisation. Then the principle component method is employed. The connections of respondents to the twenty organisations or associations in the Finnish case and the fourteen in the Polish case were measured on the scale how actively the respondents take part the activities of these organisations.

Trust was measured on the scale of four points. The remaining items of trust or the remaining institutions were reorganised into three common factors using in further analysis. Level of trust and local activity or participation were summarised and measured by using constructs developed through factor

analysis. Thus, factor analysis is used in finding reliable variables for further analysis.

In addition to questionnaires, interviews and observations were used in both municipalities to collect the study material. The questionnaire data was formed in both municipalities, with 100 respondents in Morawica and 106 respondents in the area of Yläkemijoki. In the Finnish case, there were six extra respondents because six people were interviewed at one summer festival in the area of Yläkemijoki. In the Finnish case, the 250 questionnaires were sent at random to residents, so that there were both men and women of different ages from each of the nine villages. Observations and interviews were also made with local authorities (see the list of references). In the Polish case, two employees and interviewers from the Morawica municipality gathered the answers until all one hundred questionnaires were completed. The Polish case study is based on evidence from 100 semi-structured interviews with citizens, three interviews with local authorities in the Rural Municipality of Morawica, and on one interview in the Local Parliament of Swietokrzyskie Province.

The small number of study sample set up many limits for analysis. For instance, the meaningful categories, which would have been included respondents enough, were very difficult to form. However, in both studied communities have quite many organisations in which the respondents took part. Thus, following the principle that there were at least 16 respondents in each category for box plot analyses forms the categories.

The questionnaires were analysed using the SPSS application. The matrices used in the SPSS application were transferred into the UCINET program, which is a special computer application for analysing networks. Finally, the KRACKPLOT application drew the network diagrams.

A network is a collection of actors and the relations connecting them. Network analysis as a methodological choice means that the focus of analysis is not only on the properties of the units of analysis, as it usually is in questionnaires, but also on the relations between actors (Johanson et al. 1995; Mattila 2000; Mattila & Uusikylä 1999; Scott 1991). The logic of transforming matrices is as follows. If A is a set of actors and O is a set of organisations or events, the $[A \times O]$ set of relations can be post

multiplied by its transpose to generate an actor-to-actor network of shared membership $[A \times A]$. Alternatively, the $[O \times A]$ set can be post multiplied by its transpose to create an organisation-by-organisation network $[O \times O]$ whose elements are the number of common members. Similar mapping could depict inter-organisational resource exchanges, sanctions, and other transactions.

The multidimensional maps presented the case studies are the result of the matrices formed from the questions that were presented at respondents meetings in different organisations in the local area. There is widespread agreement that dense networks of active local organisations indicate a high level of social capital, nevertheless there is little consensus on how to measure density, or whether all types of social networks have an equal impact on the formation of social capital. (Petro 2001, 230.) Different types of associations can create very different kinds of social capital.

Actually, the interest in the way of supporting social capital building is also to support economic development. According to the social capital theory, it is useful even for a rational actor to commit oneself to cooperation with other actors in a social network. A cohesive social network creates trust and an obligation to cooperate, which in turn facilitate economic transactions (Coleman 1990). Therefore, in terms of social capital research, what benefits and contributions does social network analysis add to social capital study? Many social network analysts comment on the notion of social capital. For example, Burt (1992) considers that an agent's relationships with other agents, whether direct or indirect, are all comparable to social capital.

According to Johanson (2001) the structural hole theory sees social capital as arising from the lack of connections in the actor's network (Burt 1992). The social capital theory argues that the greater the number of reciprocal connections between actors in a social network, the more benefits social structure is able to offer (Coleman 1990). The contradiction between structural hole and social capital theories has been sought in their application. The entire structural theory applies to situations that are marked by competition, and the social capital theory applies to situations that are characterized by cooperation. The social capital theory is not limited in its analysis to such restricted networks. It takes all the

relationships within the given boundaries into account. (Johanson 2001, 48)

Because networks emphasise common public management structures, the units of analysis are relationships rather than agencies or programmes. This requires us to consider both network and organisational structure as a variable. Thus, a representation of how hierarchies, market, and networks affect and contribute to policy outcome or performance is provided.

After collecting information about personal networks guided by the dialectical model of networks, this information will be put into the framework of local and community governance. As far as the questionnaires and the dialectical model concerned, it is able to give only a description about the activity of the respondents such as their feel of participation in decision-making. This information will be used as one measurement of the amount and quality of social capital in the area. In the following cases, the reader will find the answers to how the study material from two country cases is constructed.

5 THE POLISH CASE

5.1 Reform Process in the Polish Case

Poland was the first country in which the communist ideology died away. However, the transition from real socialism to capitalism has proven quite difficult. There were semi-free elections to the Parliament in 1989. Since then, there have been several presidential and parliamentary elections, parties have been founded, and patterns of conflict have emerged.

Before 1989, the governor controlled the province or regional level. The governor was the representative of the state government, which was forced to perform the tasks decided in the central government. The other line was the self-government. The Sejmik was the regional parliament, the representative organisation of communities at the provincial level. There were deputies or representatives in the regional parliament from each municipality. (Rzepka 1999, interview.)

The division of the post-communist and post-Solidarity parties is still important. In addition, the cleavages that are more traditional can be found, the rural and urban distinction and the left-right dimension among others. According to the 1997 Constitution, Poland is a unitary state with a presidential system. It can be characterised as a centralist state but municipal reform has recently been implemented, with new tasks and economic responsibilities for the new regions, or *poviat* as they called. Municipal councils are elected nowadays directly. (Rzepka 1999 interview; Enstad 2000, 136.)

“The experiences after ten years working in communities have been very important to Poland. The gmina (municipality) reform has been the best reform in Poland according the politicians. After 1993 state government would have liked to prepare the reform of poviat, but it was not successful in the beginning.” (Rzepka 1999.) Following the 1993 election, the Democratic Left Alliance (SLD) and the Polish Peasant’s Party (PSL) formed a coalition government. The election results and political instability have underlined the fact that there is no dependable political agreement to secure the Polish reform process. It was also noted that there was an increasing general

mistrust and dislike of political elites. Some argue that the political elites have in fact already lost most of their control over the direction of reform, whilst becoming increasingly absorbed in political infighting. According to this argument, the political parties are more concerned with filling government and public administration with their followers than with guiding the reform programme (Letowski 1993, 2.)

All this brought disappointment, and people felt that there was no return to an economy without unemployment or free education or health services. In fact, the fear of change has brought success to the SLD and the PSL, but their action has led to slowing down privatisation and the reform of local self-government. It has reintroduced centralisation and state monopoly, and it has raised protective tariffs and subsidies for the enterprises that went bankrupt and provided credit for weak farms. (Michnik 1999, 247.)

People were disappointed and in Mrs. Rzepka's opinion, the powiat reform came a little bit too late. The revolution failed to keep its earlier promises. The reform was prepared earlier, but the state government stopped the reform process because the socialist party was in power and they were too afraid to continue the process of reform before an election. As a result, the reform of local self-government slowed and the reintroduction of centralization and state monopoly rose.

In West European countries, a lot attention is paid to the contradiction of a weak versus strong governmental role in economic policies and social welfare. In post-communist countries, the tempo of reforms should be added to evaluate the socio-economic development (Enstad 2000, 144). After the election in 1997, the parliament (the Sejm) and state government again started to continue the reform process. The coalition of the AWS (Solidarity Electoral Action) and the UW (The Freedom Union, which was before called the UD) was formed.

The Freedom Union (UW) immediately proposed the creation of 12 voivodships and about 320 powiaty. Eventually, the major political parties agreed to a compromise of 16 voivodships. Directly elected councils constitutionally govern the new authorities. The reform process continued, and the authorities came to be overseen by centrally appointed voivods, which act as

a link between central and local government and ensure coherence between national and regional programmes, but are independent of them. The first election to the new authorities was completed successfully in October 1998, and the new authorities took up their duties in January 1999. The 373 new powiat councils were elected at the same time. (Dawson A. H. 1999.)

The AWS consisted of 38 parties and organisations that can be divided into three broad groups: A Christian-national group, a Conservative-liberal group, and a group connected with the Solidarity trade union. The AWS has a clear rightist profile, with an emphasis on conservative values such as Catholic family values and a clear opposition to the post-communist parties. The policies of the UW can be described as liberal, secular, pro-reform, and pro-European. The political climate can be described in both elections by strong support for the SLD in the towns and support for the AWS in the countryside, though neither had an absolute majority in either area. Independents also stood in the powiat elections. As a result, at both the voivodship and powiat levels, much of Polish local government is in the hands of coalitions (Dawson A. H. 1999).

These parties started to finish the reform in a rather confused and complex situation that affected the tempo of the reforms. Thus, there were four very difficult reforms ahead: health care, pensions, and the reforms to the educational system and administration. According to Rzepka's understanding, the situation would be better nowadays if some partial reforms such as new offices could have been established earlier because lately there were too many offices being established at the same time. Because the standard of living in Poland has not been satisfactorily high enough according citizens, it has been easy to accuse the state government of spending too much money on reforms. The criticism by the citizens is easy to understand. People assess that the state government does not work properly and the reforms have swallowed too much money. (Rzepka 1999, interview.)

Because of the criticism, more attention must be paid to the operating procedures of government. All these changes in socio-economic and political life set demands on research and the successful reform process. At least the relations between citizens

and public administration effect fundamental changes in the conflict of decisions and would be valuable to define. More specifically, the reform will have to be broadened to concentrate not just on the institutional framework but also on administrative processes and the substance of administrative action. The discontent with the reforms has been significant. Therefore, attention should also be paid to the way people think. Above all, it needs to handle an area that is perhaps most resistant to change. One important step in this respect is the acceptance of the principle of mutual confidence as an important base in relations between the citizenry and the public authorities. (Letowski 1993, 7.) Kulesza (1993, 40) notes that the reform requires the preparation of a new legal framework and, above all, the creation of new institutions, new attitudes, habits, strategies, administrative routines, and methods of collaboration within the administration and with external partners.

Polish public administration was for many years used to operating in conditions of complete freedom, freedom from the law and from popular control. Its overriding concern was to ensure and to maintain smooth co-operation with the centres of political decision-making. Circumstances are changing so rapidly that even the most carefully prepared plans can very quickly lose their value. One of the most fundamental changes in Polish public administration is the emergence of a new concept of the rights of citizens in relation to the state and public administration. This does not only refer to the protection of the individual rights of the citizen. It also extends to the questions asked by citizens regarding their participatory rights. (Letowski 1993, 8.)

According to Dawson (1999), the post-communist transition of public administration in Poland has been guided by some general principles that have been accepted by all the major political parties. The public administration has been accused for the poor quality of civil servants' work and their corruption. Now remedies are being sought and consensus has been achieved in that government should represent the will of the people as expressed through a system of plural democracy; 1) be exercised by bodies whose status is constitutionally guaranteed; 2) be exercised at the lowest available level consistent with efficient delivery; and 3) be transparent (Dawson 1999, 879). Although

public administration is both the object of reform and usually its chief agent, the reform process is interactive. It follows that the study of administrative transformation requires a perspective that takes account of the interdependence and interrelatedness between public administration and its environment. From this general context, we move to follow the decentralisation process.

5.2 Empowering Local Self-Government

5.2.1 Distinguishing State and Local Self-Government Administration

One solution to the problems of public administration based on the western experience is to recommend greater political control over the bureaucracy. It has been said that the NPM is a tool to increase the influence of politics over bureaucracy in western countries. The evolution of NPM is important in both West and East European countries. However, the disadvantages of decentralisation such as fragmentation can be seen. Therefore, besides the decentralisation process, the network management tools are being used to remedy dispersion.

In Poland, the state has decentralised responsibilities and financial capacities to 308 democratically elected local self-governments at the poviats level and to the authorities of 65 urban gminas, which were granted poviats rights. Control is decentralised over public services and public finance at two new levels of democratically elected self-government: poviats (counties) and voivodships (regions). Thus, the basic unit of decentralized state administration is the voivodship. Since 1 January 1999, there has been a dual structure of public administration at the voivodship level. It consists of voivodship self-governments that have independent legal identities and budgets, and they have extensive powers in the area of economic policy. The voivode, who is the head of the voivodship, is appointed by the Prime Minister and is accountable to the central government. The voivode has to ensure that the decisions made by voivodship self-governments comply with state laws. (OECD 1999, 20—21.)

A report by a ministry concluded and recommended that the citizens in gminas, poviats, and voivodships would gain real control over the issues affecting their communities. The purpose is that these new organisations (voivodships) are responsible for creating and implementing regional development strategies that reflect the shared goals of the regional community. All social partners are to be involved in the elaboration of such strategies, including the poviat and gmina authorities as well as NGOs. (Effectiveness, Openness... 1998, 7.)

The municipal self-governments, the gminas, were restored almost ten years earlier, in 1990. According to the Act on Local Self-Government, the tasks of the local self-governments are twofold, including genuine self-governing tasks and delegated tasks executed by local authorities on behalf of the state (OECD 1997). The general rule of the 1990 Act is that the municipality satisfies the collective needs of its community. *“The local self-government shall perform public tasks not reserved by the Constitution or statutes to the organs of other public authorities.”* The following short presentation is from the case study.

Because of the administrative reform of 1 January 1999, the area of the former Kielce Province was expanded and named as the Swietokrzyskie Province. The new province consists of 13 counties (powiats) with 102 municipalities and one city — the city of Kielce. The powiat of Kielce, Powiat Kielecki, consists of 20 municipalities; one of them is the gmina of Morawica, which is inhabited by 11,619 people. To support and preserve the identity of the villages, which are the basis of a rural municipality, a sub-communal division is maintained in each village. It consists of three bodies: a general assembly, a head, and a council head from which the latter two are elected in direct and secret elections. (Information from Wojewodztwo Swietokrzyskie 1999.)

Figure 5 describes the division in the relationships and tasks between state, regional, and local government by listing the primary information in the 1998 report on *“Effectiveness, Openness, Subsidiarity. A New Poland for New Challenges”*.

Level of administration	Focus	Orientation	Technique
State administration Voivod	Focus on the legal supervision of the activities of gmina, powiat and voivodship self-government Responsible for all services related to law-enforcement and public security	Voivods co-operation with powiat administrations	Responsibilities to their superiors
Voivodship (Regional administration)	Regional development	Formulation and implementation development strategies	Co-operation with central government and regional authorities
Powiat (County level government)	Performing public tasks on its own behalf and responsibility, Owing fixed assets and controls revenues whose value is commensurate with its tasks	Responsible for tasks that have been clearly defined for it in the law, Citizens involvement	Taking advantages of Non-Governmental Organisations and other forms of civil society
Gmina (community)	Performing public tasks on their own behalf and responsibility Having legal identities and independent budgets Owing fixed assets and controlling funds	Responsible for all public matters of local significance that have not been reserved by law for other institutions and authorities	Ruling by the law, Voluntary agreements with state agencies, Network management

Figure 5: Distinguishing state administration and local self-government administration (general framework adapted from Benyon and Edwards 1999, 146).

There were two four-year terms at the county level of government from 1990 to 1998, when they did not have their own budgets. During this period, each community contributed money to Sejmik for their duties. In the same period, the Sejmik did not receive money from the central government. The tasks and duties of the Sejmik were very narrow or limited at this time, and it was not able to decide on important issues. In fact, they were only able to

prepare certain materials for the central government. They were not allowed to decide important matters from the perspective of the province. This was the situation before 1999. The Sejmik sometimes functioned as an intermediary and transmitted information to the central government on the fact that some communities had, for example, a problem in the water system. At that time, the Sejmik tried to find a solution to such things as the water problem in co-operation with the central government, and it tried to find financing for the necessary investments. The Sejmik was only able to use the revenue that came from the municipal level. *“But however, during this period the Polish democratic system is established.”* (Rzepka 1999, interview.) Nowadays, and since 1 January, 16 voivodships constitute a system of regions in which regional economic policies are developed and implemented. A Sejmik is the decision-making body of voivodship self-government, in other words the voivodship council. During 1990—1998, communities chose representatives to the Sejmiks. Since 1999, there have been direct elections to the gmina, the powiat, and the Sejmik.

5.2.2 Status of Local Self-Government

The relevant question nowadays concerns the status of local self-government. Since 2000, municipalities have been allowed to prepare their own budget. At the beginning of the reform process, local government reform encountered greater problems than most observers had initially predicted. For example, local councillors, local government employees, judges, and many academic observers have complained that local government legislation is formulated too imprecisely (Taras 1993, 24). The financial situation in the municipalities cannot be considered in isolation from the budgetary problems of the state.

The main issue in relation to local government is the extent to which it has become real local self-government in relation to the local referenda (laws), the associations of municipalities, and the control over the local self-government by the state government and the statue of municipal civil servants. All laws carry a different weight in the development of the legal framework of the

reform. Attention needs to be paid to certain acts such as the ones on local referenda, on associations of municipalities, on the control over the local self-government and on the statute of municipal civil servants (Nikolova 1998, 92). In the same year, on 1 July 1999, the Civil Service Act came into force. It covers all officials in government administration. The civil service corps is divided into two groups: civil service employees (employed on the basis of an employment contract) and civil servants (employed on the basis of appointment). The Civil Service Act set demanding qualifications for civil servants but of course, these qualifications can be met gradually.

The most important collective needs of local communities have been met in the gminas. An example of the division of function between gminas, poviats, and voivodships comes from the education system. For example, the gmina takes care of elementary schools, and the poviat takes care of secondary schools, which means that there are students from different gminas in the same school. The voivodship takes care of the higher technical schools, which take students from all over the region. That describes how the subsidiary works at different levels. In considering further the tasks of the gminas, they run nurseries, kindergartens, libraries, and cultural centres and maintain local roads. They also share responsibility for maintaining public order with city guards and are responsible for environmental protection within their jurisdictions.

Democratically elected councils are appointed to Management Boards that constitute their executive powers. The tasks of the gminas focus on meeting the collective needs of communities for public services (Report on Effectiveness, Openness... 1998, 12). Gminas also perform the tasks delegated by the central government and state administration and which remain under state supervision. These responsibilities may be placed on gminas by law or through voluntary agreements with state agencies. The law on the funds necessary carry out these delegated tasks assures the gminas. Unlike the gmina, which is responsible for all matters that have not been explicitly assigned to other levels of government, the poviat implements only those tasks that have been clearly defined for it in law. There is no dependence between the poviat and the gmina: each executes

separately defined public tasks and responsibilities. (Report on Effectiveness, Openness... 1998.) Since 2000, the representatives of gminas, poviats, and voivodships have been elected directly by the residents. A regional council or a voivodship council has begun to be called a Sejmik (little sejm), which is the largest administrative unit in the sub-national organisation of the state. The voivodship is formed from co-operation between the central government and regional authorities.

The term decentralisation is mainly taken to mean the devolution of political power to lower levels of government, in other words to elected local authorities. This political decentralisation has taken place in Poland through the devolution of power from central governments to elected local authorities. Political devolution may also involve some delegation of political authority from elected local politicians to local citizens. Decentralisation is defined in Polish case as *“the devolution of administrative responsibilities and control over public finance from the national government to local and regional governments that are democratically elected, have independent legal identities and budgets, and are fully responsible for the responsibilities that have been assigned to them”* (Report on Effectiveness, Openness... 1998). In this context, the task of network management is to discover the shared goal by creating communicative arenas in where discussion between citizens, civil servants, and representatives take place.

Relevant questions arise from the context of the municipality and the situation of the smaller units or communities. Who finally decides what results are produced? How is the performance result defined? When the civil servants involved in preparing the council meetings were asked to tell what are the most current topics in the meetings they answered that the quality of health care, the opening hours and the attitudes of the service staff. These services were also the most complained. However, it was said that the staffs in health services are not very willing to do their best because of low salaries. This situation reflects the low motivation of the staff. The staffs worry about the impacts of bad treatment. However, they are eager to get good feedback from the patients. *“Sometimes the situation is that no matter are there ten or twenty patients, and then they do not care whether they are*

polity or not” (Interview of a civil servant, October 1999). In order to understand the importance of the impacts of decentralisation on the municipality, attention is turned to new local governance structures.

5.3 Local Governance in Morawica

5.3.1 Design of Local Governance

As was noted above, the powiat of Kielce, Powiat Kielecki, consists of 20 municipalities and one of them is the gmina of Morawica. The economy of Morawica is based on agriculture and industry; the latter is supported by the gmina through active land politics. The municipality is recognised for its dynamic development, which has been built with the support from the European Union within the framework of the PHARE fund called “Local Innovations in Communes”. In 1997, the municipality obtained the main award of the Central Industrial District for substantial achievements in economic development and in 1998, it was recognised as the best-developed municipality in Poland by the Local Development Agency (information from Wojewodztwo Swietokrzyskie 1999).

According to statistics from the Central Statistical Office for 1998, the total number of persons employed in Morawica was 1,957 and the total number of unemployed was 794. According to the questionnaire, the opinion of the citizens supports the perceptions that unemployment and apathy are the most serious problems in the community. In general, people answered to the open questions quite economically or they stressed they were not interested in these issues. However, 19 respondents answered that the rate of unemployment was too high or it seemed to increase and that it was the worst problem in the area. In related answers, attention was given to the standard of living, which is on the decline, or to the new division of society. *“The new social class system is ranking people into those who are taking advantage of the community and those who are unwilling to participate in the community council because of their lack of interest in the community”* (questionnaire form 26).

The respondents stated that they were informed about financial problems and they were able to understand these problems in municipalities in general. The shortage of funds for further development in the community can be seen everywhere. Villagers have expectations concerning the sewage and gas system, better roads, sports facilities and other infrastructure building. Further economic solutions and community promotion over Poland is expected. Some criticism was presented towards investment policy. For example: "*The community should invest money in a more reasonable way*" (f62). At the same time, some respondents were doubtful about the possibilities of maintaining the pace of development in the community.

To avoid ignoring the opinions of villagers and to get commitment from villagers for investment projects and, above all to get financing for investments in the community, the general principles for co-operation between the local government authorities and citizens have been developed in Morawica through the arrangement of civil committees. These committees create arenas in which negotiation processes take place between the citizens and the authorities. The committee system will be presented in the following chapters.

Morawica's self-government is stable; the same municipal manager has governed for two terms and the gmina council has hardly changed. When the self-government of Morawica began its activities, the infrastructure of the gmina was underdeveloped. At the beginning of 1990, only one water-pump functioned and the construction of two others was postponed for several years. (Central Statistical Office statistics 1999.)

Technical infrastructure improvement, telephones, the sewerage system, water-supply systems, and roads became the objectives in the first year of its activity. Local authorities have begun to encourage inhabitants toward active participation and involvement in financing and improving the infrastructure. Co-operative areas and principles between the self-government and the citizens are defined mainly through the civil committee. Civil committees (or neighbourhood associations) have been an ingenious innovation for activating people and getting them to finance the improvements in their own living area. (Interview with a civil servant 1999.)

Following the local government reform in 1990, the municipality, the 'gmina', was a basic level of public administration. The Morawica gmina has one representative in the regional self-government, in the voivodship, and four representatives in the county government, in the powiat. In 1999, the situation was such that the left wing party controlled the central government. The right wing party ran the Morawica municipality. Their representatives in the voivodship and the powiat (these people are appointed) came from the right wing party and the authorities in the voivodship and the powiat were appointed from the left wing. Morawica municipality had three representatives in the powiat and one in the voivodship, the wójt of the municipality. The administrative structure of Morawica in 1999 was formed from 24 representatives that were elected for four years by the people of the villages.

These reforms impact on local governance in Morawica and cause the increasing use of networks as mechanisms for governance. What is clearly happening is that local government, gmina, is increasing governance capacity and control over citizens.

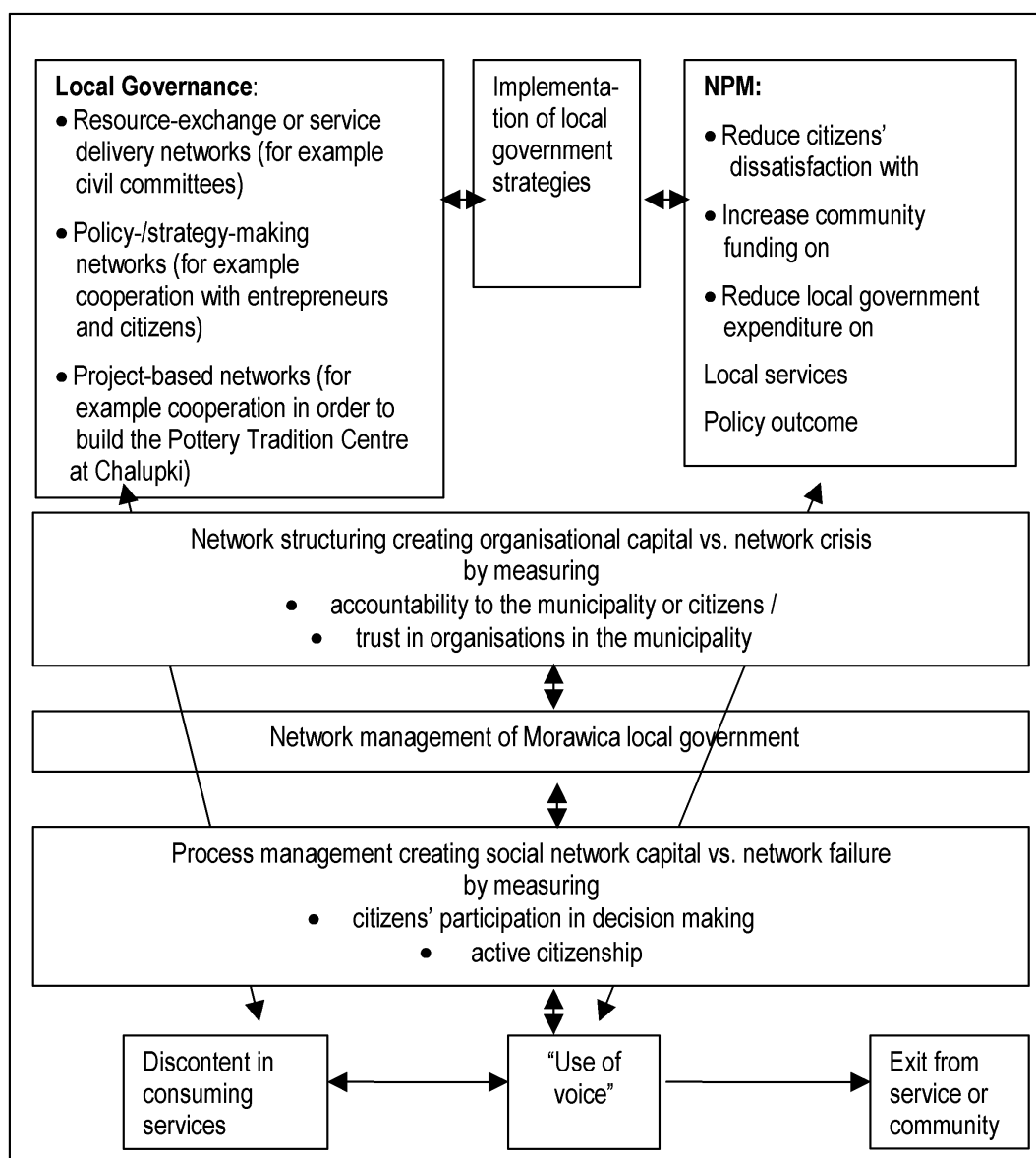


Figure 6: Local Governance in Morawica.

Every gmina has a democratically elected council, which constitutes its executive power. The relevant questions for the local government are therefore: How is the gmina responsible to the citizens? How are those services for which the gmina is responsible arranged for the citizens? Are these services arranged by the gmina itself or are other institutions (voluntary or private) involved in the service production process? How, for example, does the health care system function? How has activating the local government taken place? What does the responsibility of the gmina for primary health care services mean? What are the values that direct or conduct the action of civil servants, public interests,

or service quality? The main general question is who is responsible and to whom and for what? Finally, what is the accountability of the gmina to the citizens?

It is obvious that satisfactory answers to the questions can be found if local partnership operates in conjunction with local government. A primary function of local government is to ensure the local accountability of public funding. To address accountability in the municipality, some points of view can be raised: accountability to end users and political accountability to community interest groups and to those who elect community representatives. These fields of accountability of the gmina could be achieved through the function of different networks in the local area and the connections of the networks to upper relations in the state administration hierarchies. It is obvious that both top-down and bottom-up perspectives are needed.

Accountability relations in the community are connected to the creation of trust in the community. Looked at the other way round, trustworthiness might be derived from accountability. People find both horizontal and vertical trust in organisations and institutions. Trust or distrust may and should be expressed by the voice through network, for example, rather than the exit option. Those who do not want to emigrate or to choose apathy may take to individual or collective protest or initiative, which could be presented through different networks in the area. Therefore, network failure is more likely to result in exit than in voice to use Hirschman's famous conceptual framework. The task of network management, then, in a first step, is to build linkages between local partnership and local government. Finally, trust in organisations and institutions may be a result of successful accountability to the community.

How the changes in the linkages between the local government and the citizens can be found. As Hay and Richards (2000, 23; also Hay 1998, 50) assume, these relationships can be found by studying network forms. A number of subnetworks are linked in the local area. These networks include different actors as well as actors from different levels of government and from different phases of the policy processes. There are networks for policy-making, planning, resource provision, intermediary coordinating roles, service provision and evaluation (O'Toole & Hanf & Hupe

1999, 140.) In addition, the sources of trust vary significantly with respect to the kinds of cooperation being pursued.

In this study, community governance practices have been grouped into three different types of networks in the same way as Agranoff and McGuire (1998) categorised networks in their study. These types of network-based collaborations are presented next.

5.3.2 Service Delivery Networks

In this chapter, the resource-exchange between citizens and the local government through civil committees is described. Since 1990, the local government has implemented the basics for a technical infrastructure, such as water and sewage system, and telephone and gas systems. Two basic aims of these activities are to improve the standard of living for the residents and attract investors. Initially, there was a great deal of citizen support for the investments. It resulted in an agreement that assumed citizens would participate in the cost of the investments.

Money, in these cases, creates a connection and it functions as a mechanism of mobilising the actors for certain activities. Authorities from the municipality emphasise that they wait for initiatives from the citizens. After the first contact, the committee tries to discover the number of people interested in the project in question throughout the municipality or village. The main task of the committee is to come up with commitments from people who want to benefit from the investment. The committee prepares a list of those people willing to participate in a project. After enquiring about the eagerness of the residents, a meeting is called. The gmina commits to financing the project when 70 percent of the citizens are interested and ready to invest in it.

After getting these commitments from the citizens, the gmina calls a second meeting. The citizens choose two or three people who are the most interested in a project to organize the work of a committee. Depending on the kind of investment, the level of social contribution would be 10—30 percent. The residents are represented on civil committees — two or three people who are

elected during village meetings. They collect money and control spending.

Because the gmina was not able to finance completely the entire investment, it was decided to raise the contribution by the civil committee to 30 percent. In order to increase the contributions from the citizens, the gmina could ask for more financing from the state and NGOs. The expenditures were divided into different tasks as follows (Strategy Book of Morawica 1999, 18):

Expenditures on the water system:

- The Governor of the Kieleckie Province
- Foundation for Delivering Water to the Village
- Foundation for Restructuring and Modernizing Agriculture
- Municipal Budget

Other expenditures:

- Participation of Community Persons (30 %)
- Foundation for Restructuring and Modernizing Agriculture
- The Governor of the Kieleckie Province
- Municipal Budget
- Foundation for Delivering Water to the Village.

When the sewage system was built and the roads were modernised, the citizens participated in meeting 10 percent of the expenditure. The gas pipe project was also successful. They still do not have the gas system. However, there was a programme to build the gas system. The technical project was completed in 1997. The gmina has already started the process of building the gas system with the great support of the local community. Three civil committees had already been established to deal with the problems in the three villages of Morawicy, Brzeziny, and Bilcza. The community covers 15 percent of the investment expenditure and 80 percent of the people agreed to participate in the project. With respect to public safety, fire protection can be mentioned. Only two fire stations had been built in the gmina. They were financed by the citizens (20 %), other sponsors (10 %), and the local self-government (70 %). Here are two examples of

investment financing for the voluntary fire brigade (Strategy Book of Morawica 1999, 24):

Building the new fire station in Nida:

- Community Committee for Building the Fire Station (30 %)
- Municipal Budget (40 %)
- Share of VFB (Voluntary Fire Brigades) (10 %)
- Sponsors (20 %)

Purchase of Fire Engine for VFB in Morawica:

- 61 % from Municipal Budget
- Individual Sponsors, (subsidy from state fire brigades, and from the province association of voluntary fire brigades).

Civil committees have been undauntedly one reason for the relatively fast development in Morawica. This can be seen in the new buildings and the old ones being renovated in the area. The Parish Hall has lately been renovated and, for example, the yard was resurfaced, which characterised the direction of the community. *“The situation has changed a lot since 1990 concerning our possibilities to influence things. But, we now have a lot of work. For example, the parking area was small; there was room only for four cars. Nowadays even the surroundings seem different.”* (Interview with a civil servant, October 1999.) Undoubtedly, the social activity of the inhabitants in Morawica, when measured by the visible activity of citizens in investment projects, has been the quite fast impacts of development. Financing is not the only contribution of the inhabitants. They also take part in building the schools and kindergartens. In order to lower building costs, the inhabitants arranged some of the work and finance, for example, the technical documentation at the beginning of the work (Brzeziny and Obice). Parents built the school for children. The gmina only provided the building materials and the parents then built the schoolhouse. In order to motivate and activate parents, it organised a special competition for parents to make classrooms cosier.

The basic problem the authorities often face first is the lack of money and the financial problem. *“In a very short time, we had to make an infrastructure after many years waiting. We had to make the water system, sewer system, telephones, etc. in order to get EU integration.”* (Interview with a civil servant, October 1999.) At the beginning of the reform process, local government reform encountered greater problems than most observers had initially predicted. Previously, municipalities could not be completely independent of the state, and existing regulations contained precise definitions of the cases in which state administration could exercise control over municipal activities.

5.3.3 Policy-/Strategy-Making Networks

As has been noted earlier, the financial situation of municipalities cannot be considered in isolation from the budgetary problems of the state. Municipalities have difficulties performing their mandatory tasks. Many municipal types of council have started to look for additional sources of revenue. Here is an example from Morawica. The gmina budget was insufficient to cover all costs, so the local authorities decided to use to advantage the contributions of inhabitants of the gmina. They also expected that co-operation between the local government and civic committees would attract a third partner — the institutions of state administration, as for example with the voivodship environmental services or assistance programmes such as the Agency for the Development and Modernisation of Agriculture. (Taras 1993, 25.)

The Act on Revenues of Territorial Self-Government Entities is the major legislative Act that determines the nature of the revenue for self-governing bodies. The revenues of the gminas, poviats and voivodships consist of (Report on Effectiveness, Openness... 1998, 1) their own revenues, which are understood as property taxes, shared personal and corporate income taxes, and other statutory incomes (fees and taxes) that may be utilised for any purpose; 2) general subventions, although calculated for specific purposes such as education and roads, may also be spent freely or carried over as surpluses from year to year; and, 3) state budget grants given for a specific purpose, with are granted for a

given fiscal year: unutilised funds have to be returned to state budget.

Public administration reforms, which have not removed the problems at the local level, have brought many challenges for policy- or strategy-making networks in these new situations. According to the vojt (municipal manager) of the gmina, the second problem, besides the financial ones, is co-operation with state agencies and negotiation with the central government. *“The situation is so totally different now that it is hard to compare with the past”* (Vojt 1999, interview). The role of the local government was very different. When the question of control of the central government was asked, the vojt gave an informative example. He told about the visit of the Chinese ambassador with his wife to Morawica in 1998. The ambassador had asked who is charged with the post of vojt. The vojt had said it was society. The ambassador then asked who could remove him from his position. The vojt again answered that it was the society. Consequently, the ambassador ascertained that the vojt was like a king. According to the vojt, the new independence had greatly changed the situation in communities, but the relationship between the state and municipalities is still complicated. The control over the local government is strength, which is enforced by the regional financing organisations such as the voivodships. These control and supervise the use of public funds. This hierarchical system not only controls the gminas but also the voivodships. The Highest Chamber of Control is the highest organisation in central government to control local self-government. The statement *“Only the society and people in the community can control the task, which is reformed by the gmina and which belongs to the gmina’s field of work”* implies the changes in attitudes. In addition, the tasks belonging to the gmina can only be controlled by society. Law performs administrative division.

Therefore, the gmina handles basic health care and the Morawica community was the first to take up its wings in this field in order to plan the basic health care. The municipality had signed an agreement with the voivodship. At that time, the voivodship took care of health care institutions so the municipality signed an agreement with the voivodship. This was at the beginning of the 1999 reform. Until the beginning of the

1990s, the public sector had strongly dominated especially the health care system in Poland.

Before 1999, all 49 Voivodship Health Departments (the VHDs) served as the main public purchasers. The allocation of central budget funds at the level of the Voivodship Health Department was coordinated by the Ministry of Health, after obtaining the approval of the Ministry of Finance. The distribution formula at the Voivodship Health Department level was mostly based on the necessity to maintain the Directly Managed Health Care Institutions in each voivodship. The Directly Managed Health Care Institutions played the role of public providers. The Act on Health Care Institutions was passed in 1991. It allowed changing the Directly Managed Health Care into Independent Health Care Institutions. This Act allows the Independent Health Care Institutions to prepare their own operational plans, set their own remuneration schemes, and benefit from bank credit. At the same time, the Act permitted contracts between public purchasers and private providers for the provision of constitutionally guaranteed care. The permission applied to the central state authorities, the Voivodship Health Departments, and local governments. Local governments were encouraged to take the more visible role of a public purchaser.

The Act on the National Health Insurance System was passed in 1997 and the National Health Insurance System has been valid since 1.1.1999. The reforms of the Polish health care sector since 1991 have been highly satisfactory. The four main directions of the changes have been: 1) establishing the Independent Health Care Institutions, 2) strengthening the primary care level, 3) introducing the National Health Insurance System, and 4) activating local governments in health care. (Aksman 1999, 8.)

However, the reformed health services are greatly criticised in street level discussions. Under the governance of Management Board, the quality of health care services greatly improved in Morawica. In addition, the technical condition of buildings improved. Starting from 1999 the basic health care is financed by Health Care Institution called Kasa Chorych. According to the interview of the vojt of Morawica, this change, however, was disadvantageous for the patients.

The vojt of the community wanted to impress the changes in the relations for accountability in the following way. First, the body council, which is responsible for the basic health care institutions, is an independent decision-making unit. The health care clinic has its own budget for any activities in the clinic. The health care clinic operates in a building owned by the gmina. The citizens, the local government council, and the vojt form the council of the body that controls the operation of the health care institutions in accordance with the law. The body decides on its chairperson or the director of the health care institution. *“As far as the director of the health care institution is concerned, he or she should feel accountable to the council, to the vojt, and to the gmina. As far as employees are concerned, they are accountable to the vojt. In our case, only the dentists are independent; they are not responsible to anyone other than their clients. The headmaster of the school is accountable to the local government council and the teachers to their headmaster”* (Vojt 1999, interview). The health care system is financed mainly by subsidies from the Kielce’s voivodship (4 zlotys per inhabitants). When the health care clinic was renovated, some investments in basic health care were partially financed from two outside sources: 1) The National Found of Rehabilitation of Disabled People gave the funds to finance renovating the health care centres in Morawica and Debska Wola, and 2) A donation from the Polish — American Commissions for Humanitarian Aid was used to buy specialist medical equipment.

The third problem mentioned by the vojt, and which needs cooperation in strategy making, is land ownership. It directs the investments needed from domestic and foreign investors. One key factor of success has undoubtedly been in the aims of the gmina. There could be found and introduce, among other networks in the community area, one example about cooperation between entrepreneurs and local government. The Morawica gmina has made many innovations to co-operate with and support local businesses. The special association of local business people is invited by the financial office of the gmina to a meeting every four months. The purpose of these meetings, which are kept as informal as possible, is to find new ways and possibilities to accommodate development projects. The minutes from these

meetings were not collected during this study process. However, this arrangement shows the endeavour to create arenas between the actors in the community.

5.3.4 Project-Based Networks

In a way, all civil committees might be understood as small projects, which have a specific beginning and stopping. In addition, one good example of promoting the local government and civil subject, which differ from civil committees, was the establishment of the pottery museum. In order to emphasise the culture and the traditions of the area and to create its positive image the pottery museum in Chalupki was established through co-operative arrangements between citizens, the Commune Council of Morawica, the National Museum in Kielce, and the Provincial Culture Centre in Kielce (The Pottery Tradition Centre at Chalupki). Other projects might have been started or ended during the study process; however, I was not informed about them.

5.3.5 Summary of Network Action in Morawica

It might be correct to say that the Morawica municipality has participated in the decentralisation process faster than many other municipalities in Poland. Setting the direction has followed some of the public management principles adapted in western countries. In the NPM model, citizens are supposed to influence directly to service producers. For example in schools, NPM can be understood to be democracy through parents' committees in order to reduce parents' dissatisfaction with school services.

The system of civil committees has increased the community funding on, however, not directly community services but investments of infrastructure services that have reduced local government expenditures on these investments. The idea of the system is that residents have to make an initiative first to earn the financing. Citizens have to be organised in order to run certain investment projects.

In general, when a project has been planned and an application has been written, at least 10 percent of the citizens' involvement is required. This means that the financial contribution of the citizens must also be at least 10 percent. In some cases, the amount is 30 percent depending on characteristics of the project and the organisation to which application is made for financing. The cynical point of view of this system is that the local council try to find ways of reducing cost of local investments by engaging with citizens and local communities. Hence, it introduces a mechanism to a recommend solution, which is appropriate to the local government. The resource-exchange network and at the same time the policy-making network is an instrument of local government designed to reduce its costs and increase revenue available for public services. Nevertheless, these networks create arenas in which negotiation processes take place between citizens and the authorities in order to define main problems in the area and citizens' needs. Citizens are asked to participate in the implementation processes by offering possibilities for voluntary work in concrete building projects.

5.4 Producing Social Network Capital through Process Management

5.4.1 Active Citizenship

The analyses in this chapter based on the situation described in Figure 7.

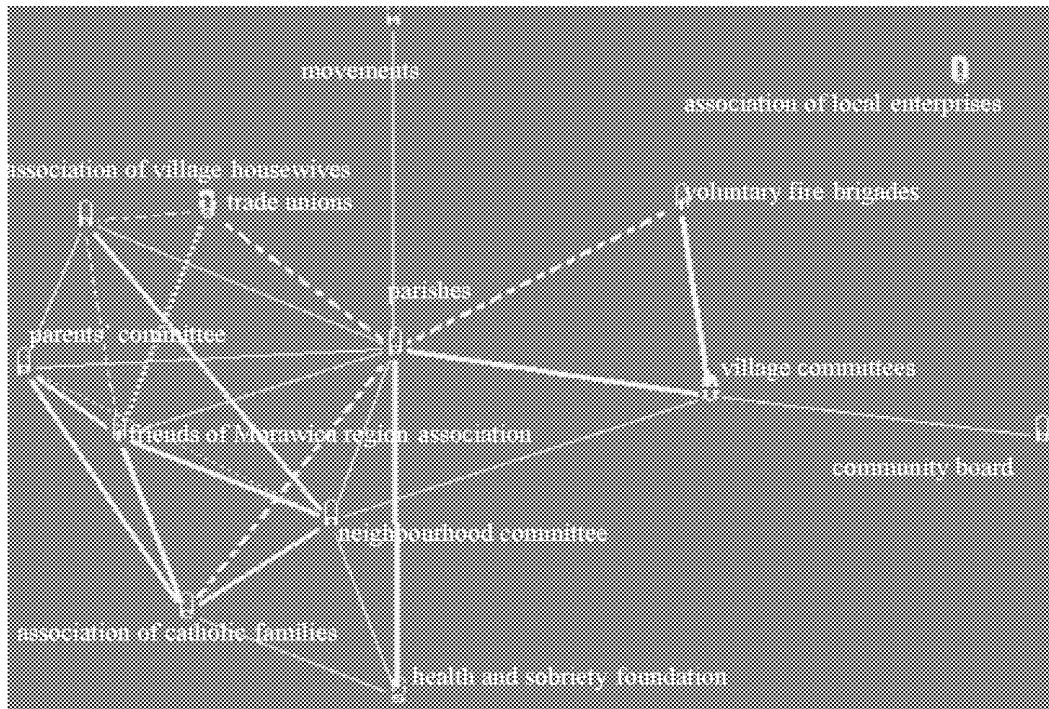


Figure 7: Social map of the Polish case.

The interest of the questionnaire is to estimate first the amount and quality/structure of social capital in the community and second shed light on how social capital is succeeded to use as a resource in local development. The respondents might be involved somehow in civil committees, but they might also have other connections to other co-operative arrangements or organisations that play an important role in producing organisational and social network capital in the area.²⁵ Social capital is a resource for cooperation, but also the product of successful cooperation. Therefore, the quality or structure of social capital must be known in order to benefit from it in service delivery.

A basic component of the study was to collect data from citizens in order to develop meaningful indicators for measuring the extent and influence of citizen participation as one measurement of social capital. The semi-structured interviews performed by two employees in the municipality allowed respondents to define the most significant activities themselves. The possibilities

for a return postcard survey seemed difficult to realise. The themes of the questionnaire were divided into two categories: organisational capital and social network capital. Each attribute in the model is indicated by the questions in the questionnaire. Measurements of social network capital are formed as follows:

- actor's innate skills; gender, age, living conditions (no means to affect)
- actor's learning; questions 15, 16 (internalised norms and values which led to actor's behaviour)
- actor's skills; questions 7, 24 (support and help, skills for collective action)
- actor's resources; questions 13, 14, 17 (feel of participation in Morawica), 19 (public service network)
- network interaction; questions 1, 2, 4, 5, 10, 11(forms of activity).

There are two major types of NGOs in Poland: foundations and associations. The Law on Associations is very liberal, freely permitting the establishment of associations, and since 1980, Poland has had a strong tradition of independent trade unions. (OECD 1999, 19.) However, the number of NGOs in Morawica is considerably small in comparison with other villages recorded in the Strategy Book of Morawica. These organisations are such as the Friends of Morawica Region Association, the Neighbourhood Committee, The Health and Sobriety Foundation, The Association of Local Enterprises, and The Association of Catholic Families, The Volunteer Fire Brigades, The Association of Village Housewives, and parents' and village committees.

Various forms of co-operation between the self-government and groups of citizens dominate the map of the studied public activities in Morawica. The self-government partners are the following: groups of inhabitants organised into committees, NGOs, professional environments (businessmen), and parishes. The co-operation between self-governments and several civic

partners mainly concerned cases of villages where the local infrastructure was to be built or improved. The production of social network capital and organisational capital occurs mainly through the action of these organisations.

The production of social network capital is mainly based on face-to-face primary relations between individuals, which are informal. Organisational capital is mainly based on impersonal rule bound relations, in which members may be other organisations. Social networks include few members, instead of organisational networks that have usually numerous members whose relations are directed and controlled by the legal system within which inequalities in vertical hierarchies exist. Social networks are coordinated by horizontal equality and their existence does not necessarily demand legal recognition. In social networks, the commitments of individuals disperse or diffuse but in networks that produce organisational capital, commitments are role-specific and under the fulltime consideration of officials. Fulltime officials rarely handle the commitments of social networks; however, the boundaries are not clear.

The Voluntary Fire Brigades provide a good example. They are units that usually consist of 10 to 40 people depending on the size of the village. They not only put out fires but they organise such things as parties and weddings on their premises. They also organise youth fire brigades. Fire fighters take part in all church festivities as well as other celebrations. Every year, they organise a show where they present their abilities and skills and where different units compete. The next example organisation picked out from the list in the questionnaire is the Association of Friends of Morawica Region, which includes about 42 people. The members of this organisation comprise some members of the Association of the Village Housewives and some individual artists from the Morawica Region. The Association of Friends of Morawica Region organises big outdoor shows and a harvest festival once a year, as well as the Dozynki (harvest fest) and the Chalupkowe Garncynki show. They organise many events that aim at bringing forth and maintaining the tradition and cultural heritage of the region. The artists forming the association participate in cultural events outside the region, which helps to build and promote the image of Morawica.

There is also the Association of Entrepreneurs, which includes the owners of the businesses or companies working or investing in the region. It has the legal status to go to court. It was set up to stimulate the economic development of the region and to develop or improve co-operation between the local self-government and entrepreneurs. This co-operation is mutual between the local-self-government and the entrepreneurs. Two aspects of this co-operation are mutual promotion and the association acting as a counselling body to the self-government. There are six scout teams and four younger scout groups involving 180 children and youth. Their headquarters are the primary schools in several villages. The scouts organise a variety of activities ranging from cleaning up the surroundings to collecting money for a friend to have surgery. According to the Strategy Book of Morawica, there is also a hunting club with about 30 members and a fishing club with about 40 members, but none of the respondents had connections to these above two organisations.

The Associations of Civil Society carry out a wide variety of public and quasi-public functions. Ultimately, it is hard to say whether the sports clubs are informal or formal practicing businesses, widely and partly, because of their voluntary work. Another character that separates social capital from organisational capital is the way resources are used in the production of goods and services.

Exchange in social networks is based on simple goods and services in which money or other resources are used in a limited scale. Money or other resources, such as the land or equipment normally involved in organisational network exchanges and production in these networks, are more complex services or goods than they are in social networks. Thus, organisational capital is a society's stock of organisations, which are formal, legally recognised by the state, rule bound, bureaucratic, and hierarchically coordinated. A formal organisation such as an association of hospitals can have individuals as its members. In some cases, formal organisations aggregate individuals and organisational units into very large and complex structures, with individuals belonging to a union branch where they have informal ties with fellow members and volunteer representatives. Branches are linked to district and regional organisations with full-time

officials, and the national organisation has a central headquarters that is distinct and often distant from individual branches.

In the Strategy Book of Morawica, the social activity of the inhabitants is seen as a very important factor supporting and directing the work of local self-government. It helps to complete investments quickly and effectively. It is recognised that a NGO has a huge human potential but does not use its full capacity. The authorities seem to expect that these organisations or associations do not limit themselves to the role of giving opinion or to the role conducting the work. There is also a lack of organisations to care for the problems of young people and adolescents; such organisations would stimulate those young people who, up until now, have encountered social problems.

5.4.2 Citizens' Participation in Decision-Making

The respondents are divided into three categories. The first category is formed from people who have no connections to any of the organisations mentioned in the questionnaire. The second group has one regular relationship to an organisation and the third group has two or more connections to different organisations in the living area. There were no cases with more than four connections to different organisations in the Morawica community.

Figure 1 (see appendixes) shows that 75 percent of those residents with two or more connections to organisations, which are active in their living area and which may support the everyday life of members, feel that they do quite often influence decision-making. On the other hand, the residents with no connections at all or only one connection to an organisation, which is mostly the parish, feel that they have only little influence or they feel that they are outsiders.

In the opinion of one civil servant, everyday life in villages is quite quiet nowadays. People usually have long working days; they do not have much time for anything else. There are few active parties in the villages. However, the village meetings appear to be important to the residents. *"They only need their village meetings. People would rather stay at home."* (Interview with a civil servant, 2000).

In the following analyses and tables, the connections of respondents are divided into two categories based the quality of the connections. The ‘weak ties’ category is formed from the answers ‘I am a supportive member, but hardly participate in the activities of the organisation’ and ‘I am a supportive member and participate in the events organised by the organisation, but I am not an active member of the organisation’. The ‘strong ties’ category is formed from the alternatives ‘I work for the organisation to some extent’ and from the subcategory ‘I work actively for the organisation and I usually participate in all of the meetings and events as well as the arrangements they require’. Figure 8, in which the respondents are divided into two categories according to their quality or activity in the organisations in which they are involved, shows that residents who are not only members of the organisation concerned but also work for the organisation a little or very actively feel that they can be involved more strongly in decision-making.

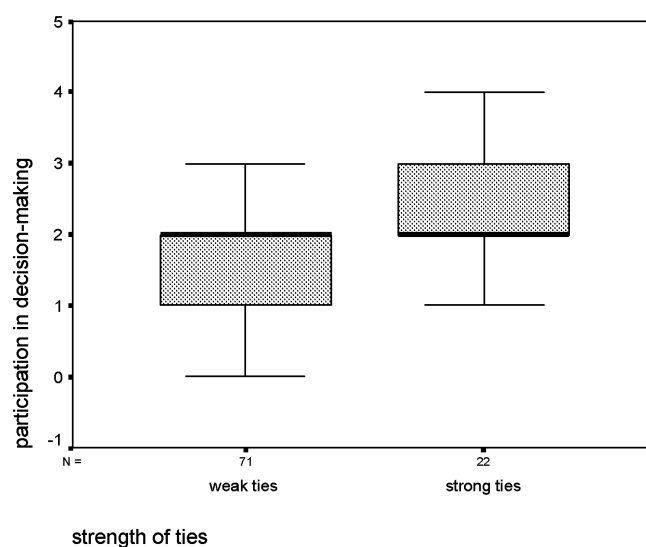


Figure 8: Participation in the decision-making process in the categories of activity.

It may be easy to understand the result concerning participation in a selected group formed by the Association of Village Housewives and the Friends of Morawica Region. The Strategy Book of Morawica reinforces this result of the study. The role of these associations is considered important in saving cultural

traditions in the area by creating a better image of the community. (Variable group1 is created from the variables Association of Village Housewife, Friends of Morawica Region and other co-operative groups).

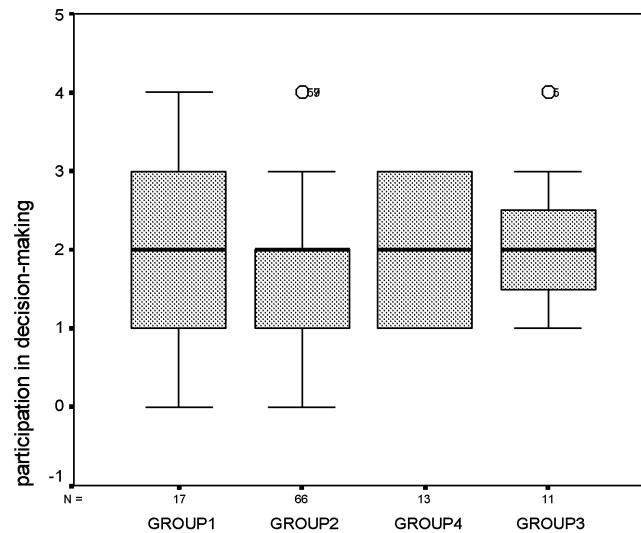


Figure 9: Participation in the decision-making in selected groups.

Group2 is created from the variables Neighbourhood Committee, Parents Committee, and Parishes. Group4 is created from the variables Association of Catholic Families and Health and Sobriety Foundation. Group3 is created from the variables Village Committees, Fire Brigades, and Council Committees.

An interesting point is that respondents with connections to a neighbourhood committee, a parents' committee or to a Parish have lower faith to their possibilities to influence decisions when compared with other selected groups. At the political level, the Catholic Church has had a significant role. It is an independent and powerful institution as a macro-level actor. However, the Church is important in individual life, but people do not feel that it is the channel to influence decision-making. Even if networks have a formal institutional identity, such as the Association of Catholic Families or the Health and Sobriety Foundation, they remain face-to-face groups in which their members know each other and their helpfulness is the most important reason for being in the action. Fifty percent of the respondents who have a relationship with the Association of Catholic Families or the Health and Sobriety Foundation feel that they can influence decision-making in the community somehow, which implies the

meaning of a social network for the creation of organisational capital.

According to the civil servant interview (October 1999), the co-operation with the church has progressed through some investment projects. *“This kind of relationship was not possible before. Actually it [the co-operation] did not exist because the authorities wanted nothing to do with the Church.”* Not only the structural changes but also the changes in attitudes affect the community governance context, the network structure, and the possibilities to use network management techniques. The authorities put much expectation on the development of co-operation with citizens. For example, the authorities would like to expand the role of the school board.

5.4.3 Actor’s Learning in Morawica Community

The authorities and representatives have recognised that they cannot change the municipality’s image by themselves, but they have to develop the skill of partnership, working not only with service providers and consumers but also with NGOs and business associations. Local authorities also emphasise the gmina’s image as ‘European looking’. Following the period of intensive infrastructure building, the self-government has concentrated on co-operation with the Morawica Business Association in order to attract investors.

The claim that devolution would lead to greater participation has not been widely tested empirically. The recent administrative reform in Poland has called for an increase in government responsiveness through the devolution of policy authority from the national to the local level. Proponents of policy devolution often argue that lower levels of governance foster greater citizen participation and influence (Effectiveness, Openness... 1998). Citizen participation has been the subject of extensive examination by social scientists. The most common emphasis has been voting. However, the experience of local democracy, whilst it does represent an opportunity for the involvement of all adults in the process of government, is not very important to most

people. Voting in local elections does not really mean very much to local people.

The residents in Morawica keep voting as the second best way to influence the decision-making in the community. People have learned that the most effective way to influence development in the living area is to participate in village meetings. The new democratic system of voting seems to be a worthy technique for getting support.

Table 1: Ways to influence the decision-making processes.

	Weak ties (%)	Strong ties (%)	Sum (%)
Taking part in village meetings	73	74	73
Voting in the representative system	60	52	58
Personal contacts with the authorities in the community	56	48	54
Writing to newspapers	8	23	11
Writing letters to the authorities or representatives	4	9	5

However, voting or the other ways detailed in Table 1 are not the only important forms of citizen participation. A growing importance addresses to citizen participation in real agency decision-making. Proponents of greater citizen participation have argued that it will lead to more accountable government services and increase citizen trust and confidence in public officials. Local government takes control of the decisions concerning the service delivery systems and ensures that they are made for each service in a specific way. Each of these different service relationships could be constructed around a specific contract and therefore, local government will recognise that there are different ways for the citizen or for the consumer. Thus, local government is creating the consumption experience of the public through very specific transactions that require openness and a trustworthy government.

According to Agranoff and McGuire (1998), project-based intergovernmental networks are similar but not identical to the policy-making network. The role of providing local utilities — water, sewer, gas, electricity, and telecommunications — in development projects is obvious. Linkages to provide this type of essential infrastructure lead to networking in order to expand or

attract new businesses. (Agranoff & McGuire 1998, 67—91.) What has been learnt from these efforts in Morawica must be a rule system that supports network-structuring processes in the entire community.

By encouraging the development of rules of reciprocity, civility, and mutual respect, the organisations creating an influence in the area have an important role. The social map of the Polish case is presented in Figure 7 according to the organisations listed in the questionnaire. The civil committee system is not included or described in the map because of its temporary and ad hoc character; however, it has been the most influential device to evolve the development of the area. Undoubtedly, civil committees have an essential role in encouraging the development of the trust between civil servants and citizens.

At least two consequences have followed from the institutionalisation of civil committee and social networks. First, the norms and rules created at the beginning of the civil committees help to reduce uncertainty and increase the ability and incentive for citizens and they help the authorities to seek co-operative solutions. Secondly, the development of civil committee rules stimulates the beginnings of a climate of confidence between citizens and community authorities and representatives, thus reducing uncertainty and encouraging longer-term co-operation in other forms such as village or entrepreneur meetings.

5.5 Producing Organisational Capital through Network Structuring

5.5.1 Trust in Institutions

A trustworthy state is constructed by social capital: organisational and social network capital. Organisational capital is a society's stock of organisations that are formal and legally recognised by the state and that are usually ruled, bureaucratic, and hierarchically coordinated. In a civic democracy, collective action is institutionalised and informal or social networks can be found supporting the activities of formal organisations. Usually, the social capital as informal social networks is positively integrated

with the large, impersonal institutions of civil society, such as churches or political parties, through the mechanism of trust. Then, social capital is a stock of networks that produce goods and services in a society. However, positive social capital exists only when it is produced through the trustworthy institutions in society. Then, trust in institutions, especially in transitional societies, is a big issue that needs to be developed.

According to Temmes (2000), the role of the state is crucial in order to increase trust in the CEE countries. He raises questions about politics, administration, and justice that all have links to civil society and emphasises that the breadth of state intervention is one of the most important elements of transition. When the reform movement in Western countries looks for new solutions from privatisation and a minimalist role of the state, these medicines do not necessarily guarantee the fast development of economies in circumstances in which state intervention is necessary in order to direct and regulate development. A crucial question is how to finance welfare. (Temmes 2000, 259.) Besides financing problems, other challenges especially on the operational level in communities must arise, because the local self-government system is only ten years old in Poland.

Measurements of organisational capital are as follows:

- network structure; questions 6, 8, 9, 12, 25 (influence of organisations in the area of Morawica), 25 (trustworthy state, trust in institutions in general)
- structural context; questions 18, 20, 21, 22, 23.

Table 2 shows the confidence of the people in the Rural Municipality of Morawica in specific institutions in Poland. Thirteen institutions or variables are loaded on each of the factors A, B, C, D and E, which are named as trust in media, trust in associations, trust in state, trust in community and trust in security.

Table 2: Rotated Component Matrix of Institutions. The mean of trust in each studied institution is addend into the Table.

	Factor A: Trust in media	Factor B: Trust in associations	Factor C: Trust in state	Factor D: Trust in community	Factor E: Trust in security	Mean	Std. Deviation
Radio	0.931					2.5	0.758
Press	0.922					2.5	0.783
Television	0.914					2.4	0.752
Trade unions		0.911				2.1	0.810
Farmers organisations		0.808				2.1	0.941
State government			0.930			1.6	0.632
Politicians			0.910			1.5	0.618
Parliament			0.387			1.7	0.681
Community civil servants				0.924		2.6	0.837
Local government				0.875		2.5	0.679
Army					0.519	2.6	0.761
Court					0.803	2.0	0.841
Police					0.726	2.3	0.929
Alfa-test	0.93	0.86	0.73	0.81	0.64		

There are variables that do not load any factor above. These variables gain the following values of trust: trust in foreign organisations = 1.6 (Std. Deviation 0.769), trust in private enterprises = 1.6 (Std. Deviation 0.776) and trust in the parish = 2.6 (Std. Deviation 1.021).

There are many signs of a lack of confidence in the state and its ability to provide security and services. The problem and reality in CEE countries is that the great majority of people are socialised into post-totalitarian and even totalitarian regimes. Post-totalitarian regime lacks the endowment of the trustworthy institutions of civil society and a state accustomed to govern by the role of law. As soon as we ask why people are willing to trust, we are led directly into discussions of the values they hold and the normative, cultural basis of the society in which they live. Trust is a difficult issue. As far as social capital is concerned, it is a relational concept. Thus, institutional design and the political opportunity structure are critical variables in social capital analysis.

However, non-communitarian social capital cannot automatically be transformed into trust in formal institutions. Communitarian social capital is seen as being built from horizontal networks of exchange relations, while non-communitarian social capital is the result of particularistic and vertical exchange relations of the kind we may find in the former socialist countries. For example, in the East-Central European societies people reveal a sometimes almost mysterious capacity for practical problem solving. Consequently, the kind of non-communitarian social capital fostered by the experience of state socialist institutions has features that are not in all respects entirely negative. (Aberg 2000, 295; Rose 1997.)

The deficiency of confidence is one reason for the demands of peoples to take to pieces the state, to divide it, and to replace it with a network of self-governing organisations including local government, social associations, and enterprises. The differences and reasons for the arguments concerning the “hollowed out state” in Western countries and the power of reducing the state in Transition countries should be remembered. The communities in both example countries face problems financing public services. However, the construction of confidence in the institutions that produce these services might vary between the differences in socio-economic circumstances.

The modernisation of the CEE countries system has been stressful. Actually, in the political system there have been no middle actors. Ordinary people do not feel that they can influence government, but also government cannot interfere with people’s lives. *“The Communist system left a double legacy: individuals are likely to have a high degree of trust in their immediate social network and a high degree of distrust in the formal institutions of the state”* (Rose & Mishler 1997, 84—111) that result seems to support a result of this study.

Therefore, different voices about the suitable governance model could be heard. From this point of view, for example Letowski emphasises that it is not obvious that self-government is an easier or more pleasant form of governance. Letowski says that it might be, in many respects, much more complex — a difficult and troublesome way to govern. The criticism is focussed on the problems that arise in local self-government and these are a new

source of conflict. (Letowski 1993, 5.) It turns attention to the problems of governance on operational and strategic levels by expanding the group of actors who are involved in decision-making in communities.

Political society may not emerge without corporate or institutional foundation. At least, it is needed constructive relationships between authorities, politicians, and citizens. However, sometimes promising cooperation between local government and active or close civic partners can transform into an open conflict that challenges local governance. The most interesting issues are then who are the closest partners, who resolve conflict if they appear, and finally where does power lie.

In terms of the system of the civil committees, there was resistance when the local government introduced the committee system. Nevertheless, quite soon it was taken as one development technique when people noticed how fast they got improvements in their living conditions. However, in all cooperative arrangements one important element is the expectations of the partners about cooperation. Powell's (1996) observation that trust is the resource for dealing with the future supports the cooperative development in the Polish case. As in the case with all resources, trust may also be spent. Services are expected to answer by services. The supply of trust increases, rather than decreases, with use. Trust can also run down if not used. (Powell 1996, 52.)

Thus, the hypothesis presented in Chapter 3.1.3 can be refined as follows: the participation of citizens in the civil committees increases the organisational capital in the local area of Morawica. Increased organisational capital supports building trust between citizens and the local government. It must be noticed that trust is also very sensitive measurement. The more and better services citizens received the more expectations they have. In the case of Morawica, the role of the municipal manager seems to be crucial. The municipal council in Morawica elects the municipal manager (vojt) directly. The social network of the vojt is dense. He is a member of the Regional Government body, the voivodship. He is also a member of two commissions: the Body Council of Agriculture and the Strategic Development for the Region. He is the chairperson of the Social Council for Basic Health Care, a

member of the hospital council, which belongs to voivodship, and a member of the body that hires people for specific posts.

There is a list of the top ten voivodships in Poland. The conditions and development in voivodships is talked about in special programme on television on Sunday mornings, in which the vojt of Morawica is involved. All these relationships and the connections to different organisations and the media might explain the reason for the high status of the vojt among the citizens in Morawica. In addition, the companies in the municipal area are offered free advertising space in newspapers and they are encouraged to co-operate with the municipality through informal and open meetings with the local self-government.

However, trust in the state government, politicians, and parliament is quite low as Figure 10 shows.

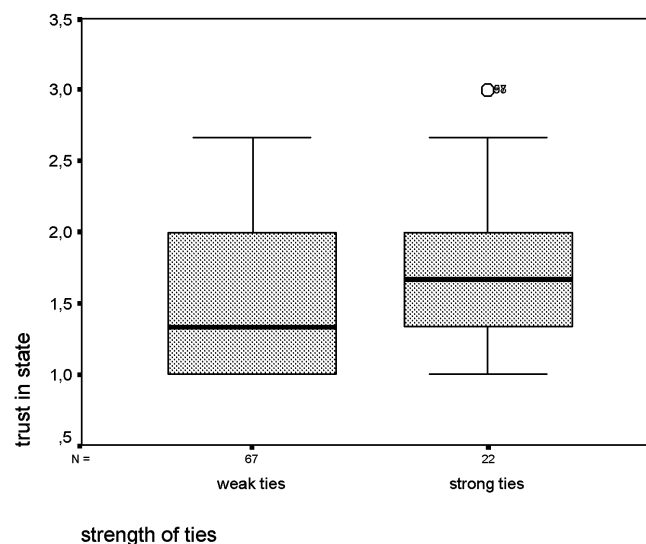


Figure 10: Trust in the state government, politicians, and parliament by category of activity.

Trust in the state government, politicians, and parliament (factor C) is lower among people with weak ties to the organisations or associations in their community than it is among people with strong ties to those organisations. Trust is also lower if there are fewer connections to these organisations. In Figure 2 (appendix 1), the quantity of the connections is counted. The Figures show that people who have weak ties or fewer connections to the organisations mentioned on the list in the questionnaire also have

less confidence in the state government, politicians, and parliament in Poland.

Trust in army, police, and court follows the same trend. However, these institutions are more trustworthy than the state government, politicians, and parliament enjoy. To quote again another research, which helps to interpret the results of this study, according to Ruscio (1996) for example, trust is a subcategory of risk. It requires a prediction about the actions of someone else. It depends upon the particular circumstances and the information one has about the other individual or institutions. Coleman also sees trust in terms of power because trust gives one the freedom to act. One seeking to maximize power, discretion, and flexibility therefore has an incentive to maximize trust. (Ruscio 1996, 464.) Just in case of offences in the cooperation the security system must be count on to seek safety. Again, the respondents with strong ties to the organisations or associations in their community trust in the function of the army, police, and court more than people with weak ties to those organisations do.

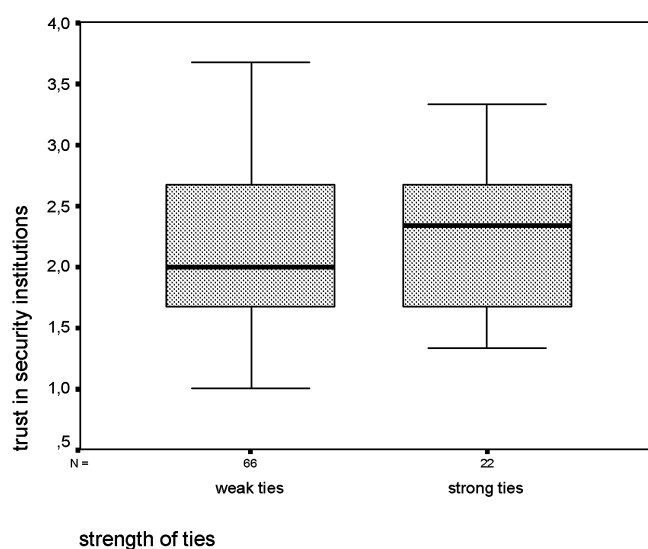


Figure 11: Trust in the security system (Factor E) in the categories of activity.

Until 1989, the dominating perception of the public service was based on classical public administration principles. Government administration employees were fully responsive and loyal to the political regime and faithfully carried out the political communist programme. The system can be accused of being bureaucratic,

ineffective, and unresponsive to the needs of the public. Torres-Bartyzel, Kacprowicz and Krajewski (1999) reached the conclusion that the Communist Party had its own administration and all public policy decisions were taken and sometimes even implemented by the party. At the beginning of the transition, the new political forces wanted to create a professional and responsible civil service. In fact, for the first years after the start of the democratisation process, which must take into consideration in the tempo of the health care, education, and the system of pension benefits, some political forces did not trust the employees inherited from the previous regime (Torres-Bartyzel & Kacprowicz & Krajewski 1999, 168).

The Civil Service Act came into force on 1 July 1999. The required qualifications defined by the Civil Service Act has changed the qualifications of employees but as usual, changes in institutional positions or roles, in competencies or resources, in working habits or instruments and eventually in local self-government structures and processes are not very fast. There are many other obstacles in the reform process, such as low salaries in the civil services. Public offices are accused, according to the questionnaire, of the low efficiency of institutions, queues at offices, bad service in some health care offices, and the unfriendly attitudes of service personnel in offices. Overall, the relationship between the state and civil society has started to regulate and build forms and rules for co-operation.

Morgan (1996, 227) characterises the relationship between state and society by using two parameters: the level of institutionalisation of the state and the public attitude towards the state. In this four-quadrant field, Poland is situated in quadrant III, which is described as the positivist field, although Poland does not fit precisely into the picture. Given the importance that the system awards to laws, regulations, and rules, the outcomes are sometimes sacrificed to process. The elite technocratic civil service is still in the process of being developed. The public service is small and technically competent, but it does not enjoy high prestige. Recruitment to the civil service is broadly open, which is understandable since Polish society is egalitarian. The reward system and compensation is highly rationalised but within the civil service, there is almost no place for other allowances. The

Civil Service Act of 1996 was a substantial improvement over the 1982 law. (Torres-Bartyzel & Kacprowicz & Krajewski 1999, 178.)

5.5.2 Trust at the Local Level

Overall, it will take time for the qualifications of civil servants to achieve the requirements of the 1999 Civil Service Act. The expectations are strongly turned to the local governments. The higher confidence in the local self-government and community civil servants compared with the confidence in the state government, parliament, and politicians in general must say something about the change that is gradually taking place in people's minds. At the least, citizens with weak or strong ties to the organisations and associations in the Rural Municipality of Morawica feel that the representative system and authorities in the local level are more trustworthy when compared with the state government, parliament, and politicians. Fifty percent of the respondents with two or more connections to any of the organisations operating in the living area say that they trust in the community system quite a lot or partly.

Confidence in the community civil servants and the local government (factor D) is higher than confidence in the state government, politicians, and parliament in both weak and strong tie groups. The result is parallel if only the numbers of connections are counted. The more connections the respondents have to the local organisations the more reliable the community system is thought to be.

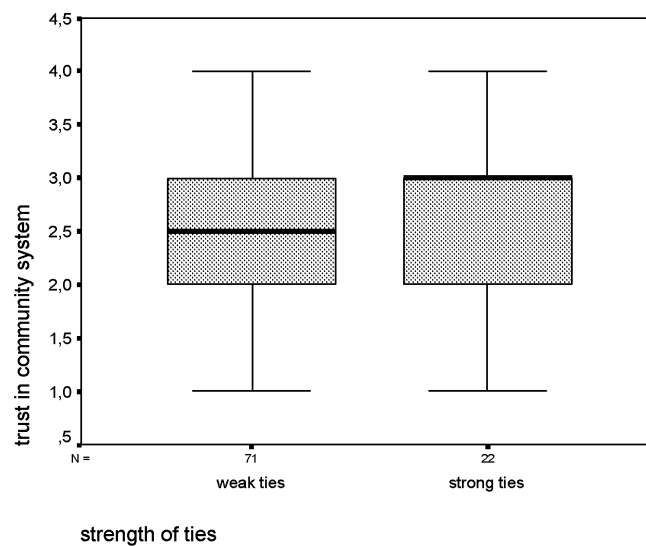


Figure 12: Trust in the community system in the categories of activity.

Foley and Edwards (1998) argued that a high level of trust in local government necessarily reflects a high level of social capital while a high level of interpersonal trust is not to be automatically equated with trust in government. This result seems to hold true in the Polish case. It seems that a high level of trust in local government do mean a high level of social capital if social capital is defined as activity (strong ties) in local organisations and associations. If only the connections to the organisations and associations are counted, the interpretation is parallel. However, the fewer connections there are, the less trustworthy the civil servants and local government seems to be (compare this with the social map or interactivity of organisations). Nevertheless, it could be said that a high level of trust in local government reflects quite high level of social capital if it is defined as strong connections of people to some local organisation. In addition, a high level of trust in local government reflects quite high level of social capital if it is defined as networks and cooperative arrangements between local government and citizens (civil committee system). Overall, the result implicates importance of supporting a development of civil society.

Organisational design and structural arrangements have led to advantages in Morawica through organised patterns of socially constructed norms and roles that obviously have effects on organisational and social network capital. In addition to the civil

committees, other co-operative arrangements have started such as the village meetings. In these meetings, the municipal manager together with the representatives from each village and the chairperson of the council discuss what is going on in each village, what steps have been taken in the right direction and what has yet to be done. Representatives from villages form the body and negotiate with the local authorities about the needs of the villages and for what purposes they require financing. If it seems that the negotiation process makes progress, villagers try to get a promise from the municipal manager and the chairperson of the council that they will react to peoples' demands later. If people from those villages organise for specific purposes, it is easier to get financing for the purposes they want to promote.

As it is expected, trust in media (radio, television, press) is quite high. As far as trust in the local government and civil servants concern, the result of trust in media is quite similar.

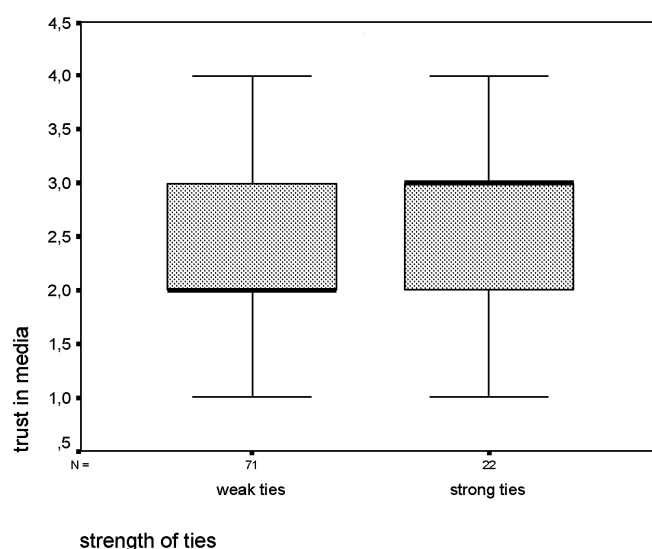


Figure 13: Trust in media in the categories of activity.

Before the reforms, there were some social groups or committees, but their work was not successful because they were forced to negotiate with the state government authorities. If they did not know anybody from the central government, it was quite hard to get support for the ideas of municipalities. Decentralisation has nowadays caused people to feel more involved in the processes of decision-making and implementation. The second example shows an importance of the citizens' commitment linked to the

administration reforms and favourable timing. In one village, people became organised because they did not have a water system. After becoming organised, it took only three months to get a water system. Ninety percent of the costs were covered by the municipal budget. Ten percent was collected from the residents.

The municipal council consists of 22 representatives and there are six members on the municipal executive board. When compared with other gminas, the administrative costs in the municipality of Morawica have been about 10 percent lower. The reason for this, according to one civil servant, is that people are more willing to develop their work themselves. However, the situation must be changed in the near future because the employees feel that they are currently overworked. At the beginning of the gmina, they did not hire new employees. However, tasks and duties have increased which, according to the employees, means they now work more effectively. *“What has to be done has to be done”* is the motto of the civil servants. The neighbouring municipality has double the administrative expenditure of Morawica. The civil servants have reached the conclusion that their costs are lower because nowadays everybody knows what to do. Instead, nobody in the other municipality is responsible for specific tasks. One reason must be that *“Most of the people in the council have quite a high education”* (Interview with a civil servant, 1999).

Another reason that might indicate confidence in authorities in Morawica is the successful organisational design of the municipality. The employees have internalised what they have to do. They emphasise the democratic system at their work. *“The Vojt is forced and he is willing to discuss with employees and citizens before decision-making in the [municipal executive] board”* (Interview with a civil servant, 1999). The fluent relationship is emphasised in the Strategy Book of the municipality, which states the meaning of social network capital in strengthening the formation of institutions in the community. The Strategy Book ascertained the strength of the local government and its ability to co-operate with different actors.

Peoples' trust in trade unions and farmers' organisations are lower than trust in the state government, politicians, and

parliament but lower than trust in the local government and civil servants. The result might indicate the old regime, which has not been very popular nowadays.

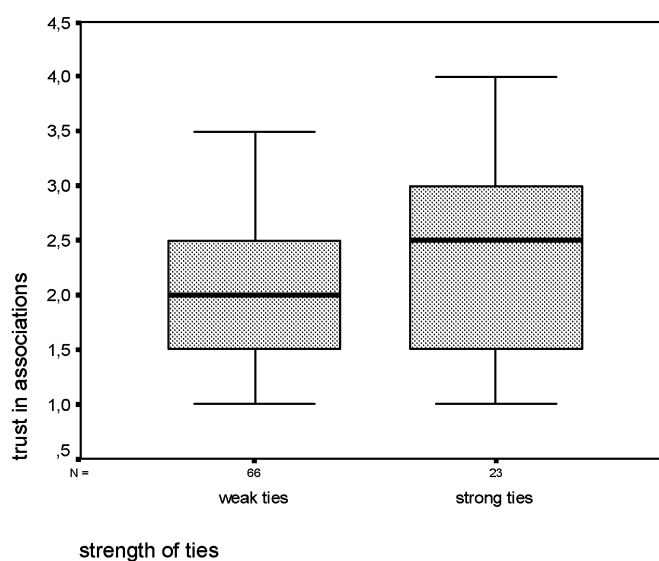


Figure 14: Trust in the associations (Factor B) in the categories of activity.

5.5.3 Summary of Trust Building in Morawica

In summary, in the Polish case, the higher level of social capital measured by the active participation in organisations at the local level (including the representative system) have been associated with the higher level of confidence both in the state institutions and the local government.

Organisations, which are included into the study, are listed in the questionnaire form: Friends of Morawica Region Association, the Health and Sobriety Foundation, Neighbourhood committee, the association of Local Enterprises, the association of Catholic Families, the Volunteer Fire Brigades, the Association of Village Housewives, Parents' committee, Village boards, Some movements, Parishes, Some groups (trade unions etc.), Committee of the Council and, Community Board.

5.5.4 Accountability to the Community

The importance of reconstructing civil society in the CEE countries has been emphasised from different point of view such as political, economical, and administrative reasons. Independent associations and other institutions of civil society are replacing communist regime structures.

The political environment has changed in municipalities because nowadays there are more parties than just Solidarity. However, *“people in villages do not care much about politics because they do not really believe in the possibilities to change things. But this situation has been changing a little bit. Now people have seen that their interests are taken into consideration. Young people think that they really have influence in the decision-making process, but the elder people think that they do not have enough influence,”* (Interview with a civil servant 1999). One reason is that for young people it is easier to get to the gmina building but, on the other hand, the older people complain that it is too difficult for them to psychically get there.

This learned behaviour shows how important it is to see the vojt face to face, which finally gives the impression that they can create an influence. The representative system must have a ‘face’ before the feeling of participation is achieved. Older people feel that they are far from the local-government, without personal contacts. *“Some people think that when they talk to councillors; they do not influence the decision-making process; it must be the vojt.”* (Interview with a civil servant 1999.)

Community work and accountability relations is said to be about confidence building for the individual within the group and from the group to the individual. However, the theories of civil society emphasise a distinction between the state and society, implying that there may be different levels of trust for state and non-state institutions. Confidence or distrust and feelings about to whom one is accountable in the institutions of CEE countries is still likely to reflect socialisation into the social structure, an individual’s evaluation of the old regime, their current performance, their economic conditions, and the differences in national cultures. (Rose & Mishler 1997, 84—111.)

What was happening in Poland in the late 1970s was that political society emerged without any institutional underpinning. The Catholic Church has had an independent and powerful role in Polish society. However, the creation of the Solidarity trade union movement gave impetus to the process of developing a civil society despite state influence. In Poland, civil society was more a wish than a reality until the explosive growth of the Solidarity movement between 1980 and 1981. After 1981, events in Poland fostered the claims of social autonomy. (Pelczynski 1988, 363; Edwards & Foley 1998, 124—140.) Constitutional order and the democratic state had emerged anew in the 1970s in critique of the totalitarian state in Poland and elsewhere in Eastern Europe.

In Poland in the 1970s, some authors such as Adam Michnik (1999, 244 and 1994) and Jacek Kuron (1999, 198 and 1990, 72—74) took up the notion of civil society as part of an effort to develop a third way between reforms of the communist system. The emphasis was particularly that the society against the state, the Polish nation against the Communist State. In practice, the rhetoric of solidarity against the state led inevitably to demobilisation and discouragement, as the factions of Solidarity fought first over the character of the state with communist authorities then over the shape and control of the new order. (Pelczynski 1988, 362; Foley & Edwards 1998, 5.)

Later, an important *primus-motor* has arisen in the reform rhetoric over the role of civil society. According to the report written by a professional group, local governments are able to entrust public functions to non-profit organisations. An important element in the construction of civil society is politically elected bodies at the regional level. The members of the regional governments (voivodship *Sejmiki*) constituted through elections are responsible for creating and implementing regional development strategies that reflect the shared goals of the regional community. (Effectiveness, Openness... 1998.) The idea of civil society thus embodies for many an ethical ideal of the social order and at least harmonises the conflicting demands of individual interest and social good. More generally, social initiatives depend crucially on a context set jointly by state, market and civil society, and the logic of organisation in such initiatives. (Foley & Edwards 1998, 5—17.)

By contrast, civil society in the USA in the 1980s was largely shorn of interest groups, social movements, or other advocacy organisations that occupied the new rhetoric that emphasised the work of the third sector, the voluntary sector, or non-profit sector actors. This approach defends the vision of a third sector against the state and the market that is characterised primarily by private, non-profit voluntary organisations. Such researchers tend also to be defenders of the public-private partnership. Although the emphasis in this school of thought is largely on non-profit organisations as service providers, proponents have adopted versions of the argument that those civil society organisations somehow strengthen democracy and provide an important complement to the market. (Foley & Edwards 1998, 5—17.)

To sum up, spokespersons for civil society are looking for appropriate mechanisms that might represent alternative ways of accomplishing collective goods for democracy performance. As the Polish case shows, there are different reasons to trust or distrust in the state institutions. However, the purpose of civil society is not any more to give initiatives against the state in order to strengthen citizen's position in the society.

On the other hand, municipalities try to build relationships both to the state organisations and citizens' associations. Local authorities expect that social capital in communities could be recognised as valuable resource. In particular, the authorities seem to be very interested in how social capital may benefit implementation processes. Citizens' contribution is seen important not necessarily in a service production but in providing the services. Local government actors as a network manager may thus build arenas where collective choices are made what to provide, how to finance the services and what quality and quantity standards may apply to the services. The building projects of infrastructure show that citizens' trust in local authorities is increasing that gives reason to expect that also accountability to the community will become stronger.

6 NETWORK MANAGEMENT OF MORAWICA GMINA

6.1 Evidence on the Success of the Gmina

Has decentralisation really taken place through the civil committees? What exactly has been decentralised? The Polish local government has pursued similar reforms as in other countries by following NPM principles, including the state as a facilitator of municipalities. The Polish state government in order to conduct the reform process create the principle of subsidiary: devolution and decentralisation of government power to bring it closer to the people and enhance the ability of the private sector to perform well (see also Kettl 2000, 61).

The main problem that the Polish society must face in the reform process is that state institutions have not enjoyed trust of people because of previous totalitarian regime. Therefore, citizens were willing to use social capital in cooperative networks against the state (Rose & Mishler 1997, 84—111). It also must note that, for example, the human resource management system of the Polish administration is still moving towards the development of a new civil service system and away from the old system that is not very trustworthy in citizens' mind (Torres-Bartyzel et al. 1999, 175). However, the experience from Morawica gives evidence about positive development. It seems that activity in social networks at the local level improve citizens' trust in the state although it might still be quite low.

Overall, it may be too early to evaluate the impacts of Polish administrative reforms. Much of the debate about what constitutes NPM has taken place within western countries and there is some doubt about whether such perspectives are applicable within the context of CEE countries. However, the local self-government and NPM practices in Eastern Europe still have a long way to go before they represent values, which are satisfied by both citizens and authorities. However, these countries may gain advantages from the experiences given by the western countries. Another point is whether it is appropriate to talk about a universal model of NPM or network management at all.

The study shows that the civil committees in the Polish municipality have increased the possibilities of the citizens to

participate in a decision-making. However, it is hard to measure the degree by which these committees have increased the activity of citizens to react and demand better services. One indication is satisfaction with the outcome of local governance networks. At least, the involvement in civil committees has increased the knowledge of municipal plans and has activated the citizens' contacts with the authorities. In addition, network management has occurred by developing not only collective opportunities and co-arrangements but also by creating the rules of cooperation as well as rules for processes in ad hoc networks.

In the Polish case, the traditional public administration theory is still relevant and it may be profitable to adapt some parts of this tradition and try to avoid its dysfunctions. Adapting NPM applications in some degree also might be beneficial. Salminen and Temmes (2000, 57) address the need for creating and developing convincing and neutral state bureaucracy at first in order to guarantee managerial reforms. In fact, the question about the need of NPM applications follows every attempt to improve public administration and public services. Nowadays, Polish reform policy emphasises the strengthening of civil society and the simultaneous participation of citizens.

6.2 Impacts of the Network Management by the Gmina

In the Polish case, the effectiveness of networking managed by the gmina administration can be evaluated by the (un)satisfied relationships between citizens and the co-operative arrangements conducted by the gmina. The most critical aspect in the development of citizen participation in cooperative arrangements seems to be the gmina's increasing control over citizens.

Usually hierarchical control does not exist in a network. However, in local governance hierarchical control might be strong in networks conducted by public organisation. The hierarchical control has effects indirectly through the changing context. For instance, the institutional changes in local networks that might be caused by the changes at the state or regional level, or even in municipal policy, might cause the need for restructuring of community networks (Klijn & Teisman 1999, 110).

A change in the municipal budgeting system is one example. However, of course from the point of process management, a gmina must create organisational requirements to achieve effectively the aims of the investments. At the same time, the gmina has to take into account the negative impact of the arrangements on actors with conflicting interests. Therefore, an arrangement of network structuring is the art of linking interdependent actors in such a way that the costs of the arrangement are predetermined and do not cause high transaction costs.

There are forms of self-regulation within existing networks that are based, among other things, on the knowledge of local circumstances and shared rules and perceptions. Attempts to alter arrangements or to introduce new ones may result in the destruction of social capital. In Morawica, social capital is strongly connected into the development of infrastructure in the municipality. Actually, the citizens' confidence in the local self-government and authorities enables the creation of civil committee networks in order to change relations, resources, and rules throughout the entire municipality. This technique of local governance can also imply changing the existing values, norms and perceptions of citizens as happened in one village. A few years ago, the village refused to establish a committee but later on, it changed its perceptions when people saw the advantages in other villages.

By directing network processes, the manager can attempt to steer the value and interest definitions of a target group in a desired direction. The purpose of the network management is not to ensure that all actors have the same perceptions, which would anyway doom it to failure. Usually actors can co-operate without shared perceptions or consensus on common goals, although it might increase transaction costs and network structuring would lose its meaning. For this reason, attempts to manage perceptions in networks are not aimed at the creation of consensus, but it does aim at the minimum of agreement that would allow joint action.

It is obvious that one context requires different instruments as another. Actors are used to working with particular instruments and possess the relevant knowledge and expertise to use them. In addition to this, network management techniques depend on the amount and quality of organisational and social network capital.

How do the local authorities, representatives, and citizens describe the change in local networks? Do networks facilitate new means of dealing with political problems, bureaucratic obstacles, or resource deficiencies? When network management was described as an intermediary between the micro and macro? The relevant question for the public management was raised from the point of flexibility. The managerial techniques in organisations must support local governance by network structuring. The key question is, thus, how do such network efforts create flexibility that would not otherwise occur when government managers work alone in hierarchies? The answer to this question depends on at least the form or character of a network. In resource-exchange networks, as is the situation in the civil committees, the success of public management is closely connected with the success of network management. The point is that network management changes the network structuring which fits to every organisation's managerial behaviour.

As far as the management of perceptions is concerned, it means that network management strategies can address to both the cognitive and the social dimensions of interaction (Termeer & Koppenjan 1999). Strategies aimed at the cognitive dimensions of interaction try to influence perceptions directly, for instance by introducing new information about a problem. These strategies facilitate a process of reflection. Strategies aimed at the social dimension of interaction may involve the introduction of a new actor in the policy process that indirectly influences perceptions. Three indirect strategies to manage perceptions are identified: the development of new procedures, preventing the exclusion of parties, and the introduction of new actors. (Termeer & Koppenjan 1999, 88—89.)

In Morawica, the development of new procedures and the involvement of new parties or financiers can be identified as indirect strategies to manage the perceptions of citizens. New information about problems is introduced to residents in village meetings in which the municipal manager, the chairperson of the local government council, and the villagers participate. At these meetings, the most important direct strategy is to proceed to a common language between citizens, authorities, and representa-

tives, introducing new ideas to citizens and listen to them in order to gain new ideas that stimulate reflection.

Political society may not emerge without institutional underpinning; it at least needs constructive relationships between community authorities, politicians, and citizens. However, promising co-operation between local government and active civic partners can sometimes transform into an open conflict that challenges strategic local governance and network management. In order to build co-operation, Morawica has encouraged residents to participate in decision-making through civil committees. There was resistance when the civil committee system was introduced but quite soon, it was adopted as one technique of development. The important question is which factors are favourable and which restrain the transformation of successful public actions into a process of increasing the level of the local civic activity.

7 THE FINNISH CASE

7.1 Reform Process in the Finnish Case

First, a brief introduction of the Finnish local government system and the organisational structure of the rural municipality of Rovaniemi will be given. The Finnish model of local government follows the Scandinavian model. Local governments are relatively strong in resources, they are party politicised and they have a well-educated staff of bureaucrats preparing policies and implementing services. The administration of municipalities is part of public administration and the management of the municipalities is based on the principle of the self-government of the citizens. Efforts to strengthen local self-government mean greater citizen involvement such as in establishing neighbourhood councils, user boards of directors, and special user-run grant schemes. Councils encourage more contact with citizens in regular meetings and recruit new types of citizens, thus helping to create a more active citizenry, particularly in the rural areas (Bogason 1998, 350).

The basic regulations of municipal administration are written in the Local Government Act. There has to be a local council, a local executive board, a municipal manager, and a board of supervision and audit supervisors in each municipality. The local council is the highest administrative organ in the municipality and exercises decision-making power. According to the municipal Act, the council is responsible for municipal functions and economy. The number of councillors is proportional to the number of residents²⁶.

Local council elects the local executive board and its chairperson. The executive board manages the municipality and economy in accordance with the decisions made by the local council. There can be various boards in municipalities helping the local executive. According to the Local Government Act, the boards, or municipal committees, are optional with the exception of the Surveillance Board. The Rural Municipality of Rovaniemi has four boards: management, and social and health care, cultural, and technical — each with their specific committees. The Area Committee of Yläkemijoki is one specific committee in the Rural

Municipality of Rovaniemi with autonomous decision-making status and its own budget. For these reasons, it differs from any of the other optional committees in Finland and creates an interesting laboratory for the study of decentralisation. The committee was established in 1993 and it has been part of the citizen's participation project supported by the Ministry of Interior since 1998.

The Rural Municipality of Rovaniemi set up an Area Committee for the nine villages (Tennilä, Viirinkylä, Vanttauskoski, Vanttausjärvi, Pekkala, Juotasniemi, Pirttikoski, Autti, Pajulampi) located in the upper-riverside of the Kemijoki to share information and work towards the common goals of strengthening neighbourhoods and stimulating economic and job opportunities for residents.

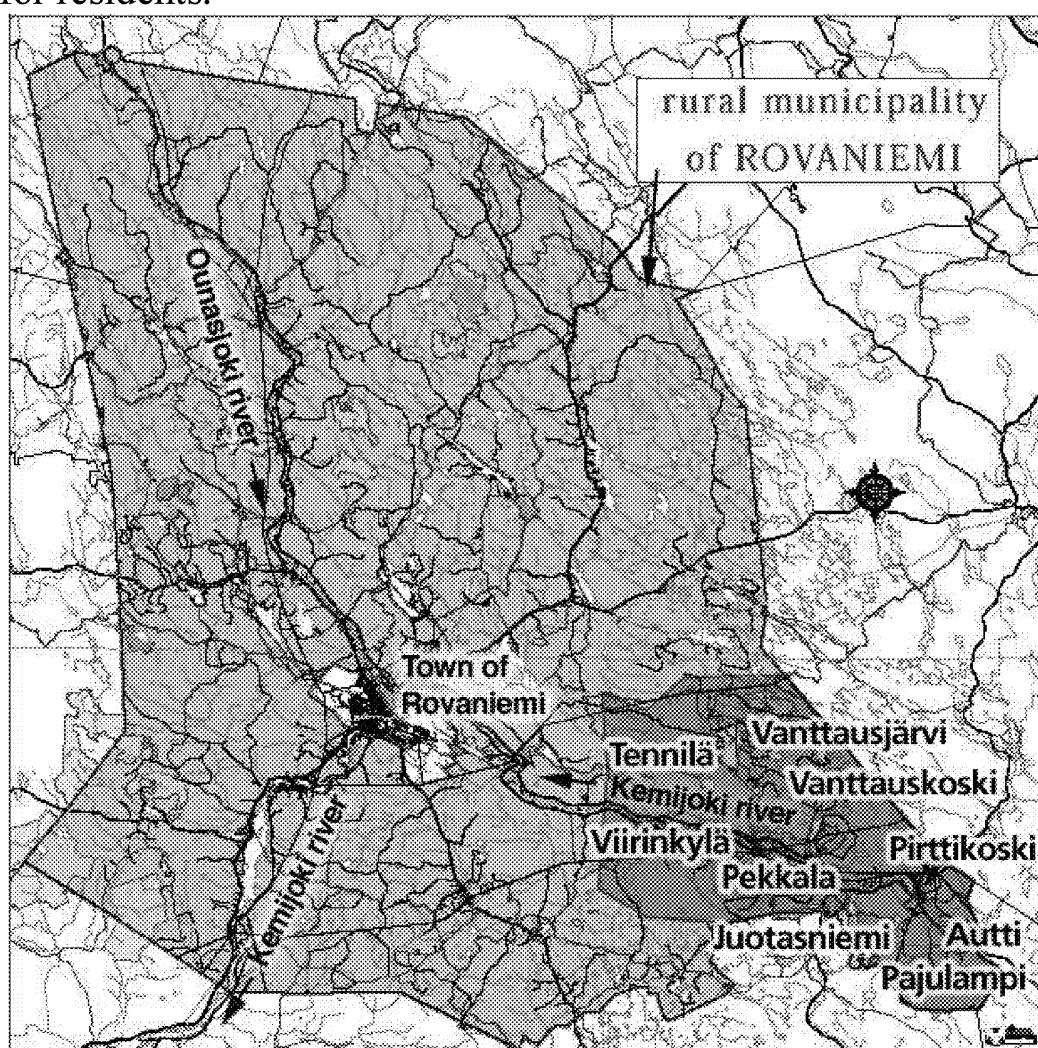


Figure 15: Map of the Rural Municipality of Rovaniemi and the area of Yläkemijoki.

There are 1,435 inhabitants in this area, which is 8.2 percent from the entire population in the municipality; the distance between the farthest villages is about 71 kilometres. The main problem in the area has been the migration of the population of working age. One reason for the migration has been the high level of unemployment, which has been about 19 percent; in some parts of the Yläkemijoki area, the rate of unemployment has been over 26 percent.

When the Area Committee was established in 1993, local stakeholders were interested in the possibilities of improving quality and decreasing costs in the production of the services by decentralising decision-making for the service production of the area. The primary questions were: how to choose suitable services for decentralisation, how the relationship between the local authority administration and the Committee administration was to operate, how the professionals who work for the local authority administration are involved in the implementation of the decisions by the Committee, and who will implement the decisions of the Committee if there are no specific professionals in the area. The municipal council was also eager to see if it was possible to produce increased customer-oriented services by co-operating with NGOs, such as associations and clubs, and private businesses. The aim was that the Committee would coordinate the co-operation and collect the ideas and experiences in order to find new ways to produce services. (Action Plan for the Municipality 1993—1997.)

Briefly, the decentralisation reform in the Rural Municipality of Rovaniemi has progressed in the form of the Yläkemijoki Area Committee.

7.2 Empowering Community

7.2.1 Distinguishing Local Government and Community Administration

The new Local Government Act of 1995 increased the freedom of municipalities, which were given a free hand to negotiate new organisational forms. However, in no other part of Finland has the

decentralisation process gone so “deep” as in the Yläkemijoki area. According to the Local Government Act (paragraph 2), a municipality is able to set up administrations for the component areas of a local authority. Thus, the work of the Committee is seen as an important information centre that collects and rearranges information and spreads it back into the community. The meaning of the Committee can be understood by defining its functions, which can be described by its first priority — to support the action of the nine villages by developing the entire area. At this point, the bases for the meaning of the Committee are created from the perspective of the citizens.

The local government council of the Rural Municipality of Rovaniemi specified municipal objectives in the operating and economic plan. The operating plan is divided into 6 groups: the well-being of youth, the service needs for the ageing population, basic services, successful entrepreneurship, capable personnel that can respond service needs, and co-operation between municipalities (Minutes of the rural municipality of Rovaniemi, 19.6.2000).

The Area Committee of Yläkemijoki aims at developing and producing citizen-oriented services by using the available financial resources efficiently and by taking into consideration resident’s needs. This also involves encouraging the participation of citizens in decision-making and service production. The general objectives of the Committee were defined as follows:

- to develop services in a way that guarantees the possibility of local residents continuous to live in the area;
- to create new job opportunities for local residents and businesses; and
- to build public support for the function of the village committees, particularly their relationships with local authorities (Strategy Book of the Municipality).

These general objectives give rise to the foundation for the four working groups that help the Committee to plan tasks that are

more specific in education, youth activities and services for the elderly, as well as industrial development. Through the working groups, it has been tried to ensure the delivery of new ideas into decision-making. In system of local self-government and community governance, this situation usually means changes in relationships in the hierarchical system. In the Yläkemijoki area, there are tasks for which the local government council or executive boards are still responsible; for example, the Committee is not able to make decisions concerning investments in the area. However, what the difference is between investments and repairing or maintenance is not clear and demands discussion about the role between the Area Committee and the local authority administration.

Therefore, the focus, orientation, and techniques of the Rural Municipality of Rovaniemi are modified into the frame mainly from the Strategy Book of the Municipality. The modification of community governance is mainly based on interviews with the committee members, and observation of the committee work and documents. Figure 16 summarises the community governance technique, network management, for Yläkemijoki.

	Focus	Orientation	Technique
Local government in the rural municipality of Rovaniemi	Three main objectives: Municipality economic balance, good quality services for community members and participation, entrepreneurial progress (from the operating and economic plan)	Unilateral interventions by single agencies	Dependence on hierarchical / bureaucratic or (quasi) market mechanisms
Community governance in Yläkemijoki	To develop services in such a way that guarantees the possibilities to live in the area To create new job opportunities for local residents and businesses To build up public support for the role of the committees of the villages (9) in the administrative system, with special focus on local authorities	To develop business, employment and public service structures and to arrange services (2 §) by the committee of yläkemijoki To coordinate and create networks of the working groups To develop the participation of citizens (Local Government Act 27 §)	Co-operation between the committee of Yläkemijoki, working groups, different committees of villages, entrepreneurs, citizens and other communities = Network management (organisations listed on the questionnaire form and their relationship to local self-government)

Figure 16: Distinguishing local government administration and community administration of Yläkemijoki area.

It is assumed that all actors are involved somehow in the networks that are expected to support the general objectives of the Area Committee. The actors in the Yläkemijoki network are the people who live in the area as well as all people who are connected with the activities of the area.

7.2.2 Status of Community Government

The Area Committee was established in order to increase local responsibility. One reason for establishing the Committee

particularly for these villages was that each village had an active village committee and a strong culture of a co-operation between citizens in each village, but nevertheless, a competitive tradition between the villages. Therefore, the Area Committee of the Yläkemijoki network has gradually become the knot for the other networks between the villages, village committees, and the inhabitants in the area. Nine representatives are appointed to the Committee by the municipal council of Rovaniemi and by the proposal of nine village committees. The decisions in the Area Committee are arrived at through negotiations between the representatives of citizens from the villages. The Area Committee has its own budget (about 8 million Finnish mark, which is about 1.33 million Euros), which it can allocate to certain tasks such as comprehensive school, culture and social events, youth work, sports, library, home-help service, home nursing, day care, health education, and the development of different industries.

Examining the minutes of the Area Committee meetings from the beginning of 1993 to August 1999, it has made decisions on or had discussions about (Saarelainen 2002):

- announcements about local issues (234 items)
- personnel administration (26)
- seminar arrangements (30)
- recreational events (31)
- budget monitoring and reporting (78)
- issuing statements on and identifying possibilities for co-operation (60)
- giving subsidies (80)
- renting working and recreational rooms (35)
- dealing with employment contracting for the work centre (9)
- signing contracts with private persons (21)
- issues concerning schools (47)
- other issues (126).

The annual budget of about 8 million Finnish marks, according to the minutes from the years 1993—1999, have been used for the following purposes:

- the common expenses of schools (63.2%)
- day-care (12.1%)
- general expenditures of the Committee (7.6%)
- home help service (6.8%)
- health education (4.2%)
- library (1.3%)
- some common expenditure (1.2%)
- exercise (1.1%)
- youth services (0.6%)
- help for the care of relatives (0.6%)
- the centre of working services (0.05%)
- supporting local region and culture (0.4%, does not include salary expenses)
- disposal (0.03%).

Some other activities, such as investment and food supply to schools, continue to be financed from the municipal budget.

As previously stated, the most puzzling part of the role of the Committee has involved investment in the area of Yläkemijoki, for which the Committee has no budget. So, for example, the proposal to build a sports ground must be referred to the local authority. All acquisition costs, such as for new tables in the schools, must be included in the 'operating expenses'. This therefore makes the cost per student appear more expensive than in other parts of the municipality. This problem clearly arises from the accounting system and is mainly technical. For example, until recently, all recreational expenses were recorded as school expenses. The accounting system clearly does not give an accurate description of the real situation in the area and thus does not serve the administration as well as it could. Other distortions can be found. Students from other municipalities have to be paid from the budget of the Area Committee of Yläkemijoki, but it receives no income for them.

Over time, it has become clear that regular and flexible planning requires more time than it has been normally possible for the authorities responsible for arranging services in the area of Yläkemijoki to give. It was widely felt that the co-operation between the local authority, other public agencies working in the Yläkemijoki area and the Area Committee was so important that

the job of the secretary of the Area Committee should be full-time, connected to other duties or some other official position in the area, as has now been done with the headmastership of the school.

The Area Committee specified its working programme for the year 2000 in a meeting on 10th February 2000 as follows:

- to tighten the coordination between the Area Committee, local authorities and citizens;
- to strengthen participatory activities of citizens through research and effective co-operation;
- to clarify the roles of village committees and the Area Committee; and
- to encourage people living under the threat of displacement to stay in the area by strengthening social networks.

Clearly, the functioning of the Area Committee demands a relatively stable membership and commitment to work of the Committee members, as well as strong ties between residents and the Committee. In order to achieve these objectives, the Area Committee has used various techniques of network management, which will be analysed in more detail in the following.

7.3 Community Governance in Yläkemijoki

7.3.1 Design of Community Governance

After the decentralisation process, the committee has had a different status and role throughout the local government system. The committee decides the budget. The members of the committee are continuously evaluated by how they support the creation of new connections between villages. At every turn, the committee has to reconsider its strategic goals by collecting the

perceptions and opinions of the villagers through different network action.

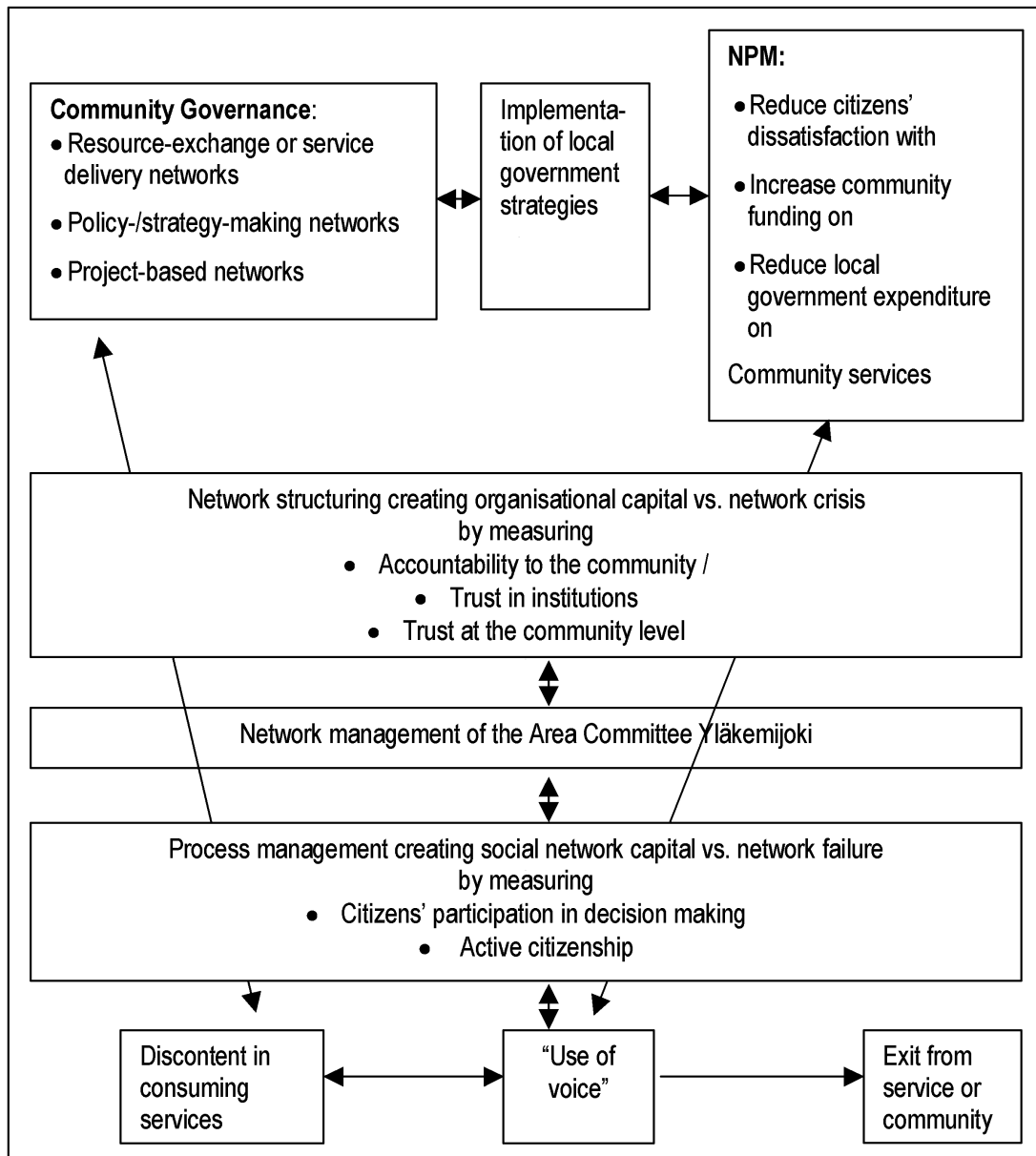


Figure 17: Community Governance in Yläkemijoki.

Most networks supported and conducted by the committee in order to develop the area have weak dependencies between actors. However, the most important issue to be taken into consideration is to discover the beliefs and perceptions of the actors. When talking about people's involvement, we talk about their perceptions and interests in the development process. Thus, one strategy mentioned in the Chapter 5.3.1, in the case of Morawica, can be

used in revealing these perceptions. The changes in the relationships between the Committee and the citizens can be found by studying network forms such as network failure and network crisis.

Actors need to co-operate in order to achieve objectives and satisfying outcomes. The implicit assumption is that satisfying outcomes for actors are not possible without network management. According to Klijn and Koppenjan (1999), the literature on network management distinguishes between two types of network management strategies: process or game management and network constitution. Process management intends to improve the interaction between actors in policy games. Network constitution is focused on realising changes in the network. In general, these strategies are time consuming since they seek institutional change. The strategies are listed in general in Figure 18.

	Perceptions	Actors	Institutions
Community governance of Yläkemijoki - process management	Common interpretation of: 1) targets of development 2) relationship between local self-government central administration, committee and citizens 3) meaning of voluntary work 4) meaning of village committees 5) meaning of associations 6) meaning and changing role of working service centre 7) role of working groups 8) role the Area Committee of Yläkemijoki etc. is creating	Three elements: identities, strategies and interest in community governance are getting clearer meaning Confrontations can be turned for the benefits step by step	Three elements: relationships, resources and rules can be used better to improve services in the area New system of sharing information is developing Project management is developing

Network building in Yläkemijoki	Responsibility and accountability of services in the area is developing Hearing of services is improving Measurement and evaluation of services is developing from perspective of the citizens and the area	Connections between local self-government and administration of the Area Committee is intensifying and strengthening Citizens' participation in decision-making is strengthening	New system of accounting is needed and developing Role of the Area Committee is stabilising Acquainting the new Area Committee is needed
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Figure 18: Strategies for network management in Yläkemijoki.

Process management and network constitution strategies are taken under detailed consideration. In the case of the Yläkemijoki Area Committee, the development of network management takes place in the daily work of the committee. Policy is not made within stable networks, which are characterised by routine and shared values. It is made in an arena in which the actors in the area and their relationship with the local self-government of the Rural Municipality of Rovaniemi play a renewed and reproduced bargaining game. In this process, the decisions of one actor depend on the decisions of other actors in an evolving set of strategies.

Because of the decentralisation process, bargaining processes in rebuilt arenas are more informal than they are in a very centralised decision-making system. However, in a system of local self-government and community governance, this situation also usually means changes in relationships in the hierarchical system. In addition, the committee is involved in processes where limits are defined and redefined at every turn. The purpose of these processes of definition is to build the institution of the Area Committee and to redefine its tasks and eventually change its institutional design.

7.3.2 Contributions of the Related Studies

Pollitt, Birchall and Putman (1998, 43) apply the game theory in their study. They merely use game as a metaphor and concentrate on telling three interrelated stories in some detail. They draw on the insights of a power-resources model of central and local government relations. The players in this game are not equals. They have different levels of resources and require different types of incentive in order to co-operate. (Pollitt & Birchall & Putman 1998, 43.) In the Yläkemijoki area, there are tasks for which the municipal council or executive boards are still responsible; as mentioned before, the committee is not able to make decisions concerning investments in the area. However, what the difference is between investment, and repair or maintenance is not clear and demands discussion about the role between the Area Committee and the local government.

Therefore, new rules and regulations guarantee the structure of the committee. The committee has autonomous budgetary authority whereas the information distribution between different branches of administration and from the local government to the committee and vice versa must seek new ways of the institutional design. At the same time, it seems to be the most critical part in work of the committee. The new arrangement between the local government administration and the work of the committee requires learning from the authorities and representatives of the entire Rural Municipality of Rovaniemi and the people from the area of Yläkemijoki. In this learning process, also new power structures might be revealed.

Surely, the Yläkemijoki region provides an opportunity to study NPM applications within the context of differentiating governance. Actually, the Area Committee is encouraged to develop NPM applications by strategic development planning, targeting resources, delegation decision-making to working groups, valuing the customer's needs and quality assurance in order to reduce citizen's dissatisfaction with community public services as well as citizen's participation, which was the most important aim at the beginning of the project.

In this work, better performance depended on better management, which in turn depended on better network management.

The programme of decentralisation to restructure power and responsibility in local government administration mostly emphasised market formation through the demands of customers and clients. In the study of education by Ranson, Martin, McKeown and Nixon (1999, 99), the central idea in the new system of governance was increased market formation, the objective of which was to increase public choice through empowering active consumer participation and differentiating the governance of education by deregulating local government (control of admissions). The context mentioned above was designed to constitute a self-managing institution such as the Area Committee of Yläkemijoki.

If we understand market formation in a way it is presented in Ranson's et al. work, it offers an interesting point for the case of Yläkemijoki. In that area, there were nine elementary or secondary schools at the beginning of the work of the committee. It sounds paradoxical that seven schools were closed down through the activation of villagers, through the acquirement of mutual perception about the solution of closing down the schools, and by creating a temporary organisation to clarify the most convenient and effective solution of what to do with the empty school buildings. School issues are described more in the context of strategy making networks.

Community collaboration, through network structures, increases the ability of citizens to expect more of local self-government, and in this case the Area Committee of Yläkemijoki, because villagers have developed the knowledge of what government and the committee can and cannot do, and the ability to present an educated and well-thought out programme for change. Instead of being seen as unreasonable or demanding and irrational, individual citizens are seen as an organised, experienced group to be reckoned with. (Mandell 1999, 51.)

However, Mandell (1999, 53) argues that it is very tempting for the professionals in government, the non-profit sector, and the private sector to try to take charge in this collaboration. The view is that the community is inexperienced and needs all the help it can get. While this may be true in some cases, it is often believed that this means the community is not able to find its own way. Instead, over time, as residents realise their own power through

joint action, professionals must step back and let the process work at its own pace. (Mandell 1999, 53.)

In particular, this is not an easy lesson to learn — illustrated in the relationships between the central administration of the municipality and the administration of the Area Committee of Yläkemijoki. By giving autonomous decision-making power to the committee, the central administration left the committee on its own for too long. The committee members felt that they did not get enough support from the central administration; for example, from the civil servants that still were responsible for some services. In addition, the civil servants in the local government felt that the Area Committee no longer fell within their sphere of duties. This phase of network realignment took a long time.

The first supposition at the beginning of the Area Committee was to support and encourage people to discover solutions to their problems by themselves. In this way, the authorities in the central administration looked for the solution that offered sufficient power to the villagers, not only power to make decisions but also the money to implement them. As Mandell (1999, 57) notes, the question is not only that someone outside the community need to empower the residents. Instead, the empowerment of residents means that the residents in these communities perceive that they already have power and only need an opportunity for it to be unleashed.

However, before the power and potential inherent in a community can be unleashed they need to be nurtured. Developing what Bryson (1995) calls champions and sponsors, can do this. Champions are those people who have the energy and commitment to sustain effort. The community activists who may also start these efforts often take this role. In the Yläkemijoki region, the role of champions belongs quite naturally to the village committees. However, this is not enough by itself. In addition, the community needs to find and align with sponsors. These are the individuals, organisations or groups who are in a position to legitimise the effort because they are considered the movers and shakers, or those who have the influence to make a difference. (Mandell 1999, 57.) People in the area have the committee, which is in a position where it can legitimise the efforts of the residents and their champions at quite district level.

In this situation, the relationship between the central administration and the administration of the committee gains important meaning by creating new institutionalised action: a quite permanent network characterised however by hierarchies and a hierarchical way of thinking.

Among other things, these findings indicate that the questions posed by Pollitt, Birchall and Putman (1998) in their study are relevant in the case of Yläkemijoki. They refer to the consequences of decentralisation or opting out as being divided into three categories: 1) freedom to manage, 2) local responsiveness and accountability, and 3) improved performance. The majority of the individuals interviewed in their study believed that local management had gained greater autonomy by changing their organisations to a self-managing status (Pollitt & Birchall & Putman 1998, 49). The observations imply that the autonomy of citizens and the facilities to participate in the development project in the area have increased. According to the study by Pollitt et al. (1998, 49), it is important to distinguish between political decentralisation and managerial or administrative decentralisation.

In so far as the reforms contain a mechanism for improving responsiveness, it is therefore managerial in character — that is, the model is that by giving local managers more authority and increasing the competitiveness of the environment in which the service-providing organisation operates, a situation will be produced in which those managers feel obliged to pay greater attention to the views of the users of their services. It is obvious that the citizens in the Yläkemijoki region have the status of clients and customers in more significant way than before the establishment of the Area Committee.

Lowndes (1999, 28) shows in her study that, despite the coherence implied by many analyses, the practice of new management is a complex and differentiated body of ideas and procedures. Some new management ideas lose currency quickly and they are dismissed as fads; other ideas are rapidly accepted and they acquire the status of common sense. As she shows, instructions vary because they are embedded in different patterns of social relations relating to the distinctiveness of local contexts.

These studies show that the connection between self-management and performance is by no means simple and that in many cases it is extremely hard to know whether performance improvements have resulted from the introduction of self-management. The first problem is to decide what constitutes better performance. Is it a question of efficiency, quality, effectiveness, user satisfaction, or what? Performance is a multi-dimensional concept and different stakeholders may prioritise different aspects. A second problem is that it is rare to find a continuous time series of reliable performance information that covers the period from before the self-management reforms until after the reforms were implemented. A third problem is to know how to explain any performance improvements for which there is good evidence. There are often a number of possible causes. (Pollitt & Birchall & Putman 1998, 49—55.)

In order to achieve the objectives set to the Area Committee, it has used various instruments of network management, which will be analysed in more detail in the following chapters.

7.3.3 Service Delivery Networks

New ways of thinking and new ways of acting have been created through the committee. The first group of community governance practice is resource-exchange networks. The results of the survey shows that the decentralisation of decision-making to the Area Committee has improved the perceptions of customers and citizens in the area about their own level of well-being and it has also offered the potential to consult with citizens more effectively than under the previous centralised decision-making system.

The policy of the Area Committee has been more to save services than to outsource them. However, external outsourcing has been considered, for example, for transportation services, where the Committee worked with private businesses in the Vanttauskoski village, the main shopping centre in the area, to arrange a new cheap transport service, with a fixed timetable twice a week. The Committee has paid about 38 percent of the costs of the resultant service, the customers 45 percent and the entrepreneurs 17 percent.

Day care services have been realigned, to take account of the lower demands through migration out of the area. For instance, day-care for children under seven years of age has been merged and reorganised among the nine villages, so that there are now only two day-care centres. From the perspective of the authorities and the Area Committee, services are now arranged more effectively and more equally for all customers. Through consultation with parents, the Committee has arranged that parents can drive their children to one of the two centres or to pick-up points such as the day-care nurse's home, from which the children are taken to a day-care centre. This rationalisation is expected to produce a higher quality day care for children, more equal opportunities for villagers, and the more efficient use of resources for service providers. Such arrangements might cause more administrative work but the total cost for the new model is less than it was for the old one.

In general, customers seem to be satisfied with the new service arrangements in the area of Yläkemijoki, as shown by the responses to the survey. However, there are still some complaints about children's day-care. As one dissatisfied client states: *"There should have been day-care for children in this village as well because nowadays the journey takes too long for parents and children"*. Clearly individual clients may feel unequally treated because of the rationalisation of the service network. A number of survey respondents used arguments such as *"Some villages gain the privilege to establish some services in their own villages..."*.

Another approach has been to get an employee to work simultaneously in two or perhaps several service areas, with salary costs being met from different sections of the budget. For example, two employees in day care also work in home nursing and home care for 50% of their time. However, learning a new way of action has not been easy. The supervisor of the employees of the home-help service has been hired by the local authority administration. There are still possibilities to examine and arrange work assignments in order to find flexibility. When the supervisor of the home care service does not live in the area, she follows the same rules in every part of the municipality and does not follow up the innovations that might be possible in a smaller area and especially in the area of Yläkemijoki. However, the home care

supervisor lives in the area and innovations are easier to realise. There are many other possibilities for redesigning work assignments in order to increase flexibility in the area of Yläkemi-joki.

Once service improvements have been tested, such as better day-care or a better school transportation system, values and attitudes have also changed. Thus, the Committee has succeeded in empowering front line workers to evaluate service performance and to provide feedback on service delivery and strategy. According to the residents, the most important role of the Committee has been that of an organiser of the services, which of course has been its most visible role. The work of the Committee is also publicised through the different events it (partly) finances. What is particularly important in these activities is their experimental character. Through cooperative working, the possibilities for producing other forms of public service are simultaneously investigated. Through the Area Committee, the villages have learnt to cooperate with each other. Indeed, nowadays people do not speak so much about their own villages; they speak of belonging to the area of Yläkemijoki.

In general, one purpose of decentralisation is to get 'value for money' and to reduce expenditures for the services provided by local agencies. Thus, better performance is achieved by involving the citizens in the service production processes. Therefore, participation refers the increased management of social network capital in service production or, on the other hand, the increased role of NGOs. Identifying core competencies of the Committee in restructuring takes place within the community. It has not happened by cutting everything out or contracting for services that do not add value to the Committee. It has happened through looking for the new alternatives to co-operate with NGOs and private companies.

In spite of the independent decision-making and budget sovereignty of Yläkemijoki, at the present time these new arrangements and the creation of quasi-markets can only occur with the co-operation of the Rural Municipality of Rovaniemi local authority administration. Therefore, administrative and political decentralisation requires a new structure for the flow of information and new approaches to co-operation. Informal

structures come into being and there are greater political pressures because of the absence of hierarchical control and the reduction in the formal control from the local authority. In short, NPM tools are used in the work of the Committee of Yläkemijoki through increased political control instead of administrative control. (Group interview of the three members of the Area Committee, 1999.)

The shift from dependence on hierarchical and bureaucratic mechanisms to the flexible deployment of non-bureaucratic, quasi-market and networking mechanisms can only succeed if the Rural Municipality of Rovaniemi local government administration is willing to take an advisory and consultative role. This usually demands a good flow of information and flexible means of contacting the right people. The biggest problem has been the sharing information between the local authority and the Committee. The Committee's two most important tasks have been to inform and commit the authorities working for the local authority administration to also serve the Yläkemijoki area. For example, the cultural, youth, and sports secretaries in the local authority administration are also responsible for the activities in the area of Yläkemijoki that might sometimes be forgotten. The authorities and representatives in the Rural Municipality of Rovaniemi and the people of the area of Yläkemijoki have had to learn new ways for community governance.

The Committee has earned its institutional status, which is formal, but works quite informally. The role of the Committee could be seen as an institution that both collects the demands of people and then transmits them further and tries to discover solutions from the perspective of citizens. Work groups or teams set up by the Committee have taken on a significant role. They collect and revise perceptions for the consensual decision processes. Community collaboration, through network structures, increases the ability of citizens to expect more of the Area Committee, because residents have developed their knowledge of what local government and the Committee can and cannot do and have the ability to present an educated and well-thought-out programme for a change. Instead of being seen as unreasonable or demanding and irrational, individual citizens are seen as an

organised, experienced group to be reckoned with (Mandell 1999, 51).

7.3.4 Policy- or Strategy-Making Networks

The second category in the typology of community governance networks are policy or strategy-making networks such as the Area Committee but also the specific working groups of the Area Committee. Next, there is a short assessment of the function of the citizens' teams or work groups set up by the committee. It is evident that different working groups have different strategic goals:

- Both the working groups for the elderly and youth started to have regular meetings in spring 2000. The working group on the elderly studied how to provide social services to an increasing elderly population in the area. The group did not suggest any new specific innovations but it gave its support to the Area Committee to improve existing services in the area. For example, there is now a quite successful co-operation between the parish, the Committee, and Neuvokas (Centre of Voluntary Work) in the area. These organizations have set up a partnership to provide services for the elderly in the villages of Viiri organised by the Committee and the parish and Autti organised by the Committee and Neuvokas one day a month.
- The working group for youth decided to test how the youth club would function in the village of Vanttauskoski. The conclusion was that in particular activities for the youth are needed in every village because costs of travel had been a main problem for young people in this rural area. The experience was that spare time activities for the youth should not be concentrated in one village contrary to other services that had been concentrated in a few villages like the day-care for young children.

- At the beginning of 2001, the working groups for the elderly and youth were combined. The group is named the working group for families. The initiative came from the parents and schools in which problems in families can be seen. This group has been very active arranging trips and lectures for families.
- The school working group has been successful in preserving comprehensive school classes from 0 to 9 in the area.
- The business workgroup prepared an application to the EU Leader+ Programme and another application to the local authority to undertake a project for modernising and renovating the surroundings of villages, especially the environments of the roads. The application to the European Social Fund Programme is based on the initiatives of the business-working group and village committees. The working group for business ensures the commitment of the entrepreneurs in a project.

The strategic management of the working groups can be compared with the policymaking of the village committees, even though the working groups do not have regular meetings. However, they can be readily activated when they are expected to contribute. According to the members of the Committee, the working groups should be proactive in taking action to improve the quality of life for the villagers. This does not mean that the Committee expects the working groups to provide basic public services. However, the Committee puts pressure on the citizens' groups to take a more active role in producing welfare throughout area. For example, the Committee asked the working group for the youth to arrange a planning session where young people could be activated to develop a set of projects. In brief, the working groups should make plans and undertake or catalyse specific activities whereas the role of the Committee is confined to financial assistance and other support. (Group interview of Committee members 1999.)

Occasionally, village committees prepare proposals, initiatives, and applications to the Area Committee in order to obtain

funding for certain activities. This forces them to negotiate with the Area Committee on how to develop the whole of the Yläkemijoki area. According to the members of the Area Committee, the working groups should develop their function in order to arrange concrete activities for villagers. This is an important point because the pressure to activate citizens in the area comes from an official organisation. This suggestion of the Area Committee does not only concern basic public services. However, it does support the citizens' groups to take a more active role in producing welfare throughout area.

It is supposed that the working groups make plans and arrange a concrete function, whereas the role of the Area Committee is more to give financial and developmental assistance. The most visible character in the work of the Committee seems to be the flexible way of decision-making. The Committee is able to give financial support for small projects by village committees, sport clubs, or private entrepreneurs. Because the Committee members usually know the firm applying for support, it is easier to make a decision. The policy and principles support encouraging newcomers to the area. Small financial support (5000 marks) as a welcome message has been given for example to village committees, a private nursing home, a travel and adventure company, a hotel and restaurant company, a transportation company.

Another example concerns schools. The Rural Municipality of Rovaniemi was forced to close down schools because of migration. The comprehensive schools in the area were closed. The first schools closed were in the villages of Pekkala and Vanttausjärvi in 1993 and then in the village of Viiri in 1994; the schools in the villages of Autti, Juotasniemi, and Pirttikoski were merged in 1995.

According to the members of the Committee, there was a broad discussion between parents, authorities, and representatives over the closure of these schools, which, from the point of view of the residents, ended with a satisfactory solution. It sounds paradoxical that schools were closed by the decision of the local government council and with the help of villagers through the acquirement of mutual perception about the solution for ultimately closing the schools. However, the village of Autti and

the village of Pirttikoski had a long fight over locating the merged school. The Area Committee decided on Autti but local government placed the school in Pirttikoski. This has been the only time when the local government council has made a decision against the opinion of the Area Committee.

The working group of school was established to clarify the most convenient and effective solution of what to do with the empty school buildings. One of the old schools nowadays functions as a kindergarten; another school has been rebuilt as a timber mill, the village committee in Vanttausjärvi bought one school, one school has been renovated for tourism, and another for a nursing home. People felt that they really were part of the decision-making.

7.3.5 Project-Based Networks

The third category of community governance networks is project-based networks. The Committee is able to give financial support for small projects by village committees, sport clubs, or private entrepreneurs. Because Committee members usually know the firm applying for support, it is easier to make a decision. One example is the policy of encouraging newcomers to the area. Small grants (840 Euros) have been given to village committees to distribute as a welcome message, which have gone to a private nursing home, a travel and adventure company, a hotel and restaurant company, a transportation company, etc.

An example for a much bigger project network is the EU Leader+ Project. The proposal has been prepared by the business workgroup of the area of Yläkemijoki together with six other municipalities in Lapland. The working group was complemented with a member from each village. During the preparation of the project, one person from the area of Yläkemijoki worked half a day as a school assistant and the other half-day on preparing the EU project. Again, the Area Committee supported the working group by partly financing the salary of the employee hired to prepare programmes. Finance for the EU Leader+ Project was granted in summer 2001 and activities started in August.

However, the process of preparing and implementing EU programmes has often been characterised by an attitude and culture of passiveness. The survey carried out by the author categorised 59 statements as positive and 27 as negative when respondents described the atmosphere of living together and the spirit of cooperation between the villages. A selection of views included statements that:

“People should be activated in the region somehow to develop their surroundings and environment, which is very beautiful; only a small number of residents take part actively in voluntary work and carry responsibility for development work”.

“The villages are jealous of each other and villages envy other villages, but how do we move away from this? However, people do cooperate more and more nowadays”.

“The atmosphere of co-operation is increasing and people help each other again in the countryside...”

“I like to live here and if I want something new to be done in the area I think I have to be involved and take part myself in starting it up”.

This attitude and culture of passiveness has also characterised the process of preparing and implementing EU programmes, which is very demanding for both the authorities and citizens. In one particular European Social Fund-financed project in the area of Yläkemijoki, some organisations with an important role in development in the region did not participate in the planning process before the project began; rather, they wanted to be on the outside and protect their own territory. Politicians had a significant role in the planning process for the ESF project, when the impacts of different options for village development were being formulated. They had tacit knowledge, based on their experiences and learning from previous projects and experimentation in other communities, which helped them to recognise some obstacles.

The project “Promoting Village Development”, financed partly by the European Social Fund and coordinated by the

Committee with the local authority, received financing for two years in July 2000. The project has already made it possible to establish the “Siula” info-office in the area in order to serve residents, entrepreneurs, and tourists. However, the success of these projects demands quite high commitment of citizens, which has been hard to achieve.

Since the beginning of 1998, the Area Committee has been engaged in the Participation Project coordinated by the Finnish Ministry of the Interior. The purpose of the Participation Project is to reinforce civil society by increasing citizens’ participation and by preventing social exclusion. This project has arranged, for example, seminars for the members of the management boards of the smaller projects in 50 municipalities in Finland. The impacts of Participation Project are explored by Kettunen (2002, 34) who draw a conclusion that the identity of the area must reflect the method of participation. The Finnish participation project shows that the challenge for participation is how to integrate the new methods to the direct and representative democratic decision-making.

The purpose of this project in the area of Yläkemijoki was to strengthen the participation of citizens. An attempt has been made to increase social network capital by encouraging people to make personal contact with neighbours and by activating those people in particular who have been displaced, through migration.

7.3.6 Summary of Network Action in Yläkemijoki

According to Marsh and Smith’s (2000) dialectical approach to policy networks, networks are organisations that shape attitudes and behaviour. Networks simplify the policy process by limiting actions, problems, and solutions. Networks also do affect policy outcomes. They are the structuring of past conflicts and present organisational power. (Marsh & Smith 2000, 6.)

The activity of the Area Committee of Yläkemijoki aims to arrange, produce, and develop resident oriented services by using available resources efficiently through taking into consideration the needs of residents. Common interpretation must get approval from every actor in the area — which does not mean common

opinion but at least some form of consensus about networks. In fact, the participation of the citizen set great demands on the interaction between the different stages in municipal administration.

At the Committee level, it can be assumed to have the best knowledge of the objects that might be worth developing in the area. This knowledge is not produced without discussion with municipal and state authorities, political representatives, entrepreneurs, Non-Governmental Organisations, and citizens. Working in communicative arenas nearer the citizens' demands has impacts on changing practices and structures. These changes should be studied through day-to-day action by following the changes in actors' attitudes or action cultures, institutional positions or roles, abilities or resources, working habits or routines, and techniques or instruments. Bogason and Toonen (1998, 206) ask whether this is an appropriate approach to study networks. The relationship between the local authorities and the Committee administration has special meaning; the relationship raises the question about the roles of actors and, on the other hand, the tasks of municipality.

After putting the theory of network management into operation for the purposes of empirical study, we are interested in, for instance, the actors, perspectives, and attitudes of those actors and institutions created during the process of co-operation. It can be assumed that the applied strategies of network management change the network constitution and the relationship between citizens, the Committee, and the administration of the local self-government. Overall, the Committee takes an active role in changing these relationships and influencing the creation of new temporary organisations and institutions. Finally, the Committee is one actor that influences the creation of the norms and values in the area. The gradual rethinking of values has been adapted to functional principles after proving the improvements, such as better day-care or a better school transportation system. Thus, the Committee has succeeded in empowering front line workers to evaluate service performance and to provide feedback on service delivery and strategy.

At the beginning, there were many doubts about the possibilities of the Committee to succeed. Above all, the residents

in the area were afraid of competition between villages, which might have blocked any possibilities for co-operation. However, it was decided to establish the Committee because it already had the oldest village committee in the area. *“I was very pessimistic in the beginning of the work of the Area Committee of Yläkemijoki because of the competition between villages, but I must say I am surprised it works quite well.”* (Committee member interview on 16th December 1999.)

According to the members of the Committee, it has strengthened its position. *“The concrete tasks are ordinary, normal, and everyday life tasks, which the Committee takes care. It is a very convenient and comfortable way of planning these things because they are our own issues”* (Committee member interview on 16th December 1999). The Committee constructs the identity of the area. It has earned its institutional status, which is formal, but works quite informally. The role of the Committee could be seen as an institution that both collects the demands of people and then transmits them further and tries to discover solutions from the perspective of citizens. It seems that the Committee both use social capital as a resource in the cooperative arrangements and supports the creation of social network capital in order to increase accountability to the community.

7.4 Producing Social Network Capital through Process Management

7.4.1 Active Citizenship

It is easy to recognise from the social maps below that the network density in the Yläkemijoki area is higher than among the citizens in the Morawica community. Instead of network density, the study concentrates on how networks shape the attitudes and behaviour in the villages. The interest is whether social capital including trust, norms, and operations is sufficient to achieve mutual outcomes or whether other properties, such as power, negotiation, or resources are paramount. Collaboration in communities may occur when social network or organisational capital is low or even absent between citizens and public managers,

but it might eventually lead to the inefficient development of an area or even to an unmoral situation, as has usually happened in very closed networks. Thus, the division between positive and negative social capital do make sense.

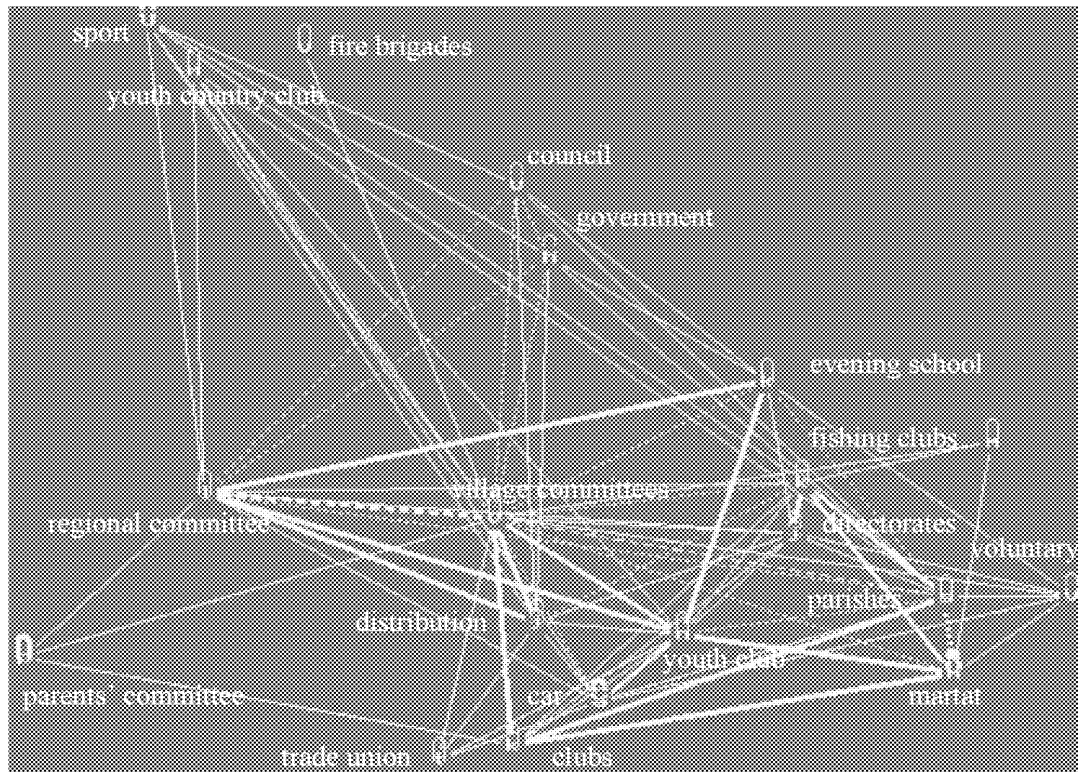


Figure 19: Social map of the Finnish case.

Measurements of social network capital in questionnaire are²⁷:

- actor's innate skills; questions 1,2,3,4,5 (no means to affect)
- actor's learning; questions 8, 24 (internalised norms and values which led to actor's behaviour)
- actor's skills; questions 11, 18, 19 (support and help, skills for collective action)
- actor's resources; questions 6,7 (feel of participation), 13 (public service network)
- network interaction; questions 9, 10 (forms of activity)

The supporters of the community development process of change make a number of assumptions that do not always stand up to close scrutiny. For instance, the process involves the recognition

that communities should be consulted in decision-making. The process should have a comprehensive strategy by public authorities in order to ensure that this widening of democracy permeates all parts of social and economic planning and service delivery. Citizen groups should have access to sympathetic professional assistance, technical advice and advocacy, facilities, money and resources in order to participate effectively. Finally, this process requires a change in attitude amongst professionals in order to assist them to be far more sensitive to the needs, concerns, and ideas of local people. (Robson 2000, 79.)

Eventually, an interesting question is whether the same people who trust the representative system or authorities more than others do also feel that they influence decision-making processes more than others do. Figure 20 shows that people who have more contacts to different organisations estimate their role in decision-making processes more valuable or significant than people who have no any relationships do. For research purposes, all organisations with influence in the area have been selected from the register kept by the Area Committee.

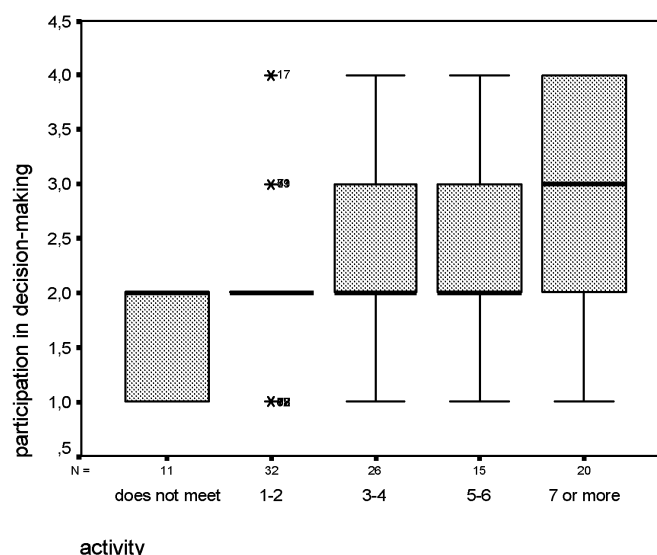


Figure 20: Participation in decision-making processes.

This picture of reality changes according to the study of groups that is more specific.

7.4.2 Citizens' Participation in Decision-Making

The study material is further arranged according to the strength of ties. The relationships to the local representative system are still left out from the analysis. Seventy-five percent of the people with strong ties feel that they are outsiders or they have rather little influence on decision-making in the area. If no limitations are made and all respondents are taken into the analysis, people with strong ties feel that their impact on the issues under consideration is on a scale of 2 to 3, which means that they really have quite a lot of influence on decision-making. This opinion does not differ much from the opinions of the people that have weak ties, however they do not feel that they have as big influence. Instead, 50 percent of the people with strong ties feel that they can easily take part in public life in their own living area because they are active members of organisations or they take part in public life quite often. Twenty-five percent of the people with weak ties have the same feeling that they are active persons. The participation in decision-making is the lowest in the youngest group aged 16 to 30. When comparing other age groups, there are no any differences between them.

To continue, the same logic is used in the analysis by selecting groups that have strong or weak ties and by studying some specific organisations loaded into the same factor.

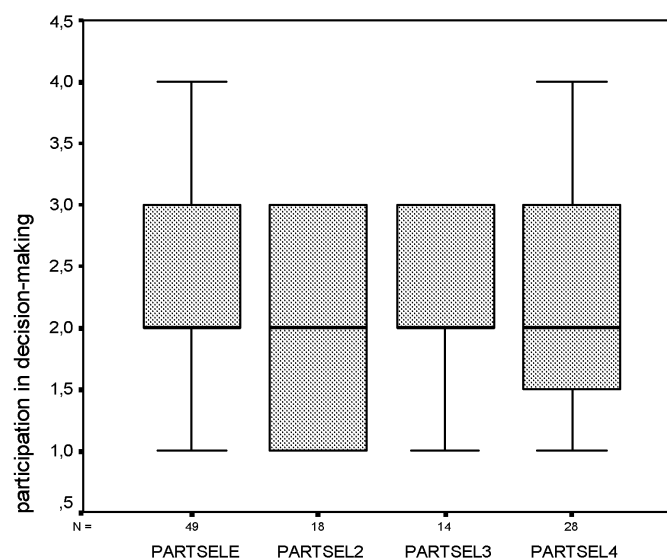


Figure 21: Participation in decision-making in selected groups.

The variable 'partsele' is created from the variables: local government council, Area Committee of Yläkemijoki, municipal government, village committees. The significance level of this factor variable is 0.78. The variable "partsel2" is created from the same factor loading variables: car and motor sport club, youth club, youth country club, and village committees without relations to local representative system. The significance level of this variable is 0.59. The variable 'partsel3' is created from the variables voluntary work, trade unions, and directorates. The significance level of this variable is 0.64. The variable 'partsel4' is created from variables land and household clubs, voluntary fire brigades, fishing and hunting clubs, division and fishing club. The significance level of this variable is 0.58.

Summing up these selected groups we can notice that differences are perhaps more marginal than significant. The perception of possibilities to influence decision-making in the social network of people who have connections to the local government council, Area Committee, municipal government, and village committees varies from 1 to 4, and about 50 percent think that they have leverage from 2 to 3, in which 2 means that the respondents have quite a little influence and value 3 refers to value 'quite a lot of influence'.

As has been mentioned earlier, the new Local Government Act is supposed to strengthen community governance and encourage the participation of citizens. Paragraph 4 urges to find out the residents' opinion before making decision. The content of the meaning of the Committee can be found by illustrating the forms of co-operation between the citizens and administration, trying to find the forms of participation by citizens in public activities and decision-making. In the Yläkemijoki case, participation in public activities is clearly more active in the group of respondents with strong ties to the organisations in the community.

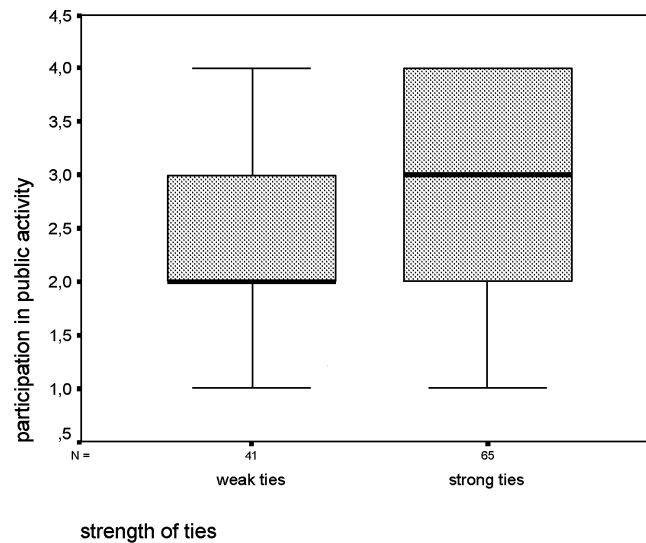


Figure 22: Participation in the public activities.

One role of the Committee can be also seen as a node of co-operation. That is, to find the differences and similarities in the perceptions of the actors in the area and, eventually, to coordinate and arrange them into a form that can be approved in broader sense. However, above all, the meaning of the Committee will be found by evaluating the satisfaction or dissatisfaction with function of the Committee. In the other words, the residents will create the meaning of the Committee.

According to the residents, the most important meaning of the Committee has been that of an organiser. At the same time, it has also been the most visible role. The work of the Committee is well known due to the different events financed partly by the Committee. Through these events, people get information about the activities of the Committee.

Many local initiatives are taken from the need to narrow the gap between government and citizen. Interactive decision-making may in fact provide politicians with new opportunities. It may lead to (Klijn & Koppenjan 2000, 379):

- *“The introduction of new actors whose resources may improve the quality of policy measures which politicians try to realise”;*
- *“Strengthening the support for a solution both from participating parties and from their political constituency”;*

- *“Prevention of politicisation of issues and uncertainty by including stakeholders in an early stage of the process of policy formation”;*
- *“Politicians initiating and leading the process by which participants search for solutions which best fit the general interest, as an alternative to the impossible job of formulating substantive decisions, which reflect the general interest themselves”;*
- *“The creation of new partnerships that makes it possible for politicians to bypass the existing monopolies on policy formation of institutionalised interest groups and administrative bureau, while interactive decision making may reinforce the position of politicians by providing them with a wider range of options, compared with the established ways of policymaking.”*

As was mentioned regarding the project-based network, politicians have impacts on civil activities in the Yläkemijoki area, or at least they have created quite fluent connections between citizens and the local authority. Especially during the planning process of the ESF-project, their role as intermediators between citizens and other interest groups such as entrepreneurs was important. Politicians had a significant role in the planning process, when the realistic possibilities of different alternatives to support the development of villages were estimated.

7.4.3 Actors' Learning in the Yläkemijoki Community

Why bother if formal decision-makers will not listen after all has been asked? There appears to be a problematic relation between politicians and interactive decision-making. On one hand, politicians often are the initiators of these processes but on the other hand, they seem to participate little and view the process as a threat to their power. So, their position as the final and sole decision-makers is based on the mandate they have received from their constituents. Their representative role threatens to be eroded. Their priorities might be hurt upon by the interactive policy

proposals and the legitimacy these proposals derive from direct or participatory democracy. (Klijn & Koppenjan 2000, 375.) Eventually, common norms and values are, however, more important than the money. The Area Committee bridges the gap between formal decision-makers and citizens and creates both a formal and informal link between citizens and decision-makers quite successfully.

The devolution process in Yläkemijoki support developing the villagers' ideas for improving their living conditions. Statements are still being made that the committee system should be stopped and the local government council should be allowed to drive the issues of the Area Committee. Eventually, according to the respondents' open answers, the continuance of the committee system has strong support and it seems worth further developing different forms of action. "*...people in the area take part quite actively in common events and the atmosphere is positive (f3)*". The dividends of the Committee cannot be denied. It has had an important role in coordinating and supporting co-operative arrangements in the field of culture and leisure services. One informative example is given in arranging concerts and other public activities in which the Parish, Village Committee, Youth Club, Martha Club, and the Area Committee have participated. What is important in these activities is their experimental character. In these co-operative arrangements, the possibilities for producing other forms of public service are simultaneously investigated.

Respondents were asked to choose the two best ways of influencing decision-making processes. The most popular method was to participate in village meetings.

Table 3: Ways of influencing decision-making processes.

Ways to influence	Weak ties	Strong ties	Sum (%)
Taking part in village meetings	59 (%)	52 (%)	55 (%)
Contacting representatives in the area	37	43	41
Personal contacts with authorities in the community	17	34	27
Voting in the representative system	22	28	26
Personal contacts with the authorities in the municipality	20	15	17
Contacting representatives in municipality	15	15	15
Contacting the Committee office	7	8	8
Writing to representatives	2,4	1,5	1,9

Perhaps increasing interactive decision-making, which is characterised opening existing arenas of decision making to new actors, new interest groups, other authorities, private organisations, citizens and users, is changing the ways of influencing the decision-making processes. Thus, the changing context created a situation that actors within the policy community could use to further their interests through the Committee. However, the framework for community action is still set up by the local government council, which decides the limits of the Committee budget. This situation could be seen in two meanings. First, it forces citizens to be interested enough in the function of the representative system and secondly, it forces the development of new and real forms to act and influence locally.

At the start of the interactive process, politicians can play an active role as initiators or by taking up and supporting the initiative of others. This gives them the opportunity to direct politically the social debate around a concrete issue. During the process, politicians should stay involved; otherwise, there is a risk that they will not be part of the learning process underway. Finally, the role of politicians in the interactive process is one of combining and selecting. On the one hand, politicians should be involved in the selection process of attractive alternatives. On the other hand, they should be looking at how the adapted proposals affect various interests. (Klijn & Koppenjan 2000, 380—384.)

The purpose of the representative system of the two floors is also to help keep the connections with citizens and to support

their initiatives. The empirical study material is selected by choosing either weak ties or strong ties that do not have relationships to the local representative system. Citizens with weak ties without connections to the community representative system (63 %) were more eager to influence by village committee than were citizens with strong ties without connections to the representative system (47 %). The role of politicians in one's own living area was more important than voting in both groups. First, it is important to keep in touch with politicians and then revote for these well-known representatives. It is not only a question voting as a citizen's duty, but it is a question about the meaning of voting.

7.5 Producing Organisational Capital through Network Structuring

7.5.1 Trust in Institutions

In framing the policy network community, the main purpose is to evaluate the situation of organisational and social network capital in the community. The estimation of producing organisational and social capital is concentrated upon the characteristics of peoples' participation in the existing organisations in the area. On the one hand, I am interested in the characteristics of the citizens, such as their activity and perceptions about community development. On the other hand, I am interested in the characteristics of relationships between citizens and organisations. The aim is to describe the ongoing everyday function of the citizens involved in organisations producing common good in the area in a way that is defined in the strategies of the local self-government and the Area Committee.²⁸

Good governance can be defined by supporting the decentralisation process, and by empowering the local government and community activities in a way that support the accountability of policy outcome. In a dialectical approach model of policy networks and policy outcomes, organisational capital is seen as a construction of structural context, actor's resources, and

network structure. The themes of the questionnaire formed the following measurement of organisational capital:

- actor's resources; questions 6, 7 (feel of participation in Yläkemijoki), 13 (public service network)
- network structure; questions 12 (influence of organisations in the area of Yläkemijoki), 22, 23 (citizens' relations to local government and Area Committee of Yläkemijoki), 20 (trustworthy state, trust of institutions in general)
- structural context; questions 14, 15, 16, 17 (service system in general), 21 (main problems).

There is no recognition that policy outcomes have an effect on the structural position of certain interests in civil society and the strategic learning of actors in the network. Outcomes may affect networks in at least three ways (Marsh & Smith 2000). First, a particular policy outcome may lead to a change in the membership of the network or the balance or resources within it. Secondly, policy outcomes may have an effect on the broader social structure, which weakens the position of a particular interest in relation to a given network.

Thus, a good example from Yläkemijoki is the decision to stop the operation of the work centre. The changes in labour force policy in Finland removed or reduced the subsidies to municipalities in order to support unemployed or to allow them to employ themselves. Thirdly, policy outcomes can affect agents. If certain actions within a network fail to produce an outcome usefully for an actor within the network and the organisation he represents, or more broadly, to the network as a whole, then that actor is likely to pursue other strategies and actions. (Marsh & Smith 2000, 9.)

The factor loadings are listed in Table 4, which shows the confidence of the residents of Yläkemijoki area in the specific institutions in Finland. Fourteen institutions are loaded on five factors, of which three are named. Factor A is labelled 'Representative system in general' and it refers to trust in the

formal representative system in Finland. Factor B refers to specific institutions that have a specific role in society to produce security in peoples' life. Factor C refers to the media and it mainly helps to compare variables.

Table 4: Rotated Component Matrix of Institutions. The mean of trust in each studied institution is appended to the Table.

	Factor A: Trust in representative system	Factor B: Trust in diff. institutions	Factor C: Trust in the media	Mean	Std. Deviation
Political parties	0.864			1.7	0.651
Parliament	0.808			2.0	0.814
State government	0.804			1.9	0.763
Politicians	0.781			1.7	0.685
Local government council	0.692			2.2	0.709
Municipal government	0.648			2.6	0.703
Associations		0.764		2.4	0.677
Village committees		0.721		2.5	0.751
Parish		0.653		2.7	0.913
Army		0.584		3.0	0.873
Police		0.583		2.9	0.748
Press			0.862	2.0	0.544
Radio			0.853	2.2	0.631
Television			0.832	1.9	0.608

There are variables that do not load any of the above factors. These variables gain the following values of trust: Trust in foreign organisations = 1.7 (Std. Deviation 0.675), Trust in domestic organisations = 2.4 (Std. Deviation 0.742), Trust in justice establishment system = 2.3 (Std. Deviation 0.800), Trust in trade unions = 2.2 (Std. Deviation 0.787), Trust in authorities = 2.1 (Std. Deviation 0.680). Mean trust in the representative system (political parties, parliament, state government, local government council, municipal government, politicians) is 1.9, trust in different institutions (associations, village committees, parish, army, police) is 2.7, and trust in the media (press, television, radio) is 2.1.

In most nations, reformers quite explicitly promise to improve citizens' trust in government. Although the decline of

civic trust in various governments is well documented, cross-national comparisons are difficult because researchers rarely have asked the same questions in the same way at the same time. In almost all industrialised nations, citizens' responses indicate declining confidence in public institutions (see also Harisalo & Stenvall 2001b). However, there is no evidence that the efforts at extensive management and political reform have stopped the downward slide of public confidence in government. Kettl (2000) says it is likely that public confidence is a lagging indicator of reform. It might take long before it is reflected in higher confidence in government. In addition, it is difficult to separate confidence in elected decision-makers from confidence in the unelected administrators who carry out their decisions. (Kettl 2000, 55—57.)

In the following boxes, trust in institutions, which are loaded into the same factors labelled by trust in representative system and trust in specific institutions, are measured according to the categories of activity of participation in different organisations in the area of Yläkemijoki. The number of connections or contacts the respondents have to each organisation mentioned in the list is counted and these are categorised into five categories of activity.

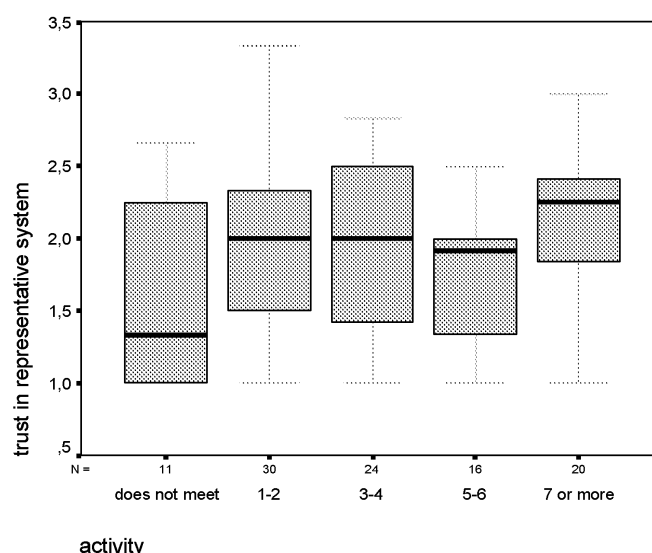


Figure 23: Trust in the representative system.

Figure 23 shows that the more people meet other people from organisations with activities in a living area of villages, the more these people trust in the representative system (political parties,

parliament, state government, politicians, and local government) in general. For this Figure 24, all the connections to each organisation have been counted. However, people with weak ties to the organisations in the community feel more trust in the representative system than people with strong ties do.

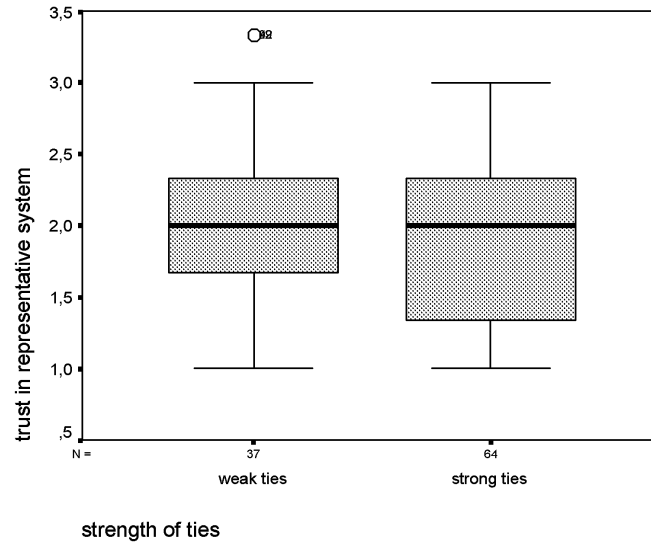


Figure 24: Trust in the representative system in the categories of activity (Yläkemijoki area).

Trust in institutions (associations, village committees, parish, army, police) is higher, but it follows the alignment of trust in the representative system. In the appendix, trust in the institutions is presented according to categories of contacts.

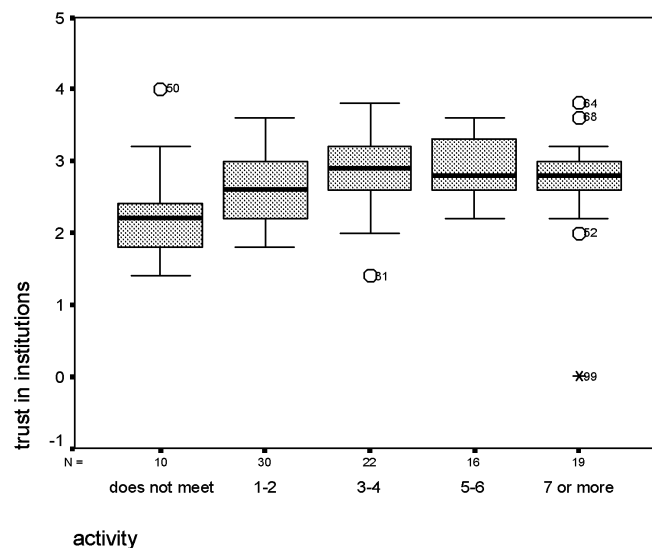


Figure 25: Trust in the different institutions.

If one institution is selected, village committees, for closer inspection it can be noticed that the differences between the respondents are not as big as they are among other institutions.

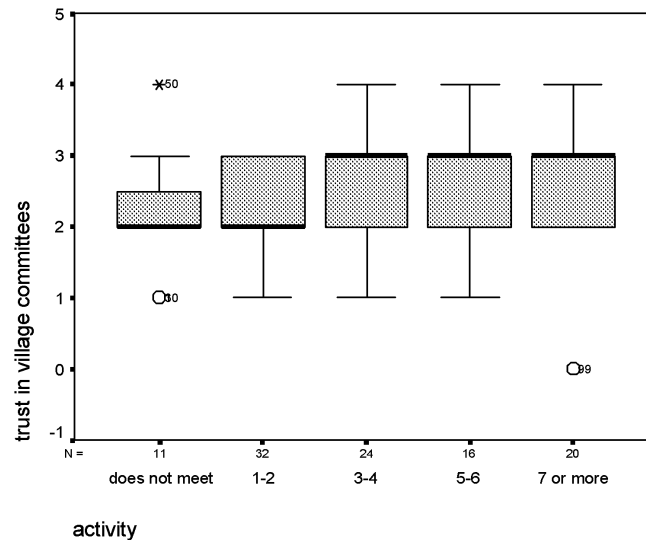


Figure 26: Trust in the village committees.

One measurement of social network capital is the resources of an actor, which is measured by the feel of participation in public life generally. The connections or meetings of every respondent are categorised into two groups — weak ties and strong ties according to Granovetter's (1973) ideas. Therefore, from the community governance point of view, in the following box, weak ties are formed from the categories of answers one and two, which mean that a respondent has a quite formal relationship to an organisation. He or she has membership of organisation and a respondent might take part some events arranged by that organisation. Strong ties are formed from categories 3 and 4, which mean that additionally a respondent, in his or her membership of an organisation, occasionally or actively participates in almost all the actions of that organisation. When trust in the representative system in general is evaluated, do weak and strong ties divide into any significant difference?

When the relationships of the respondents are counted, there might be the situation in which one respondent has two weak ties and three strong ties. In these cases, the analysis of all these ties is included in the category strong ties. This might be one reason why there are no significant differences between these categories when trust of the representative system is evaluated. However, if

only weak ties and relationships with connections to the local representative system, such as local government council, municipal government or the Area Committee, are selected, the result could be different. The village committees are also loaded into the same factor, but these are left out of the analysis in this selection phase.

As a result of the comparison, the Yläkemijoki case reveals that people with many strong ties to the organisations and without connections to the local representative system have less trust in the representative system in general than respondents with weak ties to the organisations. The respondents with strong ties trust the representative system less than do the respondents with weak ties to the organisations. To be specific, 75 percent of the people with strong ties to specific organisations such as fishing and hunting clubs and sports clubs, etc., in their own living area trust in the representative system only partially or not at all (value 2 and under) (variable *represt1*). Fifty percent of the respondents with weak ties to the organisations gave the same low response. The third group is the selection of respondents with strong ties and connections to the local representative system, such as the Area Committee. It must be noted that factor A, which is labelled ‘representative system’ refers to the political parties, the parliament, the state government, politicians, and the local and the municipal governments in general.

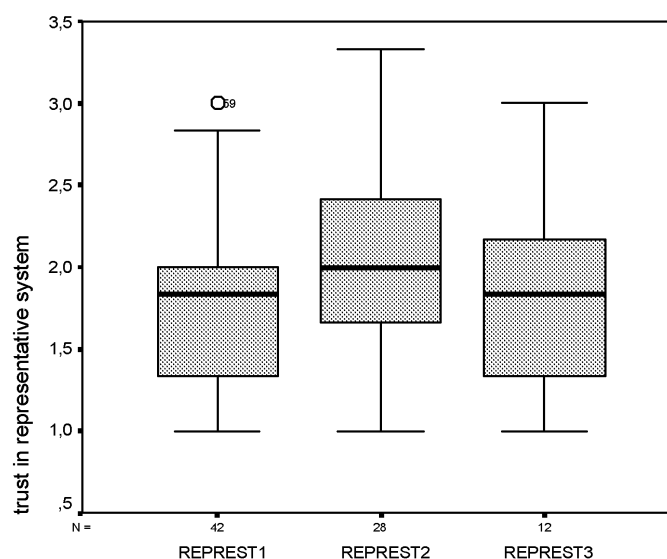


Figure 27: Trust in the representative system in selected groups.

The variable *represt1* refers to respondents who have strong ties to the organisations in the area, but who have no connections to the local representative system. The variable *represt2* refers to weak connections when there are no connections to the representative system. The third group includes respondents who have strong ties to the local organisations and connections to the local representative system.

Especially from the perspective of the Area Committee, interactive decision-making between the local authority, the Area Committee, and public and private organisations is needed to handle development of the area. Klijn and Koppenjan (2000, 366) listed the important trends in the background of interactive decision-making. Firstly, for many decisions in today's modern complex society, government depends on the co-operation of other public, private, or semi-private actors, interest groups, experts, and civilians. These actors control the resources that are essential to the realisation of policy efforts. These resources may be funds, organisations, representation, and knowledge, as well as the legal arrangement for consultation, objection, and appeal. Secondly, there is a growing awareness that in our contemporary complex society it is not possible to concentrate on the knowledge and expertise needed to solve social problems in one central point. Thirdly, government authorities at both the national and local level are increasingly concerned about the gap between citizens on the one hand and elected politicians and civil service on the other.

In the area of Yläkemijoki, citizens could take on some tasks as well as a development project and gain improvements from local self-government, but they have to decline the conflicts beforehand. Participants in interactive decision-making processes often appear disappointed with what politicians do, with the outcomes of the interactive process. The link between interactive decision-making processes and the sanctioning and implementation of the results in normal political decision-making procedures and arenas is problematic. Results of the observations of the Committee meetings could be summarised in that the representatives of each nine villages introduce initiatives into a discussion. However, often these issues are taken into the processes as so-called additional matters.

In the area of Yläkemijoki, this result gained evidence through the participation in a project financed partly the European Social Fund. There were organisations that had an important impact on a development of the region, but they did not participate in the planning process before the project began; rather, they wanted to be on the outside and protect their own territory.

The lesson in working with community-based organisational networks is clear. The connection is insufficient. It must at least depend on the sources of information and the organisations to which one is connected. The study showed two important observations in the Yläkemijoki case. First, the numbers of the face-to-face meetings with people from different organisations, including the NGOs and associations, in the community have impacts on the opinions of citizens concerning their decision-making influence. Secondly, not only the number of meetings but also the number of the connections is an important factor affecting the opinions of villagers concerning their influence on decision-making.

One of the most interesting parts in the creation of organisational capital is the relationship between authorities and citizens. As expected, respondents with strong ties to other organisations than the representative system have less trust in authorities than respondents with weak ties do. However, this is contradictory to the studies of village committees. In contracts to relationships with authorities, the situation is different for village committees because the strong ties of the respondents to each organisation, except to the organisations belonging to the representative system, seems to increase trust in village committees.

If the trustworthiness of authorities is measured (see appendix 1 figure 9), 75 percent of the respondents with have strong ties impress their trustworthiness on a scale of 1 to 2, which means that they trust the authorities very little. Instead, of the people with weak ties, 75 percent feel that they can trust authorities partly or quite a lot. In the case of village committees, there are no significant differences between strong or weak ties. Actually, village committees are loaded into the same factor as the representative system.

7.5.2 Trust at the Community Level

By asking respondents to evaluate different organisations in the area and their effectiveness to the development of that area, the following organisations are loaded into the three factors. Factor effectiveness 1 includes: the parents committee, village committee, youth association, car and motor sport club, sport club, fishing and hunting club, parish and Area Committee.

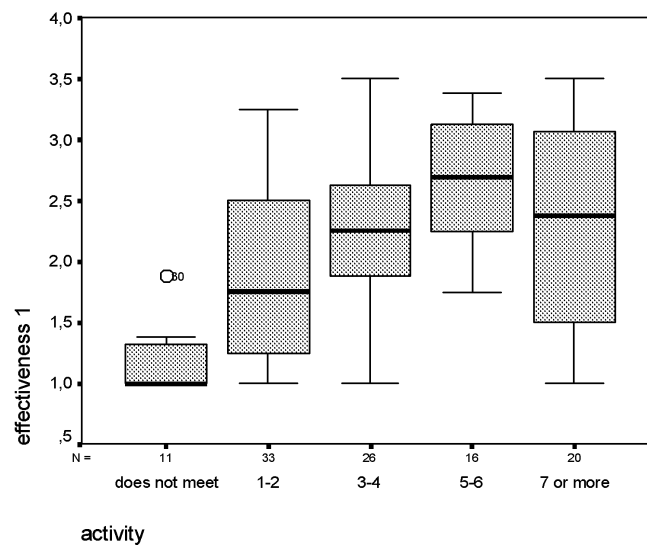


Figure 28: Effectiveness of factor 1 organisations by the amount of connections.

The respondents' attitudes are divided into two groups according to how they estimate the organisation concerned as having impacts on the area. All respondents were asked whether they have connections to the organisation. Figure 28 lists organisations that are loaded into the same factor labelled 'effectiveness 1'. These organisations are parents' committee, youth club, car and motor sport club, and sport clubs, fishing and hunting clubs, the parish, and the Area Committee. Value 5 means that the effectiveness of organisations is quite invisible or rather small and value 6 means that the effectiveness of the organisations is quite big or it has influence for all villagers. The result shows that organisations with village activities, but not impacting on people's everyday life, have few effects on people's decision-making. In fact, the respondents with this opinion think that they cannot take part in decision-making properly.

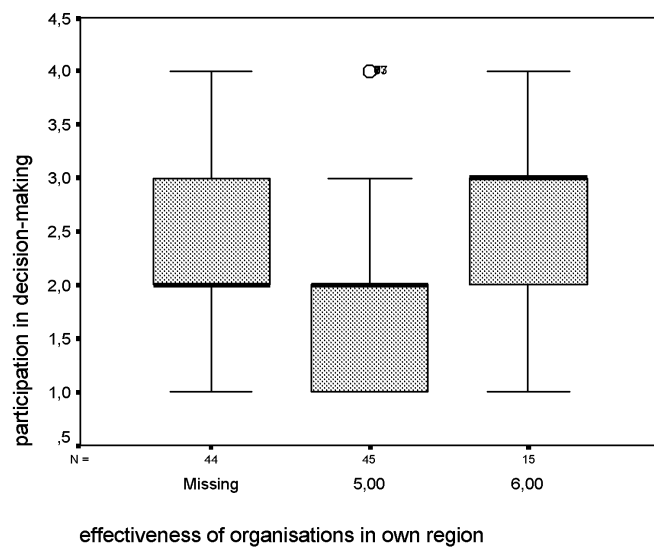


Figure 29: Correlation of the feel of effectiveness and involvement in the decision-making.

In Figure 30, two-selection conditions are valid at the same time. The first selection describes the group with strong ties and the respondents who have one connection or more to some organisations. The differences between selected cases are significant and reinforce the previous results.

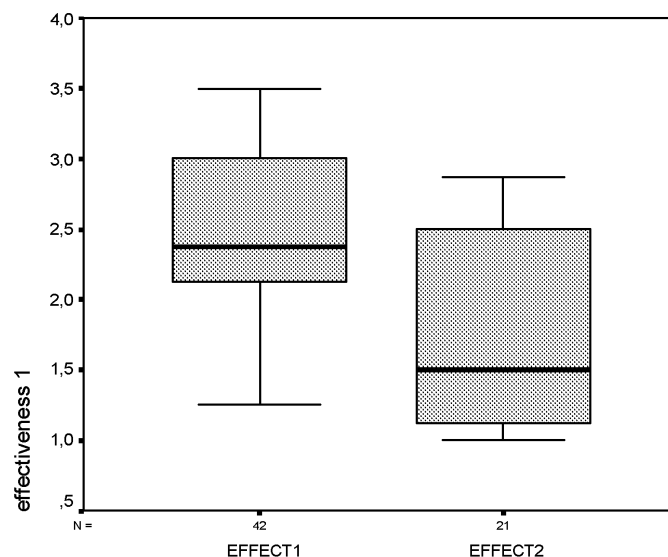


Figure 30: Respondents' attitudes to the effectiveness of factor 1 organisations.

The variable 'effect1' refers to people with strong ties to the organisations and with more than two connections to the different organisations. The variable 'effect2' refers to the respondents

with weak ties to the organisations and with less than two connections. As far as the factor ‘effectiveness 2’ and ‘effectiveness 3’ are concerned, we can notice the same alignment, however the differences are not so big between the selected groups. The factor ‘effectiveness 2’ is loaded with the following organisations: Marta club, trade unions, land and household club, youth association, voluntary work, clubs, directorates, evening schools.

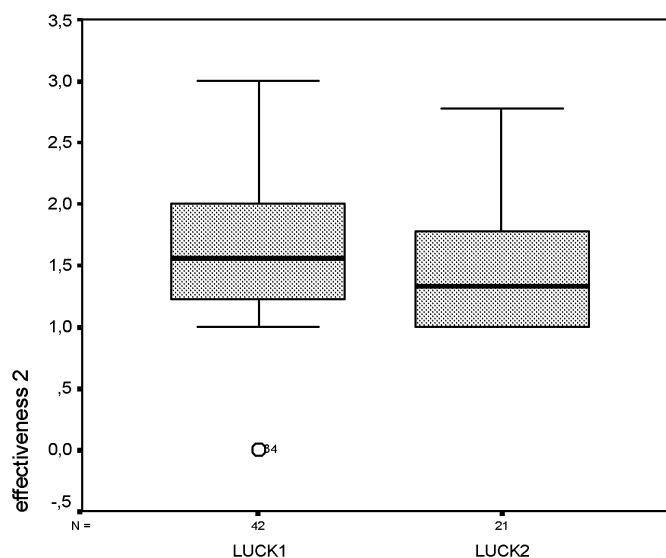


Figure 31: Effectiveness of factor 2 organisations.

The variable ‘luck1’ refers to the respondents with strong ties and with more than two connections to the different organisations in the area. The variable ‘luck2’ refers to the respondents with less than two connections in the area when the quality of connection is weak.

The effectiveness of the factor 3 is integrated the distribution of the fishing committee, voluntary fire brigades, local government council, and municipal government. The common character for the last two factors is that the differences between the strength of ties and people’s activity are not as clear as it is when evaluating the case of the factor ‘effectiveness 1’ (see appendix 1, Figure 10).

7.5.3 Summary of Trust Building in Yläkemijoki Area

In summary, in the Finnish case, the high level of social capital measured by strong ties to the organisations (activity in organisation) in the community have been associated with the low level of confidence in formal decision-making at the state level whilst trust in the municipal organisations is appreciably stronger. In addition, the social capital measured by weak ties to NGOs (again without connections to the local representative system) has been associated with higher level of confidence in representative decision-making at all level. However, the reason for this latter result may be that the sample is small and people who have connections to the representative system are excluded from the analysis. Overall, activity in community organisations seems to increase trust in the Committee and local government.

Organisations, which are included in the study, are listed in the questionnaire form. These organisations are: Parental Associations, Martat, Village committees, Trade Unions, Partition Units and Fishery Collectives, Youth Clubs, The Motor Sport Club, Sports Clubs, Fishing and Hunting Clubs, Agricultural and home economics Associations, Maaseutunuoret, Voluntary work, The volunteer fire-brigade of Yläkemijoki, Some Clubs, Municipal Council, Municipal Executive Board, Area Committee, Some Boards, and Activity in a citizen's college.

7.4.4 Accountability to the Community

Citizens' participation or involvement in different organisations in communities has influenced the amount of organisational and social network capital in the community. Social network capital is for instance activity of the citizens in the NGOs. Confidence in the formal decision-making is organisational capital. In relation to both decision-making and implementation networks, it is possible to describe and compare the relationship between trust in the community.

In fact, the participation of the citizen set great demands on the interaction between the different stages in municipal administration. On the one hand, the study points out key

attributes of citizens, such as their level of activity in the community and their perceptions about community development. On the other hand, the study focuses on the relationships between citizens and the local authority.

From the study results, a new set of questions arises concerning network management. One question is why people with strong relationships to organizations or associations in their own residential area trusted less in the representative system in general than people with weak ties to these organizations did. It has been the challenge for network managers by creating organisational capital because the most active people who are involved in different organisations in the area trust less in the traditional representative system.

However, the nearer the representative system is the trustworthy it seems to be. There is no significant difference between respondents with weak and strong ties when their best ways of influencing decision-making processes were asked. The most popular method was to participate in village meetings. The result implies that other possibilities for use of voice than the traditional representative system, or at least transforming the representative system nearer to the citizens, has been the right direction. In addition, the study result, which shows that village committees and the Area Committee have been the most influential organisations in developing the area, supports the decentralisation and community governance practise. In Table 5, the influence of each organisation is arranged by rating it from one to four.

Table 5: Effectiveness of each organisation on the life of the community.

	Influence on community development Scale: 1—4
Village committees	2.5
Area Committee of Yläkemijoki	2.4
Fishing and hunting clubs	2.2
Parishes	2.1
Evening school	2.0
Youth clubs	1.9
Car- and motor sport clubs	1.9
Local government council	1.9
Sport clubs	1.9
Voluntary Fire Brigades	1.9
Distribution and fishing committee	1.9
Parents' committees	1.8
Municipal government	1.8
Martat	1.7
Other clubs	1.5
Directorates	1.4
Voluntary work	1.4
Youth of country club	1.3
Trade unions	1.3

Nevertheless, how is the passiveness of the residents connected to the study results? The passiveness is explained by the high rate of unemployment and the policy of the state government. The state government is accused of inadequate support of regional policy and of concentrating services in only a few growing centres in Finland. One explanation of the result of the study might be that people are disappointed with the official policy practiced by the state government. However, especially in the area of Yläkemijoki, active people feel that they can create an influence through the Area Committee. At the same time, people can be found who do not care to participate in public activities or they do not show their satisfaction.

8 NETWORK MANAGEMENT OF THE YLÄKEMIJOKI AREA COMMITTEE

8.1 Evidence of the Success of the Area Committee

When the local government council of Rovaniemi accepted the operating and economic plan and general targets for the years 2000—2003, it gave the Committee not only the right of implementation but also the possibilities to define these objectives more specifically. In this chapter, evidence how the Area Committee successes to support decentralisation and to increase accountability is summarised.

Bardach (1998, 116) suggests that successful working together requires a set of individuals whose agencies' contributions are thought to be mutually complementary in their productive capacities and whose individual characteristics — including such matters as their knowledge and skills, their access to resources and to status within their home agencies, their aspirations and beliefs, their personal strengths and weaknesses — are taken into account by those who organise their respective activities. Eventually, he suggests, common norms and values are more important than the money. The Area Committee fits this description. It has bridged the gap between formal decision-makers and citizens, with both formal and informal links.

Another question is how the Committee has succeeded in reducing expenditures and increase quality of services through networks. The transaction costs in managing a network are likely to be reduced the more routine the interaction between the actors. The transaction costs in routine interactions are lower in a network than they are in a hierarchy. The importance of investment in routine interaction is underlined in network management, particularly concerning purposes and outcomes. A common opinion is that networks need to embed in strategic packaging of service delivery. This provides a context within which particular service changes can be negotiated. Nonetheless, the quality of services is difficult to evaluate.

However, the Finnish case may show that NPM applications, such as quality improvement for public services, and governance initiatives, such as the involvement of NGOs in service

production and mobilising civil activities in the area, are closely connected to the development of good network management. The Area Committee initiative has produced better public services and has diminished discontent about consumer services.

In NPM approaches, villagers are given a triple identity — as citizens, they take part in elections; as customers, they consume services and the operations of particular agencies; and as taxpayers, they pay a certain amount for the services. Brans (1997) has criticised this concept of multiple identities on three grounds. First, it puts excessively heavy demands on the knowledge capacities of public agencies. The Committee has avoided these problems because there has been a fast response to the needs of customers, without an intermediary. It also has been able legitimately to tackle the question of equity in public service systems: who gets something, who gets nothing, and who decides? Secondly, Brans suggests that NPM neglects ‘political rationality’ and the mechanisms of political trade-offs that take place within both politics and administration. According to the residents in Yläkemijoki, however, one reason for the success of the Committee has been that it has not emphasised the role of party politics in the area. Thirdly, NPM has been attacked for promoting an inward-looking approach to administrative rationalisation by underemphasizing the relationship between the administrative system and the environment. This study shows that some of these critiques can be by-passed through the Area Committee arrangement, but only by means of new information and knowledge systems.

Overall, the governance of the Yläkemijoki community is created and maintained by the support of citizens who have committed to decisions and who carry moral and legal accountability in networks. Influencing directly through service producers is expected to give customers better services. In addition, transparency is intended to make the local government more accountable. In a traditional model of accountability, department heads and staff were accountable to the local council. Under NPM, increased devolution of authority requires the strengthening of accountability. Somehow, networks have been forced to make the decisions that were formerly made by the representative system. Devolution in the rural municipality of Rovaniemi, until the

formation of the Area Committee of Yläkemijoki, has been the solution to the accountability problems that have arisen because of NPM applications.

Collaboration is anchored in the idea of the public value that is given by the representative system. Citizens' participation and political accountability was one aim in the study of the policy community in Yläkemijoki. The involvement of directly elected bodies is often marginal. The implementation of programmes is not preceded by collective debates by elected politicians, and other forms of legislative control are weak. In this respect, policy networks suffer from the same ills as neocorporatist decision-making, in which traditional legislatures play only a marginal role, some groups and interests are systematically absent, and transparency is low. Critics of the voluntary network approach suggest that policy networks may develop as parallel structures of government that are hollowing out existing administrations and mechanisms of democratic control, and political accountability (Brans 1997, 395) that is succeed to avoid, at least partly, in the Area Committee system.

However, it is important to ask about the passiveness of the residents connected to the study results. The passiveness is explained by the high rate of unemployment and the policy of the state government. The state government is accused of inadequate support of regional policy and of concentrating services in only a few growing centres especially in Finland. One explanation of the result of the study might be that people are disappointed with the official policy practiced by the state government. However, especially in the area of Yläkemijoki, people feel that they can create an influence through the Area Committee. At the same time, people can be found who do not care to participate in public activities or they do not show their satisfaction.

In general, it can sum up some good network management principles that support community governance. The study of network management techniques leads to following conclusions (Saarelainen 2002a) from the perspective of the Area Committee (compare with Kickert et al. 1999, 175—177; Esselbrugge 1999, 99):

- *Responding the needs of client services in a more flexible way in order to avoid extra cost, and optimally to share task between the authorities and citizens.* In some cases, the new arrangements have also brought cost savings to the municipality. A good example of the resource exchange network can be given in the field of transportation: a taxi service is provided to the residents twice a week so that they can conduct their business in the village shops.
- *Awakening and making good use of the residents' skills, knowledge, and resources.* Such catching on to the ideas of other actors and taking into consideration the interest of every actor has happened in the field of planning and arranging cultural and social events. For example, the Village Committee, the Martta-club, the Parish, the Committee, and the Youth Association have planned and arranged concerts together.
- *Processing the values, norms, and perceptions of the residents in order to achieve a culture of the co-operation by producing and supporting innovations with the help of other actors (mainly NGOs) in the area.* The development of this atmosphere can be seen in the rhetoric of emphasising co-operation instead of competition between villages. The task of the Committee is to develop community governance by supporting and increasing social capital. One technique has been seen in the creation of social capital in the area: the Committee has offered an open arena in which every stakeholder has had an opportunity to bring problems and other issues into the process and open discussion first through the village committees or some other NGOs and then to the Committee. The Committee has enabled enough information to be collected about different alternatives without immediately making priority lists. A good example of this kind of process has been the school arrangements. Six comprehensive schools have been closed since 1993 and nowadays the rearrangement to merge the elementary and the secondary schools are discussed.

- *Co-operating in order to achieve satisfied outputs and outcome or problem solving* by seeking the balance of knowledge between the residents and the local authority administration. The committee has emphasised creativity in service production by supporting the professionals and employees to handle tasks from different sectors.
- *Increasing the trust between citizens and the villages.* When trust in the Committee system increased, it was easier to gain the commitments of the citizens to the decisions.

The fulfilment of the above-mentioned strategies of network management can be inspected by the realisation of the (un)satisfied relationships between network forms managed by the Area Committee.

8.2 Impacts of the Network Management by the Area Committee

8.2.1 The Relationship between the Area Committee and other Local Self-Government

Maintaining culture and youth activities is part of the tasks of the Committee. However, no one employee is eventually responsible for these tasks in the area of Yläkemijoki. When the administration of the Area Committee was planned, no exchanges were made in the tasks under the authority of the local self-government. Actually, the officials should have taken care of these services in the area of Yläkemijoki such as in the other areas of the municipality. Only the operating expenses were transferred under the budget of the Area Committee. By degree, the authorities have understood their relationship to authorities in the area of Yläkemijoki. The authorities responsible for arranging and producing the services that need investment or the maintenance of facilities have not internalized their part in the decentralization process in arranging regional administration.

All decisions to participate in networks are in a sense strategic. As such, there is a complex interaction between the interests of sets of actors — the Area Committee as the node of the network structure of community governance, the associations belong to civil society, the agencies and representative system belong to the local self-government, and finally the service producers. Thus, to return to the notion of strategic learning, actors had to make decisions within a context structured by the administration of the local, past decisions on decentralisation policy and the perceived external economic situation, and especially the changes in the subsidiary system of state government. Within this context after the first four-year period, the decision was made to continue the Area Committee because the structure of the network had begun to be more durable. The network was the institutionalisation of values and beliefs about the nature of the Area Committee policy, and these beliefs guided the decisions of the actors within the network and constructed the identity of Yläkemijoki area.

Networking is supposed to be understood as a social and political practice developing a theory of network formation, evolution, transformation, and termination (Hay & Richards 2000). The new “agency” or network between the Area Committee and the other agencies in the local self-government does not function within a context that is not unchanging or immutable. As a result of this study process, the statement can be made that the network, in which the Area Committee has its deniable node status, is simultaneously at the pre-network stage as well as at the network termination.

The original purpose of the Area Committee was that the experiences of the local citizens in the area of nine villages and the experience of the local self-government authorities in the local self-government administration would be combined in a versatile manner. At the same time, decision-making would be brought as near as possible to the citizens. It was supposed that the Area Committee would develop and test new and different ways to produce and deliver services. This arrangement has been an innovative and courageous experiment in the rural municipality of Rovaniemi; it has demanded interactive decision-making, which

differs from common hierarchical forms of decision-making in municipalities in general.

The Area Committee has a budget to cover its running costs. Therefore, it has quite an independent status and a free hand to operate. The special aim has been to go beyond the traditional lines of administration and to find new subassemblies to serve the needs of the area, such as child day-care, school tasks, and home care. Nevertheless, again the learned administrative culture showed its strength and stability. In the name of equality, the authorities in the local self-government understood that they must handle and process the issues that belong to the Area Committee in the same way as they handle other parts of the municipality. The authorities have not provided sufficient information about the special position of the Area Committee. On the other hand, there might be a purpose in order to prevent the criticism of the Area Committee. Its position has not always been unanimous, especially in the political arena and some politicians demanded terminating the Committee and taking its duties into the self-government central administration. In a way, the idea of the Committee has been remained unfinished.

Despite the pressure to end the Committee, it managed to control the decentralisation process and thus, despite growing opposition to increasing costs, the outcome of the Area Committee's function was a policy that continued to protect the interests of the citizens of the Yläkemijoki community. The changing context placed pressure on the network and reconstituted its interest from increasing production to preserving as much as possible of existing policy.

The most puzzling parts of the independent role of the Committee have been the question of rights to invest in the area of Yläkemijoki. As is previous stated, the Committee has no money for investment in its budget. All necessary acquisition costs, such as for new tables in the schools, must be included in the operating expenses. Therefore, the cost for one student would more expensive than the other parts of the municipality. However, the expenses in the area of Yläkemijoki, when compared with the other parts of the municipality, give the appearance that the services arranged and financed in the area are more expensive than for the same services in the other parts of the municipality.

What has been learnt in the process is that the area of Yläkemijoki is not comparable with other areas in the rural municipality of Rovaniemi. This problem is connected to the accounting system and is mainly technical. Until recently, the recreational expenses had been recorded as school expenses. In addition, the accounting should have been consistent with the real situation. Nowadays, the accounting system does not describe the real situation in the area and thus it does not serve the administration as well as it could. Bardach (1998, 210) raises into the discussion three smart practices that bear on the design and management of steering processes: substituting management for governance, letting form follow function, and legitimating a leadership role. Every point of these challenges the function of the Area Committee.

Other distortions can be found. The subsidies from the state for students from other municipalities are not included in the budget of the Area Committee of Yläkemijoki but they can be seen as an income in the budget for the entire municipality. However, the expenses for these students come from the Committee budget, consequently distorting the expenses. Finally, it has been noticed that regular and versatile planning requires more time than it has been possible for authorities, who have been responsible for arranging services in the area of Yläkemijoki, to give. Especially the co-operation between authorities from the local self-government central administration and the authorities from the Yläkemijoki area felt that the secretary of the Committee should work full-time instead of part-time and be connected to the other duties or some other official position in the area, as has now been done with the headmastership.

The main question for the existence of the Committee is whether it is worth transforming this model of the Area Committee into sustainable action. Is it applicable to the other parts of Rovaniemi and Finland? And what can be learnt from this model? The experiences support the general division between the objectives concerning local government and community governance. If the experiences in the area of Yläkemijoki are compared with the other parts of the rural municipality of Rovaniemi, some hypotheses could be raised. The experiences of citizens' participation in the areas of the Rural Municipality of Rovaniemi

could be described as the ‘high or low in politics’ division. There are things, so-called ‘high in politics’ issues, which are decided in local self-government or council. In the opinion of the citizens, these issues have a common meaning and effectiveness concerning the entire municipality. On the other hand, there are issues that have a ‘low in politics’ status (Vuorela & Veräväinen 1999, 33). The interests of these issues are districted for the smaller group of citizens. Because of the Committee budget, these divisions are not expected to exist in the area of Yläkemijoki.

8.2.2 Network Management Challenges of the Area Committee

An attempt is made to address the task of network management by bonding representatives of each village of interest onto the Area Committee alongside community representatives. Participatory efforts are succeeding to create positive atmosphere of development in the area. However, the creation of bridging ties outside the community in order to achieve extra value has not done significant promotion. Therefore, networks also need to be developed across sectors and linking communities into the local government at a variety of different levels.

The community of Yläkemijoki has a great deal of tacit knowledge to bring to the cooperative arrangements: knowledge of what local residents see as priorities and how problems are experienced; knowledge of what is likely to work and what is not; ideas about new ways of tackling problems and using local assets. Nevertheless, this knowledge needs to be validated from above and below — respected and acknowledged by the power holders and recognised as a basis for empowerment by the community. This study shows also that building knowledge from below, rather than accepting the received view although it is the Area Committee, allowed people to develop their own analysis of power in community, which could be used as the foundation for activities.

However, monitoring and evaluating must be developed in the Area Committee system. Representatives and those they represent in community need to be also actively involved in

monitoring and evaluating cooperative arrangements in terms of processes, outputs and outcomes. From the NPM point of view, these applications have not used properly and evaluation follows the traditional culture of ex-post evaluation. Perhaps one structure for monitoring and evaluation could be found from the work or team group system. If these groups will also do evaluation of activities managed by the Area Committee, it could develop the indicators, which measure the development of the community with the indicators that are tailored to the community. These provide a practical means by which communities and agencies can work together to address key questions about processes, outputs, and outcomes of policy networks. This enables and empowers communities to gain greater effective control within the processes of cooperative arrangements.

Eventually, the community could also build upon existing experiences of networking and exchange, to support each other both in exchanges of learning more generally. The importance of networking has realised, both for the benefit of individuals and villages and for the potential development of alliances around shared interests and concerns within the community. Formal structures have an important role to play, especially when large sums of money are being spent and new project-based networks are established.

However, there are many other ways of involving people if steering is to be balanced with participation and public accountability with flexibility. Community development must be concerned with supporting and developing a variety of interlocking networks that cut across community divisions and with supporting those that already exist. Crucially, these need to operate at the informal as well as the formal level so that they can engage people in different and fluid ways.

Community networks as one form of the applications of the NPM do not alone guarantee and provide the mean of enabling communities to become partners that are more competitive. One of the most important elements is to take into consideration their own perspectives in the community. Whatever perspective is adopted, however, the implications for community development are long-term governance perspective. In addition, community development needs short-term perspective, which is usually

planned by using the applications offered and developed by NPM. This means that community development support needs to be made available on a continuing, flexible, and long-term basis, nevertheless to forget short-term special initiatives that offer technical and measurement system to evaluate the development of the community.

9 NETWORK MANAGEMENT DEVELOPMENTS AT THE LOCAL LEVEL

9.1 Findings in the Case Studies

This study deals with the role of network management at the local level. It is addressed particularly to the reforms regarding decentralisation in the municipal sector. It is within this context that the three issues of NPM are studied: reducing citizens' dissatisfaction with, reducing local government expenditure on, and increasing community funding on local services. Driving forward these aims, communities have emphasised citizen involvement in local service delivery.

The general social map of the Polish and the Finnish cases presented in Figure 32 draws up the differences discussed in previous chapters. Even if the cases differ in detail, it is possible to find similar tendencies in both cases.

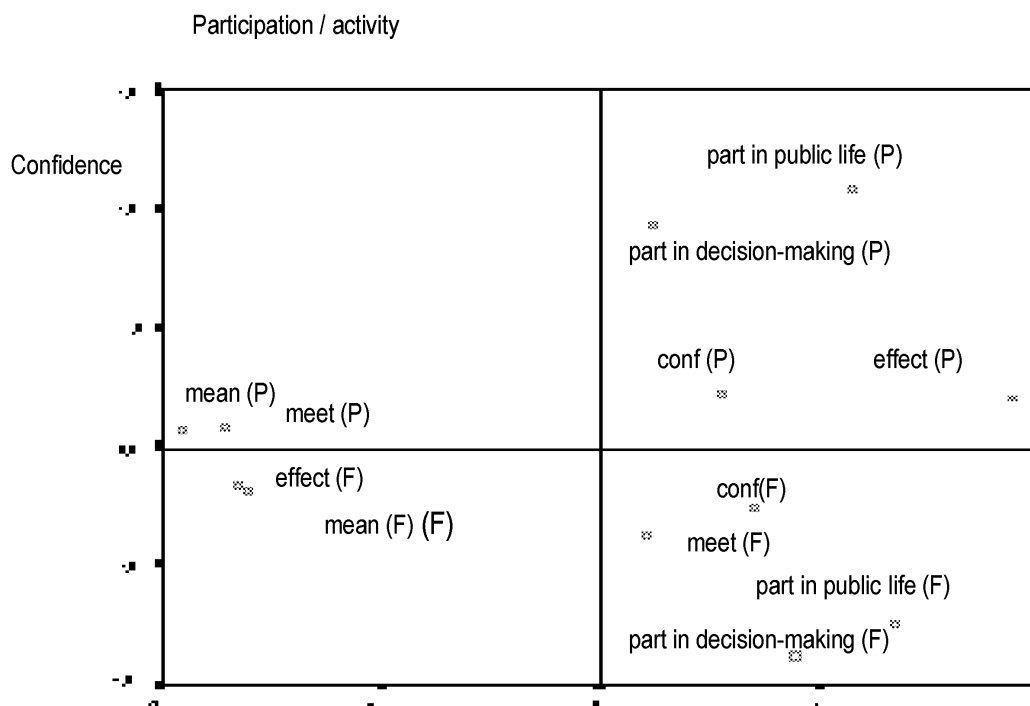


Figure 32: Social map in the Polish and Finnish cases.

In the multidimensional scaling in Figure 32, the sum variable “meaning” measures the importance or the role of the organisations in the respondents’ personal life. These organisations were listed in the questionnaire (question 10 in the Finnish case and

question 5 in the Polish case). The variable “meeting” refers to the meeting of the other members of the organisation in some activities arranged by the organisation. Figure shows that in the Polish case, the variable “meaning” and the variable “meeting” align close to each other. However, in the Finnish case the variable “meaning” occurs near the variable “effectiveness”, which measures the respondents’ attitude to the impacts of the organisations on the development of the area despite whether the respondents are involved in these organisations or not. These observations would also indicate the differences to understand the questions.

In Polish case, the sum variable “confidence” in different institutions is placed in the same group as the sum variable “effectiveness”. In Finnish case, the sum variable “confidence” is found near the variable “meeting”. The interpretation may be that people’s attitude, by evaluating the confidentiality of the institutions, is connected to their attitudes about the effectiveness of the organisations in Polish case and participation in the organisations in Finnish case. Although the structure of trust is different in the cases, the demands for network management practices seem similar. However, in Polish case, the local government could pay more attention to building relationships to the organisations of civil society. It could emphasise the role of civil society organisations in local development projects. In Finnish case, the local government could strengthen its own status in the structure of local governance; for instance, more intensive relationships are needed between the Area Committee and the local authorities.

The study shows two important observations in the Finnish case. First, the numbers of the face-to-face meetings of people from different organisations impact on the opinions of the citizens’ attitude concerning their influence in decision-making. Second, not only the quantity of meetings but also the quality of the connections is an important factor. The more connections the citizens have to different organisations the more involved they feel in decision-making. In addition, people who work for the organisation, or are active in the organisation, feel that they influence decision-making in the area, when compared with the people who do not have active relationship to the organisations.

Strong ties to the organisations are more meaningful in the sense of influencing decision-making than the amount of connections.

Nevertheless, the nearer the representative system is the more trustworthy it seems to be. There is no significant difference between respondents with weak and strong ties when their best ways of influencing the decision-making processes were asked. The most popular method in both cases was participating to the village meetings. The second was contacting a representative in the area and the third popular method was personal contact with the authorities. The result implies that in addition of the traditional representative system, transforming the representative system to be nearer to the citizens is justified.

Authors such as Putnam emphasises that trust is a component of social capital and an important aspect of civil society. Trust is an obligatory element in collaboration and at the same time, it is recreated and strengthened through cooperation. Everybody has personal trust but it must be separated from the collective trust as a result of cooperation. The study shows that in order to get the commitment of citizens to the networks, trust between all actors must be earned. The earned trust could be equalised to accountability to the community. Accountability enhances trustworthiness because it might change the citizens' calculation of their own interest. The meaning of trust for this study is its understanding as the collective resource. When network structuring promotes trust building, it refers to the situation in where trust is collectively produced and it helps the cooperation.

The most complex systems of trust appear particularly in the situation of interorganisational cooperation. Trust is the precondition for cooperation, but also the product of successful cooperation. In this sense, trust is a quality of relationship. Trust encourages sociability, participation with others in various forms of associations and in this way, it enriches the network of interorganisational ties and enlarges the field of interactions.

In this study, social network capital is separated from organisational capital. Nevertheless, both of these capitals are included in social capital. Social network capital is connected to horizontal trust building. Organisational capital is understood to implicate vertical confidence toward public institutions. Both forms of trust are linked to trust at the local level. The study

shows that the citizens' confidence in institutions, which are far away from their everyday life, is less than the institutions represented by local level actors. The interpretation of the results is parallel to the citizens' activity measured with weak and strong ties to the organisations in their own living area. Citizens with strong ties trust even less in these strongly institutionalised forms of action when compared with a representative system at the state or local level. In general, people who are "active" in certain organisations trust more than "passive" people do in the local representative system. The difference between the groups of active (strong ties) and passive (weak ties) decreases concerning state organisations. Thus, the study supports the discovery that both social network and organisational capital may serve as a reservoir of support when a local government tries to promote economic development.

People who are involved in local activities produce a certain type of social capital by creating norms and rules to coordinate and support cooperation. Positive social capital is an important form of funding in cooperation. For example, in the Finnish case, producing activities and services for the elderly by using the social capital of community improves satisfaction with the service. In the Polish case, social capital is used very successfully in order to build, for instance, the school. Social capital is understood in this case as a voluntary involvement and desire to contribute to a common purpose. It was not possible without the successful initiating, activating, and facilitating by the local government. Through network management, local governments try to examine how they could support the present social capital. In this sense, social capital is seen to connect economic and human resources for local development.

Most projects at the grass roots level are planned and implemented by the voluntary work of the citizens. The study shows that the consumer status of citizens depends on the commitment of citizens to the development programmes and the commitment of local authors to be in a consultative role. The aim of network management is to acquire commitment to the action at the level of process management. Then actors must believe that the actions they carry out in networks will be favourable to their interest, needs and expectations but they are also in the interest of

the organisations that they represent. To do so effectively, a network manager must encourage the participation of all who can identify areas for significant improvements. When there is no previous experience, the network manager can move the discussion smoothly to the desired collection of required actors. Especially in projects, other actors outside the network must be activated in order to achieve the set aims for the project.

The study cases show that local governments have used collaborative networks as strategic instruments in order to increase the funding of services. As the process managers, the Area Committee and the civil committees clarify the citizens' opinions about services. They explore possibilities for funding local activities and services partly by using the citizens' resources. However, the main purpose of process management is to help citizens to understand their role in the local governance system: how they are expected to take part in common activities, how they should commit to the activities, and how the commitments should be rewarded. Developing a common approach and having a clear statement of the strategic goals in service delivery networks, project-based networks, and planning networks can be ensured the involvement and cooperation of all actors.

However, much have to be done in order to build and maintain the information system that can guarantee accountability to stakeholders such as citizens, authorities and entrepreneurs. Local governance through networks requires communication among and between citizens, government actors, and entrepreneurs: the exchange of opinions, the formulation of political choices, and the articulation of political support. To acquire civic competence, people have to trust the sources of information and knowledge.

The study shows that the smaller and the more specified the target groups are, the better possibilities local governments have to reach the stakeholders and spread the necessary information. Furthermore, an effective network management by taking care of spreading information and cultivating sufficient communication helps people to see their role and contribution in relation to the mutual benefit. If decision-making is decentralised as low as in the Finnish case, the most important thing in order to keep the

system trustworthy is to hear the voice at the grass root level in the decision-making in the upper hierarchies.

Local governments also succeeded in reducing the citizens' dissatisfaction with services. In the Polish case, the civil committee system offered a good example of how cooperation was managed in investments projects. The local government managed to share responsibility in the phase of process management in a way that created the commitment of citizens to investment projects. In addition, it is reasonable to say that these successful projects impact on other service delivery systems in the community. People become more aware of the financial situation in the community and are more willing to give their labour input in order to promote the economic development and well-being of citizens, such as in the case of primary school building. It increased collective trust in or accountability to the community.

The Finnish case shows that the citizens' satisfaction with local public services, such as the transportation or the day-care for children, was increased. One reason for increasing satisfaction has undoubtedly been the devolution of decision-making from the local government to the Area Committee. Transferring a representative authority to special working groups or teams of villagers supports the decentralisation further. The delegation involves the shift of responsibilities of the secretary of the Committee to the working groups, which planned the possibilities of service delivery. Thus, delegation to the working groups involves strategic autonomy. The secretary of the Committee took some decision-making power for herself. This managerial autonomy means, above all, that the secretary of the Committee transformed the service delivery units according to optimal using of human resources of the staff especially in the field of health care and social services.

The third empirical study question concerned how network management reduces government expenditure on services. From network management point of view, the expenditure of the service delivery is satisfactory if both personal and organisational goals are achieved. A good example was the transportation system in the Finnish case. Sharing the expenditure between the customers, the entrepreneurs and the local government, the citizens'

possibilities to stay in the area and entrepreneurs' businesses were supported, and government's expenditures were reduced.

Overall, an effectiveness of network management in the implementation of the NPM initiatives defined for this study depends on the network's capability to realise the strategic goals and desired policy outcomes in the community. Policy outcomes are defined in the strategy books of the municipalities and the working programme of the Area Committee. For purposes of this study, the desired goals and policy outcome are defined through the three NPM initiatives. The working programme of the Area Committee plans to tighten coordination between the Committee, local authorities and citizens. Following and describing local networks in which cooperation takes place, studies this strategic aim. The general policy objectives were defined in the Strategy book of the Municipality. According to these objectives, the Committee tries to develop services in a way that guarantees the possibility of local resident to live in the area. For the purpose of this study, these objectives are also operationalised by transforming them into the NPM context.

Local government actors can take a very active role as a network manager and use networks as a strategic instrument in order to implement desired strategic goals. During the research process, citizens and local authorities realised the increasing need of process management for satisfactory policy outcome, such as the required standard of service quality. By process management, such as efforts to activate people to make plans for providing services, for example in working groups, enabled participants see how important it is to build some kind of formal form for participation. However, process management in networks did not change network structures in the community directly. Nevertheless, by developing network processes, actors by degrees learnt to drive changes in the collaboration structures.

In the Polish case, the policy of local government in order to achieve policy outcomes seemed very determined. Because the citizens' activity, measured by participation in the NGOs or other associations, was rather low, the government was going to make a plan on how to activate citizens. The local authorities encouraged citizens to organise new NGOs, they gave consumer education on how to pay more attention to environment protection and they

informed citizens about how to encounter the social problems of inhabitants. The local government staff gradually took an active role in a consultative forum on how to assist citizens' groups. Thus, what the Polish municipality could learn from the Finnish case is how to share power with the lowest level, such as to the committees or the specific working groups.

The working groups strengthened the process management by the Area Committee. As very informal organisations, they had influence over implementation policy. Above all, the working groups created the informal rules through which local stakeholders met their needs and proposed their priorities in order to solve problems. If network processes were managed well, the rules that conducted the action furthered the network structuring. The working groups also created knots that furthered the strategic planning to find integrated solutions for the service delivery. The working groups as institutional cooperative arrangements facilitated collaboration. The working groups gave proposals for providing and producing services. Although they were unable to decide what to provide or how to finance the services, nevertheless they may give proposals on the quality and quantity standards for the services.

Especially the Finnish case shows that people were more willing to cooperate when they could set up the conditions for the cooperative institution. They even completed small questionnaires from door to door in order to know the kind of services families need. However, these groups could have been used more efficiently for developing a feedback system to maximise benefits for the evaluation of the services. For instance, the working groups could have impressed more strongly the kind of quality and amount of services they expected. To this extent, they could have expressed which outputs met the standards. Because rules are formulated in language, it is important that citizens understand the language of local government actors. In the Yläkemijoki area, one unwritten rule was that the language used by local government actors is as clear as possible.

Efficient network management increases the citizens' access to and influence over the service delivery system. Therefore, the main problem of network management is to activate partners. A local government as a network manager can create subnetworks

such as small planning and evaluation groups for specific tasks. Thus, people who are interested in the issues concerning them can participate in a bargaining system and contribute to achieving policy outcomes.

Concerning decentralisation, the devolution can go as far as the autonomous and democratically elected units have power to make strategic decisions that really have effects on the development of the area. Devolution has gone too far if it blurs coordination. For instance, in the Finnish case, the devolution improves the decision-making and intensity of implementation in service delivery networks in the area. The devolution also improves the policy-making processes. However, the Area Committee might have taken a much stronger role while guiding the strategy making. In that sense, it is too small a unit to make decisions, but it helps the other tiers of local government in decision-making.

9.2 Discussions and Conclusion

This concluding section draws out and reflects on some of the main findings and themes to emerge from the studies of managing networks. In doing this, it emphasises the use of networks in the delivery of services and the problems that arise in their management. The management of local networks is intended to contribute to the current debate on local governance. The term governance has increasingly been adopted to refer to the new processes of governing. In this study, local governance is used to refer to the changing processes and practices of governing which involve: the emergence of networks and the development of new governmental tasks and tools, a sharing of responsibilities between the public, private, and non-public sectors, and a power dependence between the organisations involved in collective action.

Local authorities are actors that are usually automatically responsible for taking the role of network manager. The task of network management by a local authority is to create and strengthen collaboration within the local area and to enable community members to participate in community development. In

this respect, especially in Western democracies, local authorities have to confront the cultural change involved in their dominant role in the government of localities. In CEE countries, a major feature of local government is still its intermediate position between citizens and the state and its role in strengthening the expression of the self-government of citizens in order to handle common problems and meet common needs. However, in both types of countries, the current objective of local governments is to support the development of various types of relationships from other tiers of government through NGOs to private sector companies.

To support area-based networking, state and local governments have further decentralised public policymaking in order to increase flexibility. However, the collaboration in horizontal networks might be more difficult and time consuming than in vertical networks. In addition, the mechanisms through which networks and partnerships contribute to economic development, social inclusion and cohesion, or any other policy objective pursued, are not fully clear as is emphasised in some publications by the OECD. Collaboration in this sense could be compared with a “black box” because desired inputs and outputs might be visible, but the mechanisms enabling the transformation from input to output are usually not (OECD 2001, 17—18). This study attempts to take some steps toward studying this “black box” between inputs and outputs. In doing so, it concentrates on the role of network management in order to make the “black box” more visible.

Local authorities and politicians occupy a central position within emerging systems of local governance. As long as they are prepared to undertake the organisational and political challenges that such a role requires they can continue to have the role of network managers. To meet their responsibilities as network manager, local authorities need to create possibilities for citizens to participate effectively in local matters in order to increase social cohesion and promote economic development.

One aim of NPM has been to make public organisations function more effectively. One of the strongest aims of NPM has been to reduce government expenditure. Therefore, NPM has emphasised the efficiency and effectiveness of public organisa-

tions. In addition to the reorganisation of organisations toward NPM reforms, the role of social capital in decision-making and implementation should be thought. The use of social capital might benefit, in addition of intraorganisational aims, interorganisational relations between public, private, and non-governmental organisations.

An attempt to increase citizen participation in the decision-making and implementation of local services means that social capital should be integrated into these processes. Therefore, the use of social capital can benefit the aims of NPM. For the purposes of this study, NPM is understood in a way that it supports the developments of social cohesion by reducing the citizens' dissatisfaction with community services. Increasingly positive social capital has been realised as a valuable fund in addition to money or because of lack of it. Emphasising funds other than money — such as the skills of citizens, reciprocal rules and norms, and group identity — in communities as a resource for delivering services, local authorities have turned to benefit from sources of social capital. Building social capital may give people real participation tools in policymaking. The local governance design is used by describing the role of networks by integrating the sources of social capital into service delivery.

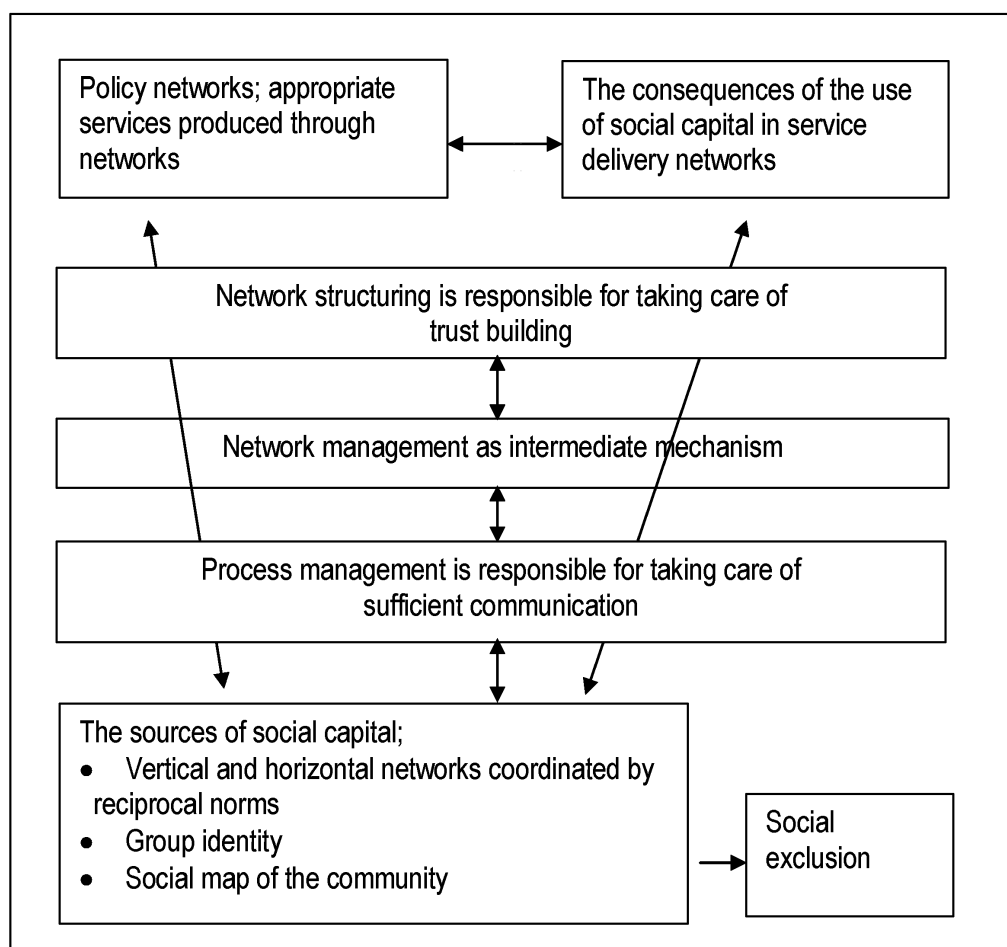


Figure 33: Local governance design from the perspective of social capital.

According to Portes (1998, 20—21), sources of social capital are, for instance, vertical and horizontal networks coordinated by reciprocal norms maintained by the community, group identity and rationality produced by continuous interaction. The sources of social capital, which are used in the communities, are, for instance: community forums, shared interest forums, issue forums, service user forums, service satisfaction surveys, public meetings, consultation documents, question and answer sessions, working group/committee work, citizens' panels, and community plan/needs analysis (see also Goss 2001, 38). Therefore, one measurement of the use of the source of social capital might be the way many forums and consultations have been arranged and to see who has participated in them. The consequences of social capital are, for example: the increased effectiveness of the intermediation of information and the decreased need to supervise

transactions, increased social support or better coordination between actors in the delivery of services. A measure for the consequences of the use of social capital might be how trustworthy citizens feel some independent institutions to be rather than to estimate the trustworthiness of the entire service delivery network, including different service providers. If local government actors assist the citizens' group by taking a consultative role, they should not dominate the activities. Through network management, power should be shared with the lowest level without breaking down the norms and values of community.

Overall, the sources and consequences of social capital are difficult to identify. In addition, the distinctions between the sources and consequences of social capital are unclear. In order to make sense of the sources and consequences of social capital, the "black box" and network strategies and mechanism should be made visible and conscious. Therefore, the study of the sources and consequences of social capital is included in the different phases of network management in Figure 34. The phases also implicate the task of network management, which is to take care of sufficient communication in order to increase trust in other actors and confidence in institutions.

The strategies chosen by a network manager are connected to the sequences of management. The sequences of events in networks are interesting from the perspective of the consequences of social capital and policy objective and how they are achieved. In order to describe the function and management of a network Klijn, Koppenjan and Termeer (1995) have developed a framework for network management strategies. It is presented in Figure 2. They distinguish two dimensions. The first dimension is process management, which refers to interactions within the network and tries to establish or change the conditions that influence the process of interaction between actors. The second dimension, network constitution or network structuring, refers to building and changing the institutional arrangements of the network.

A conventional analysis of policy networks has concentrated on drawing a picture of a network structure instead of the process and practice of networking. In this sense, policy networks fail to capture the way networks were originally established and why

they may change. However, networking is a dynamic process and the strategic motivations and intentions of the network actors can be identified. In Figure 34, the “black box”, including the phases of network management, is described. These are according to Hay (1998, 35): a pre-network stage, network formation as process, and networking as practice and network transformation.

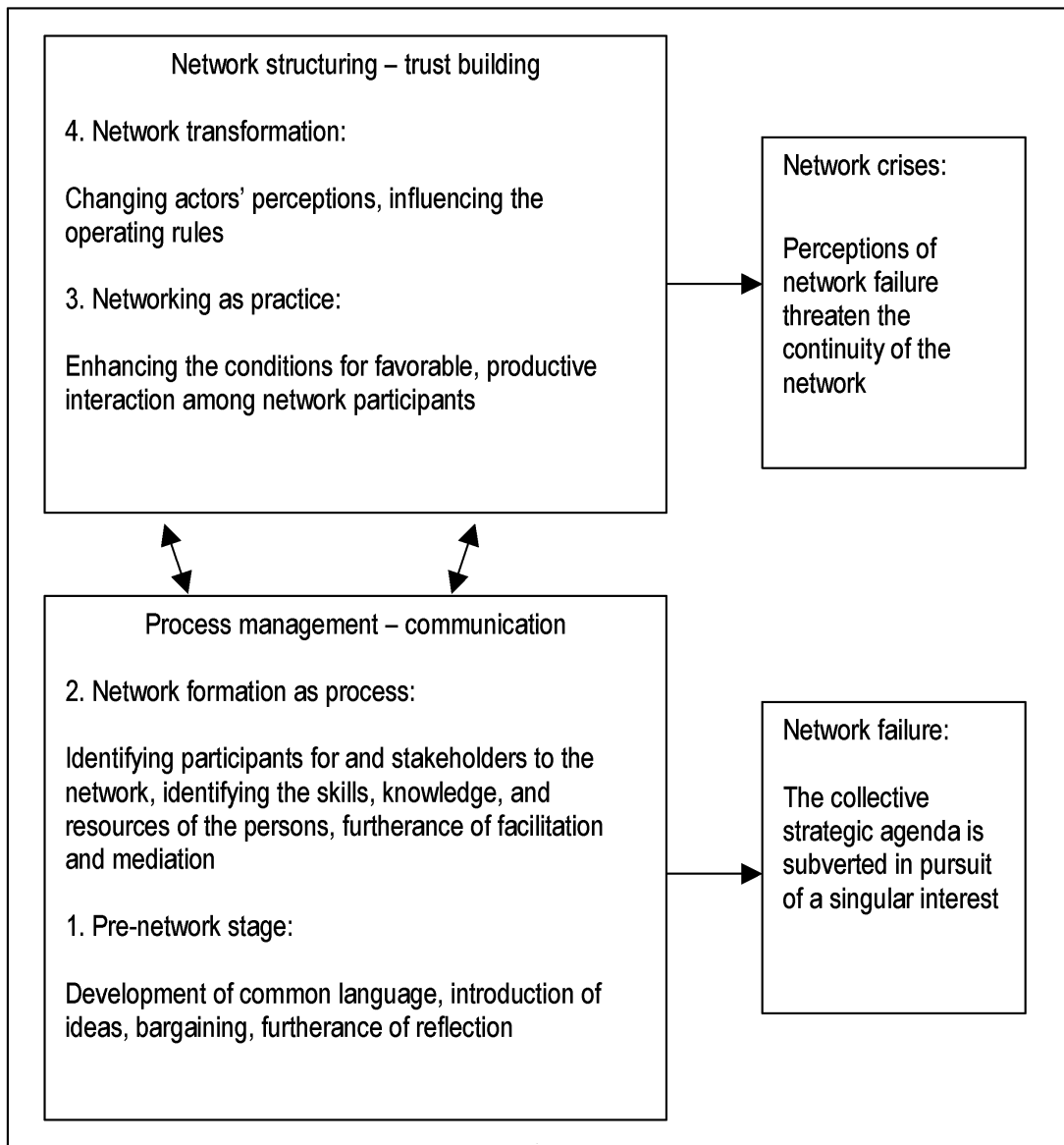


Figure 34: Managing Local Networks.

From the perspective of the use of sources of social capital, network management can be defined as function by a local government that aims to initiate, activate and facilitate the interaction between actors with separate interests and goals to

support trust-based relationships in order to achieve a shared objective or policy outcome that increases accountability to the community. Managing a network means that the members of the network achieve a solution for a joint problem in a situation of mutual dependency. This means that when setting strategies for their own organisation, managers will need to take into account the actions of the other organisations within the network and indeed their reactions to the strategies chosen by others. Thus, network management is to further conditions for cooperation and to find the adequate level and structure of participation. Network management prepares local government actors to take an active role in a consultative forum and enhance mutual dependencies between citizens and government.

The pre-network stage refers to the situation in which the actors' commitment to network should be accommodated. In this phase, similarities and differences in the actors' perceptions and the opportunities that exist for goal convergence are explored. The second phase, network formation as a process, aims to improve the consistency of the choices by exploring the perceptions of different actors. In particular, the actor who takes the role of network manager must bring together the relevant actors.

Activating a network by formation means that the participants and stakeholders of the network and their skills, knowledge, and resources will be identified. Managing interactions within the network demands the activation of actors who possess resources. Activation is a critical component of network management. In particular, resources such as money, information, and expertise are the integrating mechanisms of networks that must be taken into consideration. The critical factor of success is that only those actors who are essential for the attainment of certain goals or a policy outcome are invited to participate in the interaction processes. Some actors are not invited and may even be excluded. In addition, the exclusion might turn against the basic idea of activation if a network is closed too long.

If a local government takes on the role of managing the network, it also controls the use of resources in the network. In addition, supporting and facilitating the actions in the network, the local government might still have strong control over these actions. In order to ensure the stability of the network, it is

necessary to set up an agreed conflict resolution mechanism to cope with disagreements among network members. To be effective, a network manager explores possible solutions. The network manager keeps the channels of communication open and assists parties to recognise the interests of others. He or she ensures that resources are used well enough to produce information for other actors in order to resolve problems.

For network formation as a process, some specific evaluation criteria could be formed in order to avoid conflicts in networks. Depending on the type of the network, the process should also generate a variety of the information needed to reach a decision. A variety of actors, perceptions and information are desirable from a democratic point of view. Networking might increase the number of options of different actors. Therefore, network management takes care of the reasonable cost of interaction and adequate conflict management resolution.

Conflict resolution means that the values and norms of the network must to some degree be consistent with the values, norms and rules that guide social networks at the local level. Therefore, positive social capital connected with the decision-making or service delivery network creates reciprocal norms and rules to coordinate and support trust-based cooperation for the benefit of the network. In process management, the actors learn to use positive social capital as a resource in decision-making and for service delivery. However, all actors must know the rules that conduct the decision-making when conflict occurs.

The third phase, networking as practice, is to prevent frustration over the work. Furthermore, it is focused on realising changes within the network and in the community. Through successful network management, it is possible to reach some degree of institutionalised network forms, in which every actor is able to reach satisfactory agreement on what the outcomes should be. When actors share a common understanding of what the policy problem and outcomes should be, they also constitute the institutional characters of the network. Then, networks are cohesive enough to find a common objective and to serve the same purpose.

If problems cannot be solved or tasks cannot be carried out within the existing network structure, then the network must be

changed or reframed. This phase, network transformation, involves influencing the operating rules of the network, influencing its prevailing values and norms, and altering the perceptions of the network participants. Reorganisation takes time and it can be expensive. However, one criterion to continue the action of the network in a different way is that the change or the reorganisation does not displace the social capital of the network. If it does so, the continuity of the network must be reconsidered. After considering alternatives, the network can be transformed or terminated.

To sum up, the use of networks in service delivery has increased. It has been the conscious aim of decentralisation to build cooperation and partnership between public, private and non-governmental organisations. How these local networks are managed is therefore an important issue in the current discussion on public management. This study shows that network management can promote social cohesion, e.g. the use of social capital, and stimulate the effectiveness of organisations in order to achieve economic development. Managing local networks does indeed further citizen participation and some aims of NPM. However, some critical success factors described in the cases should be taken into consideration. One of them is that the processes of networking and the structure of the network should follow the norms and rules that support building social capital in the area. Thus, the role of social capital should be studied in connection with the implementation of NPM.

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Rural Municipality of Rovaniemi (2000), Minutes on 19.6.2000

Area Committee (1993—2000), Minutes

Morawica Commune (1999), Strategy Book

Interviews and Observations

Komulainen, Irma (10.6.; 22.6.; 8.7. and 16.12.1999, 5.10.; 12.12.2000) Secretary of the Area Committee

Lehto, Pekka & Komulainen, Irma & Rajatalo, Elli 16.12.1999
Members of the Area Committee

Buras, Marian 6th and 14th October 1999, voiv of the commune

Kowalska, Anna, 11th October 1999, the secretary of the commune

Wojtys, Janusz 11th October 1999, the chairman of the council

Rzepka, Anna 12th October 1999, the director of chancellery, the local parliament of the Swietokrzyskie Province

Meetings of the Area Committee, on 5.5.1999, 7.7.1999, 10.8.1999, 19.11.1999, 16.12.1999, 10.2.2000, 7.4.2000

Village Meeting in order to prepare ESF-application 3.4.2000, Vanttauskoski village

Village Meeting, 15.10.1999, Morawica

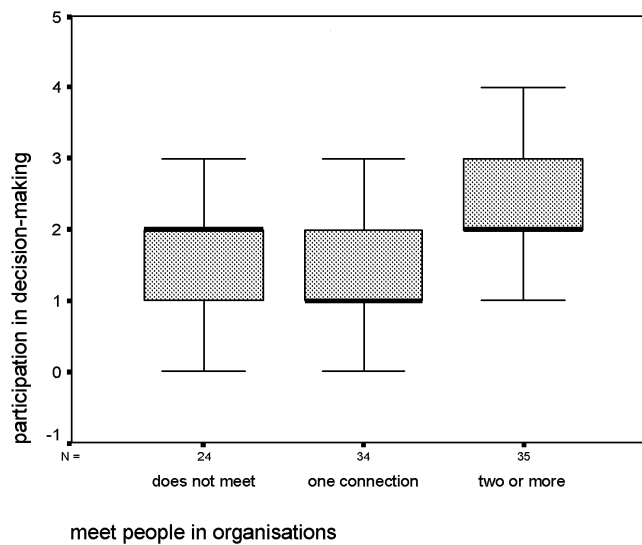


Figure 1: Participation in the decision-making process in the categories of involvement in different organisations and activity.

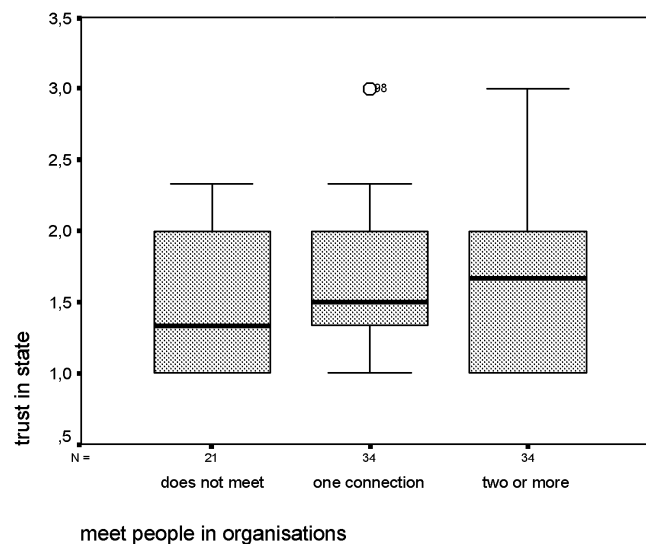


Figure 2: Trust in the state government, politicians, and parliament by the categories of involvement in different organisations (Morawica).

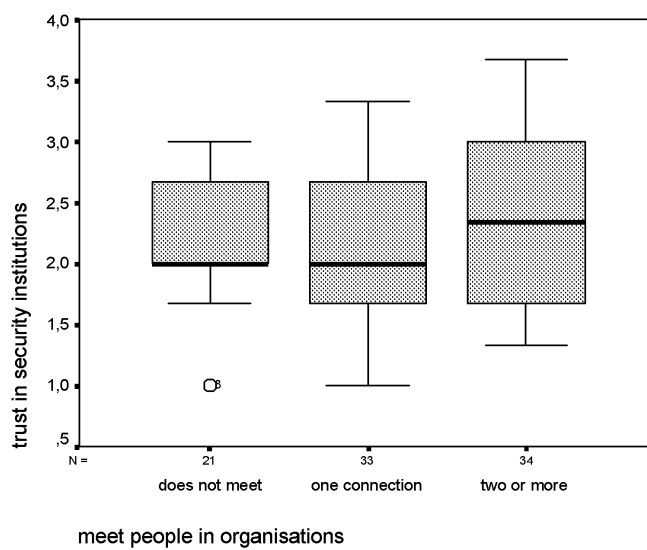


Figure 3: Trust in the security system in the categories of involvement in different organisations.

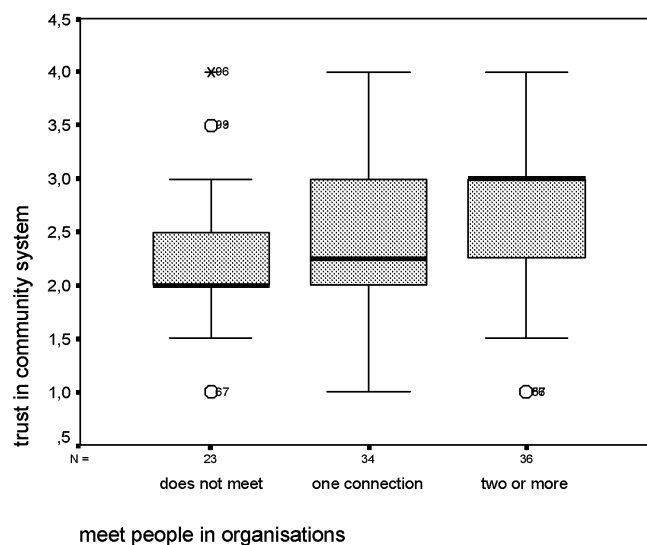


Figure 4: Trust in the community system in the categories of involvement in different organisations (Morawica).

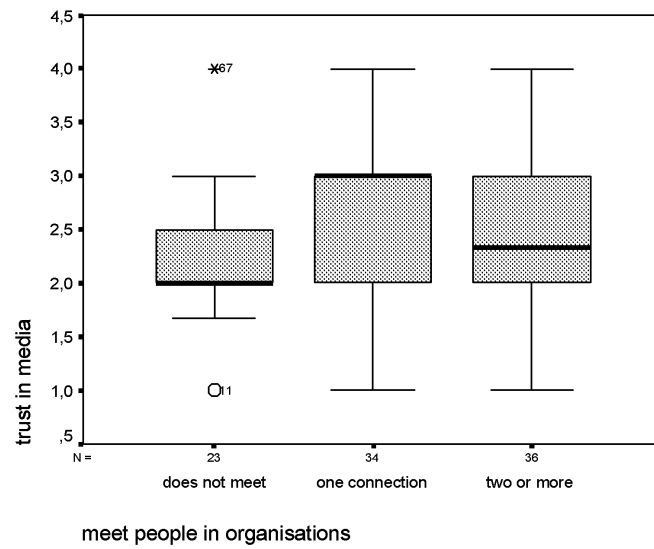


Figure 5: Trust in media in the categories of involvement in different organisations.

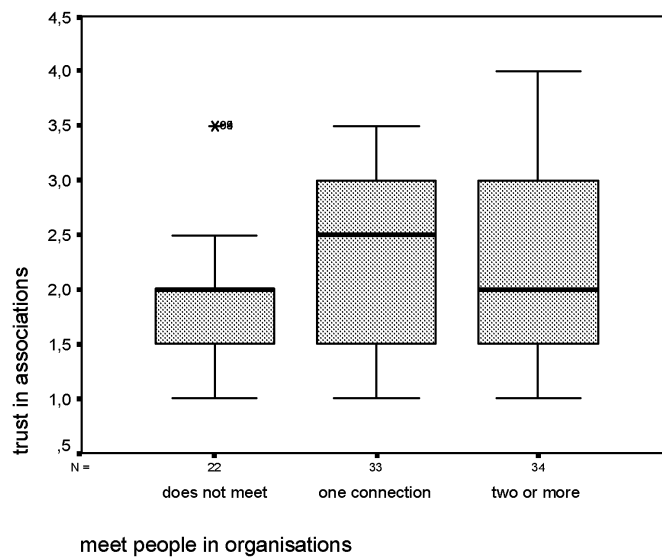


Figure 6: Trust in the associations in the categories of involvement in different organisations (Morawica).

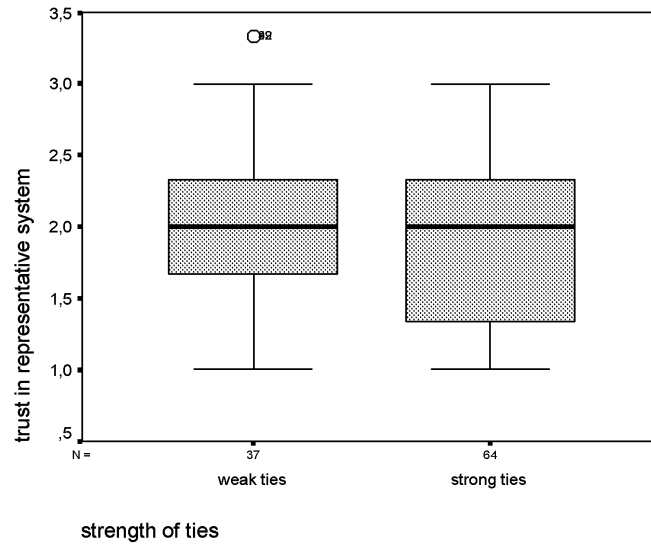


Figure 7: Trust in the representative system in the categories of activity (Yläkemijoki area).

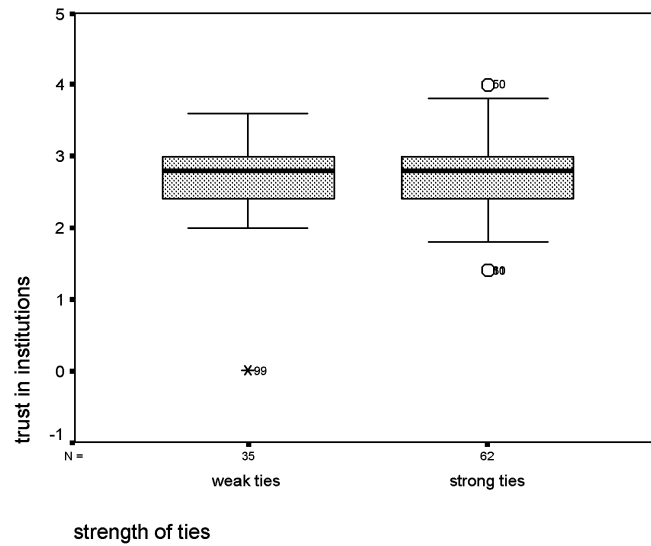


Figure 8: Trust in institutions in the categories of activity (Yläkemijoki area).

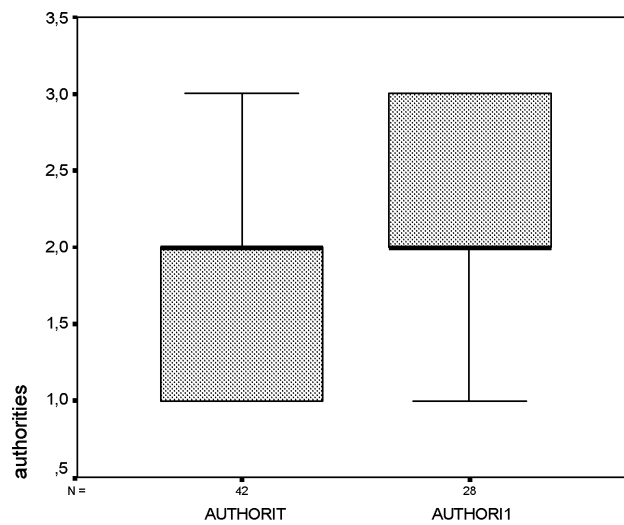


Figure 9: Trust in the authorities (Yläkemijoki area).

The variable ‘authorit’ includes respondents who have strong ties to the organisations listed in the questionnaire form. The variable ‘authori1’ refers to respondents with weak ties. (Connections to the representative system are excluded.)

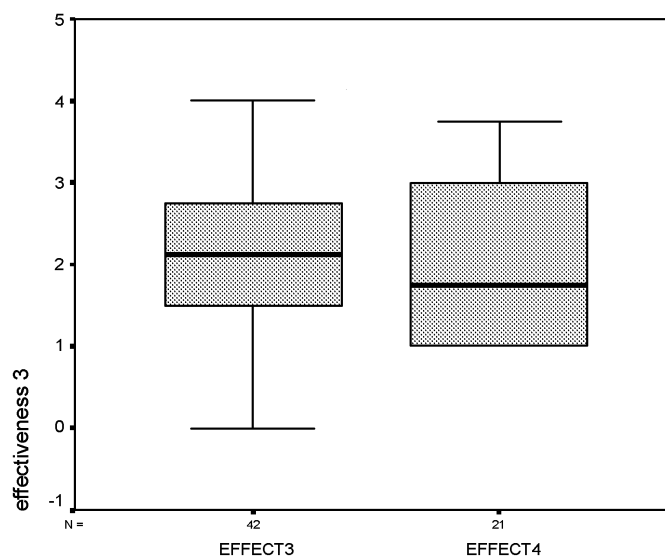


Figure 10: Effectiveness of factor 3 organisations.

The division of the variables ‘effect3’ refers to strong ties and with more than two connections to the different organisations in the area) and ‘effect4’ to weak ties with less than two connections.

Appendix 2

Note! This is a translation of the original Finnish language questionnaire.

A questionnaire for the residents of Yläkemijoki in June 2000

Please circle the right option for an answer and fill in the missing parts where appropriate.

1. I am
 - 1 male
 - 2 female

2. When were you born (year)? _____

3. Do you live alone?
 - 1 yes
 - 2 no, there is/are _____ person(s) living with me

4. Which village of the Rovaniemi rural district do you live in?
 - 1 Viiri
 - 2 Vanttauskoski
 - 3 Pirttikoski
 - 4 Tennilä
 - 5 Autti
 - 6 Juotas
 - 7 Pajulampi
 - 8 Vanttausjärvi
 - 9 Pekkala

5. Which of the following options describes your current situation best?
 - 1 have a full-time job
 - 2 have a part-time job
 - 3 am an entrepreneur
 - 4 am unemployed
 - 5 am a student
 - 6 am retired
 - 7 am on a maternity or parental leave
 - 8 am in the army
 - 9 other, please specify _____

6. Do you feel that you are able to participate in the activities and the public life of your village community? Please circle one option that describes your situation best.
 - 1 I am not interested in participating at all
 - 2 I rarely participate
 - 3 I participate quite often
 - 4 I participate actively

7. Do you feel that you are able to participate in the decision-making of and influence events in the Yläkemijoki region? Again, please choose **one** option that describes your situation best.

- 1 I feel like an outsider**
- 2 I do not have very much influence over the decisions**
- 3 I have quite much influence over the decisions**
- 4 I participate actively and what I say is taken into account**

8. In your opinion, what are the best ways to influence decision-making? Please choose the **two** best options according to your opinion.

- 1 By voting according to the representative system**
- 2 By writing to newspapers**
- 3 By personally contacting the civil servants of the Yläkemijoki region**
- 4 By personally contacting the elected officials of the Yläkemijoki region**
- 5 By personally contacting the civil servants of the municipality**
- 6 By personally contacting the elected officials of the municipality**
- 7 By writing to civil servants**
- 8 By writing to representatives, politicians**
- 9 By participating in the activities of the village committee**
- 10 By visiting the Yläkemijoki region office**
- 11 Other, please specify _____**

9. Do you participate in the activities of a community or an organisation? Below are listed the names of some organisations. In each case, please indicate how often you meet other persons belonging to the same organisation in meetings or at other events related to the activities of the organization in question, for example when arranging a party or an event. Please circle the number that is closest to the right answer in your opinion. Please name the organisation more specifically. If you do not participate in the activities of a certain organisation in any way, please leave the place empty. The options are as follows:

- 1 2 - 3 times a year or more rarely
- 2 more rarely than once a month
- 3 at least once a month
- 4 every week or more often

Organisation/community/activity	I meet the persons of the organisation in question			
	1	2	3	4
A parental association				
Martat, name?	1	2	3	4
A village committee, name?	1	2	3	4
Trade union activities	1	2	3	4
A partition unit and a fishery collective, name?	1	2	3	4
A youth club, name?	1	2	3	4
A motor sports club, name?	1	2	3	4
A sports club, name?	1	2	3	4
A fishing or hunting club, name?	1	2	3	4
An agricultural or a home economics association, name?	1	2	3	4
Maaseutunuoret, name?	1	2	3	4
Voluntary work of some kind, please specify	1	2	3	4
The volunteer fire-brigade of Yläkemijoki	1	2	3	4
A club, please specify	1	2	3	4
Congregation activity, please specify	1	2	3	4
Municipal council	1	2	3	4
Municipal executive board	1	2	3	4
Area committee	1	2	3	4
A board, please specify	1	2	3	4
Activity in a citizen's college, please specify	1	2	3	4
Some other activity, please specify	1	2	3	4

10. How actively do you participate in the activities of the organisations you chose? What kind of an impact do your activities have on the organization? Please circle the option closest to a right answer in relation to the activities of those organizations that you take part in. The options are as follows:

- 1 I am a supportive member, but I hardly participate in the activities of the organisation
- 2 I am a supportive member and I participate in the events organized by the organization, but I am not an active member of the organization
- 3 I work for the organization to some extent
- 4 I work actively for the organisation and I usually participate in all of the meetings and events as well as the arrangements they require

Organisation/community/activity	The impact my activities have on the organisation in question			
	1	2	3	4
A parental association	1	2	3	4
Martat	1	2	3	4
A village committee	1	2	3	4
Trade union activities	1	2	3	4
A partition unit and a fishery collective	1	2	3	4
A youth club	1	2	3	4
A motor sports club	1	2	3	4
A sports club	1	2	3	4
A fishing or a hunting club	1	2	3	4
An agricultural or a home economics association	1	2	3	4
Maaseutunuoret	1	2	3	4
Voluntary work of some kind	1	2	3	4
The volunteer fire-brigade of Yläkemijoki	1	2	3	4
A club	1	2	3	4
Congregation activity	1	2	3	4
Municipal council	1	2	3	4
Municipal executive board	1	2	3	4
Area committee	1	2	3	4
A board	1	2	3	4

Activity in a citizen's college	1	2	3	4
Some other activity	1	2	3	4

11. In your opinion, what kind of impact does your participation in the activities of the organisations you chose have in relation to the development of your own skills and abilities. What does it offer to you being involved in the activities? Please circle the option closest to a right answer in relation to the activities of those organizations that you take part in. The options are as follows:

- 1 I participate in the activities, because in that way I receive useful information**
- 2 The activity offers me mostly spiritual refreshment or moral support**
- 3 I participate in the activities, because in that way I meet other people and get new acquaintances and I am able to exchange ideas**
- 4 I participate in the activities, because in that way one learns new things in practice, this is my hobby**
- 5 The activity supports the vitality and development of the Yläkemijoki region and I want to be part of it**
- 6 The organisation or community in question takes care of an important educational task in the region**
- 7 Some other reason, please specify _____**

Organisation/community/activity	The reason why I participate in the activities of the organisation in question						
	1	2	3	4	5	6	7
A parental association							
Martat							
A village committee							
Trade union activities							
A partition unit or a fishery collective							
A youth club							
A motor sports club							
A sports club							
A fishing or a hunting club							
An agricultural or a home economics association							
Maaseutunuoret							
Voluntary work of some kind							
The volunteer fire-brigade of Yläkemijoki							

A club	1	2	3	4	5	6	7
Congregation activity	1	2	3	4	5	6	7
Municipal council	1	2	3	4	5	6	7
Municipal executive board	1	2	3	4	5	6	7
Area committee	1	2	3	4	5	6	7
A board	1	2	3	4	5	6	7
Activity in a citizen's college	1	2	3	4	5	6	7
Some other activity	1	2	3	4	5	6	7

Please indicate the kinds of tasks you take care of in the organisations in question. What kinds of tasks do you usually take care of and how do you participate in the activities? Do you, for example, use the services offered by the organization? If you participate in the activities of more than just one organization or a community, please write down the same information regarding those other organisations in a separate piece of paper, if necessary.

The organisation you mentioned 1) name _____

Please describe the tasks you perform in the organisation/the services you use

The organisation you mentioned 2) name _____

Please describe the tasks you perform in the organisation/the services you use

The organisation you mentioned 3) name _____

Please describe the tasks you perform in the organisation/the services you use

The next question, number 12, concerns the evaluation of all the organisations and communities in general, regardless of whether you participate in the activities of the organization or a community or not.

12. What kind of a role and impact do the organisations in the list have on the development of the whole Yläkemijoki region? Now please circle the right option for an answer in relation to each organization according to your opinion. The options are as follows:

The significance of the organisation in question in relation to the perpetuation of comfortableness and well-being of our residential area is

- 1 quite invisible, I cannot tell**
- 2 minor, only few residents are affected by the activities of the organisation in question**
- 3 quite big, some residents are affected by the activities of the organisation in question**
- 4 big, everyone is affected by the activities of the organization in question**

Organisation/community/activity	The significance the organisation has on the development of the region			
	1	2	3	4
A parental association	1	2	3	4
Martat	1	2	3	4
A village committee	1	2	3	4
Trade union activities	1	2	3	4
A partition unit or a fishery collective	1	2	3	4
A youth club	1	2	3	4
A motor sports club	1	2	3	4
A sports club	1	2	3	4
A fishing or a hunting club	1	2	3	4
An agricultural or a home economics association	1	2	3	4
Maaseutunuoret	1	2	3	4
Voluntary work of some kind	1	2	3	4
The volunteer fire-brigade of Yläkemijoki	1	2	3	4
A club	1	2	3	4
Congregation activity	1	2	3	4
Municipal council	1	2	3	4
Municipal executive board	1	2	3	4
Area committee	1	2	3	4

A board	1	2	3	4
Activity in a citizen's college	1	2	3	4
Some other activity	1	2	3	4

13. What services do you use? From the list below, please circle the right frequency of use in relation to each service. The options are as follows. I use:

	1	2	3	4	5
	seldom or I do not use	once in six months	once in a month	once in a week	almost every day
Cultural services (concerts, vocal evenings, visits by an artist, trips to the theatre etc)	1	2	3	4	5
Sports services (transport to an indoor swimming pool, sporting events, illuminated cross-country skiing tracks etc)	1	2	3	4	5
Youth work services (camps, clubs, discos, guided activities)	1	2	3	4	5
Library services	1	2	3	4	5
A citizen's college	1	2	3	4	5
Home help service	1	2	3	4	5
Day care (children's private day care or a nursery)	1	2	3	4	5
Transport services, transact transport	1	2	3	4	5
Health services (health centre services, services by a doctor or in a laboratory, child health clinic)	1	2	3	4	5
Educational services	1	2	3	4	5
Supporting services in the treatment of a relative (care help of an ill or a disabled person)	1	2	3	4	5
A visit to the Rovaniemi City Hall or Osviitta, please specify the purpose	1	2	3	4	5

A visit to the Yläkemijoki regional office	1	2	3	4	5
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Communication with the civil servants of the municipality, please specify the purpose	1	2	3	4	5
--	----------	----------	----------	----------	----------

Waste disposal services	1	2	3	4	5
--------------------------------	----------	----------	----------	----------	----------

Other public service, please specify	1	2	3	4	5
---	----------	----------	----------	----------	----------

Postal services	1	2	3	4	5
------------------------	----------	----------	----------	----------	----------

14. What positive things can you mention regarding the services and their functioning in the Yläkemijoki region?

15. What positive things can you mention regarding the public services in general in the entire municipality?

16. What negative things can you mention regarding the services and their arrangement in the Yläkemijoki region?

17. What negative things can you mention regarding the services and their arrangement in the entire municipality?

18. If you need temporary help sometimes, where or whom can you ask for it. Please circle two options you use most.

- 1 I have not needed outside help
- 2 I sometimes receive help from my friends or neighbours
- 3 I receive help from my family or relatives
- 4 I turn to an association or a club in the municipality
- 5 I turn to an organisation in the municipality
- 6 I contact the area committee office and ask where I can receive help
- 7 I turn to the congregation
- 8 Some other source of temporary help, please specify _____

19. In what situations are you forced to ask for somebody's help? Please circle two options you use most.

- 1 I do not need any help
- 2 Financial help, a small loan sometimes
- 3 Moral support, somebody to talk to in a difficult situation in life
- 4 Help in relation to housing or household management
- 5 Help in voluntary work
- 6 Some other kind of help, please specify _____

20. In your opinion, how trustworthy nowadays are the following institutions in Finland? In relation to each institution, please circle the option closest to your opinion.

1 I do not trust at all	2 I trust partly	3 I trust quite much	4 I feel total confidence
-------------------------------	---------------------	----------------------------	---------------------------------

Politicians	1	2	3	4
Political parties	1	2	3	4
The Parliament	1	2	3	4
The Cabinet	1	2	3	4
Municipal council	1	2	3	4
Municipal executive board	1	2	3	4
Civil servants	1	2	3	4
The judiciary	1	2	3	4
The police	1	2	3	4
The media: television	1	2	3	4
The media: the press	1	2	3	4
The media: radio	1	2	3	4

The army	1	2	3	4
The church	1	2	3	4
Trade Unions	1	2	3	4
Associations	1	2	3	4
Village committees	1	2	3	4
Foreign enterprises	1	2	3	4
Domestic enterprises	1	2	3	4

21. What problems do you regard as the worst obstacles in relation to the development of the Yläkemijoki region? Please circle **two** options.

- 1 Problems in relation to public infrastructure, such as the condition of roads and bridges or problems in traffic arrangements**
- 2 Difficulties in attracting new entrepreneurs or investors to the region**
- 3 Difficulties in the tourism development of the region**
- 4 Environmental problems and problems related to environmental management**
- 5 Problems caused by unemployment**
- 6 Inadequacy or problems related to the availability of services**
- 7 Some other problem, please specify _____**

22. How should the municipality support the development of the Yläkemijoki region? What kind of wishes and thoughts do you wish to express in relation to it? What should the central government of the municipality do?

.....

.....

23. What should the area committee of Yläkemijoki do respectively? Feel free to express any ideas that come to your mind!

.....

.....

.....

.....

24. Finally, please describe the spirit of co-operation and life in Yläkemijoki.

YOUR ANSWERS ARE GREATLY APPRECIATED

You may return the questionnaire directly in the prepaid envelope or you can return it in a sealed envelope to the Area Committee Office. Please remember to enclose the envelope for the draw.

HAVE A NICE SUMMER AND MIDSUMMER

**KWESTIONARIUSZ
DLA MIESZKAŃCÓW GMINY MORAWICA**

Dane osobowe:

Mężczyzna:

Kobieta:

Wiek: do 20

20 – 30

31 – 40

41- 50

powyżej 51

Czy mieszkasz sam? tak nie

Ile osób mieszka z Tobą:

Wioska, w której mieszkasz:

1. Czy należysz do jednej z tych organizacji (komitetu rodzicielskiego, fundacji, stowarzyszenia, itp.)

	TAK	NIE
Towarzystwo Przyjaciół Ziemi Morawckiej		
Komitet Społeczny		
Klub AA		
Stowarzyszenie Przedsiębiorców Gminy Morawica		
Stowarzyszenie Rodzin Katolickich		
Ochotnicza Straż Pożarna		
Koło Gospodyń Wiejskich		
Komitet rodziców		
Rada sołecka		
RUCHY – np. Ruch młodzieżowy, którego rezultatem jest np. utworzenie klubu młodzieży lokalnej		
Parafia		
Grupy nieformalne (np. związki zawodowe, itp.)		
Rada Gminy		
Inne:		

2. Opisz każdą z organizacji do których należysz z osobna i napisz jaka jest twoja rola, twoje zadania w tej organizacji.

2. Co skłoniło Cię do wstąpienia do tej organizacji? _____

4. Jak często spotykasz się z innymi członkami organizacji:

5. Czy uważasz, że masz wpływ na działalność organizacji?

6. Czy będąc członkiem tej (tych) organizacji masz wpływ na rozwój gminy?

7. Jaki wpływ, według Ciebie, ma organizacja, do której należysz na rozwój gminy?

8. Czy według Ciebie organizacja ta spełnia swoje funkcje należycie?

SKALA	1= w ogóle niespełnia	2= spełnia w niewielkim stopniu	3= spełnia dobrze	4= spełnia bardzo dobrze
Aktywność Organizacji				

9. Czy byłeś (-aś) lub jesteś członkiem jakiegoś komitetu społecznego? Jakiego?

10. Jaka jest Twoja rola, Twój wkład w działalność tego komitetu (pieniądze, praca)?

11. Czy ten komitet spełnia swoją rolę? Jakie są jego zadania i co zostało już zrobione?

12. Czy uważasz, że bierzesz udział w życiu codziennym swojej wioski (aktywny udział, masz wpływ na to co się dzieje w twojej wiosce)?

SKALA	1 = nie interesuję się	2 = rzadko biore udział	3 = biore udział od czasu do czasu	4 = biore aktywny udział
Udział w życiu codziennym wioski				

13. Czy uważasz, że masz wpływ na decyzje dotyczące gminy (inwestycji, rozwoju, itp.)

SKALA	1 = nic nie mogę zrobić	2 = mam niewielki wpływ	3 = czasami mam wpływ	4 = aktywnie uczestniczę w procesie podejmowania decyzji
Udział w procesie podejmowania decyzji				

14. Które z poniższych jest najlepszym sposobem czynnego uczestnictwa w procesie podejmowania decyzji (wybierz dwa)?

Udział w głosowaniu (wybór radnych)		
Piszac do gazety		
Kontakt z Wojtem		
Kontakt z pracownikami Urzedu Gminy		
Kontakt z radnymi		
Piszac listy do radnych, wójta, pracowników Urzedu		
Biorac udzial w zebraniach wiejskich		
Inne?		

15. Dlaczego Twoim zdaniem są to najlepsze sposoby?

16. Czy mieszkańcy potrzebują pomocy i jakiej (np. profesjonalna pomoc, adwokat, urzędzenia, pieniądze, inne źródła), aby efektywnie uczestniczyć w procesie podejmowania decyzji?

17. Przed jakimi problemami, Twoim zdaniem, stoi gmina w najbliższej przyszłości i dlaczego?

18. Z których usług korzystałeś (-aś) w okresie ostatnich sześciu miesięcy?

Ile razy?	Codziennie	raz w tygodniu	raz w miesiącu	Raz w przeciągu 6 miesięcy	Gdzie?
Transport publiczny (autobus, pociąg, itp.)					

Edukacja					
Pomoc społeczna					
Hotele, itp.					
Kursy					
Poczta					
Ośrodek zdrowia (przychodnia, szpital, itp.)					
Urząd Gminy					
Inne					

19. Wymień pozytywne strony organizacji w/w usług na terenie gminy.

20. Wymień pozytywne strony organizacji w/w usług poza gminą.

21. Jakie są negatywne strony organizacji w/w usług na terenie gminy?

22. Jakie są negatywne strony organizacji w/w usług poza gminą?

23. Od kogo i jaki rodzaj pomocy mógłbyś się spodziewać, jeśli potrzebowałbyś jej od czasu do czasu?

24. Na ile masz zaufanie do poniższych organizacji, instytucji, itp.?

SKALA	1= nie mam zaufania	2 = mam częściowe zaufanie	3 = mam znaczne zaufanie	4 = mam całkowite zaufanie
Politycy				
Rząd				
Władze samorządowe				

Parlament				
Urzednicy gminy				
Sady				
Wojsko				
Policja				
Telewizja				
Prasa				
Radio				
Kosciol				
Organizacje rolnicze				
Zwiazki zawodowe				
Organizacje zagraniczne				
Przedsiębiorstwa (firmy) prywatne				

Endnotes

¹ Municipal associations are typically categorized as non-governmental organizations, although municipal associations both lobby government on policy and are composed of public officials who are required to pursue the general or 'public' in terms in their actions (April 2001, 3).

² Colebatch and Larmour (1993, 129) define stakeholders as "individuals and groups within and outside an organisation that have an interest in its activities (usually a wider group than those formally or constitutionally responsible)".

³ There are several types of rules. Rules are explicitly formulated prescriptions about what to do or what not to do under specified circumstances. (Bogason 2000, 122.)

⁴ Social capital is defined as the norms of reciprocity and networks that enable people to act collectively in order to facilitate coordination and cooperation for mutual benefit (see for instance Woolcock & Narayan 2000; Warner 1999). The forms of definition of social capital will be studied later.

⁵ According to Börzel (1998, 253), networks are studied in contemporary social sciences as new forms of social organisation in the sociology of science and technology, in the economics of network industries and network technologies, in business administration, and in public policy.

⁶ The state is defined as a loosely connected set of organizations claiming exclusive control over a particular territory and population. The government is a group of senior officials who try to give state action coherence and direction. The term government refers to the formal procedures and institutions societies have created to express their interests, to resolve disputes and to implement public choices. (Colebatch & Larmour 1993, 129; John 2001, 6.)

⁷ These differences are (Garson & Overman 1983):

A focus on management functions rather than social values and conflicts between bureaucracy and democracy;

A focus on economy and efficiency in lieu of equity, responsiveness, or political salience;

A focus on mid-level managers in lieu of political or policy elites;

A tendency to consider management generic, or at least to minimise the differences between public and private sectors in lieu of accentuating them;

A focus on the organisation in lieu of a focus on laws, institutions, and political-bureaucratic processes;

A strong philosophical link with management study in lieu of close ties to political science or sociology.

⁸ NPM is characterised by (OECD 1995, 8):

A closer focus on results in terms of efficiency, effectiveness, and quality of service;

The replacement of highly centralised, hierarchical structures by decentralised management environments where decisions on resource allocation and service delivery are made closer to the point of delivery, and which provide scope for feedback from clients and other interest groups;

The flexibility to explore alternatives to direct public provision and regulation that might yield more cost-effective policy outcomes;

A greater focus on efficiency in the services provided directly by the public sector, involving the establishment of productivity targets and the creation of competitive environments within and among public sector organisations and,

The strengthening of strategic capacities at the centre to guide the evolution of the state and allow it to respond to external changes and diverse interests automatically flexibly and at least cost.

⁹ According to Stoker (1998, xvii) governance is:

- “Interdependence between organisations. Governance is broader than government, covering non-state actors. Changing the boundaries of the state meant the boundaries between public, private and voluntary sectors became shifting and opaque.
- “Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- “Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants.
- “A significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organising. Although the state does not occupy a privileged, sovereign position, it can indirectly and imperfectly steer networks.”

¹⁰ However, there are differences between different traditions of administration. The American reinvention movement and the reforms driven by the Westminster governments. The American reinvention movement derived many of its most important elements, especially the strong focus on customer service and information technology, from the experiences of private companies. The Westminster governments have moved towards the use of civil society in their system of governance. (Kettl 2000, 63—65.)

¹¹ Governing gives meaning to co-operation in case studies. Governing may be the ability of political elites to create circumstances that evoke the relations among citizens that allow us to maintain a collective coherence, establish our identities individually and collectively, and generally foster conditions that ultimately permit us to discover ourselves. Good governance should also enable us to occasionally transcend, renew, or recreate ourselves individually and collectively. (Wamsley 1996, 369.)

¹² Pollitt and Bouckaert (2000) remark that Pierre's definition on public management employs a conventional political science division of society into two spheres — the state and civil society. Public administration, but not management, is then the clip that joins the state and civil society. It serves to transmit information and resources from the state to civil society, but it is also an input linkage because it delivers the demands from the actors in civil society back to the state. Public administration is a two-way street, it is not a technical exercise in achieving the best value for money, but it is an instrument of state power. (Pollitt & Bouckaert 2000, 12.)

¹³ Definition of trust. Sztopka (1996) defines trust, as it is a bet on the future contingent actions of others. Then trust refers to human actions. Trust expresses our expectation of some outcomes, among many options that others have. First, trust means the commitment through some actions of my own. Second, trust means the expectation with certain probability that the actions of others will be beneficial for me. Trust is a combination of the following traits: regularity, efficiency, reliability, representativeness, fairness, accountability and benevolence. (Sztopka 1996, 40.)

Interorganisational trust is the confidence of an organisation in the reliability of other organisations, regarding a given set of outcomes or events. This later proviso takes into account that one does not usually trust a person, an organisation or another system in every respect but only with respect to certain kinds of behaviour.

One of the most convincing definitions of trust is supplied by Giddens (1990, 34):

“Trust may be defined as confidence in the reliability of a person or system, regarding a given set of outcomes or events, where that confidence expresses a faith in the probity or love of another, or in the correctness of abstract principles.”

Fukuyama (1995) defines trust as following way: “Trust is the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of that community. Those norms can be about deep “value” questions like the nature of God or justice, but they also encompass secular norms like professional standards and codes of behaviour.” (Fukuyama 1995, 26.)

¹⁴ I rather use process instead of game used by de Bruijn and ten Heuvelhof because I understand a meaning of game as something that is not very transparent.

¹⁵ The language of the NPM and NLD coalitions can be conceived as competing voices in a struggle to create a new sense of direction and purpose for local government and community governance. (McGarvey 1997.)

¹⁶ Rhodes and Marsh (1992, 186—188) make a difference between two ideal types of policy networks, which are called policy communities and issue networks. Policy communities are composed of actors who have created well-

established relations with other actors in the network. Membership in policy communities is persistent and the frequency of communication between members is high. Members have strong dependencies between each other.

¹⁷ Regarding service delivery, who produces public services is also an ideological question. For instance conservative communitarian theorists such as Etzioni deny an activist role for the state and focus instead on the moral foundations of society as rooted in individual responsibility. Fukuyama (1995) goes further to argue the state is inherently ill suited to promoting social capital.

¹⁸ Furthermore, Terry Robson (2000) talks about community ‘work’ as an alternative, not merely to describe the process of growth within and between communities, but also to explain a range of activities and processes in the political, social, and economic tendencies of those activists engaged in this area of work. (Robson 2000, 3, 69.)

¹⁹ In Finnish research Harisalo and Stenvall base their definition of trust on Fukuyama’s idea about trust as capital in addition of economic, personal and social capitals (Harisalo & Stenvall 2002, 37; Harisalo & Stenvall 2001a; 2001b).

²⁰ Could the definition of the POSDCORP in networks explain public management applications? One is used to thinking that there is a set of generic management skills and that they can be organised in terms of the common functions or tasks that managers perform in all organisations. I propose the following list below to the posdcorb equivalence from network management point of view. My interpretation is based on leaning on Gulick and Urwick (1937) original list of posdcorb tasks. The list might be:

Planning: *Creating network strategy* refers to process management and network structuring

Organising: *Adjusting network governance to network strategy* refers to maintaining of control that base on reputation and trust building

Staffing: *Mobilising network activities* refers to motivating and inspiring people to serve the interests of the network

Developing: *Strengthening the competence areas of a network* refers to strengthening and maintaining the network’s core competencies

Controlling: *Rewarding by performance* refers to encouraging productive behaviour and network transformations

Operating: *Optimising actor task distribution / process management in a network* refers to network realignment

Reporting: *Reporting to network actors and actors outside the network*

Budgeting: *Evaluating the alternative investments and policies of a network* refers to the decision for continuing network action.

²¹ Jones, Hesterly and Borgatti (1997) have developed a theory to explain how network governance or, as used here in the general sense, strategic governance or network management emerges in decentralised networks. In an

analysis, it is valuable to obtain both the formal and informal features of networks, such as trust building and the ways they serve to strengthen ties among actors. (Jones, Hesterly & Borgatti 1997, 916.)

²² The researcher's first choice is whether to use a historical criterion or a criterion based on present similarities. The second decision for the researcher concerns whether the criterion should consist of several factors or just a single one. The third choice which has to be made when the researcher is deciding on a criterion from which to distinguish between different categories of local government systems concerns whether this should focus on the local government system as a whole, or just a particular aspect of it. The result of the analysis may be based on a criterion, which concerns a specific aspect. The alternative to a classification of local government systems on the basis of criteria is to use a criterion, which deals with some specific aspect of the system, and ends up with conclusions about the system as a whole. (Lidström 1999, 100—103; Pierre 1995.)

²³ At least, in further researching the application of reforms in the CEE countries, more attention has to be directed to the study of conditions in these countries. In particular, the applicability of public management to different functions of public power and different procedures for its control comes under consideration. (Pollitt & Bouckaert 2000, 8.)

²⁴ Trust in people and confidence in institutions refers to the future action that can be forecasted (Ilmonen 2000, 34).

²⁵ Marsh and Smith (2000) emphasise that changes in networks depend mostly on the factors surrounding networks. They focus on the changes in economics, ideology, politics, and knowledge. Therefore, the changes in networks also affect to the amount or quality of positive social capital, which also might be necessary for successful outcomes of the cooperative action. In order to understand how networks affect outcomes and how they are able to use and take advantages from the creation of social capital, the relationship between the network and the broader context within which it is located should be recognised. All the exogenous factors have effects on local governance in Morawica. First, policy networks reflect exogenous structures; for example, class and gender structures. Secondly, network structure, network change, and the outcome of policy may partially be explained by reference to factors exogenous to the network. However, these contextual factors are dialectically related to network structure and network interaction. (Marsh & Smith 2000, 5—7.)

²⁶ In the council of the rural municipality of Rovaniemi, there were (from 1997 to 2000) 45 councillors — Central Party has 23 representatives, the Social Democracy Party 7, the Left Wing Party 7, the Conservative Party 4, the Liberal Party 1 and the Green Party 1.

²⁷ The characterisation of the relationship into the properties of members and the network should not be overdrawn. The power of members depends on the powers of other members, given the relationship between them. Similarly, the type of relationship depends on their resources. Nevertheless, this analytic division into the characteristics of members and networks can enable us to maintain a clearer view on variables and to avoid the confusion of dependent and independent variables. (Dowding 1995, 153.)

²⁸ According to Marsh and Smith (2000, 6) the result of the actions of a network is the result of the actions of strategically calculating subjects. They emphasise three points here. First, the interests or preferences of the members of a network are defined not only in terms of that membership, but secondly by the constraints on or opportunities for an agent's actions, which result from network structures and do not happen automatically. These constraints or opportunities depend on the agent's discursive construction of those constraints or opportunities. Thirdly, network members have skills that affect their capacity to use opportunities or negotiate constraints. (Marsh & Smith 2000, 6.)

